

Equal access project

Innovation and
Participation
Advisory Group
(IPAG)

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INTRODUCING THE EQUAL ACCESS PROJECT

- How did we get here?
- What is Equal access?
- Why is Equal access important?
- How is Equal access provided now?
- Why is IPAG being asked to do this project?
- What is IPAG being asked to do?
- What does success look like?
- What next?

HOW DID WE GET HERE?

Submissions to the Enabling mass participation consultation paper revealed that the access framework to electricity networks might not promote the long term interests of consumers

- In May 2017, we published our Enabling mass participation (EMP) paper
- Purpose of the consultation was to identify 'gaps' in the Authority's work programme to ensure that consumers do not miss out on the benefits of technology change and business innovation that are transforming the electricity industry
- EMP submissions revealed a lack of confidence among network users that there is 'equal access' to electricity networks
- A lack of confidence is a strong indication that existing access arrangements to electricity networks are not being effective and are not promoting competition, efficiency and reliability in the long term interests of consumers
- Our Board considers that IPAG is best placed to look into this issue
- The Commerce Commission will have an observer because IPAG's work might interact with areas the Commission is responsible for

WHAT IS EQUAL ACCESS?

More parties want to use electricity networks to exchange products and services, including selling product and services to network businesses

Network users have equal opportunities and are treated equally

Consumer

I want to install solar panels and a home battery and sell services to my local distributor

Gentailer

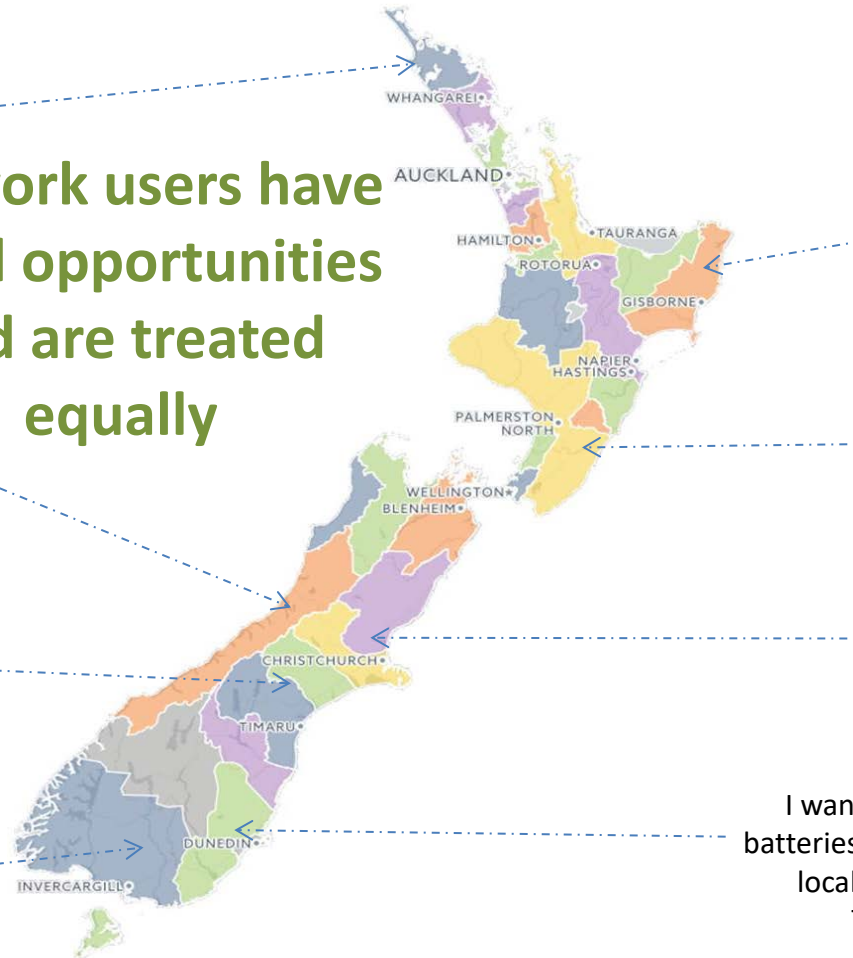
I want to install a network scale battery to arbitrage prices and sell ancillary services

Transpower

I want to expand the capacity of a new line to deliver a better network service

ESCO

I want to help an aluminum smelter to manage its energy costs and sell ancillary services



Consumer

I want to charge my electric vehicle when the price of electricity is low

Distributor

I want to use demand response to defer a line investment

Transpower

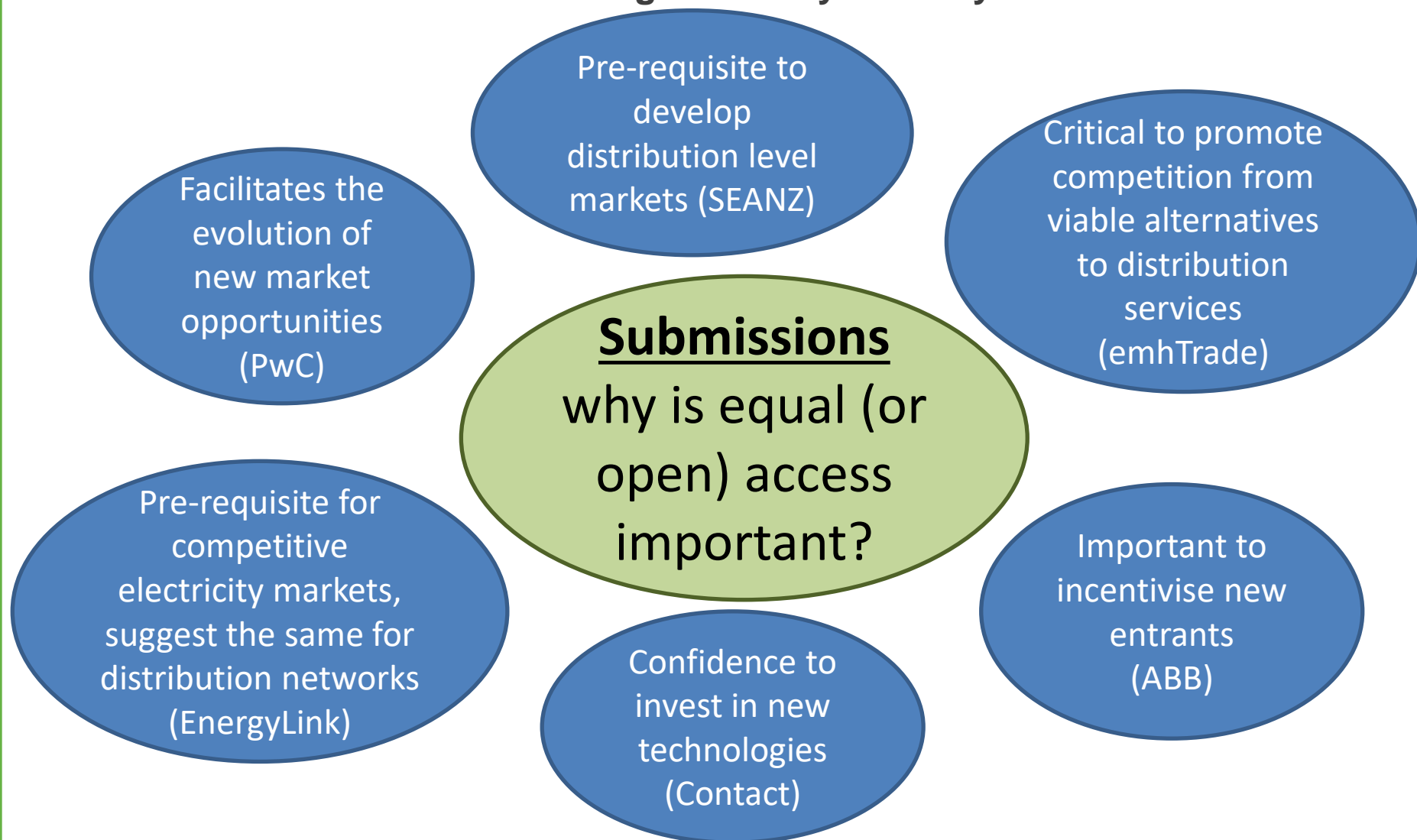
I want to use my demand response programme to defer a line investment

ESCO

I want to use peoples' batteries to sell services to a local distributor and Transpower

WHY IS EQUAL ACCESS IMPORTANT?

Key to promote competition, efficiency and reliability in an transforming electricity industry



HOW IS EQUAL ACCESS PROVIDED NOW?

Key network activities that impact network users and the existing equal access framework

Existing equal access framework	Pricing	Use of the network	Network connection	Investment
Primary legislation	Electricity Industry Act 2010 Part 4 Commerce Act 1986 - regulated goods and services Part 2 Commerce Act 1986 - restrictive trade practice			
Code	<ul style="list-style-type: none"> • TPM • RTP • Part 6 – Connection of DG 	<ul style="list-style-type: none"> • MUoSA / DDA 	<ul style="list-style-type: none"> • Benchmark agreement (Trans) • Part 6 – Connection of DG 	<ul style="list-style-type: none"> • RTP • Grid reliability standards
Determinations	<ul style="list-style-type: none"> • DPP/CPP • Input meth. • Info disclosure • Related party 	<ul style="list-style-type: none"> • DPP/CPP • Input meth. • Related party • Info disclosure 	<ul style="list-style-type: none"> • Info disclosure • Related party 	<ul style="list-style-type: none"> • DPP/CPP • Input meth. • Info disclosure • Related party
Market facilitation	<ul style="list-style-type: none"> • Distribution pricing review • Voluntary pricing principles for distr. 	<ul style="list-style-type: none"> • Model UoSA 		<ul style="list-style-type: none"> • Distribution pricing review • Voluntary pricing principles for distr.

WHY ARE WE ASKING IPAG TO UNDERTAKE THIS PROJECT?

Feedback from submissions revealed a lack of confidence in existing arrangements to promote equal access

No equal opportunities



No equal treatment



No level playing field for competition in contestable markets



Distributors can invest in new technologies as if they are providing a monopoly service even though new technologies provide contestable services

No equal opportunities to support the delivery of the monopoly network service

Distributors setting prices to favour particular technologies where they have a commercial interest

Sharing data with distributors is problematic if they can provide themselves an advantage

Distributors requiring unreasonable technical standards to favour themselves

WHAT IS IPAG BEING ASKED TO DO?

Undertake a broad-range review of access arrangements

Task	Description
Establish	Whether the operation of the existing access framework for transmission and distribution networks ensures equal access and promotes competition, efficiency and reliability for the long term benefit of consumers. This may involve, for example, establishing the current feasibility for competitive supply of network support services
Consider	Potential options (if required) to support greater equal access to further promote competition, reliability and efficiency in the provision of electricity and electricity related services, including network support services
Assess	The design, costs and benefits of any changes identified to provide an equal access framework (including arrangements for exchange of network support services)

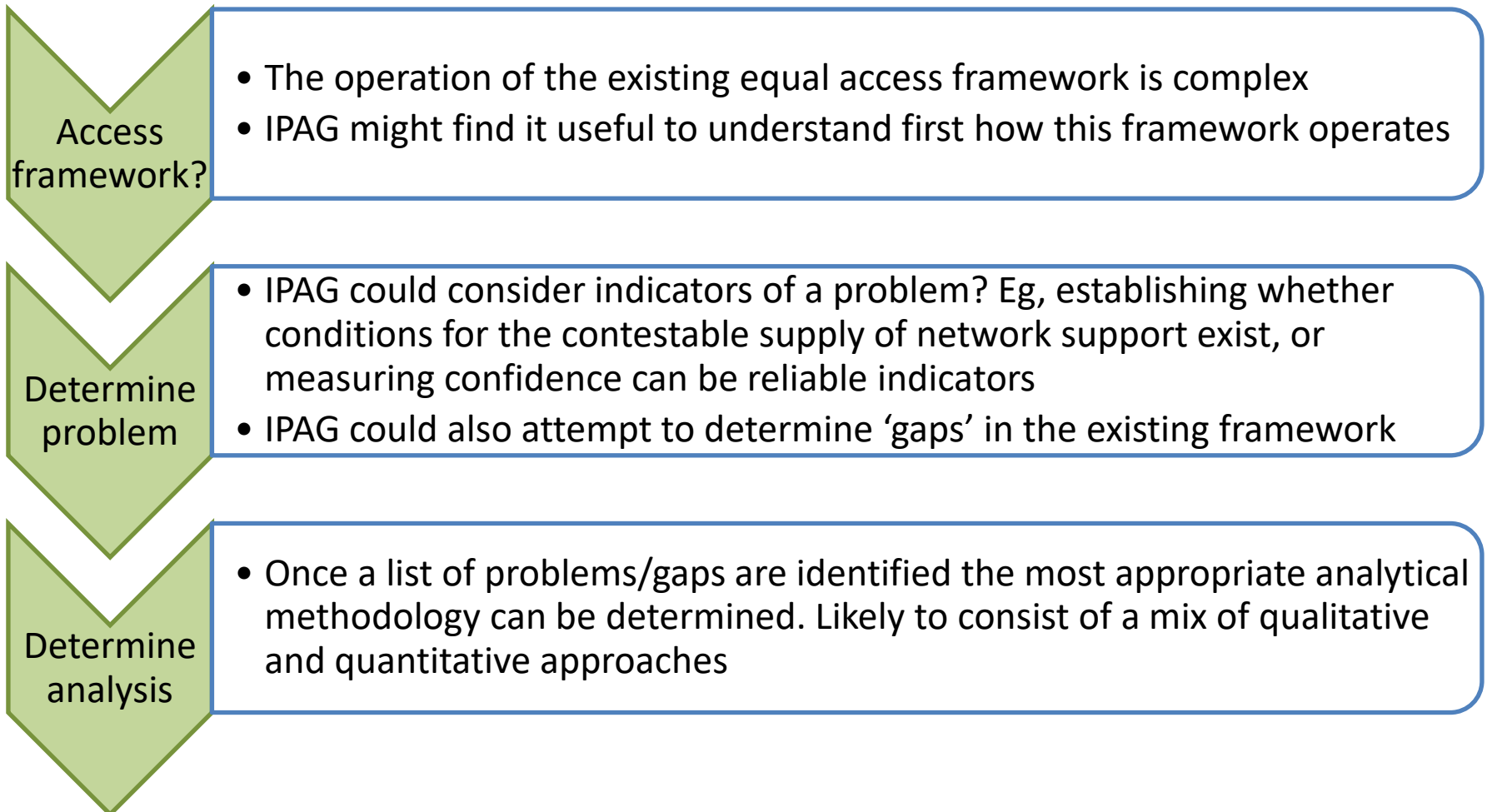
WHAT DOES SUCCESS LOOK LIKE?

At a minimum an effective equal access arrangement should ensure

1. Network users being confident that they are being offered equivalent terms to access and use the network
2. The terms of access and use of the network demonstrably reflecting an efficient allocation of risks and costs between network businesses and their users
3. Network users being able to objectively verify that network businesses' related parties do not receive favourable treatment for the connection, and use of, the network, including the network business not using information gathered to perform its regulated activities to provide an advantage to a related party
4. Equal opportunities to provide network support services and participants being treated equally where feasibility for competitive supply of network support services is established

WHAT NEXT?

How can IPAG establish whether the operation of the existing access framework for transmission and distribution networks ensures equal access and promotes competition, efficiency and reliability?



WHAT NEXT?

To agree today

For the group's next meeting, the secretariat could do the following to support IPAG's work on the Equal access project:

- a) Provide a detailed description of the operation of the equal access framework
- b) A list of indicators of effectiveness (is there a problem?), with a description of what would need to be done to develop these indicators
- c) A list of where the potential 'gaps' in the framework could lie