

CHAIR'S ANNUAL REPORT  
JULY 2017 TO JUNE 2018

INNOVATION  
AND  
PARTICIPATION  
ADVISORY  
GROUP

**Note:** This paper has been prepared for the purpose of reporting on the activities of the Innovation and Participation Advisory Group. Content should not be interpreted as representing the views or policy of the Electricity Authority.

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## 1. Introduction

- 1.1.1 The Innovation and Participation Advisory Group (IPAG) was formed by the Electricity Authority (Authority) in October 2017. The IPAG provides independent advice to the Authority on the development of the Electricity Industry Participation Code 2010 and market facilitation measures.
- 1.1.2 The IPAG focuses its advice on matters relating to evolving technology and business models, and competition and consumer choice. Specifically, under its [terms of reference](#) the IPAG can advise on:
- a) initiatives to improve the efficient development and use of evolving technologies and business models across the supply chain, including reducing inefficient barriers to:
    - i) any consumers purchasing directly from the wholesale electricity market or directly from local generators
    - ii) mass-market demand response, and aggregators of mass-market demand response
    - iii) mass-market distributed energy resources, and aggregators of these resources, including distributed generation, batteries, micro-grids and 'prosumer' situations
  - b) initiatives to efficiently promote consumer participation through the whole supply chain, including:
    - i) improving consumer awareness, understanding, motivation and action by mass-market consumers
    - ii) increasing choices available to mass-market consumers by further enhancing competition
  - c) any other policy matters that the Authority considers appropriate.
- 1.1.3 The IPAG's terms of reference require the Chair to report annually to the Authority Board on the IPAG's progress against its work plan. This is the IPAG's first annual report, covering its activities from July 2017 to June 2018 (reporting period).
- 1.1.4 The only project on the IPAG's work plan in the reporting period was the *Equal access* project.

## 2. Work plan update

### 2.1 Equal access

- 2.1.1 The Authority asked the IPAG to consider and report on:
- a) whether the operation of the existing equal access framework for transmission and distribution networks is sufficiently effective at promoting competition, efficiency and reliability for the long term benefit of consumers
  - b) potential options to strengthen the equal access framework to further promote competition, reliability and efficiency in the provision of electricity and electricity related services, including network support services

- c) the design, costs and benefits of any changes (regulations and/or market facilitation measures) identified to strengthen the equal access framework (including arrangements for exchange of network support services).

2.1.2 The project scope also allowed the IPAG to identify changes to strengthen the equal access framework by the Authority or Commerce Commission, or by amendments to the Electricity Industry Act 2010.

2.1.3 During the reporting period, the IPAG worked on developing a problem definition for the project.

2.1.4 To help inform its work, the IPAG:

- a) sought input through the attendance of various stakeholders at its meetings (outlined in paragraph 4.2.2 below)
- b) received written feedback from seven interested parties in April 2018 after issuing a *Market Brief* item calling for further views on potential concerns with equal access.

### 3. Chair's commentary on the performance of the IPAG and the secretariat

3.1.1 This is my first report to the Board as the Chair of the IPAG. In January last year, the Authority Board confirmed a decision to disestablish both the Wholesale and Retail Advisory Groups and to replace them with the IPAG, focussing on issues specifically related to new technologies, business models and consumer participation, and a Market Development Advisory Group (MDAG) focussing on further evolving the 'machinery' of the electricity markets.<sup>1</sup>

3.1.2 In making this change, the Authority Board is acknowledging how the improving price-performance of new and, in particular, distributed energy technologies is enabling business models that step across the traditional wholesale-retail divide.

3.1.3 Our first project on *Equal access* recognises this new trend. Based on industry feedback to the Authority's 2017 discussion paper on Mass Participation, we have been tasked with reviewing the terms on which third parties can access electricity transmission and distribution networks both as users of the network service and as suppliers of inputs to those services.

3.1.4 The industry has given us a smorgasbord of issues to consider. This will be an interesting journey as the majority of the group's members are different from members of the legacy Wholesale and Retail groups – with backgrounds in telecommunications, software development and sales, marketing and even engineering.

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<sup>1</sup> <https://www.ea.govt.nz/about-us/corporate-projects/administrative-changes-to-advisory-groups/development/decision-to-reorient-advisory-groups/>.

- 3.1.5 The group is also unusual in having an observer from the Commerce Commission. Not only are emerging technologies blurring the boundary between retail and wholesale, but they are doing the same for the distinction between the natural monopoly lines businesses regulated by the Commission and the markets regulated by the Authority.
- 3.1.6 Even our directions from the Authority Board have broken new ground – rather than restricting our work to approved projects from the Authority's annual plan, we were invited to provide some independent thinking as an input to the Board's annual planning process in September this year.
- 3.1.7 My thanks to the Secretariat for their support of our work and to all the group members for their positive approach to this new group.

**John Hancock**

*Chair*

**Innovation and Participation Advisory Group**

## 4. Appendix A: Membership and meeting details

### 4.1 Membership

4.1.1 Short biographies of all IPAG members can be found on the Authority's website at <https://www.ea.govt.nz/development/advisory-technical-groups/ipag/membership/>.

4.1.2 Table 1 below sets out the affiliation, term of appointment and meeting attendance record of current IPAG members during the reporting period.

**Table 1: IPAG membership information for July 2017 to June 2018**

Member	Affiliation	Appointment term			Meeting attendance
		Start	End	Length	
John Hancock (Chair)	Independent	May 2018	May 2020	2 years and 1 month	2 of 2
Luke Blincoe	Chief Executive, Electric Kiwi	October 2017	September 2019	2 years	5 of 5
Glenn Coates	General Manager Asset Management and Planning, Aurora Energy	October 2017	September 2020	3 years	5 of 5
Allan Miller	Independent	October 2017	September 2019	2 years	5 of 5
Terry Paddy	Managing Director, Cortexo	October 2017	September 2020	3 years	5 of 5
Stephen Peterson	Managing Director, Simply Energy	October 2017	September 2020	3 years	5 of 5
Tim Rudkin	Chief Executive, Saveawatt	June 2018	September 2019	1 year and 3.5 months	1 of 1
Rod Snodgrass	Chief Customer Officer, Vector	October 2017	September 2020	3 years	5 of 5

4.1.3 During and subsequent to the reporting period, various IPAG members resigned their positions as set out in Table 2 below.

**Table 2: IPAG membership information (former members)**

Member	Affiliation	Membership term		Meeting attendance
		Start	Resigned	
Lindsay Cowley (Chair)	Independent	June 2017	February 2018	2 of 2

George Block	Technical Writer, Consumer New Zealand	October 2017	February 2018	2 of 2
Jennifer Cherrington- Mowat	Executive General Manager – Technology and Digital, Genesis Energy	June 2018	August 2018	1 of 1*  *during the reporting period
Melanie Lynn	Head of Marketing, Meridian Energy	October 2017	June 2018	5 of 5

4.1.4 Melanie Lynn also served as Acting IPAG Chair between the resignation of Lindsay Cowley and the appointment of John Hancock.

4.1.5 As required under the [Crown Entities Act 2004](#), the IPAG also maintains an interests register setting out interests disclosed and any permissions granted to act.

## 4.2 Meetings

4.2.1 The IPAG met five times in the reporting period, detailed in Table 3 below.

**Table 3: IPAG meeting dates**

#	Date	Notes
1	21 November 2017	At the Authority's offices in Wellington
2	8 February 2018	At the Authority's offices in Wellington, including lunch with the MDAG
3	22 March 2018	At the Authority's offices in Wellington
4	3 May 2018	At Simply Energy's offices in Wellington, followed by a joint meeting with the MDAG at the Authority's offices to provide input into the Authority's work programme planning for the 2018/19 financial year
5	14 June 2018	At the Authority's offices in Wellington

4.2.2 At the IPAG Chair's invitation:

- a) Diego Villalobos Alberú (Principal Economist – Regulation, Commerce Commission) attended all IPAG meetings during the reporting period as an observer from the Commerce Commission
- b) Stu Innes from emhTrade, Rebekah Cain and Dean Schmidt from Genesis Energy, Mark Toner from Vector (via teleconference), and Rob Prest and Todd Spencer from Contact Energy attended the 22 March meeting to discuss their perspectives on *Equal access*
- c) Nick Russ and David Ruck from the Commerce Commission attended the 14 June meeting to discuss how Part 4 of the Commerce Act 1986 applied to distributors, and its relevance to *Equal access*.

- 4.2.3 Meeting papers from all IPAG meetings can be found on the Authority's website at <https://www.ea.govt.nz/development/advisory-technical-groups/ipag/meeting-papers/>.