

MINUTES

Meeting number: 11

Venue: Electricity Authority, Boardroom, Level 7, ASB Bank Tower, 2 Hunter Street, Wellington

Time and date: 9:30am to 3:30pm, Wednesday, 27 February 2019

Attendees

- John Hancock (Chair)
- Rosalind Archer
- Luke Blincoe
- Glenn Coates
- Allan Miller
- Terry Paddy
- Tim Rudkin
- Roxanne Salton
- Diego Villalobos Alberú – *Observer* (Principal Economist – Regulation, Commerce Commission)

Apologies

- Stephen Peterson

In attendance

- James Stevenson-Wallace (Chief Executive, Electricity Authority) [item 2; joined 9:45am, left 10:17am]
- Rob Bernau (General Manager Market Design, Electricity Authority) [items 1-3; left 10:30am]
- Craig Evans (Manager Retail and Network Markets, Electricity Authority)
- Keith Hutchinson (Senior Adviser Retail and Network Markets, Electricity Authority) [from item 4; joined 11:30am]
- Ruth McFayden (Project Manager, Electricity Authority)
- Jackie Bedford (Senior Communications Advisor, Electricity Authority) [items 2&3; joined 9:50am, left 11:15am]
- Rachel Holden (Advisory Group Administrator, Electricity Authority)

- Tim Robinson (Principal, Robinson Bowmaker Paul) [arrived 9:25am]
- Logan Page (Analyst, Robinson Bowmaker Paul) [arrived 9:23am]

The meeting opened at 9:17am

1 Introductions to new members and Acting GM Market Design

The two new IPAG members, Professor Rosalind Archer and Roxanne Salton, introduced themselves to the group.

The Advisory Group Administrator, Rachel Holden, introduced herself to the group.

The Acting GM Market Designs, Rob Bernau, introduced himself to the group.

The remaining IPAG members and other attendees introduced themselves to the group.

8 Meeting administration

The Chair moved this item forward on the agenda ahead of its scheduled order.

8A Apologies

An apology was received from Stephen Peterson.

8B Interests register

The Chair tabled an updated IPAG interests register including Rosalind Archer and Roxanne Salton's disclosures upon appointment.

Members updated their disclosures. The Chair later reviewed the interests updated by members, and gave relevant members permission to act.

8C Minutes of previous meetings

The Chair tabled minutes of previous meetings on Tuesday 20 November 2018, Monday 26 November 2018, and Thursday 6 December 2018, approved by the group over email, for the record.

8D Matters arising

Glenn Coates provided feedback on the Interim Climate Change Committee (ICCC) electricity meeting held on Thursday, 14 February 2019.

2 Introduction from Authority Chief Executive

The Authority Chief Executive, James Stephenson-Wallace, introduced himself to the group.

The IPAG members introduced themselves to the Authority Chief Executive.

3 Equal access

The Chair tabled correspondence from the Authority's Chief Executive outlining the Authority's response to IPAG advice on equal access.

Allan Miller and Terry Paddy briefed the group on the equal access presentation they made to the Authority Board at the 14 February 2019 Board meeting.

The IPAG considered the Authority's response to IPAG's advice on equal access.

The IPAG requested that the secretariat re-draft the IPAG advice on equal access to:

- emphasize (without using economic jargon) that while the IPAG hasn't done detailed cost-benefit analysis:

- the incremental implementation approach recommended by IPAG minimises the costs of achieving equal access but that
- the potential benefits are substantial
- appeal to New Zealand's history of engineering innovation as a guide to how changes to electricity distribution can be made to enable equal access
- note that although the Authority is focussed on competition and efficiency, there is a need to think about the environmental impact too
- note that implementing equal access won't be costless so the Authority and the Commission should think about how these costs are recovered.

The Chair proposed that the secretariat re-draft the IPAG advice over the next month with input from the Chair, Allan Miller, Glenn Coates, and Diego Villalobos Alberú, and assistance from the Authority's communications team (according to an agreed statement of work), and present re-drafted advice to the next IPAG meeting.

The secretariat noted that it would provide the current draft of the IPAG advice on equal access to the Commerce Commission later this week.

- | **Action – 11.1:** Secretariat to re-draft the IPAG advice on equal access with input from the Chair, Allan Miller, Glenn Coates, and Diego Villalobos Alberú, and the Authority's communications team, and present the re-drafted advice to the next IPAG meeting.
- | **Action – 11.2:** Secretariat to provide draft IPAG advice on equal access to the Commerce Commission by 1 March 2019.

4 Scoping letter for advice on arrangements for electricity service provider access to input services

The Chair tabled correspondence from the Authority's Chief Executive requesting advice on arrangements for service providers' to access input services.

Tim Robinson from Robinson Bowmaker Paul gave a short presentation setting out some context on the problem the Authority had asked the group to consider.

IPAG members discussed their experience of accessing data and shared use of the distribution network.

The group identified some current issues with accessing data, including:

- having to deal with multiple retailers to get data (across a group of ICPs)
- getting data with holes in it
- not being able to get real-time data
- the slow speed of data exchange.

The group identified some key issues that would need to be considered, including:

- who new service providers are and what input services they are going to need
- what the access requirements should be
- whether there is a need for default agreements
- whether wholesale reconciliation arrangements should be expanded to include new measurement devices
- privacy issues.

The Chair suggested having a primer on the Australian third-party access arrangements, focusing on arrangements for electricity and access to data.

The Chair suggested getting some members to present on problems they've had with the current access regime.

The Chair asked that Tim Robinson talk to Stephen Peterson to get his views on the current access regime, including any examples he has.

- | **Action – 11.3:** Secretariat to prepare a primer on the Australian third-party access arrangements for next IPAG meeting.
- | **Action – 11.4:** Chair to ask some IPAG members to present on problems they've had with the current access regime at the next IPAG meeting.
- | **Action – 11.5:** Tim Robinson to talk to Stephen Peterson to get his views on the current access regime, including any examples he has, by the next IPAG meeting.

5 Briefing on related Authority initiatives

The secretariat briefed the group on the Authority's data-related initiatives, including the Additional Consumer Choice of Electricity Services (ACCES), Default Distributor Agreement, Distribution Pricing, and Equal Access projects.

6 What does the project look like now

The group discussed its approach for providing the requested advice to the Authority, including:

- confirming the issues to be included in scope of the IPAG project
- understanding the current arrangements for access to input services
- hearing from people with experience at various points of the electricity value chain about their experience of working in the current regime
- identifying market or regulatory failures in the current regime, including elements with characteristics of a natural monopoly
- identifying potential solution options.

The Chair asked Tim Robinson to develop the methodology and approach for the IPAG's access to input services project for agreement at the next IPAG meeting.

The Chair suggested that some people with experience at various points of the data supply chain in the electricity industry be asked to present at upcoming IPAG meetings.

- | **Action – 11.6:** Tim Robinson to prepare some material on a proposed methodology and approach for the access to input services project for the next IPAG meeting.
- | **Action – 11.7:** Secretariat to approach people with experience at various points of the data supply chain in the electricity industry to present at the next two IPAG meetings.

7 The year ahead

The Chair went through the calendar for the remainder of the year, including dates of the IPAG meetings, dates of Board meetings, key dates in the Commerce Commission's electricity distributor default price-quality path reset, and key dates in relevant Authority projects.

The Chair noted that there was no set timeframe for the IPAG's part of the ACCES project, but that it was desirable to set a target for completing the work, and proposed a timeframe of six months for providing advice to the Authority.

8 Meeting administration

The group considered the meeting administration agenda items not covered earlier in the meeting.

8G IPAG meeting venues

The Chair moved this item forward on the agenda ahead of its scheduled order.

The Chair noted that he felt it was beneficial to hold some IPAG meetings at locations other than the Authority. The IPAG considered potential locations for different meetings.

The IPAG asked that the secretariat:

- determine whether the next IPAG meeting (on Wednesday 10 April) could be held at the Commerce Commission
- investigate whether Simply Energy can host an IPAG meeting
- investigate whether the IPAG meeting scheduled for Tuesday 25 June can be held at WEL in Hamilton with a possible visit to St Kilda in Cambridge to meet the developer and consumers in New Zealand's only subdivision which requires every house to have solar panels
- consider whether the meeting on Friday 4 December can be held outside of Wellington and potential locations.

| **Action – 11.8:** Secretariat to determine whether the next IPAG meeting (on Wednesday 10 April) could be held at the Commerce Commission.

| **Action – 11.9:** Secretariat to investigate whether Simply Energy can host an IPAG meeting.

| **Action – 11.10:** Secretariat to investigate whether the IPAG meeting scheduled for Tuesday 25 June can be held at WEL with a visit to St Kilda in Cambridge.

| **Action – 11.11:** Secretariat to consider whether the meeting on Friday 4 December can be held outside of Wellington and potential locations.

8D Matters arising (cont.)

The Secretariat noted that the IPAG's equal access advice had been passed on to the ICCC secretariat.

8E Action list

The Chair noted all actions from the previous meeting were completed.

8F Correspondence

The Chair noted that the only correspondence received was the correspondence referred to earlier in the meeting:

- correspondence from the Authority's Chief Executive outlining the Authority's response to IPAG advice on equal access (agenda item 3)

- correspondence from the Authority's Chief Executive requesting advice on arrangements for service providers' to access input services (agenda item 4).

The IPAG agreed that the secretariat would respond to the second of these letters.

| **Action – 11.12: Secretariat** to respond to correspondence from the Authority's Chief Executive requesting advice on arrangements for service providers' to access input services.

9 Publication of meeting papers

The IPAG approved publishing all meeting papers on the Authority's website without alteration.

The meeting closed at 3:20pm

I, **John Hancock (IPAG Chair)**, certify that the minutes recorded disclose all issues discussed at the meeting (date at the top), are recorded truthfully and without bias.

Signature:  Date: Thursday 21 March 2019 (21.03.2019)

