

CHAIR'S ANNUAL REPORT
JULY 2018 TO JUNE 2019

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 second annual report, covering its activities from July 2018 to June 2019 (reporting period).
- 1.1.4 The two projects on the IPAG's work plan in the reporting period were the *Equal access* project and the *Access to input services* 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:

- a) finished developing a problem definition for the project
- b) considered options that could address the issues identified in the problem definition
- c) provided advice to the Authority Board on creating equal access to electricity networks.

2.1.4 To help inform its work, the IPAG sought input through the attendance of various stakeholders at its meetings (outlined in paragraph 4.2.2 below).

2.2 Access to input services

2.2.1 The Authority asked the IPAG to provide advice on ways to reduce or remove the barriers associated with:

- a) access to data supply services to a consumer
- b) shared use of the distribution service to supply services to a consumer.

2.2.2 The IPAG's advice on access to input services is one part of the Authority's additional consumer choice of electricity services project (ACCES).

2.2.3 During the reporting period, the IPAG worked on understanding the baseline and developing a problem definition for the project. To help inform its work, the IPAG sought input through the attendance of various stakeholders at its meetings (outlined in paragraph 4.2.2 below).

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

3.1.1 The Group was established in late 2017 and has seen considerable churn, turning over four members and one chair in its first year. Given our focus on new forms of participation and non-traditional business models, this is probably inevitable but 2018/9 has seen us successfully complete our first major project on an *Equal Access framework*.

3.1.2 In my report last year, I noted the change in the scope of both IPAG and MDAG to cover the entire industry, as the boundaries of traditional "Wholesale" and "Retail" markets blur. The Equal Access work has focused on this boundary, and the boundary between the Authority's regime for electricity markets and the Commerce Commission's access regime for natural monopoly lines businesses. We have been fortunate to have a permanent observer from the Commission on the group and have benefitted greatly from the support of Commission staff in the development of our final recommendations and the practicalities how they might be implemented.

- 3.1.3 As a project, the scale and scope of the Equal Access work has been substantially larger than traditional Authority advisory group investigations. Our final report identifies 13 desired outcomes and 29 specific implementation pathways, many of which relate to the Commission's regime under Part 4 of the Commerce Act, rather than being directed solely to the Electricity Authority. This is a far cry from the single Code change recommendation that concluded many of the Wholesale Advisory Group investigations I have been involved in over the years. Implementation will be technically and culturally challenging, not unlike the establishment of the original wholesale electricity market in the mid-1990s but, as the NZ electricity industry found pragmatic solutions to opening the transmission network up to competition in supply then, I am confident it will apply the same creativity to finishing that job – enabling supply competition and demand flexibility on distribution networks.
- 3.1.4 For the new year we have a new project – weighing up the needs and benefits of multi-party access to “input services” – from the network itself to information about its use. Narrower in focus than equal access but no less important to the job of promoting competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.
- 3.1.5 As ever, my thanks to the Secretariat for their support of our work and to all group members, past and present, for their open-minded and constructive approach to our work.

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 2018 to June 2019

Member	Affiliation	Appointment term			Meeting attendance	
		Start	End	Length	Main meetings	Supplementary meetings
John Hancock (Chair)	Independent	May 2018	May 2020	2 years and 1 month	9 of 9	5 of 5
Rosalind Archer	<i>Head of the Department of Engineering Science, University of Auckland</i>	January 2019	September 2020	1 year and 8 months	3 of 4	0 of 0
Luke Blincoe	<i>Chief Executive, Electric Kiwi</i>	October 2017	September 2019	2 years	9 of 9	3 of 5
Glenn Coates	<i>General Manager Asset Management and Planning, Aurora Energy</i>	October 2017	September 2020	3 years	9 of 9	4 of 5
Allan Miller	Independent	October 2017	September 2019	2 years	9 of 9	5 of 5
Terry Paddy	<i>Managing Director, Cortexo</i>	October 2017	September 2020	3 years	9 of 9	4 of 5
Stephen Peterson	<i>Managing Director, Simply Energy</i>	October 2017	September 2020	3 years	8 of 9	2 of 5
Tim Rudkin	<i>Chief Executive, Saveawatt</i>	June 2018	September 2019	1 year and 3 months	8 of 9	4 of 5
Roxanne Salton	<i>Head of Digital Strategy and Delivery, Mercury</i>	January 2019	September 2020	1 year and 8 months	4 of 4	0 of 0

4.1.3 During the reporting period, two 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	Main meetings	Supplementary meetings
Jennifer Cherrington-Mowat	<i>Executive General Manager – Technology and Digital, Genesis Energy</i>	June 2018	August 2018	0 of 1	1 of 2
Rod Snodgrass	<i>Chief Customer Officer, Vector</i>	October 2017	December 2018	3 of 5	2 of 5

4.1.4 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 14 times in the reporting period, including nine main meetings and five supplementary meetings (held as teleconferences). The IPAG's meeting dates are set out in Table 3 below.

Table 3: IPAG meeting dates

#	Date	Notes
5A	17 July 2018	Teleconference
6	31 July 2018	At the Commerce Commission's offices in Wellington
6A	27 August 2018	Teleconference
7	5 September 2018	At the Authority's offices in Wellington
8	13 September 2018	At Orion New Zealand's offices in Christchurch
8A	16 October 2018	Teleconference
9	25 October 2018	At BizDojo in Wellington
9A	20 November 2018	Teleconference
9B	26 November 2018	Teleconference
10	6 December 2018	At Vector's substation in Auckland
11	27 February 2019	At the Authority's offices in Wellington
12	10 April 2019	At the Authority's offices in Wellington
13	7 May 2019	At the Authority's offices in Wellington, including a joint meeting with the MDAG to provide input into the Authority's work programme planning for the 2019/20 financial year
14	25 June 2019	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 seven of the nine main IPAG meetings and four of the five supplementary IPAG meetings during the reporting period as an observer from the Commerce Commission
- b) Alex Nisbet and Shane Watson from Orion New Zealand attended the 13 September meeting to discuss Orion's demand side management initiatives
- c) Quintin Tahau from emsTradePoint and Michael Richardson from Transpower attended the 16 October teleconference to discuss their experience with Transpower's demand response programme to help inform the IPAG's consideration of *Equal access*
- d) Danny Garrett, Michael Burlace and Annalisa Castellone from EnelX attended the 20 November teleconference to provide their perspective on design features required in a flexibility market for transmission investment deferral to help inform the IPAG's consideration of *Equal access*
- e) Jonathan Kay (Chair of the Electricity Networks Association's (ENA) Smart Technology Working Group) and Richard Le Gros from the ENA attended the 26 November teleconference to discuss progress on the ENA's Network Transformation Roadmap to help inform the IPAG's consideration of *Equal access*
- f) Nikhil Ravishankar and Ralf Huebner from Vector attended the 6 December meeting to outline Vector's ongoing integration of its digital strategy with its platform strategy
- g) Cory Annable from Electric Kiwi, Andy Kerr and Stuart Marshall from Powerco, and Jason Baker from Ampli attended the 10 April meeting to discuss their perspectives on *Access to input services*
- h) Regan Ryan, Dean Gowans and Peter Sandston from Embrium, Stu Innes from emhTrade and Jeremy Levy, Howard Wood and Fiona Wiseman from Trustpower attended the 7 May meeting to discuss their experience and perspectives on *Access to input services*
- i) Steve Wiggins and Tim Duston from Payments NZ attended the 25 June meeting to discuss data access solutions to help inform the IPAG's consideration of *Access to input services*
- j) Chris Law from Future Grid attended the 25 June meeting to discuss using meter data for grid value to help inform the IPAG's consideration of *Access to input services*
- k) Scott Pearse-Smith from the Commerce Commission attended the 25 June meeting to discuss requirements for making services subject to Part 4 of the Commerce Act to help inform the IPAG's consideration of *Access to input services*.

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/>.