

21 October 2019

Luke Blincoe
Chief Executive
Electric Kiwi Ltd

By email:

Dear Luke

Re: Electric Kiwi's concerns about the membership of MDAG

Thank you for your letter dated 4 October 2019 in which you set out your concerns about the Electricity Authority's decision on the membership of the Market Development Advisory Group (MDAG). We appreciate your feedback, and note your statement in the letter that your comments are not intended to be critical of any individual MDAG member.

The Authority seeks to appoint a mix of members to its advisory groups, with a view to harnessing a diverse range of experience, background, skills and perspectives. We seek to appoint people who will actively contribute to the group and are capable of thinking independently, irrespective of who they currently work for. For MDAG we also specifically seek to ensure that the group has relevant knowledge across the supply chain.

I am very pleased with the calibre of the new MDAG members, Paul Baker, Ann Whitfield, Al Yates and Andrew Kerr. Most of them are well known to the Authority, and have demonstrated many of the attributes we are seeking in their prior engagements with us. We are particularly pleased that they will bring experience to the group from Australia, and from the gas sector, and that we now have a member from a non-integrated retailer. Noting previous criticism of MDAG, Al Yates' appointment is particularly important to us, and we will be checking in with him regularly to get his perspective on how the group is operating.

We acknowledge that there is now no MDAG member who is employed by a large electricity consumer. It will remain important for MDAG to supplement its knowledge by bringing in interested parties (including large electricity consumers) to give their perspective and test thinking at MDAG meetings.

I note your reference to the Electricity Price Review (EPR) Panel's comment about how the Authority is perceived. We are concerned about those perceptions and are actively strengthening our engagement with all stakeholders in the sector. While we may disagree with your view on the recent MDAG appointments, I acknowledge the feedback, but trust that Electric Kiwi and other stakeholders will ultimately judge MDAG, and the Authority, on the aggregate quality and balance of their work. We are certainly aware that stakeholders will be closely watching our immediate reaction to the Government's response to the final report from the EPR Panel.

With this in mind, I'd welcome the chance to talk to you further about future advisory group appointment processes, and your view on the most pressing matters for the Authority. As you

know we are currently arranging a meeting with you and other independent retailers: I suggest that we meet with you before or after that discussion.

Finally, you've also sought transparency in relation to the operating procedures document that MDAG is developing. Those procedures are an MDAG driven initiative to ensure shared expectations between members. The Authority has no control over how the procedures are developed, but we support transparency generally, and I'm happy to pass your request on to the MDAG Chair.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Stevenson-Wallace', with a stylized flourish at the end.

James Stevenson-Wallace
Chief Executive