

MINUTES

Meeting number: 16

Venue: Electricity Authority, Meeting Room 1, Level 7, ASB Bank Tower, 2 Hunter Street, Wellington.

Time and date: 9:30am to 5:05pm, Wednesday, 4 September 2019

Attendees

- John Hancock (Chair)
- Rosalind Archer
- Luke Blincoe
- Glenn Coates
- Allan Miller
- Terry Paddy
- Stephen Peterson
- Tim Rudkin
- Roxanne Salton [left 4:40pm]
- Diego Villalobos Alberú – Observer

In attendance

- Craig Evans (Manager, Retail and Network Markets, Electricity Authority)
- Keith Hutchison (Senior Adviser, Retail and Network Markets, Electricity Authority)
- Tom Parsonson (Administrator- Market Design, Electricity Authority)
- Tim Robinson (Principal, Robinson Bowmaker Paul)
- Logan Page (Consultant Analyst, Robinson Bowmaker Paul)

The meeting opened at 10:00am

1 Strategy session with the Authority's Board

John Hancock (Chair), Allan Miller and Roxanne Salton gave the Authority's Board a brief presentation regarding the potential needs of electricity consumers of the future.

2 Update on Authority's Initiatives

- a) The Secretariat provided an update on the Authority's initiatives that surround IPAG's Access to Input Services project, the Group noted:
 - i. That it should maintain awareness of the Authority's work streams in relation to its own projects to ensure that projects don't work at cross-purposes
 - ii. That it should, if the case arises, inform the Authority's Board of any potential issues IPAG sees in the wider Open Networks work programme as part of its final advice on its Access to Input Services project.
 - b) The Secretariat provided the Group with a paper summarizing its recent stakeholder engagement for the ACCES Framework project, which provides the framework for the un-bundling of sub-ICP electricity services, it was noted that:
 - i. The Group would like the Secretariat to provide an illustration of how Access to Input Services relates to the Authority's wider programme of initiatives, including Open Networks.
 - ii. The Group strongly supported the running of trials to test the model and provide more information on demand
 - iii. Getting the ACCES Framework design right is critical to ensure that activity in the sub-ICP space is properly enabled, and the wrong design could result in significant delay to unbundling this market
 - iv. The group saw some potential problems with the proposed relationship structure (as captured in Figure 2- Appendix B) and would like to provide feedback on the proposal.
- | Action 2.1 IPAG to use scheduled 30 October teleconference to agree recommendations to better align the proposed ACCES framework with the group's Input Services advice
 - | Action 2.2 Secretariat to re-circulate the ACCES stakeholder engagement paper ahead of the scheduled teleconference.

3 Mechanics of contracting for metering services

The Group noted the paper produced by the Secretariat which contained a summary of discussions with market participants regarding the mechanics of contracting for metering services.

4 Access to Input services – Metering solution options

The Group walked through the slides that contained draft solution option material.

The Group started out by discussing how a more competitive Metering Equipment Provider (MEP) market may look like, noting that:

- based on discussion at previous meetings, recommending an inquiry under Part 4 of the Commerce Act would be premature when there are less intrusive measures which could be undertaken in the first instance
- the Group must be careful that its recommendations don't place undue burden on metering providers, so as to make providing metering services unattractive.

The Group discussed what should be included in its draft advice to the Authority's Board. It was agreed that:

- That the advice given to the Board should be in proportion to the problem to be solved. At least initially the participation will be small, so the group should give preference to advising small changes with the ability to upscale as necessary
- The Group should note linkages with other Authority projects
- A full cost benefit analysis was not required as the advice is not a code change
- The CBAs from the wider Equal Access project and the ACCES Framework project could be used as a broad indicator for this project
- It would be difficult to tie specific benefits to the many small changes that would result from IPAG's final input services advice but the Group should communicate and provide evidence, that when aggregated up, the effect of these small and specific changes would be substantial.

The Group then covered other considerations relating to ensuring the quality of their final advice. Members covered their responsibilities as outlined in the Charter and Terms of Reference for Advisory Groups with specific concentration on the value of group consensus when providing advice to the Authority's Board.

Slide 19 covered the positives and negatives of recovering network charges from a single participant at each ICP or charging each sub-ICP provider separately. The group noted that:

- regardless of how the charges are recovered, there should be a focus on incentivising all parties to respond to the signals provided by network pricing
- While service providers always have the option of itemising all the components of an electricity bill (including energy, network, and metering charges), some consumers will continue to prefer bundling into a single service. Where a single party is responsible for paying all network charges but does not deliver all services at an ICP, bundling could mute practical response to network price signals
- recovering charges from a single party would be simplest and fastest to implement
- recovering charges from multiple parties would ultimately encourage more competition and innovation, encourage a more effective use of a limited resource and help create an even playing field between parties
- the efficiency benefits of recovering network charges from multiple parties would only come if cost-reflective network charging was in place.

trials should proceed on the basis of recovering network charges from a single party, with pricing principles for multiple-party recovery to be prepared so they are ready when progress has occurred on network tariffs.

Slide 20 covered possible pricing principles for sub-ICP services. The Group expressed that initially, pricing principles should include marginal or incremental charging of sub-ICP service providers (along the lines of the current distributed generation pricing principles), as this would best support the nascent market, but that as the market matures, the principles would need to change. The group considered that the proposed trial would provide useful insight into drivers of cost for input services, allowing pricing principles to be incrementally developed and refined.

Slide 23 covered possible solutions to deliver the desired outcomes for metering technology. The group discussed options for reducing the compliance cost associated with meter certification to reflect that:

- consumer electronics devices can provide a high level of accuracy
- it is important that accuracy is maintained, but testing every individual device may not be necessary, particularly if the measurement is to be used for reconciliation by difference at sub-ICP level
- doing so would reduce barriers to entry in the provision of meter services
- devices would still need to adhere to a published standard, and/or be included on a list of approved devices maintained by the Authority.

Slide 24 covered potential solutions relating to access to meter data. The Group noted that:

- A distributed approach to data provision could be facilitated by the Authority (or one of its MOSPs) managing a central register of authenticated parties which are accredited to have access to meter data
- A distributed approach is preferable to a central meter data repository, and should be tried first. Implementation of a central repository could provide a backstop if industry-led processes failed to deliver desired outcomes in a reasonable time.
- If a backstop right to data is required for safety reasons were introduced, it would likely apply to data at ICP level for:
 - o the presence or absence of export quantities (e.g. from rooftop PV) and
 - o Line voltage information to detect faulty neutrals.

Slide 25 covered potential solutions relating to provision of metering services. In addition to the matters identified on the slide, the Group also noted that it would be desirable to have a clear mechanism for meter data consumers to terminate or avoid payment where performance obligations are not met.

5 MEP & Retailer Workshop Planning Session

The Group discussed ways of how best to engage retailers and MEP's. It was decided that to get the best feedback IPAG members should meet on a 1 to 1 basis with these parties.

| Action 5.1 Secretariat to organise a series of meetings between IPAG members and MEP's/retailers with the aim to gather perspectives and insights.

8 Meeting Administration

8a Apologies

None

8b Interests register

No interests had changed

8c Minutes of previous meeting – meeting 15 minutes

The Group requested no changes to be made and to publish the minutes

8d Matters arising

- Christmas party: Secretariat to organise for the night of the 4th of December

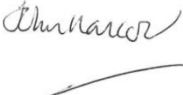
8e Action list

The Action list was noted

8f Correspondence

- Letter to WEL Networks
- Letter to Waipa Networks
- Letter to Counties Power

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: (14/10/2019)

The meeting ended at 5:05pm