MARKET DEVELOPMENT ADVISORY GROUP

MINUTES
Meeting number: 17b

Venue: Electricity Authority, Meeting Room 1, Level 7,
Harbour Tower, 2 Hunter Street, Wellington and Members dialled in via Zoom

Time and date 1.00pm – 3pm, Tuesday, 4 February 2020

Attendees

- Tony Baldwin (Chair) – Via Zoom
- Paul Baker
- James Flannery
- James Flexman – Via Zoom
- Stu Innes – Via Zoom
- Rebecca Osborne
- Ann Whitfield – Via Zoom
- Al Yates – Via Zoom
- Murray Henderson

In attendance

- Tim Street (Manager Wholesale Markets, Electricity Authority)
- Alistair Dixon (Principal Advisor Market Design, Electricity Authority)
- Hannah Hopper (Advisor Wholesale Markets, Electricity Authority)
- Sal Shah (Advisor Market Design, Electricity Authority)
- David Weaver (Consultant, Concept Consulting)
- David Hunt (Consultant, Concept Consulting)

Apologies

- Andrew Kerr

The meeting opened at 1.02pm.

1 Introductions

The Chair welcomed members to the meeting and wished everyone a happy new year.

a) Trading Conduct discussion paper

The Group discussed the final draft of the discussion paper. The Chair noted the aim for the group is to sign off the paper at this meeting, making it ready for public consultation.

The Group discussed their views in turn, with members making suggestions on minor changes to the paper before it is released for consultation.

Action 17b.1: Secretariat to make minor changes to the discussion paper to reflect comments raised by members in the roundtable discussion, including:

- Provide definitions for 3 types of ‘efficiency’ used
- Check ‘pivotal’ figure headings
- Clarify that the Code applies to all parties, not only those in a pivotal situation
- Move paragraph xiii further up to provide context earlier
- Consider whether the locational reference in the revised clause 13.5 A (2) (‘that grid injection point or grid exit point) is accurate

The Group agreed to publish the paper once the agreed changes were made.

Action 17b.2– secretariat to publish the paper, including providing a ‘no surprises’ to the Minister of Energy and Resources, promoting the paper in the Authority’s weekly Market Brief email, and finalising and publishing the accompanying ‘Fact Sheet’.

The Group considered the timeline of the workshops to be held in Auckland and Wellington, wanting to provide the public sufficient time to read the paper before the workshops and provide feedback after.

The Group identified that two weeks after the release of the discussion document would be the ideal time to hold the workshops.

Members proposed the idea of including examples in the presentation.

Action 17b.3: Secretariat to determine best possible dates for the Auckland and Wellington workshops to fit the Groups suggestions.

b) Trading Conduct discussion paper Annex 4 cost benefit analysis

David Hunt and David Weaver provided a brief overview to the Group of the cost benefit analysis (CBA) produced by Concept Consultants for the High Standards of Trading Conduct discussion paper. They noted the CBA was qualitative, although a hypothetical local example had been included for illustrative purposes.

Action 17b.4: Secretariat to make changes to table 5 and 6 of Annex 4 based on feedback from members

- Clarify table 5 refers to ‘additional cost’, not ‘cost’
- Add date range used to table 6

Overall the Group considered the CBA was adequate for the purposes of consultation once minor changes had been made.

c) Haast Energy Trading Critique of Concept report

Haast had written to the Chair raising concerns about the scope of work and methods of analysis undertaken by Concept in their report 'Review of impact of trading conduct enforcement action on spot prices'.

The Chair noted that the conversation between himself, Authority staff and Concept consultants with, Philip Anderson (Haast), John Russell (Haast) and Rob Allen (Allen Consulting) to discuss these concerns on 12 December 2019 was open and constructive on how both groups conducted their analysis. Concept have since written an Addendum to their analysis to address the analytical concerns raised by Haast which was provided to members for feedback.

Concept consultants noted they stand by the key conclusions in their paper.

Action 17b.5:

- Concept to send draft Addendum to Haast Energy so they have a chance to input or discuss further on their conclusions
- Secretariat to write covering letter to Haast Energy to accompany final version of Addendum addressing Haast's second point regarding inadequate scope of work

2 Publication of papers

The Group decided to publish:

1. The meeting agenda
2. High Standard of Trading conduct - MDAG discussion paper on pivotal including Annex 4 – Cost-Benefit analysis

Meeting ended at 2.16pm