



Electricity Authority Work Programme

Report for the period 1 July 2019 – 29 February 2020

Executive summary

The Authority's work programme sets out our major projects for the 2019/20 financial year. The summary of progress from 1 July 2019 – 29 February 2020 are below.

Project Summary and status

Project Name	2019/20 Target Descriptions	Status as of 29 February 2020
Improve consumer awareness of Powerswitch & Utilities Disputes	Amend the Code and develop principles based guidance on how retailers and distributors can provide clear and prominent information about Utilities Disputes and Powerswitch.	On track
Additional Consumer Choice Electricity Services (ACCES)	Board response to IPAG advice (input services). Quick wins implemented .	On track
Default distributor agreement (DDA)	Implement DDA.	On track
Saves and win-backs	Decide whether to prohibit saves and win-backs.	On track
Wholesale market information disclosure	Initiate first phase of disclosure review, focussed on thermal fuels.	On track
Transmission Pricing Methodology	Complete consultation and release decision.	On track
Distribution pricing — Monitoring distributors adoption of more efficient prices	Finalise monitoring regime. Baseline distributor progress.	On track

Project Name	2019/20 Target Descriptions	Status as of 29 February 2020
Spot market settlement on real-time pricing	Complete detailed design phase for spot market settlement on real-time pricing.	On track
Ramping down on constrained on payments	Complete removal of constrained on payments for down generation.	On track
Participation of new generating technologies in the wholesale market	MDAG provide advice to Authority.	On track
Extended reserve implementation	Board approval of project reset proposal.	On track
Open networks development programme	Finalise Open Networks Development Programme. Finalise the Code changes needed to integrate hosting capacity into Part 6.	On track
What's my number and re-purposed information campaign	Deliver 2019 campaign. Merge Powerswitch/WMN websites. If necessary, develop service level standards and contract for integrated Powerswitch/WMN service.	At risk
Review of spot market trading conduct provisions	Board response to MDAG advice (focussed on conduct when pivotal).	At risk
Hedge market enhancements	Decide design of enduring market making.	At risk
Market enhancements omnibus – Code review programme	At least 80% of market enhancements achieve planned process deliverables for the year.	At risk
Switch process review	If necessary, amend the Code for easy to resolve issues.	At risk

Introduction

Below is the progress report against our updated 2019/20 work programme¹. We recast the project commitments at the end of December 2019 to reflect our contribution to the Government's response to the Electricity Pricing Review (EPR) and broader electricity sector outcomes.

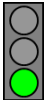

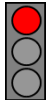
The updated work programme responds to our external environment and the need to balance competing demands. As a result, some projects have been paused or their scope has been reduced to allow the Authority to refocus our time and effort.

The work programme is an internal planning document, which sets out our major projects for the coming year. It does not include our business-as-usual activities or minor projects.

These are the projects that the Authority has committed resource to this financial year. Committed projects are the highest priority projects for the Authority; i.e. those that make the strongest contribution to our statutory objectives and strategic impacts. Committed projects will have published targets, where tangible and quantifiable targets can be identified.

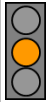

Project status

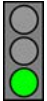
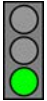
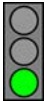
'Traffic lights' are used in the work programme report to indicate whether project milestones and/or deliverables are on track to be achieved. Unless otherwise stated, the expectation is that all project milestones and/or deliverables in the work programme will be achieved by the end of the financial year.


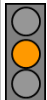

	Project milestones and/or deliverables achieved or on track to be achieved		Project milestones and/or deliverables are at risk		Project milestones and/or deliverables not achieved or not able to be achieved
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¹ The work programme is available on our website at <https://www.ea.govt.nz/dmsdocument/26326-updated-201920-work-programme>



Projects status update as at 29 February 2020



Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
What's my number and re-purposed information campaign	<p>Promote to consumers the benefits of comparing and switching retailers using a multi-channel advertising campaign, - and consider the benefits of continuing WMN in its current form, to determine whether the campaign needs to evolve given innovation in services and products and emerging technologies.</p> <p>Merging the two comparison websites will create an improved website to enable consumers to make more informed decisions.</p>	<p>Deliver 2019 campaign.</p> <p>Merge Powerswitch/WMN websites.</p> <p>If necessary, develop service level standards and contract for integrated Powerswitch/WMN service.</p>	C1: Merge price comparison sites		<p>An initial merge of the websites has been completed; remaining EPR recommendations are being planned.</p> <p>We continue to actively work with Consumer NZ.</p>
Improve consumer awareness of Powerswitch & Utilities Disputes	<p>Dispute resolution and switching tools give consumers simple and accessible channels to get more information about their electricity options. They empower and enable consumers to make choices and act. This contributes to a more efficient and competitive electricity industry.</p> <p>The level of awareness and dispute resolution tools is low, and the level of awareness of switching tools could be improved.</p>	<p>Amend the Code and develop principles based guidance on how retailers and distributors can provide clear and prominent information about Utilities Disputes and Powerswitch.</p>	C2: Improve awareness of dispute resolution and switching		<p>This is a new project for this reporting period. A consultation paper proposing changes to require retailers and distributors to provide clear and prominent information on websites and through communications was released on 21 January.</p> <p>Consultation on this closed in March 2020; submissions are being analysed.</p>

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Additional Consumer Choice Electricity Services (ACCES)	This project will investigate the benefits of enabling additional consumer choice of electricity services and any barriers that may prevent this choice. The project will effectively allow for the un-bundling of service offerings.	Board response to IPAG advice (input services). Quick wins implemented .	C3: Develop a streamlined way to process customer requests for consumption data		The Authority has implemented the first quick wins stage of its ACCES project. This has created a way for consumers to easily share their consumption / metering information with providers they trust. We are currently planning on taking the Innovation and Participation Advisory Group's input services advice to the Board in May.
Default distributor agreement (DDA)	A review to consider amending the Code to introduce a default distributor agreement, to set out the terms of service provided by a distributor to the retailers trading on its network.	Implement DDA.	C4: Make distributors offer retailers standard default terms for network access. E3: Ensure distributors have access to smartmeter data on reasonable terms		A final Board decision on implementing a default distributor agreement is expected in April 2020.
Saves and win-backs	A project to consider whether changes to the Code are required in response to the post-implementation review of the 'saves' Code provisions. It is important that new entrant retailers have a level playing field for competing for customers, and that saves, and win-backs do not impede efficient competition.	Decide whether to prohibit saves and win-backs.	C5: Prohibit saves and win-backs		Amendments to the code to implement a 180-day ban on saves and win-backs will be completed in March 2020; development of the monitoring reports is in progress.

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Wholesale market information disclosure	A project to identify any gaps in the Authority's power to require further information disclosure (such as contract fuel supplies) and strengthen disclosure rules to include information on the availability of generation fuel.	Initiate first phase of disclosure review, focussed on thermal fuels.	D1: Improve availability of wholesale market information		The project has been initiated; we have commenced a research phase to understand the current disclosure landscape and what problems and opportunities exist, including meeting with interested stakeholders to understand their perspectives. The Authority continues to work with GIC, MBIE and Transpower on related workstreams.
Hedge market enhancements	Project to progress the hedge market recommendation resulting from the Authority's review of winter 2017: <ul style="list-style-type: none"> investigate and make on-going enhancements to the hedge market investigate the value of further development of exchange traded (ASX) products Evaluation of incentive-based arrangements for market making Review of hedge disclosure website.	Decide design of enduring market making.	D2: Market making obligations.		To support current market making arrangements, an urgent Code amendment was introduced on 3 February 2020. This Code amendment is timebound and will expire in November 2020. The Authority will be consulting on the high-level design of enduring market making arrangements in April 2020 with a view to making a Board decision in June 2020.
Transmission Pricing Methodology	A review of the transmission pricing guidelines.	Complete consultation and release decision.	E1: Government Policy statement on transmission pricing.		Authority's Board heard oral submissions over two days in December 2019. A supplementary consultation occurred during February 2020. The Authority currently plans to make its decision on the TPM Guidelines in the second quarter of 2020.

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Distribution pricing — Monitoring distributors adoption of more efficient prices	This project will implement and operate the monitoring framework developed as part of the Distribution pricing review.	Finalise monitoring regime. Baseline distributor progress.	E2: Government Policy statement on distribution pricing.		Baseline report on distribution pricing published in November 2019, and draft scorecards discussed with distributors. We will review updated pricing methodologies after they are released on 1 April 2020, and publish scorecards based on that review.
Spot market settlement on real-time pricing	This project will develop and implement system changes to introduce Code amendments for real-time pricing market service provider systems, to change the way spot prices are calculated and published, so everything is done in real-time.	Complete detailed design phase for spot market settlement on real-time pricing.	N/A		Overall project on track and are actively working with NZX and System Operator on detailed design. Minor delays (6 weeks) currently expected for completion of business case for next phase. Initiation of build phase still on schedule to initiate in 2020/21.
Ramping down on constrained on payments	Review of whether constrained-on payments should continue to be made when generation is ramping down.	Complete removal of constrained on payments for down generation.	N/A		Software development complete, Code amendment gazetted. Go-live confirmed at 26 March 2020.
Participation of new generating technologies in the wholesale market	Investigate any barriers in the Code to the efficient operation of new generating technologies in the wholesale market (e.g. offer, dispatch, spot price arbitrage and ancillary service market participation).	MDAG provide advice to Authority.	N/A		MDAG is on track to provide advice to the Authority by 30 June 2020.
Extended reserves implementation	Consider the appropriateness of current measures to minimise disruption of supply in the event of unexpected adverse events to improve the security and flexibility of the electricity system through improved extended reserves.	Board approval of project reset proposal.	N/A		Board approved project reset. Project on track and actively engaging with System Operator and external stakeholders.

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Review of spot market trading conduct provisions	Review trading conduct provisions considering events that have tested these provisions. Consider any findings from case studies, performance reports and compliance reports.	Board response to MDAG advice (focussed on conduct when pivotal).	N/A		MDAG provided their discussion paper to the Board in December 2019, before finalising it and publishing it for public consultation in February 2020. MDAG are planning to provide a recommendations paper for the Board to respond to in June 2020, but this timeline is very tight.
Open networks development programme	This programme will be identifying ways of providing for uptake of new technology on distribution networks.	Finalise Open Networks Development Programme. Finalise the Code changes needed to integrate hosting capacity into Part 6. In March 2020, convene second hui for distributors and regulatory partners to identify technical connection standards to support uptake of DER.	N/A		Project with reduced scope is on track: <ul style="list-style-type: none"> Second standards workshop to be held on 19 March 2020 Schedule of industry pilots and trials being compiled Ongoing discussions on standards with Standards NZ, MBIE, EECA, ComCom, and Worksafe Part 6 Hosting Capacity in final stages We have postponed the second industry workshop (scheduled 19 March) in response to Covid-19 concerns. We will continue to monitor the Ministry of Health's guidance for responding to Covid-19 and reschedule the workshop at an appropriate date.

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Market enhancements omnibus – Code review programme (CRP)	This project includes a suite of non ‘sector-shaping’ market enhancement initiatives. This will include initiatives such as operational or fit-for purpose reviews, the annual Code review programme and enhancements to the current market.	At least 80% of market enhancements achieve planned process deliverables for the year.	N/A		Board has approved putting CRP#5 on hold until 20/21. Work on CRP#4 is on hold due to EPR item C2 taking priority.
Switch process review	To address known shortcomings that inhibit innovation and implement changes to the switching process in response to emerging retail business models.	If necessary, amend the Code for easy to resolve ssues.	N/A		On hold at the moment due to the Undesirable Trading Situation investigation and EPR item B6 taking resource priority.

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