



Electricity Authority Work Programme

Report for the period 1 July 2019 – 30 June 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 – 30 June 2020 are below.

Project Summary and status

Project Name	2019/20 Target Descriptions	Status as of 30 June 2020
What's my number (WMN) 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.	Achieved
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.	Partially achieved
Additional Consumer Choice Electricity Services (ACCES)	Board response to IPAG advice (input services). Quick wins implemented .	Partially achieved
Default distributor agreement (DDA)	Implement DDA.	Achieved
Saves and win-backs	Decide whether to prohibit saves and win-backs.	Closed
Wholesale market information disclosure	Initiate first phase of disclosure review, focussed on thermal fuels.	Achieved
Hedge market enhancements	Decide design of enduring market making.	Not achieved

Project Name	2019/20 Target Descriptions	Status as of 30 June 2020
Transmission Pricing Methodology	Complete consultation and release decision.	Achieved
Distribution pricing — Monitoring distributors adoption of more efficient prices	Finalise monitoring regime. Baseline distributor progress.	Achieved
Spot market settlement on real-time pricing	Complete detailed design phase for spot market settlement on real-time pricing.	Partially achieved
Ramping down on constrained on payments	Complete removal of constrained on payments for down generation.	Closed
Participation of new generating technologies in the wholesale market	MDAG provide advice to Authority.	Achieved
Extended reserve implementation	Board approval of project reset proposal.	Achieved
Open networks development programme	Finalise Open Networks Development Programme. Finalise the Code changes needed to integrate hosting capacity into Part 6.	Not achieved
Review of spot market trading conduct provisions	Board response to MDAG advice (focussed on conduct when pivotal).	Not achieved
Market enhancements omnibus – Code review programme	At least 80% of market enhancements achieve planned process deliverables for the year.	Not achieved
Switch process review	If necessary, amend the Code for easy to resolve issues.	Not achieved

Introduction

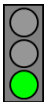

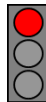
Below is the final progress report against our updated 2019/20 work programme¹, which was reduced further in April 2020 due to the COVID-19 pandemic². We recast the project commitments at the end of December 2019 to reflect our contribution to the Government's response to the Electricity Pricing Review (EPR) and broader electricity sector outcomes. An updated work programme was published on 4 February 2020. However, the impact of COVID-19 meant the Authority had to re-examine a number of projects to focus time and effort into the critical projects, these adjustments were published on our website on 8 April 2020.

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.


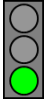
	Project milestones and/or deliverables achieved or on track to be achieved		Project milestones and/or deliverables are partially achieved or at risk		Project milestones and/or deliverables not achieved or not able to be achieved
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
¹ The work programme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


² The work programme adjustments on our website as a result of Covid-19 <https://www.ea.govt.nz/dmsdocument/26636-201920-work-programme-covid-19-related-adjustments>

Project status update as at 30 June 2020

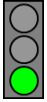
Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
What's my number and re-purposed information campaign	<p>Promote to consumers the benefits of comparing and switching retailers using a multi-channel advertising campaign, - and consider the benefits of continuing WMN in 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>Target achieved, project continuing into 2020/21.</p> <p>The WMN website has been decommissioned and the Powerswitch website is the primary site for consumers to use. The Authority has transferred the contract to Consumer NZ to provide funding for them to maintain and upgrade this website.</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>Target partially achieved (delayed due to COVID resource redeployment).</p> <p>Project has progressed as planned with the Board considering the summary of submissions in August 2020 with a view to have these changes implemented by February 2021.</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		<p>Target partially achieved, project continuing into 2020/21.</p> <p>The quick wins (providing agents access to consumption data) has been implemented with the final monitoring reports being implemented by the end of August.</p> <p>The Authority has received the advice from IPAG regarding input services. However, due to Covid-19, our recommendations based on this advice has not been provided to the Board for a response.</p>
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.	<p>C4: Make distributors offer retailers standard default terms for network access.</p> <p>E3: Ensure distributors have access to smartmeter data on reasonable terms</p>		<p>Target achieved. We will continue to support distributors into 2020/21.</p> <p>In 2019/20 the Authority consulted on and finalised the Default Distributor Agreement (DDA) Template, the Data Template, and default terms for income payments.</p> <p>We released a final decision to amend the Code in June 2020, coming into effect on 20 July 2020.</p> <p>The five largest distributors will have until December 2020 to publish their agreements for use. The remaining distributors have until February 2021.</p>

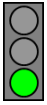
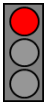
Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Saves and win-backs	A project to consider whether changes to the Code are required in response to the post-implementation review of the 'saves' Code provisions. It is important that new entrant retailers have a level playing 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		<p>Target achieved; project closed.</p> <p>The code amendment prohibiting Saves and win-backs came into force 31 March 2020. The Authority has embedded switching behaviour into its market monitoring and audit processes to identify retailers that may not be meeting their obligations under the code.</p> <p>Our monitoring indicates that saves and win-backs have fallen dramatically since March. Anomalies identified through this process will be incorporated into our compliance regime.</p>

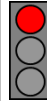
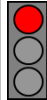
Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Wholesale market information disclosure	A project to identify any gaps in the Authority's power to require further information disclosure (such as contract fuel supplies) and strengthen disclosure rules to include information on the availability of generation fuel.	Initiate first phase of disclosure review, focussed on thermal fuels.	D1: Improve availability of wholesale market information		<p>Target achieved, project continuing into 2020/21.</p> <p>The team commenced the review in January and researched the information issues in the thermal fuels market, including meeting with relevant stakeholders to understand the problems they faced. A draft consultation paper was considered by the Board on 23 June and will be released 21 July for a period of six weeks. It invites feedback on four proposals, including a Code amendment to require major participants to report on their disclosure activity. The Authority continues to work with GIC, MBIE and Transpower on related workstreams.</p>

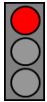
Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Hedge market enhancements	<p>Project to progress the hedge market recommendation resulting from the Authority's review of winter 2017:</p> <ul style="list-style-type: none"> investigate and make on-going enhancements to the hedge market investigate the value of further development of exchange traded (ASX) products Evaluation of incentive-based arrangements for market making <p>Review of hedge disclosure website.</p>	Decide design of enduring market making.	D2: Market making obligations.		<p>Target not achieved, project continuing into 2020/21.</p> <p>Throughout the year you have been provided updates on Hedge Market Enhancements (Market Making). The Authority Board will consider final advice on approaches to enhance market making services in August 2020- this was delayed from 2019/20 financial year due to Covid-19's impact, including stakeholders' ability to engage with the project.</p> <p>Implementation of a preferred option will occur following the Board's decision. The length of time to implement any option will depend on the complexity of the final arrangements; an incentivised scheme could take up to a year to implement (as it would require a Budget process and change to existing appropriations); extending an existing backstop mandatory code could be completed in a matter of months.</p>

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
Transmission Pricing Methodology	A review of the transmission pricing guidelines.	Complete consultation and release decision.	E1: Government Policy statement on transmission pricing.		<p>Target achieved, project continuing into 2020/21.</p> <p>The Authority published the Transmission pricing methodology: 2019 Issues paper for consultation in July 2019. The Authority held multiple rounds of consultation and a number of regional and technical workshops on the Issues paper and supporting CBA. On 10 June the Authority published its decision paper, formally requested Transpower develop a proposed new TPM by 30 June 2021 and requested the Commerce Commission reopen Transpower's individual price-quality path for any additional funding to develop and implement a new TPM.</p>
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.		<p>Target achieved, project continuing into 2020/21.</p> <p>Baseline report on distribution pricing published in November 2019 and draft scorecards discussed with distributors, to promote adoption of more efficient pricing methods. A report on 2020 pricing methodologies will be released in the 2020/21 financial year.</p>

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
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		Target partially achieved, project continuing into 2020/21. Actively working with NZX and System Operator on detailed design. Project on track to initiate build phase in 2020/21. Some aspects of the solution design have proven more complex than initially expected and have introduced a delay in finalising the detailed design. This has not impacted over all delivery times, but the full detailed design will not be presented to the board until August 2020.
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		Target achieved; project closed. On 26 March 2020, the changes to Part 13 of the Electricity Industry Participation Code 2010 successfully came into force.
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		Target achieved, project continuing into 2020/21. MDAG presented its recommendations at the 4 June 2020 Board meeting. Next steps are to review this work as part of the full Authority work programme to determine prioritisation and funding in quarter one of 2020/21.

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
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		Target achieved, project continuing into 2020/21. System operator implementation proposal has been approved by the Authority Board. Implementation work to commence in 2020/21.
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		Target not achieved, project continuing in 2020/21. MDAG's discussion paper was published in February 2020. Reflecting feedback from stakeholders, MDAG decided to add a period of cross-submissions. MDAG also decided to extend the consultation duration due to Covid-19 pressures. These factors meant the work programme target will not be met. Instead, MDAG are planning to provide a recommendations paper for the Board to respond to in October 2020. Opinions remain mixed and MDAG's recommendations may be split.

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
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		Target not achieved, project continuing into 2020/21. At the 8-month reporting mark, this project's scope was reduced to prioritise the EPR programme workload. While the reduced scope remained on track, the second standards workshop in March 2020 was postponed due to Covid-19. The impact of the pandemic resulted in this project being paused for the remainder of the 2019/20 financial year.
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		Target not achieved, project continuing into 2020/21. The 18 December Board meeting approved the pausing of CRP#5 until the 2020/21 financial year. Consultation on CRP#4 had been considered, however, EPR item C2 took resourcing priority. The Covid-19 pandemic meant all areas of the project were paused until 2020/21.

Project Name	Description	2019/20 Target Descriptions	Links to EPR	Status	Comments
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 issues.	N/A		<p>Target not achieved, project continuing into 2020/21.</p> <p>A second consultation was published in December 2019 and submissions were reviewed. At the 8-month reporting round, the project was paused due to the Undesirable Trading Situation investigation and EPR item B6 taking resource priority. The Covid-19 pandemic resulted in this project remaining paused until 2020/21.</p>

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