



# Electricity Authority Work Programme

1 July 2020 – 30 June 2021

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October 2020

## Executive Summary

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The Authority's work programme details the key projects we intend to progress during the 2020/21 financial year.

The work programme was developed while responding to the evolving COVID-19 situation. The response focussed on ensuring the Authority was in a position to prioritise key industry issues as a result of COVID-19, including retailer debt issues, and assurances for medically dependent and vulnerable customers.

The work programme is limited to those projects we know we will be carrying on with or re-starting from 1 July 2020. We understand that the work programme will need to evolve and expand through the recovery phase of COVID-19, both as consumers' and participants' needs become clearer, and to better reflect the Authority's new strategy.

The projects in this work programme enable us to continue to respond to sector priorities and deliver against our statutory objectives. Commitments to pursuing these projects were made to the Minister in the Authority's response to her letter of expectations for 2020/21; these include the Electricity Price Review programme, and key projects that are continuing from the 2019/20 year.

Traditionally, we have included projects such as the market enhancements omnibus, and the annual code review programme as work programme items. These items of work will continue each year however, we have put these into our business as usual operations recognising these activities are on-going as part of continuous improvement.

## 2020/21 work programme

Project name	Description	2020/21 Target Descriptions
<b>Distribution price monitoring</b>	Monitoring distributors' adoption of more efficient prices following the distribution pricing review.	<b>Publish</b> scorecards of distributors' pricing and <b>decide</b> next steps to progress distribution pricing reforms.
<b>Update guidelines of vulnerable and medically dependent consumers to standards (EPR recommendation B6)</b>	Update the existing guidelines into a single minimum standard document that is suitable to operate either as a stand-alone guideline, or for regulation by either MBIE, or the Authority.	<b>Complete</b> the development of updated guidelines.
<b>Improve awareness of Powerswitch and utilities disputes (EPR recommendation C2)</b>	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. The level of awareness and dispute resolution tools is low, and the level of awareness of switching tools could be improved.	<b>Amend</b> the Code and <b>develop</b> principles based guidance on how retailers and distributors can provide clear and prominent information about Utilities Disputes and Powerswitch.
<b>Streamlined process for customer requests for consumption data (EPR recommendation C3)</b>	Provide quick and easy access for consumers to their consumption data.	<b>Complete</b> phase one (quick wins) by quarter one. Phase two to be confirmed after initial project scoping. Target to be set in Q2 FY2021.
<b>Default distributor agreement (DDA) (EPR recommendations C4 and E3)</b>	Support implementation by all distributors of the default distributor agreement, setting out the terms of service provided by a distributor to the retailers trading on its network. To make available for use the Data Template to support the exchange of some smart meter data. Also, to make available for use two default agreements for a distributor's shareholder trust to pay dividends to beneficiaries on the network.	Default distributor agreement <b>implemented</b> by all distributors or, where any distributor has not implemented, the Authority considers the matter and decides on further action.
<b>Developing and implementing a pilot scheme targeting non-switching customers to find better deals (EPR recommendation C6)</b>	Investigate the feasibility of a developing a pilot scheme to assist consumers in shopping around to find a better deal and help them switch providers.	To be confirmed after initial project scoping. Target to be set in Q4 FY2021.

Project name	Description	2020/21 Target Descriptions
<b>Improve availability of wholesale market information (EPR recommendation D1)</b>	To review the current information disclosure rules to identify gaps or areas for improvements (such as information on thermal fuel supplies).	<b>Complete</b> first phase of disclosure review, focussed on thermal fuel supplies.
<b>Hedge market enhancements (EPR recommendation D2)</b>	Review enduring market making arrangements.	<b>Decide</b> design of enduring market making arrangements Further targets for detailed design and implementation of any changes to be confirmed following board decision.
<b>Make generator retailers release information about the profitability about their retailing activities (EPR recommendation D3)</b>	Investigate the internal transfer pricing of large generator-retailers, and the feasibility of making generator-retailers report separately on the financial performance of their retailing and generation/wholesale operations using a common (and regulated) set of reporting rules.	<b>Obtain data</b> on internal transfer prices from generator-retailers in Q1 FY2021. Present analysis and <b>make recommendations</b> at the November 2020 Board meeting re next steps.
<b>Pro-active monitoring and reporting on wholesale market performance (EPR recommendation D4)</b>	Underlying the EPR recommendation D4 is a concern that the wholesale market doesn't always perform effectively for the long-term benefit of consumers. An enduring and evolving programme of pro-active wholesale market performance monitoring and reporting is being developed. As well as presenting technical reports on the EMI website, the programme envisages regular commentary targeting a broad range of audiences.	<b>Publish</b> several new reports on EMI by Q4 FY2021, including a report that compares wholesale contract prices with new-generation costs.
<b>Examine the security and resilience of the electricity sector (EPR recommendation G2)</b>	Investigate and report back on the impacts of technology and other changes on the long-term security and resilience of New Zealand's electricity supply. <ul style="list-style-type: none"> <li>Batteries offering reserve: To develop requirements for batteries offering reserve when injecting into the power system.</li> <li>Reliability standards for inverters: To develop reliability standards to ensure the secure operation utility-scale inverter-based generating technologies.</li> </ul>	<b>Security and Resilience: Consult</b> on issues relating to security and resilience of the electricity sector  Batteries offering reserve: <b>Consult</b> on enabling Code amendment.  Reliability standards for inverters: <b>Complete</b> investigation of reliability requirements.
<b>Extended Reserves implementation</b>	Review the current AUFLS arrangements to safeguard electricity supply in the event of a significant disruption to the grid.	<b>Consult</b> on 4-block AUFLS Code amendment.

Project name	Description	2020/21 Target Descriptions
<b>Open networks development programme</b>	Identifying ways of providing for uptake of new technology on distribution networks: <ul style="list-style-type: none"> <li>Standards development</li> <li>IPAG review of demand response</li> </ul>	<b>Standards development: Publish</b> decisions paper and code amendments for sunset clause for the Hosting Capacity amendments.  IPAG review of demand response: IPAG to <b>provide</b> advice to Authority.
<b>Increasing retail price change transparency</b>	Review how the network price changes that took effect on 1 April 2020 passed through into the retail electricity market.	<b>Publish</b> NZIER Cost Index Published on EMI in early 2021 <b>Publish</b> The Retailer Survey externally in April 2021
<b>Review of industry response to COVID-19</b>	At the end of the pandemic period, review the response by industry participants to COVID-19 <ul style="list-style-type: none"> <li>Promoting positive outcomes for end consumers (including adherence to our two letters of expectations)</li> <li>Promoting ongoing reliable operation of the electricity system</li> </ul>	<b>Publish</b> Terms of reference/scope published by end Q2 FY2021 <b>Complete</b> Information gathering by end Q3 FY2021 <b>Complete</b> Analysis and draft report by end Q4 FY2021
<b>Review of spot market trading conduct provisions</b>	Review trading conduct provisions considering events that have tested these provisions.	<b>Board response</b> to MDAG advice (focussed on conduct when generators are pivotal). Further targets to be confirmed following Board response.
<b>Spot market settlement on real time pricing</b>	Implement the service provider systems changes needed for real-time pricing so that spot prices are calculated and published in real-time.	<b>Complete</b> phase one of the system operator software implementation.
<b>Transmission Pricing Methodology implementation</b>	To implement the new transmission pricing methodology guidelines.	<b>Monitor</b> and <b>assess</b> Transpower's development of proposed TPM.