

CHAIR'S ANNUAL REPORT  
JULY 2019 TO JUNE 2020

INNOVATION  
AND  
PARTICIPATION  
ADVISORY  
GROUP

**Note:** This paper has been prepared for the purpose of reporting on the activities of the Innovation and Participation Advisory Group. Content should not be interpreted as representing the views or policy of the Electricity Authority.

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## 1. Introduction

- 1.1.1 The Innovation and Participation Advisory Group (IPAG) was formed by the Electricity Authority (Authority) in October 2017. The IPAG provides independent advice to the Authority on the development of the Electricity Industry Participation Code 2010 and market facilitation measures.
- 1.1.2 The IPAG focuses its advice on matters relating to evolving technology and business models, and competition and consumer choice. Specifically, under its [terms of reference](#) the IPAG can advise on:
- a) initiatives to improve the efficient development and use of evolving technologies and business models across the supply chain, including reducing inefficient barriers to:
    - i) any consumers purchasing directly from the wholesale electricity market or directly from local generators
    - ii) mass-market demand response, and aggregators of mass-market demand response
    - iii) mass-market distributed energy resources, and aggregators of these resources, including distributed generation, batteries, micro-grids and 'prosumer' situations
  - b) initiatives to efficiently promote consumer participation through the whole supply chain, including:
    - i) improving consumer awareness, understanding, motivation and action by mass-market consumers
    - ii) increasing choices available to mass-market consumers by further enhancing competition
  - c) any other policy matters that the Authority considers appropriate.
- 1.1.3 The IPAG's terms of reference require the Chair to report annually to the Authority Board on the IPAG's progress against its work plan. This is the IPAG's second annual report, covering its activities from July 2019 to June 2020 (reporting period).
- 1.1.4 The two projects on the IPAG's work plan in the reporting period were the *Access to input services* project and *Review of Transpower's Demand Response programme*.

## 2. Work plan update

### 2.1 Access to input services

- 2.1.1 The Authority asked the IPAG to provide advice on ways to reduce or remove the barriers to multiple trading relationships at the point of connection. Barriers are associated with:
- a) access to data supply services to a consumer
  - b) shared use of the distribution service to supply services to a consumer.

- 2.1.2 The IPAG's advice on access to input services is one part of the Authority's additional consumer choice of electricity services project (ACCES).
- 2.1.3 During the reporting period, the IPAG:
- a) developed options that could address the issues identified in the problem definition
  - b) prepared advice to the Authority Board.
- 2.1.4 To help inform its work, the IPAG sought input through the attendance of various stakeholders at its 15 August meeting (outlined in paragraph 4.2.2 below).

## 2.2 Review of Transpower's Demand Response (DR) programme

- 2.2.1 The Authority asked the IPAG to review the effectiveness of Transpower's DR programme, how it might evolve, and the implications for similar distribution business initiatives. The Authority requested that the review cover:
- a) a summary of the current state of electricity DR and wider flexibility mechanisms in New Zealand
  - b) an assessment of the Transpower DR programme to date
  - c) implications and recommendations for the design and operation of distribution business flexibility markets in New Zealand
- 2.2.2 During the reporting period, the IPAG commenced work and heard from Transpower, Commerce Commission and Authority staff to get their perspectives on Transpower's DR programme and flexibility mechanisms more widely (as outlined in paragraph 4.2.2 below). The review is planned to be complete early in 2021.

## 3. Chair's commentary on the performance of the IPAG and the secretariat

- 3.1.1 IPAG is three years old now. Our work has continued to build on our major 2019 report on Equal Access requirements to enable new forms of participation and non-traditional business models.
- 3.1.2 The second half of 2019 saw us shift our focus to the issues that arise when more than one player needs to get access to the same "input services" in order to deliver new electricity products and services – from shared use of the network itself to different players getting access to information about its use.
- 3.1.3 Unusually, members actioned me to write to the Authority during the later stages of this project to emphasise our collective view that there is no point in progressing any initiatives to allow sub-ICP trading until the principal initiatives from our "Equal Access" report have been initiated – drawing particular attention to the lack of initiatives in the Authority's workplan related to developing missing markets for flexibility as an input to distribution services and aligning the design of Transpower's Demand Response programme with the principles supporting Equal Access.

- 3.1.4 Progress on implementing Equal Access remains slow but the Authority has moved quickly to respond to members' concerns. We started our current project to review the effectiveness of Transpower's Demand Response scheme in February – only to be virtualised and delayed by competing priorities through lockdown. We're still aiming to report back to the Authority Board on this work by Easter 2021.
- 3.1.5 Another unusual step during the year was the group's proactive decision to submit on MBIE's Discussion Document Accelerating renewable energy and energy efficiency, specifically to draw attention to our Equal Access recommendations and MBIE's questions in Section 8.2 – Demand-side participation and demand response and Section 11 – Local network connections and trading arrangements. MBIE's summary of submissions acknowledges the work and its relevance to Government policy.
- 3.1.6 Professor Rosalind Archer and Stephen Peterson stepped down from the group through the year. They have both been hugely constructive members and I am particularly grateful to them for maintaining their commitment to our work in the face of substantial external workloads. I'd particularly like to acknowledge that Stephen has been a member of every Authority Advisory Group meeting I have chaired – from the Wholesale Advisory Group in 2013 to IPAG in 2020. We will all miss his robust challenges and his mercurial insights.
- 3.1.7 As ever my thanks to the Secretariat for supporting the group through the year, to our observers from the Commerce Commission for their expert guidance on links to Part 4 of the Commerce Act and particularly to Richard Hobbs and his team at Transpower who have been proactive, open and constructive throughout our review of their DR programme.

**John Hancock**



*Chair*

**Innovation and Participation Advisory Group**

## 4. Appendix A: Membership and meeting details

### 4.1 Membership

4.1.1 Short biographies of all IPAG members can be found on the Authority's website at <https://www.ea.govt.nz/development/advisory-technical-groups/ipag/membership/>.

4.1.2 Table 1 below sets out the affiliation, term of appointment and meeting attendance record of current IPAG members during the reporting period.

**Table 1: IPAG membership information for July 2019 to June 2020**

Member	Affiliation	Appointment term			Meeting attendance
		Start	End	Length	
John Hancock (Chair)	Independent	May 2018	May 2023	5 years and 1 month	6 of 6
Luke Blincoe	Chief Executive, Electric Kiwi	October 2017	September 2022	5 years	6 of 6
Glenn Coates	General Manager Asset Management and Planning, Aurora Energy	October 2017	September 2020 <sup>1</sup>	3 years	4 of 6
Allan Miller	Independent	October 2017	September 2022	5 years	5 of 6
Terry Paddy	Managing Director, Cortexo	October 2017	September 2020 <sup>2</sup>	3 years	6 of 6
Tim Rudkin	Chief Executive, Saveawatt	June 2018	September 2022	4 years and 4 months	6 of 6
Roxanne Salton	Chief Digital Officer, Southern Cross Health Society	January 2019	September 2020 <sup>3</sup>	1 year and 8 months	5 of 6
Corrie Stobie	Product Delivery Manager, intelliHUB NZ	October 2019	September 2022	3 years	4 of 4
Scott Willis	Manager, Blueskin Resilient Communities Trust	October 2019	September 2022	3 years	4 of 4

<sup>1</sup> Glenn Coates' term has subsequently been extended to coincide with the conclusion of the IPAG's *Review of Transpower's DR programme* in 2021.

<sup>2</sup> Terry Paddy's term has subsequently been extended to coincide with the conclusion of the IPAG's *Review of Transpower's DR programme* in 2021.

<sup>3</sup> Roxanne Salton's term has subsequently been extended to coincide with the conclusion of the IPAG's *Review of Transpower's DR programme* in 2021.

4.1.3 During the reporting period, two IPAG members resigned their positions as set out in Table 2 below.

**Table 2: IPAG membership information (former members)**

Member	Affiliation	Membership term		Meeting attendance
		Start	Resigned	
Rosalind Archer	<i>Head of the Department of Engineering Science, University of Auckland</i>	January 2019	November 2019	1 of 3
Stephen Peterson	<i>Managing Director, Simply Energy</i>	October 2017	December 2019	4 of 4

4.1.4 As required under the [Crown Entities Act 2004](#), the IPAG also maintains an interests register setting out interests disclosed and any permissions granted to act.

## 4.2 Meetings

4.2.1 The IPAG met six times in the reporting period. Two meetings (scheduled in March and May 2020) were cancelled due to Covid-19. The IPAG's meeting dates are set out in Table 3 below.

**Table 3: IPAG meeting dates**

#	Date	Notes
15	15 August 2019	At WEL Networks offices in Hamilton
16	4 September 2019	At the Authority's offices in Wellington
17	16 October 2019	At the Commerce Commission's offices in Wellington
18	4 December 2019	At Mercury's offices in Auckland
19	19 February 2020	At the Authority's offices in Wellington
20	10 June 2020	<i>Videoconference</i>

4.2.2 At the IPAG Chair's invitation:

- a) Diego Villalobos Alberú (Principal Economist – Regulation, Commerce Commission) attended four of the six IPAG meetings during the reporting period as an observer from the Commerce Commission
- b) Scott Pearse-Smith (Chief Advisor, Commerce Commission) attended the 16 October meeting in place of Diego Villalobos Alberú
- c) Brendan McAnnelley (General Manager Group Digital Services) and Corrie Stobie (Product and Innovation Manager) from intelliHUB attended the 15 August meeting to discuss how metering data could be used more effectively in the future

- d) Adam Fletcher (Chief Executive Officer) from Waipa Networks attended the 15 August meeting to provide an overview on the Waipa Networks' response to demand growth, solar uptake and electrification of industrial processes
- e) Michelle Allfrey (Network Revenue Manager) and Richard Kingsford (Asset Planning and Engineering Manager) from WEL Networks attended the 15 August meeting to discuss how WEL Networks is capturing and using data on the performance of its low voltage network
- f) Andy Burgess (Head of Energy, Airports and Dairy, Commerce Commission) attended the 10 June meeting to discuss his experience with distributed energy resources (DER) in Europe
- g) Simon Todd (Senior Analyst, Commerce Commission) attended the 10 June meeting to discuss the Commerce Commission's perspective on Transpower's DR programme
- h) Richard Hobbs (General Manager Strategy) and John Clarke (General Manager Grid Development) from Transpower attended the 10 June meeting to discuss what Transpower had learnt about running a demand response (DR) programme and what it planned to do in the next regulatory period.

4.2.3 Meeting papers from all IPAG meetings can be found on the Authority's website at <https://www.ea.govt.nz/development/advisory-technical-groups/ipag/meeting-papers/>.