# Market Development Advisory Group

# Minutes

Meeting number: 23

Venue: **via Zoom**

Time and date: 10:30am – 4:30pm , Wednesday, 2 September 2020

**Attendees**

- Tony Baldwin  (Chair)
- Paul Baker
- James Flannery
- James Flexman
- Rebecca Osborne
- Ann Whitfield
- Al Yates
- Murray Henderson
- Stu Innes joined at 12:38pm
- Andrew Kerr joined at 12:49pm

**Apologies**

- Andrew Kerr
- Stu Innes

**In attendance**

- Tim Street (Manager, Wholesale Markets, Electricity Authority)
- Alistair Dixon (Principal Adviser, Market Design, Electricity Authority)
- Hannah Hopper (Advisor, Market Design, Electricity Authority) [left at 11.30am]
- Sal Shah (Advisor Market Design, Electricity Authority)
- Philip Caruana (Senior Advisor, Market Design, Electricity Authority
- David Hunt (Consultant, Concept Consulting)

*The meeting opened at 10:36pm*

## Introduction

The Chair welcomed members to the meeting.

## 1 Meeting Administration

### Apologies

Apologies from Stu Innes and Andrew Kerr were noted. Both members had informed Secretariat of their intent to join the meeting later in the day if they were able.

### Minutes of previous meetings

The Group agreed to publish minutes from meeting #22.

### Actions list
The Group noted the Actions list. Tim Street provided an update on two “in progress” actions.

### Workplan update
The Group noted the workplan.

## 2 Outcome on Evaluation Panels
David Hunt (Concept Consulting) recapped who the panellists were and findings of panel BHR.

David proceeded to lead the Group through the background and thinking of Panel ABD and the conclusions reached by this Panel.

The Chair added background and context around the process the panel went through in determining their findings.

Members asked initial questions regarding process and findings of the panel which were discussed among the Group.

David presented the similarities and differences between the findings of both panels.

The Chair led a round table discussion where members were given the opportunity to ask questions and make comments on the information presented to them.

## 3 MDAG’s view on MDAG proposal
The Group deliberated over how they would incorporate the findings from the Panels into their recommendations to the Authority Board.

MDAG worked through various options presented by the Secretariat to progress the recommendations paper.

Members agreed to keep the main pillar of MDAG’s proposal, i.e. keep the operative clauses and that the central test should remain on the exercise of significant market power.

Paul Baker presented his suggested provisions to MDAG. Members agreed with Paul Baker’s suggestion to merge the two operative clauses currently in the proposal to increase clarity without losing their meaning but did not go into the purpose clause. Members agreed that the purpose clause needs to be streamlined and discussed the idea of having an explanatory note in the Code or guidelines. The Chair pointed out that a clause in the Code has more legal weight than guidelines.

The majority favoured panel BHR’s proposed purpose clause, particularly reference to prevailing supply and demand conditions, but had reservations on using the term ‘act as a constraint’. Members debated whether to include references to economic costs and/or short run/long run marginal cost.

Members agreed that an additional meeting is required to identify a preferred Code provision.

MDAG reached a consensus that the Authority should consult on the proposed provisions that MDAG will recommend but acknowledged that this is the Authority’s remit.

The Chair asked members if they had any closing remarks on the panel’s findings or other matters related to the recommendations paper.

## 4 Next steps

**Action 23.1:** Secretariat to set up an additional MDAG meeting W/c 21 September.

**Action 23.2** Secretariat to provide the next draft of the recommendations paper to members before MDAG next meet.

**Action 23.3:** Secretariat to draft two options for clause 3

**Action 23.4:** Secretariat to plan bi-lateral meetings with stakeholders

## 5 Electricity Authority Strategy Day Session on Low-emissions energy

The Group attended the low emissions energy session via Zoom, as part of the Authority's Strategy Day.

## 6 Publication of meeting papers

The Group decided to publish:

- The agenda
- Minutes from previous meetings
- Workplan
- Actions list
- Slide pack – High Standard of Trading Conduct Evaluation Panels

***The meeting ended at 1:30pm***