

CHAIR'S ANNUAL REPORT
JULY 2020 TO JUNE 2021

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 third annual report, covering its activities from July 2020 to June 2021 (reporting period).
- 1.1.4 The project on the IPAG's work plan in the reporting period was a *Review of Transpower's Demand Response programme*.

2. Work plan update

- 2.1.1 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

- 2.1.2 During the reporting period, the IPAG group, along with Concept Consulting, have prepared a memo and slide deck consisting of findings and recommendations on Transpower's DR programme and flexibility mechanisms more widely.
- 2.1.3 The slide pack sets out the questions the Authority asked IPAG to review and the responses to those questions. This memo summarises IPAG's general observations about the Transpower DR programme and recommendations.
- 2.1.4 The group moderated and sought feedback on the memo and slides with Authority staff as well as Transpower, Commerce Commission, MBIE, and other stakeholders to get their perspectives.
- 2.1.5 The review has now been completed and will be available on the Authority website later in the year 2021.

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

- 3.1.1 2020 was a challenging year for everyone. IPAG was suspended during lockdown restarting virtually in July and in person in September. This slowed us down a bit but we have progressed our review of the effectiveness of Transpower's Demand Response during the last regulatory period, with a final report due to the Authority Board in H2 2021.
- 3.1.2 The review of the Transpower DR programme has been unlike any project I have worked on with Advisory Groups – Transpower themselves have been actively involved in our work – presenting their experiences, listening to our concerns and responding with proposals on how the programme will change in future periods. They have been great to work with and I'd like to thank Richard Hobbs and his team for the constructive and proactive way in which they have worked with us. Transpower's own proposals for the future of the DR programme have addressed all of IPAG's concerns. As a result, we have not recommended any regulatory changes in our report to the Authority – it has been a great process and possibly one that would be worth replicating in future advisory group work.
- 3.1.3 A secondary objective of the project was to suggest how experiences from Transpower's programme inform arrangements for distribution businesses. This has given the group an opportunity to update and improve its 2019 advice on Equal Access. Transpower's experience and input has clarified some complex concepts and provided new evidence and specific examples to support our advice which will be of great help to the Authority as it moves to implement these recommendations.
- 3.1.4 Luke Blincoe asked to step down from the group in October 2020 but kindly agreed to stay on as a member until the review of the Transpower DR programme was complete which has detained him for a further 7 months. I'd like to acknowledge his generosity and tolerance in doing so. Luke's

experiences as an independent retailer have been enormously useful to the group. We will miss his robust challenges and the clarity of his insights.

3.1.5 I'm equally grateful to Terry Paddy, Glenn Coates and Roxanne Salton whose terms expired in late 2020 and all of whom have agreed to stay on for an extra year to ensure continuity in our work.

3.1.6 The Authority staff who provide Secretariat services have changed completely over the year. My thanks to all of them – old and new - and particularly to Rachel Holden from Concept Consulting who was the primary author of our advice this year. Thanks too to our observers from the Commerce Commission for help in navigating the relationship between Commerce Act regulations and the Authority's Electricity Industry Participation Code.

John Hancock



Chair

Innovation and Participation Advisory Group

4. 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/>. Error! Reference source not found. 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 2020 to June 2021

Member	Affiliation	Appointment term			Meeting attendance
		Start	End	Length	
John Hancock (Chair)	Independent	May 2018	May 2023	5 years	8 of 8
Glenn Coates	<i>General Manager Asset Management and Planning, Aurora Energy</i>	October 2017	September 2021 ¹	3 years and 11 months	8 of 8

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

Allan Miller	Independent	October 2017	September 2022	4 years and eleven months	8 of 8
Terry Paddy	<i>Managing Director, Cortexo</i>	October 2017	September 2021 ²	3 years and eleven months	8 of 8
Tim Rudkin	<i>Chief Executive, Saveawatt</i>	June 2018	September 2022	4 years and 4 months	8 of 8
Roxanne Salton	<i>Chief Digital Officer, Southern Cross Health Society</i>	January 2019	September 2021 ³	1 year and 8 months	7 of 8
Corrie Stobie	<i>Product Delivery Manager, intelliHUB NZ</i>	October 2019	September 2022	3 years and one month	8 of 8
Scott Willis	<i>Manager, Blueskin Resilient Communities Trust</i>	October 2019	September 2022	2 years and eleven months	8 of 8

4.1.2 During the reporting period, one IPAG member resigned their position as set out in Table 2 below.

Table 2: IPAG membership information (former members)

Member	Affiliation	Membership term		Meeting attendance
		Start	Resigned	
Luke Blincoe	<i>Chief Executive, Electric Kiwi</i>	October 2017	May 2021	6 of 8

4.1.3 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 eight times in the reporting period. The IPAG's meeting dates are set out in Table 3 below.

² 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.

³ 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.

Table 3: IPAG meeting dates

#	Date	Notes
21	22 July 2020	At the Authority's offices in Wellington
22	2 September 2020	At the Authority's offices in Wellington
23	21 October 2020	At the Authority's offices in Wellington
24	1 December 2020	At the Authority's offices in Wellington
25	27 January 2021	At the Authority's offices in Wellington
26	24 February 2021	At the Authority's offices in Wellington
27	24 March 2021	At the Authority's offices in Wellington
28	19 May 2021	At the Authority's offices in Wellington

4.2.2 At the IPAG Chair's invitation:

- a) Diego Villalobos Alberú (Commerce Commission) attended 22 July IPAG meeting as an observer from the Commerce Commission. From September 2 onwards John Rampton from the Commerce Commission joined the group as an observer.
- b) Rachel Holden (Senior Consultant, Concept Consulting Group) attended 6 of 8 of IPAG's meetings during this reporting period to assist with the review of Transpower's DR programme.

4.2.3 Other attendee's from IPAG's eight meetings are set out in the Table 4 below.

Table 4: IPAG Invitations

Meeting Date	Who	Discussion Topic
July 22	Jean Pierre (JP) de Raad (Consultant – Sense Partners) and Tim Sparks (Principal Advisor- Electricity Authority)	The interaction between the new TPM and DR.
	Richard Hobbs and Che Lewis (Transpower)	Brief introduction on work done to date on the DR scheme.
2 September	Tom Kane (Concept Consulting)	Tom joined the group to cover for Rachel Holden (Concept Consulting).
	David Reeve (Sapere) and Murray Henderson (System Operator)	Distributed Energy Resources (DER) – 'understanding the potential' report by Sapere, commission by Transpower's system operator.
	Briony Bennet (MBIE)	MBIE's progress on the 'accelerating renewable energy and energy efficiency'.
21 October	Tom Kane (Concept Consulting)	To assist with the review of Transpower's DR programme

	Gareth Williams and Eric Pyle (SolarCity)	Experiences and views on Transpower DR.
	Michael Jefferson and Daniel Garret (Enel X)	Experiences and views on Transpower DR.
	Rob Prest (Contact Energy)	Experiences and views on Transpower DR.
	Richard Hobbs, Conrad Edwards and Che Lewis (Transpower)	Transpower DR Programme
1 December	Richard Hobbs, Conrad Edwards, Simon Murrow, and Che Lewis (Transpower)	The team recapped what had happened with Transpower's DR pilot over the Regulatory Control Period 2 (RCP2) and what the operational DERM programme was likely to look like in RCP3. Richard Hobbs noted that Conrad Edwards was going on secondment to MBIE shortly. Simon Murrow would be taking his place on the Transpower DERM project.
	Briony Bennet (MBIE)	Accelerating renewable energy and energy efficiency paper and MBIE's Covid response and recovery energy initiatives.
	Neil Williams (Vector)	Experiences and views on Transpower DR.
27 January	Simon Murrow (Transpower)	General discussion of the Transpower rules for procurement of non-network alternatives.
24 February	Richard Hobbs, Joel Cook, and Simon Murrow (Transpower)	Discussion to set out how Transpower has amended their demand response protocol since the last IPAG meeting.
24 March	Simon Murrow and Che Lewi (Transpower)	to discuss cost allocations in regard to the Transpower DR programme.
	Greg Skelton (Wellington Electricity)	Current work with EV trials and what they have learned to date.
19 May	Richard Hobbs (Transpower)	Feedback on IPAG's review of Transpower DR programme memo.
	Gareth Williams and Eric Pyle (SolarCity)	Feedback on IPAG's review of Transpower DR programme memo.
	Michael Jefferson and Daniel Garret (Enel X)	Feedback on IPAG's review of Transpower DR programme memo.
	Rob Prest (Contact Energy)	Feedback on IPAG's review of Transpower DR programme memo.
	Neil Williams (Vector)	Shared results from EV Smart Charging Trial.

4.2.4 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/>.