

MINUTES

Meeting number: 34

Venue: By Zoom

Time and date: 10:00am, Thursday, 2 December 2021

Attendees

- Tony Baldwin (Chair)
- Matthew Cleland
- Stu Innes
- Dr Andrew Kerr
- Tony Oosten
- Rebecca Osborne
- Ann Whitfield
- Fiona Wiseman
- Al Yates
- Conrad Edwards (Observer, MBIE)
- Dr Ramu Naidoo (Observer, System Operator)

In attendance

- Dr James Tipping (Chief Strategy Officer, Electricity Authority)
- Alistair Dixon (Principal Advisor Strategy and Sector Risk, Electricity Authority)
- Dean Yarrall (Acting Manager Market Policy, Electricity Authority) (left 12:00pm)
- Dr Stephen Batstone (independent consultant)
- Rachel Holden (Concept Consulting)
- James Innes (Concept Consulting)
- David Hunt (Concept Consulting)
- John Culy (JC2 Consulting)

Apologies

- Paul Baker

The meeting opened at 10:05am.

Meeting administration

The Chair welcomed members and other attendees to the meeting.

Issues Paper

The Chair went around the Group asking for members' views on the current draft of the Issues Paper. The Secretariat responded to members' comments.

The Group discussed the key changes that needed to be made to the paper. These changes included:

- making the paper (and the Executive Summary) clearer on what the key issues in the short-, medium-, and long-term are and what needs to change in response to these issues (without getting into too much detail on options)
- highlighting that MDAG consider further work on competition is needed and is intending to do this work unless MDAG get any feedback to the contrary
- noting that while the modelling indicates that volatility will be substantially higher than it is now under 100% renewables (especially shorter-term volatility), it appears unlikely that prices would simply oscillate between zero and shortage values (the 'bang-bang' scenario posited in some other markets)
- giving greater weight to demand response in the paper
- being explicit that MDAG wanted stakeholder feedback on the issues and whether it had missed any issues
- greater consideration of the effect of volatility on demand side parties in the discussion on contracting
- being clearer on whether the paper is talking about the transition to 100% renewables or the steady state.

The Secretariat noted that the Issues Paper was a work in progress and some parts of the paper (including consultation questions) still needed to be written.

The Group discussed what the key points in the Issues Paper should be. It was agreed that the Secretariat would re-work the Executive Summary to bring out the key points, and also further develop the later sections of the paper where there are gaps (e.g. transition) and address the points noted above.

Action 34.1 – Secretariat to prepare revised version of the Issues Paper for discussion at the next meeting.

Next steps

It was agreed that members would send any detailed comments on the Issues Paper to the Secretariat as tracked changes.

Action 34.2 – Members to send the Secretariat any comments on the Issues Paper as tracked changes.

The Group discussed the timing of the release of the Issues Paper. The Secretariat noted that the Authority's preference was for the paper to be released in mid-January rather than

before Christmas. This was because the Authority was already consulting on the Transmission Pricing Methodology (TPM), future security and resilience of the New Zealand power system (FSR), and the wholesale market competition review and didn't want another substantial consultation to be released before Christmas.

The Secretariat noted that the Authority was planning to include a note in its Market Brief (on 14 December 2021) informing stakeholders that the Issues Paper would now be released in January rather than December.

The Group discussed whether the MDAG would hold stakeholder workshops during the consultation period and whether workshops should be bilateral, open to all parties, or a mix of both.

The meeting closed at 12:50pm.