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## Consultation paper – Reorienting advisory groups

EnerNOC supports this Electricity Authority initiative to restructure the WAG and RAG advisory groups. This is timely and appropriate.

The Electricity Authority will require independent advice across the whole supply chain especially from new entrants involved with Distributed Energy Resources (DER) at the customer end of the market. DER has the potential to grow as the costs for new clean technologies come down and the impact of this penetration will be disruptive like we have seen in other markets where the traditional fossil fuel industry has been left with stranded assets.

Q1 – What feedback do you have on the proposed IPAG?

On paper the group's focus on "*issues inhibiting the entry and participation of new technologies and new business models*" reads well but the challenge is how it will be achieved in practice by an Advisory Group structure. As most of the changes are going to be driven from what the present market calls the demand-side, new approaches to system integration will be the innovation needed and the rules have to keep pace with this.

Innovation along with new business models will have to move fast to be competitive and this is the nature of the game. Barriers have to be addressed quickly too by the regulator if a culture of innovation is to be fostered.

The IPAG cannot be innovative if the agenda is going to be set by the Electricity Authority's internal annual planning cycle and availability of resources. It should be set by issues arising from the market and dealt with in a timely manner.

For example, EnerNOC has pioneered a proposal to include load aggregators in the Code and for block dispatch of dispatch-capable load stations to widen the use of Dispatchable Demand and this was discussed with the Authority well over a year ago in September 2015. We put considerable thought into these proposed Code changes working with the System Operator and we were encouraged to invest in the development of a proposal which was submitted in February 2016. Our proposal then took until June 2016 to be approved. Our proposal currently sits on the Authority's work programme for 2016/17 and it is likely to take another few years before Code changes can be made because of its priority. These delays impose a barrier to innovation.

Q2 – What are our views about membership of IPAG?

The key will be to get the right mixed membership of people and a balance between incumbents across the supply chain and new thinking from entrants from the merging of transport (with EVs) and the business intelligence worlds (Internet of Things) coming into the electricity sector. The best people will be those who have the enthusiasm for being part of an advisory group, along with a vision for change and a sound understanding across the total system in terms of the impact on the affordability of electricity, security of supply and the carbon emissions from the sector.

Q3 – What are your views on how IPAG might operate?

A large standing industry group focused on innovation will not work.

A better approach will be a smaller group of members, where each one is responsible for chairing a working sub-group focused on building the different aspects of more market flexibility to under-pin the changes in our renewable electricity market. These working sub-groups would deliver results from work streams to bring out the issues and barriers which have to be addressed by the Electricity Authority through rule changes. Each sub-group is set up to complement the development of smart grid or smart power and takes forward the benefits of more demand response, more energy storage and the integration of smarter controls.

Q4 – What feedback on MDAG?

MDAG is better aligned to handle the Authority's existing work programme and could follow somewhat the formal structure of the present advisory groups.

It should have the ability to recommend the acceleration through the regulatory process of changes to the code that are non-controversial and benefit consumers.

Yours sincerely



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