

MINUTES

Meeting number: 5A

Venue: Teleconference

Time and date: 1:30pm to 2:30pm, Tuesday, 17 July 2018

Attendees

- John Hancock (Chair)
- Luke Blincoe
- Jennifer Cherrington-Mowat
- Glenn Coates
- Allan Miller
- Terry Paddy
- Diego Villalobos Alberú – *Observer* (Principal Economist – Regulation, Commerce Commission) [left at 2:03pm]

Apologies

- Stephen Peterson
- Tim Rudkin
- Rod Snodgrass

In attendance

- John Rampton (General Manager Market Design, Electricity Authority)
- Craig Evans (Manager Retail and Network Markets, Electricity Authority)
- Arik Mordoh (Senior Adviser Retail and Network Markets, Electricity Authority)
- Avi Singh (Administrator Market Design, Electricity Authority)

- Toby Stevenson (Director, Sapere Research Group)
- Dean Yarrall (Principal, Sapere Research Group)

The meeting opened at 1:31pm

1 Equal access

The Chair explained the teleconference's purpose was to understand the assumptions underpinning the benefit quantification of the different dimensions of equal access.

The members considered a presentation which:

- set out the benefits of four scenarios for equal access
- outlined the assumptions used when calculating benefits, and the reasons for those assumptions.

The members discussed several points, particularly:

- distributors' priority is delivering reliability and managing constraints across the network; this influences their approach to incorporating distributed energy resources (DER) and demand response (DR).
- the modelling considered that distributors' DER and DR assets also deliver benefits beyond distribution services if they can be made available to other markets.
- the contestable framework to procure DER and DR distribution services assumed that either distributors (self-supplying) or third-party service providers, such as consumers, aggregators, retailers or distributors' affiliates (including distributors' affiliates from other network areas), could provide the service
- in a contestable framework, the contribution of third-party service providers leads to a bigger supply pool competing to provide distribution services, resulting in greater distribution benefits compared to a situation where only distributors own DER and DR.
- using a contestable framework to monetise the benefits from providing distribution services was also critical to supporting a bigger supply pool in other markets.
- the maximum modelled benefits occurred where both distributor and third-party owned DER and DR could compete on a level playing field to provide distribution services or services in other markets ie, where an equal access regime has no bias for favouring a specific party, a method of service provision, or specific technology.
- consideration was given to whether a contestable framework was best achieved when distributors' DER and DR assets sit outside regulated activities to promote a level playing field and greater distribution and non-distribution benefits; no firm conclusion was reached on this aspect of the analysis.
- it was clarified that the analysis aimed to quantify the benefits from using third parties to deliver distribution benefits; the aim was not to analyse the benefits of existing arrangements where distributors have flexibility to set up different service exchange methods to buy DER and DR services from third-party service providers.

Following the discussion, the members asked the secretariat to consider what may be preventing distributors from procuring new technologies to provide distribution and other market services.

- | **Action – 5A.1:** Secretariat to prepare material considering what may be preventing distributors from procuring new technologies to provide distribution and other market services by 5 September IPAG meeting

The meeting closed at 2:30pm

I, **John Hancock (IPAG Chair)**, certify that the minutes recorded disclose all issues discussed at the meeting (date at the top), are recorded truthfully and without bias.

Signature:



Date: Thursday 20 September 2018 (20.09.2018)

