

MINISTERIAL BRIEFING

Electricity Authority 2021/22 levy-funded appropriations request

Date:	9 February 2021	Priority:	High
Security classification:	Budget - Sensitive	Electricity Authority reference number:	BR-21-0001

Action sought –

- Note** the Electricity Authority (Authority) has completed consultation on its proposed appropriations for 2021/22 in accordance with s129 of the Electricity Industry Act 2010 (the Act).
- Note** as the Authority is levy-funded, the appropriations have a neutral impact on the Government's operating balance and net debt.
- Note** the proposed 2021/22 appropriations are:
 - Up to \$78.157 million for *Electricity Industry Governance and Market Operations*. This includes the funding approved in February 2019 by the Cabinet Economic Development Committee for the Real-Time Pricing project (an increase of at least \$3.000 million per year in 2021/22 and out years).
 - \$6.000 million over the five-year period from 1 July 2017 to 30 June 2022 for *Managing the Security of New Zealand's Electricity Supply* (this is a multi-year appropriation).
 - Up to \$0.500 million for the *Electricity Litigation Fund*.
- Agree** to submit the proposed Authority appropriations for Budget 2021.
- Agree** to the publication of this report after Budget day.
- Note** that the Authority will publish the *Summary of Submissions and Electricity Authority Responses* on our website along with the report above.

	Action	Deadline
Hon Megan Woods Minister of Energy and Resources	note recommendations in this briefing approve recommendations 4 and 5 consult with relevant Ministers	24/02/2021
Appendices included	Appendix A – Summary of Submissions and Electricity Authority Responses: 2021/22 levy-funded appropriations	

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
James Stevenson-Wallace	Chief Executive	S 9(2)(a) S 9(2)(a)	✓
Richard Eglinton	Chief Operating Officer (Acting)	S 9(2)(a) S 9(2)(a)	

Drafter	Ellen Winter	Position	Advisor, Strategy Planning and Performance
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Authorisation for publication on Authority website	<input type="checkbox"/> Approved	<input type="checkbox"/> Declined
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The following departments/agencies have been consulted
MBIE

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments

Purpose

This paper provides you with the results of the consultation on our proposed appropriations for 2021/22. It includes the recommended appropriations for submission into the Budget 2021 process.

Summary

The Crown funds the Authority through appropriations of public money. The Crown recovers the cost of this funding, up to the level of actual expenditure incurred, through a levy on industry participants. The appropriations therefore have a neutral impact on the Government's operating balance and net debt. Any amount of the levy that is not spent is returned to levy payers after the end of each financial year.

Levies are charged to industry participants in accordance with the Electricity Industry (Levy of Industry Participants) Regulations 2010. These regulations are made on the recommendation of the Minister and are administered by the Ministry of Business, Innovation and Employment (MBIE).

From 10 November to 8 December 2020, we consulted on the Authority's 2021/22 levy-funded appropriations. This briefing contains a report on the outcome of that consultation and our 2021/22 appropriations request, in fulfilment of our obligations to you under section 129(2) of the Act.

This year the submissions included a range of views on our proposed appropriations, current 2020/21 work programme, individual projects and the impacts of the Electricity Price Review (EPR) and our refreshed Strategic Ambitions. The summary of submissions includes Authority responses to feedback on our proposed appropriations. Feedback on matters not directly related to the appropriations request will be considered further in the planning process for the 2021/22 Statement of Performance Expectations (SPE).

Appropriations proposed after consultation

Electricity Authority	\$ million	
	Appropriation 2020/21	Proposed appropriation 2021/22
Operational appropriation		
Electricity Industry Governance and Market Operations	74.936	74.936
Real-Time Pricing Project	-	3.221
Electricity Pricing Review	2.000	-
Total operational appropriation	76.936*	78.157
Contingent appropriations		
Managing the Security of New Zealand's Electricity Supply (1 July 2017 to 30 June 2022)	6.000 over five years	
Electricity Litigation Fund	0.444**	0.500

*An in-principle expense transfer of \$1.500 million from 2019/20 to 2020/21 was approved and confirmed at the October 2020 baseline update.

**An in-principle expense transfer of \$0.700 million from 2019/20 to 2020/21 was approved and confirmed at the October 2020 baseline update.

Following consideration of feedback received from the consultation process, the Authority recommends the operational appropriation level as consulted on of up to \$78.157 million. The level of funding is considered sufficient for the Authority's operating expense in the 2021/22 financial

year to respond effectively to the Government's continued expectations from the EPR, deliver against our strategic ambitions, and carry out our four main functions.¹

Consistent with previous years, there was mixed support for the proposed appropriation. Of the five submissions, three supported the proposed appropriations, one did not support the proposal, and one submission was not explicit either way.

The proposed small increase (1.6 per cent) in the overall appropriation from 2020/21 to 2021/22 relates solely to the funding approved by the Cabinet Economic Development Committee in February 2019, for the implementation of the Real-Time Pricing (RTP) project.

For both the contingency appropriations – *Managing the Security of New Zealand's Electricity Supply* and *Electricity Litigation Fund* – we are requesting they remain the same as proposed in the consultation paper. These funds enable the Authority to enhance the security of New Zealand's electricity supply if necessary and participate in litigation cases effectively.

The submissions received supported *Managing the Security of New Zealand's Electricity Supply* funding therefore recommend that no changes are required to the existing \$6.000 million appropriation. Likewise, the submission received for the *Electricity Litigation Fund* was supportive of the proposed appropriation. We recommend increasing the appropriation to the proposed level of \$0.500 million.

All five submissions contain feedback on the Authority's current work programme and the impact of the EPR and our strategic ambitions on current and future work. We intend to engage further with participants and consumers in due course as part of our 2021/22 planning.

Recommended action

Hon Dr Megan Woods, Minister of Energy and Resources

It is recommended that you:

1. **note** that the Authority has completed consultation on its proposed appropriations for 2020/21 under section 129 of the Act and has considered the submissions Noted
2. **note** that, as the Authority is levy-funded, the appropriations have a neutral impact on the Government's operating balance and net debt Noted
3. **note** that the proposed Authority 2021/22 **appropriations** are:
 - a) Up to \$78.157 million for *Electricity Industry Governance and Market Operations*. This includes the funding approved in February 2019 by the Cabinet Economic Development Committee for the Real-Time Pricing project (an increase of at least \$3.000 million per year in 2021/22 and out years).
 - b) \$6.000 million over the five-year period from 1 July 2017 to 30 June 2022 for *Managing the Security of New Zealand's Electricity Supply* (this is a multi-year appropriation).
 - c) Up to \$0.500 million for the *Electricity Litigation Fund*. Noted
4. **agree** to submit the Authority's proposed 2021/22 appropriations for Budget 2021. Agree/Disagree
5. **agree** to the publication of this report after Budget day. Agree/Disagree

¹ Promote market development; Monitor, inform and educate; Operate the electricity system and markets; Enforce compliance.

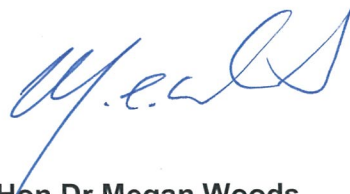
6. **note** that the Authority will publish the *Summary of Submissions and Electricity Authority Responses* on our website along with the report above.

Noted



James Stevenson-Wallace
Chief Executive
The Electricity Authority

9 / 02 / 2021



Hon Dr Megan Woods
Minister of Energy and Resources

14 / 02 / 21

Introduction

1. Section 129 of the Act requires the Authority to consult on proposed appropriations for the coming year before seeking appropriations from the Minister.
2. This paper sets out the results of the consultation on our proposed appropriations for 2020/21. It includes the recommended appropriations for submission into the Budget 2021 process.

Consultation

3. Consultation on the proposed appropriations took place from 10 November 2020 to 8 December 2020. The verbatim submissions received during consultation will be published on the Authority's website on 23 February 2021.
4. There are approximately 90 levy paying entities. In total, we received 5 submissions including:
 - Independent Retailers combined submission:
 - Ecotricity NZ (Ecotricity)
 - Electric Kiwi Limited (Electric Kiwi)
 - Flick Electric Co. (Flick)
 - Pulse Energy Alliance Limited (Pulse)
 - Vocus Group (Vocus)
 - Major Electricity Users Group (MEUG)
 - Transpower New Zealand (Transpower)
 - Vector Limited (Vector)
 - Powerco Limited (Powerco)
5. A *Summary of Submissions and Electricity Authority Responses* is included in Appendix A.

Appropriations

6. The Authority places great importance on ensuring the costs of operating the electricity system and markets continue to represent value-for-money. Accordingly, over the last several years we have renegotiated the contractual agreement with Transpower for system operator services and undertaken competitive procurements for five of the six existing market operation service provider roles.
7. The renegotiated agreement with the system operator includes increased transparency over service and performance, greater commercial discipline over costs, and requirements for more engagement with stakeholders. As a result of the competitive procurements, contracts that enable the continued use and maintenance of existing market systems have been entered into with service providers, and this has led to significant decreases in annual amortisation expenses. The appropriation components for system and market operations have reduced in recent years; from a peak of \$55.0 million in 2015/16 down to \$52.153 million in 2020/21.

Recommended 2021/22 appropriations

8. An overview of the recommended appropriations is set out in table 1 below.

Table 1: appropriations proposal after consultation

Electricity Authority	\$ million	
	Appropriation 2020/21	Proposed appropriation 2021/22
Operational appropriation		
Electricity Industry Governance and Market Operations	74.936	74.936
Real-Time Pricing Project	-	3.221
Electricity Pricing Review	2.000	-
Total operational appropriation	76.936*	78.157
Contingent appropriations		
Managing the Security of New Zealand's Electricity Supply (1 July 2017 to 30 June 2022)	6.000 over five years	
Electricity Litigation Fund	0.444**	0.500

*An in-principle expense transfer of \$1.500 million from 2019/20 to 2020/21 was approved and confirmed at the October 2020 baseline update.

**An in-principle expense transfer of \$0.700 million from 2019/20 to 2020/21 was approved and confirmed at the October 2020 baseline update.

Electricity Industry Governance and Market Operations **appropriation**

9. We consulted on the *Electricity Industry Governance and Market Operations* appropriation level for 2021/22.

Submissions on the proposed appropriation

10. We received five submissions on the *Electricity Industry Governance and Market Operations* appropriation. Of the five submissions, three supported the proposed appropriation, one did not support the proposal and one did not comment in support or opposition, but noted the increase was in line with inflation.
11. Further details are available in the *Summary of Submissions and Electricity Authority Responses* in Appendix A.

Recommended appropriation

12. The Authority has considered the overall feedback received on the proposed *Electricity Industry Governance and Market Operations* appropriation for 2021/22 and is recommending the appropriation level of up to \$78.157 million.
13. This level of funding is considered to be sufficient to meet the Authority's operating expenses, enabling the delivery of it refreshed strategic ambitions, and the implementation of the Real-Time Pricing (RTP) project, of which a \$3.000 million increase was approved by the Cabinet Economic Development Committee in 2019.
14. This funding will also meet the Authority's obligations in respect of the long-term contracts with the service providers, who operate the electricity system and markets—the cost of these services comprises 68 per cent of this appropriation.
15. The electricity industry is responding to technological advancements, changing consumer expectations and increasing uncertainty. Within this context of increasing change and

opportunity, a significant commitment to market development will be beneficial for consumers and for the on-going transition to a more renewable electricity system.

16. The feedback we received from the submissions on future work will be considered as part of our 2021/22 planning over the coming months.

Table 2: Breakdown of proposed 2021/22 Electricity Industry Governance and Market Operations appropriation

Operational appropriation - Electricity Authority	\$ million	
	Appropriation 2020/21	Proposed appropriation 2021/22
System operator - operating expenses	26.480	27.388
System operator - capital-related expenses	16.025	15.033
System operator expenses	42.505	42.421
Service provider - clearing manager	2.479	2.454
Service provider - wholesale information and trading system (WITS)	1.686	1.764
Service provider - pricing manager	0.767	0.776
Service provider - reconciliation manager	0.932	0.963
Service provider - registry manager	0.685	0.725
Service provider - FTR manager	0.810	1.001
Service provider - depreciation and amortisation	2.057	1.999
Service provider - IT costs	0.070	0.050
Other service provider expenses	9.485	9.732
Real-Time Pricing Project	-	3.221
Electricity Pricing Review	2.000	-
Authority operating expenses	22.946	22.783
Total appropriation	76.936*	78.157

*An in-principle expense transfer of \$1.500 million from 2019/20 to 2020/21 was approved and confirmed at the October 2020 baseline update.

Managing the Security of New Zealand's Electricity Supply appropriation

17. This appropriation is intended to achieve enhanced security of supply in the electricity system during periods of emerging or actual security situations. We expect these situations to be rare.
18. The appropriation is limited to the system operator (Transpower) managing actual or emerging emergency events relating to the security of New Zealand's electricity supply. The system operator can request funding from this appropriation to:
- increase monitoring and management responsibilities in the event of an emerging or actual security situation
 - plan and run an official conservation campaign.
19. The security management multi-year appropriation was established in Budget 2017, with the same scope and budget (\$6 million over five years) as the previous appropriation that expired on 30 June 2017. For 2021/22 we did not propose any changes to this appropriation.
20. The security management appropriation is contingent in nature and will only result in a charge to levy payers to the extent that actual costs are incurred.

Submissions on the proposed appropriation

21. Two submissions contain feedback on the proposed *Managing the Security of New Zealand's Electricity Supply* appropriation for 2021/22. Both submissions support the proposal.

Recommended appropriation

22. The Authority has considered the overall feedback that has been provided on the proposed *Managing the Security of New Zealand's Electricity Supply* appropriation and are recommending no change to the current appropriation level of \$6.000 million.

Electricity Litigation Fund appropriation

23. This appropriation is intended to ensure that the Authority is able to participate in litigation effectively and without delay. Our functions under this appropriation include defending cases against the Authority and taking enforcement action under our enforcing compliance function.

24. The *Electricity Litigation Fund* appropriation is contingent in nature and will only result in a charge to levy payers to the extent that litigation costs are actually incurred.

Submissions on the proposed appropriation

25. One submission contains feedback on the proposed increase to the *Electricity Litigation Fund* for 2021/22. This submission supports the proposal.

Recommended appropriation

26. The Authority has considered the feedback provided on the proposed *Electricity Litigation Fund* appropriation and recommend increasing the current appropriation level to the consulted amount of \$0.500 million.

Next steps

27. While we did not seek feedback on our work programme, four of the five submissions contained feedback on current and future work. Submissions were mainly concerned with the implementation of the EPR projects.

28. The submissions received will inform the development of our 2021/22 Statement of Performance Expectations (SPE) and other 2021/22 planning. The draft 2021/22 SPE will be provided to you by 1 May for comment and published in June.

29. As we continue our planning for 2021/22 over the coming months we intend to engage further with participants and consumers.

Communications plan

30. In the interests of transparency, the Authority recommends that you agree to this briefing paper being published after Budget Day. The Authority will also publish the attached *Summary of Submissions and Electricity Authority Responses* along with this report.

List of Appendices

Appendix A: Summary of Submissions and Electricity Authority Responses: 2021/22 levy-funded appropriations

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Summary of Submissions and Electricity Authority Responses

2021/22 Levy-funded appropriations

2 February 2021

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Executive summary

The Electricity Authority (the Authority) consults annually on our proposed appropriations (i.e. the level of funding we receive). The feedback from this consultation is included with our request for funding to the Minister of Energy and Resources (the Minister). We would like to thank all submitters for their feedback on our proposed appropriations. Where feedback was not specific to our appropriations, we will use it to inform our 2021/22 planning.

Feedback on the proposed appropriations

The key points relating to our appropriations have been summarised below.

Section 4 includes feedback from five submissions on the *Electricity Industry Governance and Market Operations* appropriation amount for 2021/22. The submissions are mixed in terms of their level of support for the proposed appropriation level:

- three submissions support the proposed appropriation, with two specifying areas of the appropriation where they would like to see funding prioritised
- one submission raised concerns about the proposed increase to the appropriation
- one submission did not comment in support or opposition, but noted the increase was in line with inflation.

Section 5 includes feedback from two submissions on the proposed *Managing the Security of New Zealand's Electricity Supply* appropriation for 2021/22. Both submissions support the proposed appropriation.

Section 6 includes feedback from one submission on the proposed *Electricity Litigation Fund* appropriation for 2021/22. This submission supports the proposed appropriation.

Conclusion

We have considered all submissions and conclude the 2021/22 appropriation levels we are requesting are appropriate. These appropriation levels will ensure we can continue to perform our statutory functions effectively, operate in a financially sustainable manner for the long-term benefit of consumers.

Next steps

The submissions received on this consultation inform the development and finalisation of:

- our appropriations request to the Minister
- our 2021/22 SPE, to be published in June 2021

1 Introduction

- 1.1 The Authority is required to consult on proposed appropriations for the coming year before seeking appropriations from the Minister. We have prepared this report to support the process of reporting to the Minister with our recommended appropriations.
- 1.2 The Authority consulted on the proposed 2021/22 appropriations from 10 November 2020 to 8 December 2020.

2 List of respondents

2.1 We received five submissions on the proposed 2021/22 appropriations:

1. Independent Retailers combined submission:
 - Ecotricity NZ (Ecotricity)
 - Electric Kiwi Limited (Electric Kiwi)
 - Flick Electric Co. (Flick)
 - Pulse Energy Alliance Limited (Pulse)
 - Vocus Group (Vocus)
2. Major Electricity Users Group (MEUG)
3. Transpower New Zealand (Transpower)
4. Vector Limited (Vector)
5. Powerco Limited (Powerco)

3 Submissions on engagement

3.1 We received two submissions to Question 1, relating to our engagement with stakeholders.

Q1. What kind of engagements have you or your organisation had with the Authority?		
Key points from submissions	Submitters	Authority comment
Various forms of engagement with the Authority, both formal and informal, across a range of areas of the Authority's operation.	Vector	We acknowledge and appreciate the engagement with these stakeholders over the past year. We will continue to refine our approach to stakeholder engagement to ensure we engage more effectively and more widely with interested parties and consumers.
Have engaged across a range of reforms, specifically the Electricity Pricing Review recommendations, and look forward to continuing engagement in these areas.	Independent Retailers	

4 Submissions relating to the *Electricity Industry Governance and Market Operations* appropriation

- 4.1 All submissions received provided a response to Question 2. The key points from these submissions are summarised in the table below.

Q2. The Authority is proposing that the operational appropriation for *Electricity Industry Governance and Market Operations* in 2021/22 is \$78.157 million. (Note that the \$3.221 million funding for RTP per year for 2021/22 and outyears was approved in February 2019 and we are not seeking feedback on RTP in this process). Do you support the Authority's proposal for funding of \$78.157 million?

Key points from submissions	Submitters	Authority comment
1. Support	Powerco	<p>We note the mixed level of support expressed for the proposed appropriation level.</p> <p>The proposed increase of up to \$1.221million for the 2021/22 year is to support the delivery of recommended initiatives in the timeframe required, while also continuing to deliver on existing projects and meeting our statutory obligations. It includes the \$3.000 million funding for the implementation of Real-Time Pricing project (RTP) approved by the Cabinet Economic Development Committee in February 2019.</p>
2. Support with focus on the Enforce Compliance function of the appropriation.	Independent retailers	<p>We note and appreciate the concerns expressed around the impacts of COVID-19 on consumers and household disposable income.</p> <p>The evolving COVID-19 situation is a priority in our current work programme and will continue to be a focus in our planning for 2021/22.</p> <p>There are several ongoing projects that deliver benefits to consumers. We anticipate that efficiencies gained in 2021/22 will have additional benefits for consumers.</p>
3. Support with focus on completing initiatives related to EPR recommendations, and prioritisation of technical changes to the Code.	Transpower	<p>We also note the specific projects that some submissions highlighted as key areas for focus in 2021/22.</p> <p>We are in the early stages of planning for 2021/22, including to ensure we use the funds in the best way possible. This includes continuing the implementation of our refreshed strategy and introducing greater discipline in prioritisation and resourcing decisions. We will take these submissions into consideration as part of this work.</p>
4. Do not support as unconvinced that an increase is justifiable with ongoing COVID-19-related impacts for consumers and the economy.	MEUG	
5. No comment but note a relatively flat year-on-year levy profile when accounting for inflation.	Vector	

5 Submissions relating to *Managing the Security of New Zealand's Electricity Supply* appropriation

- 5.1 Two submissions (Powerco and Vector) included a response to Question 3. Both submissions support the proposed appropriation, which the Authority notes.

6 Submissions relating to the *Electricity Litigation Fund* appropriation

- 6.1 One submission (Powerco) included a response to Question 4. The submission supports the proposed appropriation, which the Authority notes.

7 Submissions relating to further comments on the 2021/22 funding

- 7.1 While no submitters explicitly answered this question, there were two submissions that provided further comments on our proposed 2021/22 funding.

Q5. Would you like to provide any other comment on the Authority's proposed 2021/22 funding?

Key points from submissions	Submitter	Authority comment
<p>1. Take the following into account when considering impacts on security of supply:</p> <ul style="list-style-type: none"> (a) Impacts of COVID-19 (b) Industry resilience (c) Integration of DERs into the grid (d) Cyber security 	Vector	We note the suggestions for the ' <i>Managing the Security of New Zealand's Electricity Supply</i> ' appropriation, while also reiterating the appropriation is limited by its scope of emergency events (actual or emerging). A new multi-year appropriation for the period 1 July 2022 – 30 June 2027 will be requested in 2021/22. This feedback will be taken into consideration at that time.
<p>2. 81% of the increase for market operations is to meet terms and conditions of the System Operator Service Provider Agreement (SOSPA). System Operator should attest that this increase is required.</p>	MEUG	We note the concerns of the MEUG. While the year on year operating expenses of the System Operator are higher, the capital-related expenses are lower. This shift is to cover the related expenses of the System Operators' IT upgrade to software as a service (SAAS). The overall System Operator expenses are estimated to be \$84k lower in 2021/22.

8 Other feedback included within the submissions

8.1 In addition to the above summary there were several other themes raised in the submissions of this consultation, including:

Themes	Issues Raised	Authority Response
Electricity Pricing Review (EPR)	<ul style="list-style-type: none"> a) Three submissions support the Authority's focus on implementing the recommendations from the EPR. b) One submission highlighted the importance of the EPR recommendations on the Authority's strategic ambition of "thriving competition." c) One submission highlighted concern with merging the Authority's 'What's my Number' and Consumer New Zealand's 'Powerswitch' websites into a single website (EPR recommendation C1). 	<p>We acknowledge the general support for the EPR recommendations. There are several projects underway to address the recommendations from the final report, which will continue into 2021/22.</p> <p>We note the concerns raised regarding merging What's my Number with Powerswitch. We agree with the EPR recommendations and Government response, to create a single independent website. Consideration was given in the EPR final report to an open tender process, but the reviewers believed this would unduly delay the new website's launch, disadvantaging consumers. As per the EPR recommendation, our contract provides for periodic retendering to ensure efficiency.</p>
2021/22 work programme	<ul style="list-style-type: none"> a) Two submissions highlighted a desire for the Authority to provide more visibility over its work programme, including project milestones and consultation dates. b) One submission encouraged a focus on a work programme that delivers tangible benefits for consumers, or that aligned with the Authority's strategic ambitions. c) Another submission highlighted that project planning is critical for the Authority's intention to "work more quickly, and...engage differently." 	<p>Planning for 2021/22 will begin in early 2021. As part of this planning, we will consider the feedback received from these submissions.</p> <p>We acknowledge there is a desire for increased visibility of our existing work programme. We currently publish our work programme, including our annual deliverables and status reports every four months. Both the work programme and status reports are available on our website.</p>

Themes	Issues Raised	Authority Response
<p>Code amendments, regulation and guidance</p>	<p>a) Two submissions noted the importance of an annual omnibus of Code amendments to ensure the Code remains current, with one submission suggesting a move to a six-monthly omnibus.</p> <p>b) One submission also highlighted the role industry and stakeholders could play in assessing proposed Code amendments.</p> <p>c) One submission highlighted the need for flexibility in the Authority's regulatory approach to promote innovation in the industry, including a preference for guidelines over new Code requirements.</p> <p>d) This submission also recommended the abolition of the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 as part of the distribution pricing reforms.</p>	<p>We acknowledge the importance of the annual omnibus of Code amendments, and we are committed to providing a regular omnibus to maintain the Code as the industry evolves. This year's omnibus was delayed to provide resources for the Authority's response to the Electricity Pricing Review and then the COVID-19 response.</p> <p>We are evolving the way we interact with the industry and consumers when consulting on proposed Code amendments. We have already used industry workshops and online forums in addition to the traditional written consultations and intend to continue to encourage new forms of engagement with our stakeholders, where appropriate.</p> <p>The Authority agrees that good regulation, appropriately drafted, supports innovations, and will employ appropriate tools, including guidelines, in the long-term interests of consumers.</p> <p>We note the desire from some stakeholders to revoke the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 (LFC Regulations). This feedback is consistent with the EPR recommendations.</p> <p>Administration of the Electricity Industry Act 2010 and its related regulations is managed by the Ministry of Business, Innovation and Employment (MBIE). MBIE has a project underway to consider phasing out the LFC Regulations, and the Authority is working to support that process.</p>

Themes	Issues Raised	Authority Response
Strategic ambitions	<ul style="list-style-type: none"> a) Two submissions highlighted support for the Authority’s refreshed strategy and strategic ambitions for the electricity sector, with one particularly highlighting the ambition of thriving competition. b) One submission highlighted a desire for greater engagement with stakeholders to develop ‘action plans’ to measure the success of the ambitions. c) One submission noted that the ambitions could not be achieved with “overly prescriptive regulation,” and recommended the Authority adopt “practical, flexible and innovative regulatory approaches...” 	<p>We acknowledge the support for the refreshed strategy and strategic ambitions for the sector.</p> <p>Work is underway to develop how the Authority measures progress in relation to each of the ambitions, which will be published in our updated Statement of Intent. Achievement of the ambitions requires collective effort and collaboration between the different parts of the sector.</p>
Market related projects	<ul style="list-style-type: none"> a) One submission encouraged the Authority to provide greater clarity on the project plans for market-related projects, including ACCES, the wholesale market and the spotlight on contestable services. b) This submission also encouraged the Authority to coordinate with working groups and other regulatory bodies in the energy sector on the open networks project, and for the wholesale market. 	<p>The Authority acknowledges the interest that our stakeholders have in market-related projects and appreciate the engagement provided to date. Some of our projects have been paused to provide resources to implement the EPR recommendations and projects with statutory deadlines, including the ACCES and spotlight on contestable services projects.</p> <p>The Authority’s information disclosure review is working to increase transparency in the wholesale electricity market. We have concluded our review of thermal fuel information disclosure and will commence a review of hydro disclosure in 2021.</p> <p>We will continue to collaborate with the Gas Industry Co as needed as they progress their review of information disclosure in the gas sector.</p> <p>We recognise that technology and innovation impact many different stakeholder groups and will continue to liaise with our stakeholder groups that are working on implementing smart technology. As part of this, the Authority has been working closely with the Electricity Networks Association (ENA) and the ENA Smart Technology Working Group, with both groups presenting at Open Networks workshops.</p>