

18 June 2020

Tony Baldwin
Chair
Market Development Advisory Group

Dear Tony

Market Development Advisory Group recommendations paper on new generating technology

On behalf of the Electricity Authority Board, I would like to thank you and the Market Development Advisory Group (MDAG) for the group's work on developing and presenting to the Board recommendations on enabling participation of new generating technologies in the wholesale market. The Board particularly appreciated the consideration MDAG has given to identifying a set of guiding principles to guide work in this area.

The Board supports the MDAG's key recommendations for the Authority to:

- a) clearly set out a vision or strategy for enabling the participation of generating technologies in the wholesale market
- b) communicate its vision and a development plan to stakeholders, to reduce the likelihood of unnecessary costs on consumers and other stakeholders
- c) use principles to guide the design of Code arrangements for new generating technologies
- d) ensure costs and benefits are properly reflected in new arrangements
- e) be output focussed and competitively neutral
- f) progress some initiatives on a high priority basis to address more immediate issues ahead of developing a wider strategy.

The Board was mindful of the fact that a strategy for new generating technologies will need to be integrated with other work the Authority is doing, both in relation to the wholesale market, and on unlocking the benefits of new technologies in other parts of the sector, eg, our Open Networks programme.

The Board suggest the group consider emphasising the following points before finalising its recommendations paper:

- a) the Authority should remain open minded to identifying and progressing further quick wins while taking time to work on a development plan – we welcome any further suggestions of quick wins from MDAG
- b) stakeholder views on the development plan and priorities will be an important input to the Authority
- c) the role of aggregators and any standards applied to them will become increasingly important as the amount of distributed renewable generation increases.

I thank you again for MDAG's work on new generating technology. The Board looks forward to working with MDAG on future projects on the group's work plan.

Yours sincerely

A handwritten signature in black ink, appearing to read "J. Stevenson-Wallace". The signature is fluid and cursive, with a prominent initial "J" and a trailing flourish.

James Stevenson-Wallace
Chief Executive