

MINUTES OF IPAG MEETING

Meeting numbers: 33

Held on 14 December 2021 at 9.30

Location: Zoom

Members in attendance: John Hancock (Chair), Glenn Coates, Allan Miller, Terry Paddy Tim Rudkin, Corrie Stobie, Scott Willis, Neil Williams, Buddhika Rajapakse, Andrew Sibley, Margaret Cooney

Other attendees Charlie Sheppard (Electricity Authority), John Rampton (Observer – Commerce Commission), James Stevenson-Wallace (Electricity Authority), Andrew Doube (Electricity Authority), (Joey Au (Electricity Authority), Louise Stumbles (Electricity Authority), Nathan Spence (Electricity Authority), Richard Hobbs (Transpower), Nicolas Vessiot (Transpower), Joel Cook (Transpower), Simon Coates (Concept Consulting), Ross Parry (Concept Consulting), Ben Irons (Habitat Energy)

Apologies: Victoria Parker

The Chair welcomed the members to the meeting.

1. New group members present on what they see as the key challenges and opportunities for the sector

1.1 Existing members introduced themselves.

1.2 New members introduced themselves and outlined what they see as key challenges and opportunities. Some of the topics raised included:

- (a) decarbonisation and new technology are transforming the sector
- (b) the need to achieve efficiency and balance within the energy trilemma
- (c) the need to consider what market design tools are needed for innovation
- (d) policy and regulation need to enable innovation, rather than be prescriptive
- (e) regulation needs to consider technical engineering aspects

- (f) the need to use data more intelligently
- (g) the need to craft new and better ways of doing things
- (h) the need to get the fundamentals right across the sector
- (i) the Code needs to evolve with the sector.

2. Welcome to new members – James Stevenson-Wallace and Andrew Doube

- 2.1 James and Andrew thank IPAG members for their time and commitment.
- 2.2 IPAG's independent advice from industry is very valuable. IPAG's depth of expertise helps progress developments in the sector.
- 2.3 The Authority aims to be strategy led. Over the last year there has been a big focus on dry year risk. Moving forward there will also be a focus on the exposure points of existing regulatory settings.
- 2.4 The Authority will also be focusing on the transition to a low emissions economy and considering what kinds of different generation and participation we need in the electricity industry.
- 2.5 IPAG's advice on wholesale market technology and efficiency is as valuable as its input on DER and local energy markets.

3. South Island Distribution Group (SIDG) update on new operating models – Glenn Coates (Aurora), Geoff Douch (Network Waitaki), and Rodger Griffiths (Westpower)

- 3.1 The purpose of SIDG is to collaborate and find common challenges and opportunities amongst distributors.
- 3.2 SIDG is looking at the emerging role of the distribution system operator (DSO). Specifically, the group is looking into:
 - (a) what are the opportunities?
 - (b) what could the DSO look like?
 - (c) how does the DSO model play a key role in transition to a low emissions economy?
- 3.3 SIDG have pooled resources and capability to fund this joint project for all South Island EDBs. By pooling resources, SIDG aims to get better results for customers.
- 3.4 Factors around customer needs, network challenges, and industry collaboration are painting a picture of a new, emerging future for the industry.
- 3.5 Step change in network operation is required. Industry needs to significantly increase capability to support DER uptake.
- 3.6 The future DSO models could be:
 - (a) Utility led – the distribution network operator (DNO) directly controls DER (similar to ripple control)

- (b) Market led – The DSO and Transmission system operator (TSO) manage DER in real time through procurement of flexibility services
- (c) Price led – location and infinitely variable real time distribution network nodal prices deliver DER response to help manage network constraints

3.7 We are living in a hybrid world of utility led and price led currently. This will evolve to include market led.

3.8 IPAG emphasised the importance of retailers - incumbent and new entrant - as stakeholders in the development and integration of DER and related business models as they have led the introduction of most of these innovations to date and have a good understanding of customers' needs and technical barriers to wider adoption.

3.9 SIDG are preparing a roadmap and resource plan which they plan to complete in April.

4. Electricity supply arrangements for EVs – Simon Coates and Ross Parry, Concept Consulting (continued)

4.1 Concept continued their presentation from the last IPAG meeting about the costs that could be avoided from smart EV charging. Concept presented on:

- (a) which tariff options are likely to deliver the best flexibility outcomes for EVs specifically, and DER more generally?
- (b) the implications for broader market arrangements
- (c) What other tariff reforms are likely to be required to deliver good EV outcomes?

Action Item Invite Concept back again next year.

5. Input services refresher – John Hancock

5.1 John summarised IPAG's previous project on "Advice on reducing barriers to customer access to multiple electricity services" (also known as input services).

5.2 For this project, IPAG identified non metering and metering barriers to customers' access to multiple electricity services, and made a total of 34 recommendations to address these problems.

5.3 IPAG's [slide deck](#) includes details of all the recommendations, maps out the issues each recommendation addresses and describes the desired outcomes

6. Updating regulatory settings for distribution networks – EA Market Policy team

6.1 The Authority released a discussion paper in July. A key theme from submissions was that participants wanted to see more evidence of the potential issues presented in the paper.

- 6.2 The Authority Policy team ran through the status quo and diagnosing the policy problem for the data and information theme and the market settings theme.
- 6.3 IPAG gave feedback and advised on areas where more information was needed.

7. Update on Transpower's undertakings around the development of flexibility services and platform providers – Richard Hobbs and Nicolas Vessiot

- 7.1 Transpower have been considering the best way to encourage flexibility markets in New Zealand. The platform should not be the end focus, instead the end outcome from consumers is the focus.
- 7.2 Transpower have removed references to the platform on their website and refocused efforts on finding flexibility for the grid owner.
- 7.3 The platform will not send instructions to DER. Transpower will not contract with DER directly but go through third parties.
- 7.4 John thanks Richard for being great to work with and wishes him well in future endeavours.

8. Administration

- 8.1 Apologies
- 8.2 Interests register

Action Item Secretariat to send interest register to new members.

- 8.3 Minutes of previous meeting #30
 - (a) The minutes of the previous meeting were approved.
- 8.4 Matters Arising
- 8.5 Action points

Action Item Send next years meeting invites to new and re-appointed members.

The meeting closed at 5.00pm

Action Point Summary

Action Item Invite Concept back again next year.

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