

**Annual corporate plan  
progress report  
1 March to June 2023**

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## Executive summary

The Electricity Authority *Annual corporate plan 2022/23 progress report 1 March to 30 June 2023* is the third report against the activity areas in our *Annual corporate plan*. The Authority achieved our desired annual outcome for eight of the nine activity areas published in the *Annual corporate plan 2022/23*. The activity area “Confidence in the Authority’s role as regulator” did not achieve its desired outcome to establish an education programme to implement the VADE compliance model. The education project will continue into the 2023/24 year.

### Low-emissions energy

*Preparing for a low-carbon future; improving the efficiency of price signals; and ensuring security of supply.*

As the regulator of New Zealand’s electricity system, our work provides an important platform for the Government’s aspirations to achieve 50 percent of all energy consumption coming from renewable sources by 2035, and net zero emissions by 2050. We are working to ensure the transition to low-emissions energy is as efficient as possible while maintaining energy security, system adaptability, and affordable electricity for consumers.

Our activity areas for 2022/23 remain focused on promoting a stable investment environment with robust rules and clear price signals.

### Thriving competition

*Ensuring competition in electricity markets; monitoring market activities; ensuring confidence through monitoring, intervention and enforcement; and reducing energy hardship through improved consumer care.*

Market competition is a key enabler to deliver a better energy future – driving progress, affordability, efficiency and valuable outcomes for consumers big and small across New Zealand. We encourage participation and reinforce competition in traditional and emerging markets by putting in place the mechanisms needed to maintain a level playing field – while also considering the long-term opportunities that will lead to better outcomes for consumers.

Our 2022/23 activity areas seek to support and strengthen competition and confidence in electricity markets.

### Innovation flourishing

Ensuring market settings are conducive to innovation and industry success; utilising data transparency, insights and automation; meeting our obligations under the Electricity Industry Amendment Act 2022.

Innovation and new technology will affect how electricity is generated, distributed and consumed. This will ultimately change the cost and competitive structure of our industry and has the potential to bring enormous benefits to consumers who can more easily choose when and how they use electricity, and engage directly with the market. Increasing investment in distributed energy resources (DER) will give rise to an increase in consumer integration with the power system. We want to empower consumers to benefit from new and emerging technologies in distributed energy by enabling healthy investment and increased innovation to ensure that distribution networks are fit for the future and supportive of competition.

Our 2022/23 activity areas will encourage innovation through regulatory reform, increase data transparency and implement the Electricity Industry Amendment Act 2022.

# Introduction

## Our Annual corporate plan

Our Annual corporate plan communicates our activities for 2022/23 that will promote our strategic priorities, address regulatory risks and harms and deliver sector outcomes. It includes the key development projects we have committed to for the 2022/23 financial year.

The Annual corporate plan demonstrates how our work supports delivery against our sector ambitions - thriving competition; low-emissions energy; and innovation flourishing.

At the centre of everything we do, and implicit within these activities, are the associated ambitions of consumer centricity and trust and confidence.

The Annual corporate plan represents our public commitment to activities for the coming year that we consider will have the most impact and benefit to New Zealanders. It does not represent everything we will do, given the need to respond to emerging risks throughout the year, but articulates our current priorities and intended targets.

The Annual corporate plan 2022/23 is available on our website:




[www.ea.govt.nz/about-us/corporate-documents/](http://www.ea.govt.nz/about-us/corporate-documents/)

## What's in this report?

This report provides a progress update on the activity areas identified in the Annual corporate plan 2022/23, for the four-month period from 1 March 2023 to 30 June 2023.

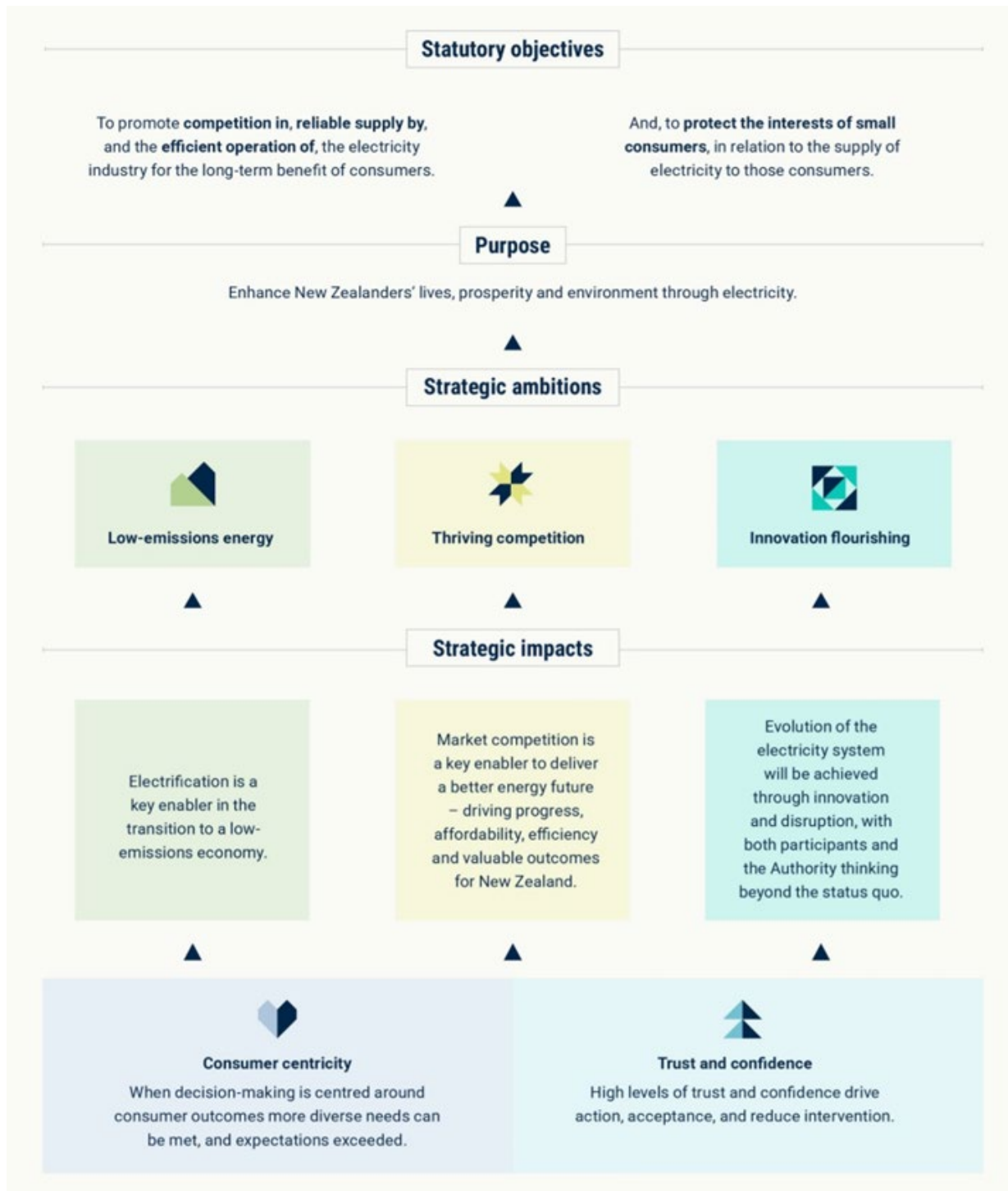
For each activity area, we have provided a summary of the activity's progress against the desired annual outcome. This activity-based reporting provides a greater level of transparency and the opportunity for the Authority to clearly articulate our priorities, their contribution to supporting us to deliver against our sector ambitions and their intended impact. Where milestones have occurred outside of the four-monthly period, these have been included for context.

A traffic light system indicates the status of each activity area in terms of achieving the overall 2022/23 desired outcomes of the activity area.

-  The activity area is on track to achieve the desired annual outcomes.
-  The activity area is delayed and/or at risk of not achieving the desired annual outcomes.
-  The activity area has/will not achieve the desired annual outcomes.

In addition to the activity areas in the Annual corporate plan 2022/23, the Authority may undertake a number of other workstreams throughout the year. Where relevant, updates for other key areas of work (that is, those not included in the Annual corporate plan 2022/23) are also provided in this report.

# Strategy at a glance



## Progress against our *Annual corporate plan 2022/23*

### Low-emissions energy

*Preparing for a low-carbon future; improving the efficiency of price signals; and ensuring security of supply.*

- Network and market price signals support the lowest overall cost to consumers.
- Our electricity market settings enable an efficient transition to reliable low-emissions energy in New Zealand.

We have successfully achieved our desired progress in our ***preparing for a low-carbon future /supporting New Zealand's transition to low-emissions energy activity area***. In 2022/23 we focused on ensuring the Electricity Code (Code) supported the new technology required for transition through our Future Security and Resilience (FSR) workstream; ensuring an orderly transition from thermal power sources; and supporting the Market Development Advisory Group (MDAG) in its investigation into wholesale market operation under 100% renewables and responding to their advice.

Having decided on a new Transmission Pricing Methodology (TPM), we continued to improve the efficiency of ***price signals***. We progressed the relevant Code amendments required for Transpower to successfully implement the new TPM on 1 April 2023. The Authority has also increased its focus on achieving faster reform of distribution pricing. We released an issues paper on targeted distribution pricing reform on 5 July 2023 for public consultation.

We continued our work to ensure the electricity sector manages ***security of supply*** effectively, by adopting the system operator's updated security of supply policy and by supporting the system operator to implement the North Island transition to a 4-block automatic under-frequency load shedding (AUFLS) scheme.

## Low-emissions energy 2022/23 activities

Activity area	Annual focus	2022/23 Desired outcome	Progress at 30 June 2023
<p><b>Preparing for a low-carbon future / Supporting New Zealand’s transition to low-emissions energy:</b></p> <p>The power system is expected to undergo significant change in the future as new technology is introduced / existing technology retires.</p> <p>More generation capacity will be needed as part of the electrification of the economy – meaning more investment, predominantly in renewable energy, such as wind, solar, hydro and geothermal, and new technologies such as batteries.</p>	<ul style="list-style-type: none"> <li>▪ Future Security and Resilience (FSR) phase 3 year 1                             <ul style="list-style-type: none"> <li>○ Review Part 8 of the Code to ensure relevance for new technology, including identifying the standards new technology needs to support the reliability of the power system.</li> </ul> </li> <li>▪ Managing risks of transition                             <ul style="list-style-type: none"> <li>○ Identify key triggers when thermal retirement might occur and options to address.</li> </ul> </li> <li>▪ Examining wholesale market operation under 100% renewables (MDAG):                             <ul style="list-style-type: none"> <li>○ Support MDAG’s delivery and publication of options paper and recommendations to the Authority.</li> <li>○ Begin considering MDAG’s recommendations.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of phase 3 of the FSR programme underway, with initial policy decisions made.</li> <li>▪ Complete identification of options to address thermal retirement risks.</li> <li>▪ Consideration of MDAG recommendations underway.</li> </ul>	<p>●</p> <ul style="list-style-type: none"> <li>▪ The Authority is progressing implementation of phase 3 of the FSR project through three workstreams:                             <ul style="list-style-type: none"> <li>○ FSR indicators – Dashboard of indicators published in May 2023.</li> <li>○ Review Part 8 of the Code – consultation on issues paper took place through April and May 2023. Common Quality Technical Group established and first meeting complete.</li> <li>○ Future system operation – A discussion document will be published in late 2023.</li> </ul> </li> <li>▪ Ensuring an orderly thermal transition:                             <ul style="list-style-type: none"> <li>○ Consultation took place June-July 2023.</li> </ul> </li> <li>▪ MDAG Price discovery in a renewables-based electricity system:                             <ul style="list-style-type: none"> <li>○ The MDAG are reviewing submissions on recent consultation and revising its draft recommendations. The final report is due by the end of 2023.</li> </ul> </li> </ul>

Activity area	Annual focus	2022/23 Desired outcome	Progress at 30 June 2023
<p><b>Price signals:</b></p> <p>Improving the efficiency of transmission and distribution pricing to send better signals to consumers about the cost of using these networks and promote more efficient investment in DER and networks.</p>	<ul style="list-style-type: none"> <li>▪ TPM                             <ul style="list-style-type: none"> <li>○ Support Transpower's implementation of the new Transmission Pricing Methodology (TPM) on 1 April 2023.</li> <li>○ Ensure necessary TPM-related Code amendments are in place by 1 April 2023.</li> </ul> </li> <li>▪ RTP ready to go live in Q1-2 2022/23.</li> <li>▪ Distribution pricing reform                             <ul style="list-style-type: none"> <li>○ Assess and address any pricing issues for new and expanded connections.</li> <li>○ Support distributors with pass-through of new transmission pricing to distribution pricing.</li> <li>○ Progress analysis of possible regulatory options to drive faster reform.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ The new TPM and related Code amendments implemented by 1 April 2023.</li> <li>▪ RTP live by Q2 2022/23.</li> <li>▪ Pass-through of new transmission pricing is consistent with incentives in the TPM.</li> </ul>	<p style="text-align: center;">●</p> <ul style="list-style-type: none"> <li>▪ TPM:                             <ul style="list-style-type: none"> <li>○ The new TPM came into effect on schedule, on 1 April 2023. In May 2023 the Authority opened consultation on its proposed Code amendment to allow for funding for the development of a new Settlement Residual Pricing Methodology.</li> <li>○ The Authority published a decision paper in June 2023 on detailed amendments to the Code to address various technical issues in the TPM identified by stakeholders.</li> </ul> </li> <li>▪ RTP:                             <ul style="list-style-type: none"> <li>○ RTP dispatch notification successfully went live in April 2023.</li> </ul> </li> <li>▪ Distribution pricing reform:                             <ul style="list-style-type: none"> <li>○ During April to May 2023 Authority staff held scorecard meetings with all 29 distributors and prepared draft scorecards for distributors' 2023 pricing methodologies. The Authority expects to publish final 2023 scorecard assessments in September 2023.</li> <li>○ The Authority published an issues paper on distribution pricing on 5 July 2023. The paper progresses analysis of possible regulatory options to drive faster reform in respect of five targeted issues.</li> </ul> </li> </ul>



Activity area	Annual focus	2022/23 Desired outcome	Progress at 30 June 2023
<p><b>Security of supply:</b> Ensuring the electricity sector manages security of supply effectively.</p>	<ul style="list-style-type: none"> <li>▪ Extended reserves                             <ul style="list-style-type: none"> <li>○ Agree the analysis and implementation work to be undertaken by the system operator.</li> <li>○ Support system operator with the management and coordination plan for the automatic under-frequency load shedding (AUFLS) providers' transition to the 4-block AUFLS scheme.</li> </ul> </li> <li>▪ Security of supply settings                             <ul style="list-style-type: none"> <li>○ Progress the Code amendment to adopt the system operator's updated security of supply policy.</li> </ul> </li> </ul>	<p>Policy decisions made and implementation underway.</p>	<p>●</p> <ul style="list-style-type: none"> <li>▪ Extended Reserves:                             <ul style="list-style-type: none"> <li>○ The system operator has completed the system security analysis of the North Island distributors and will be presenting the final results to distributors before December 2023. Transition work is scheduled to start in January 2024 and all distributors are scheduled to complete transition by the end of June 2025.</li> </ul> </li> <li>▪ Security of supply settings:                             <ul style="list-style-type: none"> <li>○ The Authority has approved both security of supply documents. The Emergency Management Policy came into effect on 1 December 2022 and the Security of supply forecasting and information policy (SOSFIP) came into effect on 1 June 2023.</li> </ul> </li> </ul>

## Thriving competition

*Ensuring competition in electricity markets; monitoring market activities; ensuring confidence through monitoring, intervention and enforcement; and reducing energy hardship through improved consumer care.*

- New entrants can compete on a level playing field with established participants.
- Market settings enable competition between DER's and established technology solutions.

The activity area **ensuring competition in electricity markets** focused on continuing the review of competition in the wholesale market. This review is complete, and the Authority is working on implementing decisions arising from it. The current commercial market making contract was extended to the end of the 2023/24 year, and a registration of interest was released for a provider for 2024/25 year onwards.

The Authority continues to **monitor market activities and outcomes** to proactively monitor the market, lifting the level of transparency for participants through reporting improvements, and broadening the scope of our monitoring following a strong focus on the wholesale market. Examples of how we have improved the transparency of our monitoring include publishing 23 'eye on electricity' reports, for a non-expert audience. The reports give our view on what's happening in the market and explain aspects of the electricity market. We are broadening the scope of our monitoring from the wholesale market to include the retail and distribution markets.

A stable regulatory environment where participants are held to account is needed to support thriving competition. We have actively worked on increasing the **confidence in the Authority's role as a regulator** through the implementation of our *Compliance Strategy* and education to the Authority's approach to compliance through it. We also introduced our *Compliance and Monitoring Framework*, to drive more timely and robust decision-making on enforcement cases. Our new compliance portal is also supporting our effort to make more timely decisions.

Our *Compliance Strategy* is underpinned by the VADE (Voluntary, Assisted, Directed and Enforced) operating model. The Authority did not deliver the planned education programme to implement the VADE compliance operating model in 2022/23 but will do so in 2023/24. As noted above, this was due to resourcing constraints while the Authority focused on reducing the backlog of compliance and enforcement cases.

## Thriving competition 2022/23 activities

Activity area	Annual focus	2022/23 Desired outcome	Progress at 30 June 2023
<p><b>Ensuring competition in electricity markets:</b></p> <p>Market competition is a key enabler to deliver a better energy future. We're committed to supporting and strengthening competition in electricity markets.</p>	<ul style="list-style-type: none"> <li>▪ Wholesale market competition review                             <ul style="list-style-type: none"> <li>○ Complete implementation of possible remedies to inefficient price discrimination.</li> <li>○ Continued prioritisation and initiation of workstreams to address focus areas identified in the Monitoring Review of structure, conduct, and performance in the wholesale electricity market review paper.</li> </ul> </li> <li>▪ Improve risk management settings                             <ul style="list-style-type: none"> <li>○ Implement commercial market making – commercial 'go live' of market making by Q2 2022/23.</li> <li>○ Consult on potential enhancements to FTR markets.</li> </ul> </li> </ul>	<p>Policy decisions are made and implemented, with the next prioritised Wholesale Market Review workstream underway.</p>	<ul style="list-style-type: none"> <li>▪ Wholesale market competition review:                             <ul style="list-style-type: none"> <li>○ The decision paper on wholesale market competition was published in May 2023. We are now forming the transition workplan with those actions for the year ahead.</li> </ul> </li> <li>▪ Improve risk management settings:                             <ul style="list-style-type: none"> <li>○ The current commercial market making contract was extended to the end of FY23/24. A Registration of interest was released for a commercial market making provider for FY24/25 onwards and it is anticipated a review of market making settings will be done at the end of CY24.</li> <li>○ We published a decision paper on the FTR market review. Additional visuals for FTR pricing information have gone live. The potential for conduct issues is being considered.</li> <li>○ An issues paper has been released for forecasting provisions for intermittent generators. This work will reinforce some of the winter 2023 outcomes as well as support the transition to 100% renewable energy.</li> </ul> </li> </ul>

Activity area	Annual focus	2022/23 Desired outcome	Progress at 30 June 2023
<p><b>Increasing monitoring of market activities and outcomes:</b></p> <p>Proactively monitoring market activities to ensure the market is appropriately responding to challenges such as dry years, fuel shortages and major outages, enabling new technology and innovation, and increased investment in renewables.</p>	<ul style="list-style-type: none"> <li>▪ Continue to improve our trading conduct monitoring and improving the level of transparency of this work by including commentary in our quarterly monitoring report.</li> <li>▪ Broaden the scope of our monitoring after a recent focus on the wholesale market.</li> <li>▪ Undertake initial work on the consumer care guidelines information disclosure which is due to be provided to the Authority by 31 July 2022.</li> </ul>	<p>Monitoring of market activities is continuously improved, increasing transparency, trust and confidence.</p>	<p>●</p> <ul style="list-style-type: none"> <li>▪ The Authority has published reviews of the wholesale market information disclosure provisions and wind offers. We continue to regularly assess the trading conduct provisions. We have published 23 'eye on electricity' reports since July 2022 as part of our efforts to improve the transparency of our monitoring work.</li> <li>▪ Planning is underway to collect a new retail dataset. Subject to this work being approved, subsequent steps will follow</li> <li>▪ We conducted our first review of electricity retailers' self-assessed alignment with the Consumer Care Guidelines.</li> </ul>

Activity area	Annual focus	2022/23 Desired outcome	Progress at 30 June 2023
<p>Confidence in the <b>Authority's role as regulator:</b> Ensuring confidence in the Authority's role as regulator, through education, monitoring, intervention, and enforcement.</p>	<ul style="list-style-type: none"> <li>▪ Complete implementation of the <i>Compliance Strategy</i>.</li> <li>▪ Continued implementation of the <i>Compliance Monitoring Framework</i>, including initiating proactive monitoring and compliance activities.</li> <li>▪ Drive more timely and robust decision-making on enforcement cases through process improvements and raising capability.</li> <li>▪ Publish recent case studies and reports to industry on trends and outcomes from compliance processes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The <i>Compliance Strategy</i> and <i>Compliance Monitoring Framework</i> are fully implemented.</li> <li>▪ The Authority's education programme is established to implement the VADE (Voluntary, Assisted, Directed and Enforced) compliance operating model.</li> </ul>	<p>● Although overall the outcome is not met, good progress was made in several aspects of the desired outcome:</p> <ul style="list-style-type: none"> <li>▪ All compliance cases are being processed through the new compliance portal with reports being designed to help improve timeliness. Implementation of the <i>Compliance Strategy</i> is complete.</li> <li>▪ Implementation of the <i>Compliance Monitoring Framework</i> will continue into 2023/24.</li> <li>▪ Implementation is underway for several of the high-risk areas for proactive monitoring. Some areas require further methodology to be developed, and this work is underway.</li> <li>▪ The education programme is being developed to implement the VADE compliance operating model. The education programme has been constrained by available resourcing while the team focused on reducing the backlog of compliance and enforcement cases</li> </ul>

## Innovation flourishing

*Ensuring market settings are conducive to innovation and industry success; utilising data transparency, insights and automation; meeting our obligations under the Electricity Industry Amendment Act 2022.*

- The regulatory system accommodates new business models.
- The availability and transparency of industry data is continuously improved.

Through the activity area **settings are conducive to innovation and industry success**, we continued our work to update the regulatory settings for distribution networks to enable innovation and competition to support the transition, and following consultation, we are developing an 18 to 24 month work programme to update the settings for distribution networks to support innovation and the transition to a low-emissions economy.

We have improved the availability of data to deliver sophisticated and transparent insights in a timely manner, so we can make evidence-based decisions. Over the course of 2022/23 we have reformed our data models and improved our data governance, structures, and oversight to improve **data transparency, insights, and automation**. We have focused on the wholesale market but are now shifting our focus towards retail and distribution policy areas to align with new policy development. We are strengthening our data governance by updating policies and procedures, improving compliance with the Public Records Act 2005 and reducing the cost of managing our data.

The **Electricity Industry Amendment Act 2022** was enacted on 31 August 2022. The Amendment Act ensures the Electricity Industry Act 2010 provides an effective regulatory framework for the electricity industry in view of rapidly evolving technologies and business models. The Authority developed an implementation programme to address changes required because of the Amendment Act. Many aspects of this programme are now complete, with longer term work now part of the Authority's business-as-usual activities.

## Innovation flourishing 2022/23 activities

Activity area	Annual focus	2022/23 Desired outcome	Progress at 30 June 2023
<p><b>Settings are conducive to innovation and industry success:</b></p> <p>Ensuring market settings are conducive to innovation and industry success through a proactive, agile, and forward-looking regulatory approach.</p>	<ul style="list-style-type: none"> <li>▪ Updating the regulatory settings for distribution networks                             <ul style="list-style-type: none"> <li>○ Continue programme to identify issues affecting the distribution sector and options to address the issues.</li> <li>○ Identify preferred options based on urgency, value, ability to implement and net benefit to consumers.</li> <li>○ Progress the open networks development programme.</li> </ul> </li> </ul>	<p>A package of preferred options is ready for implementation.</p>	<ul style="list-style-type: none"> <li>▪ The Authority has reviewed and summarised the submissions we received on its issues paper <i>Updating the Regulatory Settings for Distribution Networks</i>.</li> <li>▪ The Authority is preparing to release the summary of submissions and the full submissions. We are also prioritising issues to address as part of an 18-24 month programme of work.</li> </ul>
<p><b>Data transparency, insights, and automation:</b></p> <p>Continuously improving the availability of data to deliver sophisticated and transparent insights in a timely manner.</p>	<ul style="list-style-type: none"> <li>▪ Reformulate data models to apply and deliver insights in a timely manner                             <ul style="list-style-type: none"> <li>○ Automate the Jade model to update data monthly.</li> <li>○ Update the vSPD model for RTP implementation, to support alignment with the increased number of datasets in system operator's SPD.</li> </ul> </li> <li>▪ Continued cost optimisation and process improvements                             <ul style="list-style-type: none"> <li>○ Improving data governance, structures and oversight through data cataloguing, documentation, and awareness across the Authority.</li> </ul> </li> </ul>	<p>Models and processes will be continuously improved to deliver increased automation, more timely insights, and greater transparency.</p>	<ul style="list-style-type: none"> <li>▪ New tables have been created in our data store for use by our Policy, Monitoring and Compliance teams. We have focused on the wholesale and hedge markets but will be shifting our focus to retail and distribution markets, as data requirements are identified.</li> <li>▪ Information and data governance activities have gathered pace in recent months. Policy and procedure documents are being updated. Compliance with the Public Records Act 2005 requirements is being strengthened.</li> <li>▪ Ongoing cost optimisation and process improvements have seen monthly Azure costs reduce from over \$30,000 per month to about \$24,000. Costs have reduced while processing more data and bringing on board more analysts.</li> </ul>

Activity area	Annual focus	2022/23 Desired outcome	Progress at 30 June 2023
<p><b>Electricity Industry Amendment Bill:</b> Ensuring the Authority meets our obligations under the Electricity Industry Amendment Bill when it comes into effect.</p>	<ul style="list-style-type: none"> <li>▪ Identify the changes required for the Authority to comply with the Electricity Industry Amendment Bill when it comes into effect.</li> <li>▪ Establish an implementation plan to address required changes.</li> </ul>	<p>Implementation of required changes is underway.</p>	<p>●</p> <ul style="list-style-type: none"> <li>▪ The Electricity Industry Amendment Act 2022 was enacted on 31 August 2022. The Authority developed an implementation programme to address changes required because of it. Many aspects of this are now complete such as legal analysis of how the changes affect the Authority; incorporating the new Part 6A into the Code; and updates to policies, procedures, guidelines, and web content to ensure alignment with the Act.</li> <li>▪ Longer-term work, such as considering updates of the arms-length rules and implementing changes to the <i>Compliance Monitoring Framework</i>, is being transferred from the implementation project team into business-as-usual for the relevant business units.</li> </ul>



## Other key areas of work

In addition to the activity areas in the *Annual corporate plan 2022/23*, the Authority is working to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers. The Authority is progressing work that contributes to the Government's Emissions Reduction Plan and Energy Strategy and major regulatory reform to support the transition to a low-emissions economy.

### Winter 2023

The Authority consulted on options to better manage potential supply issues during periods of peak electricity demand this winter and beyond in late 2022.

The Authority has implemented the following options:

- Option A: Provide better information headroom in supply stack.
- Option B: Provide forecast spot prices under demand sensitivity cases.
- Option D: System operator review of wind offers based on external forecast.
- Option E: Clarify availability and use of 'discretionary demand' control.

The Authority will assess their impact with the option of making changes permanent ahead of winter 2024.

Based on the advice of the system operator, it was also decided not to implement one option

Option G: Selectively increase existing ancillary service cover at times to offset increased uncertainty in net demand.

### Solar energy sharing for social housing trial

The Authority has approved two exemptions and technical and non-controversial amendments to the Code to facilitate an energy sharing trial led by Kāinga Ora and Ara Ake.

The trial will take place in Wellington over five years and test energy sharing across selected Kāinga Ora housing.

The exemptions will enable Wellington Electricity Lines Limited, as the distributor, and Intellihub Limited, as the metering equipment provider, to form part of a multiple trading model which could demonstrate the potential for energy hardship reduction from solar installations.

The aim of multiple trading relationships is to give consumers more choice about how to use the electricity they produce and consume. The separation of the import and export retailers is one option to support multiple trading relationships.

The electricity industry is changing significantly. New technology and the pace of change are testing market rules that were designed for different circumstances years ago. It is important for regulation to evolve to foster innovation and variations on the traditional single buyer and seller electricity models.

The Authority's decision enables the trial to happen and gives the Authority adequate time to assess and learn more about this model of multiple trading relationships, alongside industry. This can be used to develop a more enduring solution alongside industry. In addition, we can also ensure changes do not have unintended consequences for consumers and industry.

## **Review of retailers' self-assessed alignment with the Consumer Care Guidelines**

The Authority has conducted its first review of electricity retailers' self-assessed alignment with the Consumer Care Guidelines (the Guidelines). Electricity retailers are expected to use the Guidelines to provide a consistent and supportive standard of service to domestic consumers. We view the Guidelines as a critical part of delivering on our additional statutory objective to protect the interests of domestic consumers.

The Authority released its report on 15 May 2023, but subsequently withdrew and republished it to address feedback from Meridian, Mercury and Nova. On 1 June 2023 the Authority released the final summary of electricity retail brands' self-reported alignment with the Guidelines for FY 2021/22.

The self-assessments demonstrate retailers' alignment with the Guidelines is variable and implementation has not been as consistent as expected.

Five of the six large retail brands stated that they were fully aligned to the Guidelines (Contact, Mercury, Trustpower, Meridian and Powershop) with Genesis reporting partial alignment. Six out of eight medium-sized retailers responded to the request to self-assess, with four of those reporting full alignment. The remaining two reported partial alignment. 17 of the 24 small retailers provided a self-assessment, with 11 stating full alignment and the others reporting partial alignment.

We are currently reviewing the Guidelines. As part of this review, we will consider the most appropriate options to give us confidence all retailers take their responsibilities to their consumers seriously, including their most vulnerable consumers.

We expect to release an options paper for public consultation in September 2023.

## **Review of the forecasting provisions for intermittent generators in the spot market**

The Authority has initiated a project to review the forecasting provisions for intermittent generators in the spot market, as indicated in the Authority's forward work programme.

The Authority is concerned that uncertainty in forecasts ahead of real time affects other participants' trust and confidence to make consumption and generation decisions in response to forecast schedules. Adverse consequences for consumers include risks to security of supply, inefficient use of resources, and limited benefits of demand-side participation.

Over the next decade, the number of intermittent generators entering the New Zealand market is also expected to increase considerably. Therefore, the Authority considers it an appropriate time to review the forecasting arrangements for intermittent generators. This work also aligns with suggestions in MDAG's options paper and recommendations following the 9 August 2021 grid emergency.

The Authority published a paper for consultation on 14 June 2023 which seeks feedback on proposed solutions to improve the accuracy of intermittent generation forecasts. The Authority is currently analysing submissions.

