

MINUTES OF IPAG MEETING

Meeting number: 36

Held on 5 May 2022 at 9.00

Zoom + Boardroom

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, Victoria Parker
Other attendees	Andrew Matheou (Electricity Authority), John Rampton (Observer – Commerce Commission), Geoff Parr (Electricity Authority), Nathan Spence (Electricity Authority), Andy Burgess (Commerce Commission), David Ruck (Commerce Commission), Calum Gunn (Commerce Commission), Ben Bulling (Aurora), Cristiano Marantes (Ara Ake), Glen Baxter (Ara Ake), Brian Fitzgerald (EECA), Richard Harbord (EECA), Clare Penno (EECA)
Apologies:	Allan Miller (12-1pm), Glenn Coates (from 1.30pm).

The Chair welcomed the members to the meeting.

- 1. Commerce Commission overview of Part 4 – Andy Burgess, Calum Gunn and David Ruck**
 - 1.1 Commerce Commission staff provided an overview of Part 4 of the Commerce Act. Part 4 regulates the services provided by electricity distribution businesses (EDB), Transpower and Gas pipelines.
 - 1.2 The purpose of the default/customised price-quality paths is to provide a relatively low-cost way of setting price-quality paths for suppliers of regulated goods or services, while allowing the opportunity for individual regulated suppliers to have alternative price-quality paths that better meet their particular circumstances.
 - 1.3 The purpose of information disclosure (ID) is so that interested parties have sufficient information on regulated suppliers to assess whether the purpose of Part 4 is being promoted. It is also a lower cost form of regulation for the “price-quality exempt” EDBs who are owned by their consumers.

- 1.4 The Commerce Commission are considering improvements to the ID requirements for EDBs to ensure that they are fit for purpose in a changing environment.

Action Item Invite the Commerce Commission to provide an overview of the review of section 36 and Part 4 on a page at the next IPAG meeting.

2. South Island Distribution Group DSO Roadmap – Glenn Coates and Ben Bulling

- 2.1 The DSO Roadmap is a collaborative project between South Island EDBs that is looking into the need case and options for how future DSO models could be developed. The project is looking to confirm the possible options, including enabling a future DER market structure that manages different electricity supply and demand scenarios, and what those options might mean for customers, industry and market participants, and distribution network operators.
- 2.2 There is strong support from stakeholders for the investigation project to help raise the level of understanding in New Zealand and that collaboration across the sector is needed to establish a common view. There is also support for developing solutions/options that enable “value-stacking” DER, so it is fully utilised and prioritised to its highest value use.
- 2.3 There are questions about the levels of visibility needed into areas with constraints, and availability of DER. Some stakeholders have questioned the speed of activating a new model for New Zealand, however value-stacking was acknowledged as important for our future in New Zealand.
- 2.4 The South Island Distribution Group work is assisting distributors to understand the potential of DER to support the wider power system, and what role and actions distributors can take to enable an efficient low carbon future.
- 2.5 In the short to medium term, simple time of use pricing will co-exist with a balance of utility and market-led models. The market-led model enables DER value-stacking across markets and therefore has greater potential to meet whole of system benefits from DER, whereas utility-led may have greater certainty of outcome to achieve distribution sector constraint management.
- 2.6 In the long term, as computing and analytics capability increases, it is envisaged that a ‘price-led’ model with locational cost reflective distribution pricing will become increasingly important to incentivise DER investment and manage DER to meet distribution constraints.
- 2.7 The SIDG draft Roadmap has been designed in three stages to further inform the need case and business for new operating models with possible implementation in stage three.

3. Ara Ake MTR Trial – Cristiano Marantes and Glen Baxter

- 3.1 Multiple Trading Relationships (MTR) aims to provide an electricity consumer with more choice, and the ability to contract with more than one supplier at a single location.
- 3.2 Ara Ake is about to start a world first MTR pilot that will allow a customer to contract with more than one supplier at an ICP.

3.3 Ara Ake will undertake a final analysis of the project mid-2023. This analysis will involve evaluating MTR's long-term benefits for electricity customers and its prospects for viable new business models.

3.4 The results of the trial will help the Authority assess whether a code change to facilitate MTRs is justifiable.

4. ADR Alliance – Terry Paddy

4.1 OpenADR is an open, highly secure, and two-way information exchange model and Smart Grid standard. It has been created to standardise, automate, and simplify Demand Response and DER to enable utilities and aggregators to cost-effectively manage growing electricity demand & decentralized energy production, and customers to control their electricity future. OpenADR is the Open Core Protocol standard of choice in most overseas jurisdictions.

4.2 The project is an industry wide collaboration to develop an Electricity Engineers Association (EEA) technical template on applying Open & Fully Automated Demand Response (OpenADR) 2.0 communication protocols for demand response across New Zealand.

5. EECA update on DER standards – Brian Fitzgerald, Richard Harbord and Clare Penno

5.1 EECA staff provided an overview of EECA's regulatory regime and some of the challenges the regime is facing in light of rapid technology change and supporting the transition to a low emissions economy.

5.2 EECA staff provided an overview of the proposed changes to EECA's governing legislation. This will permit EECA to regulate the 'smartness' in residential technology and expand their compliance and enforcement capabilities.

5.3 Discussion on the changing role of EECA through decarbonisation, adapting with the times and the demand response related policy projects EECA is working on.

6. Administration

(a) Apologies

(b) Interests register

(c) Minutes of previous meeting #35

(i) The minutes were approved.

(d) Matters Arising

(e) Correspondence

(f) Action list

There being no further business the meeting closed at 2:20pm.

Action Point Summary

Action Item Invite the Commerce Commission to provide an overview of the review of section 36 and Part 4 on a page at the next IPAG meeting