

## MEUG 12-week rolling calendar week starting 25 September 2017

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<p>~ Transpower published a discussion document, Battery Storage in New Zealand, on 7 September.<sup>1</sup> Key findings included (with text underline by MEUG to emphasis benefits of batteries are occurring now and in near-term):</p> <ul style="list-style-type: none"> <li>• “Some specific commercial or industrial end-consumer battery applications <u>are economic now</u>. The case for these would be further strengthened if Time-of-Use lines charging, combined with full open access to all market energy services, were available;</li> <li>• Distribution-connected or community-scale batteries are expected to be <u>economic from 2020</u>;</li> <li>• Grid-connected batteries are not presently economic and we consider these are unlikely to be so <u>before 2022</u>; and</li> <li>• The value of these services is unlikely to be realised by the consumer until the appropriate <u>market pricing and payment structures</u>, systems and tools are available.”</li> </ul> <p>Text underlined in the last bullet point emphasises the importance of pricing reforms (ie line charges) MEUG referred to the Transpower report in submissions last week to the CC on the Powerco proposal<sup>2</sup> as “This was a milestone publication as it was the first independent, robust and credible analysis of the potential for batteries in the New Zealand electricity market. Before this publication many people used overseas references (that were not applicable for the New Zealand market) or the analysis were ad hoc or promoted by vendors of services with risks of under-stating costs and overstating benefits.”</p> <p>We went on to submit “it (the Transpower report) will be an issue that needs to be considered because it gives credibility to an option to delay as much as possible near term capital expenditure, not just for Powerco but all EDB, until there is more clarity on whether Transpower’s prediction that within 3-years batteries will be economic at the distribution level proves correct.”</p>	
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<sup>1</sup> Refer <https://www.transpower.co.nz/about-us/transmission-tomorrow/battery-storage-new-zealand>

<sup>2</sup> Refer <http://www.meug.co.nz/node/874> and NZIER report to MEUG <http://www.meug.co.nz/node/875>

MEUG 12-week rolling calendar from week starting 21-Aug-17	Aug	Sep-17	Oct-17	Nov-17	Long-term timeline & notes
<b>Parliament</b>					
Election day		23-Sep			
<b>Ministerial &amp; Departmental Policy</b>					
<b>MBIE</b>					
* MBIE convened Council of Energy Regulators		Has and will continue to met			Scope of work and engagement with sector to be decided and published.
* Competition & Energy Markets regulatory systems		Was due mid-2017			
* Commerce Act, targeted review decisions 27-Jun-17: ~ Publication of cabinet papers and RIS ~ Δ to Act to allow Min. to ask CC to undertake market studies ~ s.36 (misuse of market power) - further advice sought		soon			No timing announced. Also other minor Δ's to improve enforcement actions. Minister to report back to Cabinet by 30-Jun-18
* MBIE fuel market financial performance study, 04-Jul-17					Officials considering. An option is the market studies Δ to the Act noted above.
* Electricity Demand & Generation Scenario forecasts ~ Refresh this year ~ Full update			Possibly this year		Upgrading model - then assess CBA for refresh using 1 additional actual year data. 2018Q1
* Energy targets - Government to consider after Jun-18.					Jun-18 is when NZ Productivity Commission reports on low emissions economy
* Telecommunications Act 2001 review					Changes by 2020 - may be relevant to Part 4 of Commerce Act.
* Electricity Act 1992 - Review of LFUC					No timing announced. Working as intended? (was that intention correct anyway?).
* IEA NZ 2017 review, Feb-17: MBIE to advise Ministers					No timing announced on officials advice on IEA recommendations.
* Elect. Industry Act 2010 (EI Act) - amend so EA can set fees					Waiting for opportunity to add this small change into other changes
* Cyber Security policy/implementation in electricity sector					TPNZ, National Cyber Security Centre (GCSB), EA and Control Systems Security Information Exchange (CSSIE) members co-ordinating policy work. Computer Emergency Response Team (CERT, MBIE) manages actual events.
* H&SW Act: MBIE policy, WorkSafe implementation					Live line work is a topical issue.
<b>IRD</b>					
* Decision on EDB rebates/discounts paper of Oct-16					Subs closed 28-Feb-17.
<b>NZ Productivity Commission (NZPC)</b>					
* Low emissions economy issues paper - subs due			02-Oct		Final report due 30-Jun-18.

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<b>Training</b>					
Energy Management Assoc. of NZ (EMANZ) courses					
Energy management for facilities managers - Wellington	24-25 Aug				
Commercial Building Energy Specialist - Auckland		11-15 Sep			
ASX education event (possible) in collaboration with EA - Auckland			28-Sep		
Energy Link (all in Wellington)					
Introduction to the electricity market			17-Oct		
Nodal pricing or electricity			18-Oct		
Hedging electricity			19-Oct		
NZX, Understanding Electricity Markets Masterclass				21-22 Nov	
<b>Seminars and other</b>					
Deloitte-BusinessNZ Election Conference 2017, Wellington	23-Aug				
NZ Wind Energy Assoc., Global Wind Day	23-Aug				Celebrating Wind Energy 2017
CC stakeholder briefing, Wellington 04-Sep, Auckland 07-Sep.		04, 07-Sep			
Energy Users Assoc. of Aust., NSW Energy Forum, Sydney		04-Sep			
EPOC winter seminar		04-Sep			EPOC = Electric Power Optimisation Centre (U. of A.)
ERANZ Talking Heads discussion series, Battery storage technology in the NZ context, Wellington		06-Sep			Presenters Stephen Jay, (TPNZ), and Rob Priest & Todd Spencer (CEN)
EV World NZ conference (Conferenz), Auckland		8-9 Sep			
Prof. John Matthews, "Global Green Shift, China as a driver."					Prof. Matthews is from the Macquarie Graduate School of Mgmt, Sydney
* UoA evening seminar, Auckland		20-Sep			Uni. of Auckland, Energy Centre Speaker series
* BEC lunchtime seminar, Wellington		22-Sep			BEC = BusinessNZ Energy Council
Australia-NZ Climate Change Business Conference, Auckland			10-11 Oct		
Infrastructure NZ, Building Nations Symposium 2017, Wellington				26-27 Oct	
LPG Assoc. & GANZ, Gas Industry Forum 2017, Taupo				07-09 Nov	
Geothermal Institute (UoA), NZ Geothermal Workshop					22-24 Nov, Rotorua
PEPANZ, NZ Petroleum Conference					26-28 Mar-18, Wellington

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<b>Monopolies general</b>					
EECA: Electricity efficiency levy consultation for 2018-19		Sep			
EECA: Lo emission vehicle contestable fund 3rd round tenders			27-Sep		3rd round up to \$3m. Target for 64k EV by end 2021.
Transpower (TPNZ) general:					
* Transpower Works Agreement consultation	Soon				
* Engagement on "optioneering" Auckland strategy			Oct		Auckland strategy completed by Jun-18
* Grid owner change from winter to shoulder ratings				20-Oct	
Vector JR of UDL Penrose substation decision case mgmt conf.	25-Aug				Judicial Review (JR) likley to be heard 2018.
<b>Monopoly services regulated by CC</b>					
Aurora non-compliance enquiry					Ongoing.
Input Methodologies (IM)					
* TPNZ Capex IM review					2017Q3 Update on next steps and timing following close x-sub 28-Jun. 2017Q4 Possible draft decision consultation round. 2018Q1 Possible final decision on parts of IM relevant to IPP proposal for RCP3.
* Related party transactions (elec. & gas monopolies)		By end Aug Draft decision published			
		01-Sep to 29-Sep, Subs due			01-Nov to 22-Dec final decision (eg IM and ID Δ's) Final decision 02-Oct to 22-Dec.
* Gas CPP info requirements		31-Jul to 29-Sep, Draft decision			02-Oct to 22-Dec, Final decision.
* Dec-16 IM review decisions follow-on work.					Timing to be advised.
Information Disclosure (ID) and CC monitoring					Focus for CC this year.
Post IM review Δ's to ID for First Gas - Final decision	Soon				
Post IM review Δ's to ID for other monopolies - subs due					Final decision by end 2017 (subs closed 28-Jul).

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<b>Monopoly services regulated by CC - continued</b>					
TPNZ IPP					
* Demand Response trial					2016-17 registration cycle now closed. Next RFP round tba.
* RCP2 listed projects ~ HVDC line Haywards to Oteranga Bay.					TPNZ must seek approval for listed projects B4 end Jun-18. Application for approval possibly later this year
* Major capex proposals ~ Waikato & UNI Voltage Management - update announced	soon				Preliminary advice is scope/cost reduced and RFP delayed 2-3 years beyond 2017.
* Key Base capex ~ Central NI constraints (Bunnythorpe-Mataroa 110kV & Tokaanu-Whakamaru 220 kV) ~ Kawerau T13 interconnecting transformer replacement					Dec-17 Tokaanu intertrip upgrade 2018Q3: Series reactor and new SPS on Bunnythorpe-Mataroa 110kV. Subs closed 28-Jul.
* Voltage disturbance working group - bi-annual meeting	tba				
* Annual Integrated Transmission Plan (ITP) published			By 29-Sep		
* Annual IPP compliance statement and f/cast MAR update			Oct		
* CC determination of annual f/cast MAR update				Nov	
* RCP3 reset and new IPP starting 01-Apr-20 Proposed service performance measures Consultation on POS categorisation & VoLL TPNZ submission to CC					TPNZ considering subs on second engagement paper that closed 28-Apr. After ITP published end Sep. B4 end Sep-18 (ITP at that date forms basis for proposa)
DPP					
* Gas DPP process - feedback to CC on process due	28-Aug				
* Electricity DPP reset 01-Apr-20					Timing will flow from CC internal work on problem definition.
CPP Powerco application					
* CC issues paper - subs due		22-Sep			
* CC publish draft decision				Nov	
* Final decision and go-live					Subs due Dec-17, x-sub due Jan-18. Final decision 29-Mar-18, go-live date 01-Apr-18.
CPP application windows for other EDB					12-19 Feb and 07-14 May-2018. 11-18 Feb-2019. Aurora plan to make an application, target go-live Apr-20. None in last MYe of RCP2.

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<b>Monopoly services regulated by EA</b>					
TPNZ demand response (DR) protocol management, EA paper					Work to start on options to incorporate DR platform into spot market
EI Act s.16(1)(g), industry and market monitoring (monopolies): <ul style="list-style-type: none"> <li>* Initial dashboards to compare EDB performance</li> <li>* Efficiency of distribution company arrangements</li> </ul>					To be published. Will include comparison with overseas EDB performance. Develop scope (dependent on Gov. view on IEA recommendation re NZPC)
EI Act s.90 EDB applications for line-energy exemptions <ul style="list-style-type: none"> <li>* Top Energy &amp; Ngawha Generation - final decision due</li> </ul>					Subs closed 08-Aug.
Code Part 12 Transport <ul style="list-style-type: none"> <li>* TPM - EA review of guidelines (cl. 12.81(1)(b)) to Δ TPM</li> <li>* TPM - TPNZ operational review 2 proposal (cl. 12.85)               <ul style="list-style-type: none"> <li>~ TPNZ publish report on estimating LRMC</li> <li>~ TPNZ to decide next steps (subs closed 10-Jul)</li> </ul> </li> </ul>					Procurement for CBA advice postponed 20-Jun-17. Next steps tba. Op. reviews are within current TPM guidelines. 1st operational completed 2015. By Dr Steven Batstone (peer reviewed Dr Grant Read) At earliest prices would change 01-Apr-19 and or 01-Apr-20.
Code Part 12A UoSA and distribution tariffs <ul style="list-style-type: none"> <li>* DDA - implementing a proposal</li> <li>DDA - outage information</li> <li>* Distribution pricing Δs to be cost-reflective &amp; service-based               <ul style="list-style-type: none"> <li>~ 1st 6-monthly EDB progress report on pricing roadmaps</li> </ul> </li> <li>* Review of distribution pricing principles</li> </ul>			30-Sep		2017Q3: Second consultation paper EA including if/how DDA applies for secondary networks (from RAG review). High priority issue for consumers EA review EDB pricing roadmaps and provide feedback  In 2017-18

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<b>Markets general</b>					
ACCC: ~ review of elect. prices in Australia - preliminary insights report ~ gas market transparency measures - 1st quarterly report		Sep	Oct		Review started 27-May-17. Final report by 30-Jun-18. Programme commenced 20-Apr-17. Quarterly reports due for 3-years.
Generation: ~ TCC extensive 5-week refurbishment ~ Eastland's Te Ahi O Maui 22 MW plant commissioned ~ GNE HPS possible earliest exit from the market ~ Nova's 360MW OCGT WPP start of consent window expires				Nov	5-6 years further life B4 decide further extensive refurbishment Aug-18, geothermal binary plant at Kawerau. 2022 2027
SO investigation on value of publishing sensitivity of f/cast price in a TP to $\Delta$ 's in S/D					Next steps depends on survey (closed 14-Jul) results and CBA of options.
<b>Markets work by EA</b>					
Board meetings	30-Aug		04-Oct	31-Oct, 1-Nov	
Working groups					tba
* Security & Reliability Council (SRC) meeting					IPAG = Innovation & Participation Advisory Group
* EA Board announce IPAG appointments	Aug				MDAG = Market Development Advisory Group
* EA Board announce MDAG appointments	Aug				
Regulatory Managers & Consumer representatives briefing	23-Aug			24-Oct	
2016 Code review programme (annual tidy-ups) consultation	soon				
2017 Code review programme consultation	soon				
El Act s.16(1)(f), market facilitation measures:					
* ASX cap products listed	2017H2				\$130/MWh & \$300/MWh cap products at OTA & BEN Once listed EA design and monitor performance metrics. Evaluation report on applicability to NZ of ASX/AEMO work
* Offsetting ASX & spot market prudential requirements	soon				Likely date In evaluation phase EA considering
* ASX Users' group meeting			28-Sep		
* ASX education event in collaboration with the EA			28-Sep		
* Possible standardisation of OTC & intermediating contracts					
* EA re-commencing publishing weekly F&O analysis report					

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<b><u>Markets work by EA - continued</u></b>					
El Act s.16(1)(f), market facilitation measures - continued:					
* Medically Dependent Consumers guidelines					EA have asked ERANZ to consider re secondary networks following RAG work.
* Education (not reg.) 4 secondary networks T&Cs/retail comp.					Part of EA response 23-May to RAG report.
El Act s.16(1)(g), industry and market monitoring (markets):					
* Saves and win-backs post implementation review		Next steps announced			
* C&I FPVV pricing vs ASX prices enquiry					Report possibly 2017Q4 (6 largest suppliers, 3-4 yrs data, ChCh, Akld)
* Lessons from South Australia blackout					
* SI AUFLS event 02-Mar-17					See also TPNZ Code Part 8 investigation.
Code Part 3					
* NZX MOSP agreement - WITS disaster recovery test		29-Aug to 14-Sep			
* New WITS Trader release goes live			Oct		
Code Part 6					
* Implement Distributed Generation Pricing Principles Code change that came into effect 09-Jan-17					LSI DG payments change from Apr-18. TPNZ reported to EA on 21-Apr-17 on LSI DG required to meet GRS to 31-Mar-20. Same process for LNI (TPNZ report 30-Aug) and UNI & USI (31-Jan-18)
* Review DGPP incremental cost ceiling					EA to revisit this after progress on TPM and distribution pricing



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<b>Markets work by EA - continued</b>					
Code Part 7					
* SO publishes System Security Forecast and seeks feedback	soon				
Code Part 8					
* SO policy statement proposed changes - subs due	22-Aug				
* EA compliance check on asset owner routine testing of assets					Announced 18-Jul.
* SI AUFLS event 02-Mar-17					TPNZ investigating. See also EA s.16(1)(g) enquiry
* NI under-frequency event 15-Jun-17					SO draft report due
* NI ER implementation (ERM=ER Manager, ie NZ) ~ Procurement schedule					ERM email 01-Aug advised revision to timetable tba.
To be revised ->	08-Aug to 05-Sep, consultation				
To be revised ->		12-Sep ERM comments on subs to SO & EA			
To be revised ->		03-Oct SO comments to EA. 04-Oct EA approves/declines procurement sch.			
To be revised ->		10 Oct, ERM publishes approved procurement schedule			
~ Implementation plans etc					and asset owners/ER providers receive procurement notices 22-Nov: ER providers table implementation plans with SO 10-Apr-18: SO issues ER Schedule, and Statemnt of ER Obligations (SEROs) Transition starts Apr-18 and new ER fully operational Jun-19 To-be-considered once implementation is on track.
~ future enhancements: eg adding procurement, & a real-time regime					
* IR event charge and cost allocation - WAG report to EA		EA Board likely to consider			
* Possible new IR products - SO recommended none needed.		Close out report to be published			
* Normal Frequency Management - strategic review					EA to consider subs that closed 09-May and decide next steps
Code Part 9					
* Review of stress test regime		Decision soon			
* Review of customer compensation scheme		Decision soon			EA including if/how CCS applies for secondary networks (from RAG review).
* PROPS -biannual updates progressed as they arise					SO to develop template to improve & lower biannual revision compliance costs.
* NZ Generation Balance Assessment rolling 6 month risk f/cast					No current f/cast shortfall risks
* Managing current dry-sequence event: ~ Daily SOS Updates published from 23-May ~ 3rd industry conference call					Note LIV-NAS-ROX variable line rating commenced 12-Jul (will end once event over) Supplements weekly SoS updates given lake levels below 1% HRC. tba if needed.
* EA and SO review of SOS regime, including HRC calc.					Planned for 2017-18

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<b>Markets work by EA - continued</b>					
Code Part 10 Metering					
* Measurement Standards Laboratory workshop		05-06 Sep			For class A and B Meter Test Houses
Code Part 11 Registry Information Management					
* EIEP - subs due			22-Sep		
* Registry content - subs due			29-Sep		
* Data & data exchange					This calendar year: Issues paper
* Barriers to mass participation					Subs closed 11-Jul.
* Multiple trading relationships					This calendar year: Issues paper
Code Part 13:					
* FTR market:					
FTR enhancements		soon			EA considering subs that closed 09-May.
Possible new FTR hubs - FTR Manager to consult		soon			3 potential hubs: Whakamaru, Redclyffe, Kikiwa
2017 FTR Allocation Plan released		soon			
* RTP Workshops Akld 22-Aug, Wgtn 24-Aug		22, 24-Aug			
Subs due			26-Sep		
* Wholesale market disclosure regime - workshop			12-Sep		
subs due				03-Oct	
* Offer and dispatch		soon			Wind generation offers consultation
* Dispatchable Demand (DD) - EnerNOC proposed $\Delta$ 's					ie aggregators as agents at conforming nodes, & block dispatch multiple GXPs.
* Review of wholesale market trading arrangements					Work yet to start. Re-drafting Part 13 to improve clarity.