

Minutes of the Standardised Flexibility Co-design Group meeting

Held on 16 October 2024 at 10:00am-12:00am
via MS Teams and at Level 7 AON Centre, 1 Willis Street, Wellington

Members: Shaun Goldsbury (Chair), James Tipping, Karl Arns, Matt Carnachan, Michael Jefferson, Nick Haines, Paul Morrison, Tim Boyce.

Apologies: None

In attendance: Kirsty Hutchison (Electricity Authority), Jo Goudie (Electricity Authority), James Mantell (Electricity Authority), James Goodchild (Electricity Authority),

All members attended online.

The meeting began at 10:03am

1. Introduction

1.1. The secretariat opened the meeting at 10:03am and outlined the agenda.

2. Housekeeping

2.1. Minutes of the previous meeting were accepted as correct subject to amendments to paragraphs 4.1(b), 4.1(f), 5.3(c).

2.2. The Chair reflected on progress of the previous meeting. Members agreed that:

- (a) A freer flowing discussion would be preferable for future meetings.
- (b) Future meetings would be held in person in Wellington and Auckland, with an online option. The secretariat will host in Wellington and Auckland based members will provide a suitable venue.

Action point 1: The secretariat to organise an Auckland venue with Nick Haines and/or Tim Boyce.

2.3. The secretariat noted that potential flexibility products suggested by other parties might be received by the Authority or the Co-design Group from time to time. Members agreed to the Chair's proposal that:

- (a) These suggested products are considered by the Co-design Group and will be added to the long list of potential products circulated to members.
- (b) The secretariat is responsible for collating the suggested products.
- (c) Members of the group were asked to pass any product ideas they receive to the secretariat for adding to the list.

Action point 2: The secretariat to add anonymised suggested potential flexibility products to the product long list as they come in.

3. Problem definition refinement

3.1. The secretariat presented the draft problem list that was circulated previously. Members discussed and agreed to the following problems that could be alleviated with standardised flexibility products:

- (a) Managing uncertainty of load and generation.
- (b) Price discovery of peak products.
- (c) Price discovery of demand side flexibility.
- (d) Inter-seasonal firming – where expected energy supply is not seasonally aligned with demand.
- (e) Dry-year firming – when energy supply is low for a protracted period over and above seasonal variations.

4. Prioritisation of problems

4.1. The secretariat presented the problem prioritisation table contained in the meeting documents. Members discussed what they saw as the most important problems to solve and how they should be ranked in the table. Discussion covered:

- (a) The importance of price discovery, and that the product should be traded on the ASX.
- (b) The problem of dry-year firming and bespoke arrangements between a few market participants, and therefore the suitability of a standardised product.
- (c) The priorities of the Energy Competition Task Force and the intent of the Market Development Advisory Group.
- (d) Focusing on how to resolve risk in the market for 2025, rather than the longer-term view that was articulated in MDAG.
- (e) The possibility of more than one product.
- (f) The high priority of problems (b) and (c) is considered through a lens of urgency, size, and effectiveness of existing products. For example, while dry-year firming is a large problem, there are mechanisms in place and further solution is not particularly urgent, relative to other needs.
- (g) Electricity is not affordable and is driven by lack of generation capacity.
- (h) Capacity issues cannot be resolved by 2025, so for winter 2025 there should be a focus on demand side response.

4.2. Members updated the prioritisation table with their rankings and the secretariat captured the agreed priorities as follows:

Problem		Priority
A	Managing uncertainty of load and generation	3 Not as urgent, no existing solutions

B	Price discovery of peak products	1= Urgent, no existing solutions
C	Price discovery of demand side flexibility	1= Urgent, no existing solutions
D	Inter-seasonal firming	4= Some solutions, not urgent
E	Dry year firming	4= Some solutions, not urgent

5. Success Criteria

5.1. In considering the success criteria listed in the meeting documents, members discussed the importance of time frames, expectations of when trading of the product would begin and suitability of a standardised product(s) for successive years. Discussion covered:

- (a) Accessibility, such as that provided on the ASX. The Chair stated the product will be available for trading in Jan 2025. Solutions like market making and platform should be resolved later.
- (b) Problems (b) and (c) are mainly about the variation between trading periods.
- (c) The focus on developing a derivative product could exclude consumers from the market. Most commercial and industrial participants only have a contractual relationship with their retailer, and it is the retailer who is exposed to spot energy and network prices, and therefore the potential revenue stream for the customer is hindered by the lack of ability to have multiple trading relationships (MTR) for different parts of their metered consumption. It was noted that the Ara Ake was doing a trial of multiple trading relationships (MTR) supported by the Authority. It was noted that the barrier to MTR was relieved, this would be a fast way to unlock consumer demand response.

Action point 3: Secretariat to provide the Co-design Group with details of the progress of multiple trading relationships.

- (d) How timeframes, in particular prioritising trading in 2025, could change the preferred product, and how this might relate to specification of the success criteria. Also, if the trading is done, would it change outcomes in winter 2025, or over a longer timeframe.
- (e) Most market participants will already have their portfolio for 2025 set.

Action point 4: Secretariat to ensure the purpose described on page 4 of the slide deck is included in success criteria material circulated to members.

6. Closing

6.1. Next steps for the Co-design Group were noted:

- (a) The secretariat will send out a list of products in a table allowing members to rank products against the success criteria agreed. This table will also include a table allowing members to highlight which market participants will be interested in which products.
- (b) Tables will include space for members to make comments on the products.
- (c) The secretariat will include the purpose slide from the info pack.

Action point 5: Secretariat to circulate longlist of products with space for commentary and ranking.

The meeting closed at 1200

7. Summary of actions

1. The secretariat to organise an Auckland venue with Nick Haines and Tim Boyce.
2. The secretariat to add anonymised suggested potential flexibility products to the product long list as they come in.
3. The secretariat to provide the Co-design Group with details on work to progress multiple trading relationships.
4. Secretariat to ensure the purpose described on page 4 of the slide deck is included in success criteria material circulated to members.
5. Secretariat to circulate longlist of products with space for commentary and ranking.

Confirming that the Standardised Flexibility Co-design Group has approved that the meeting minutes are a true and correct record.

Dated this 1st day of November 2024.



Shaun Goldsbury

Chair