

Session XIII

FLEXFORUM | 

Pre-reading for 21 July 2022 session

Shared 19 July 2022

Workplan on a page – progress at 7 July 2022

		Before times	May	June					July				August				
Stage	Topic		23/05	30/05	06/06	13/06	20/06	27/06	04/07	11/07	18/07	25/07	01/08	08/08	15/08	22/08	29/08
Discover	DER owner perspective		Review input														
	Sector perspective		Review input														
Define	Services & technical requirements – What can flexibility be used for?		Review input					Workshops	Workshops								
Develop	Commercial arrangements		FF 9 on 26/05 Comms & connectivity Terms of trade		FF10 on 09/06 Valuing & rewarding flexibility		FF11 on 23/06 Product templates Connection	Workshops	Workshops	Workshops	FF13 on 21/07 Terms of trade						
Develop	Identify practical steps and actions • flag barriers • specify research questions			FF10 Scoping action plan & next steps					FF12 on 07/07 Outline of Action Plan; barriers		Actions Primers Delivery criteria		FF14 04/08 Feedback on Draft Flexibility Plan	Workshop	FF15 Finalise Action Plan & Delivery Programme		FF16 Launch
Deliver	Begin delivery • Initiate projects • Assess / respond to barriers • Support iteration of Action Plan																

We are here...

These timeframes and deliverables are presented on a best endeavours basis. The main uncertainty relates to the time required to seek and address feedback

Session overview – topics and decisions

Six items

1. Actions and steps from the end-to-end journey

- a) Discuss the actions and steps from the end-to-end journey, the resulting programmes (ie, grouping of actions) and initial research questions

2. Delivering the Flexibility Plan – functions and criteria

- a) Discuss the functions and criteria for successful delivery of the Flexibility Plan (ie, a form follows function approach)

3. Primer: Contracting arrangements and key terms of trade

- a) Comment on the draft primer on contracting arrangements and key terms of trade

4. Content ‘primers’ to accompany the Flexibility Plan

- a) Confirm the set of primers to accompany the Action Plan to provide context and boundaries to the approach to tricky issues

5. Workplan, engagement and communications

- a) Update on engagement, including targeted sessions
- b) Update on progress with workplan tasks

6. Administration

- a) Update on administration and budget
- b) Requirements for decisions regarding support of the FlexForum during Phase 2

Actions and steps from the end-to-end journey

The E2E journey for a DER owner/Flexibility provider is the source for the actions identified in the Flexibility Plan

The output of the E2E journey will be:

Outcome	Input	Capability / practice / process	Action required
Outcome(s) sought by the DER owner/flexibility provider for each stage, eg, a decision about connection size	Input(s) required to achieve the desired outcome, eg, information on current and forecast network headroom	The capability or practice or process required to produce the input(s) The party responsible for producing the input	The action(s) required to obtain the capability / practice / process

- the four stages of the journey – discover, assessment, implementation and operation – specify the outcomes sought by the DER owner/Flexibility provider
- each outcome relies on various industry actors performing specific actions. These actions
 - can be performed now – no new capability/practice/process is required
 - cannot be performed now – new capability/practice/process is required
 - AND we know what that is – the action is to obtain the specific capability/practice/process
 - OR we need to explore options – the action is to answer a research question to identify the capability/practice/process which delivers the desired outcome

Progress with the E2E journey will be shared at the session for feedback on things like: actions, programmes and research questions

Delivering the Flexibility Plan – the functions & approach provide the criteria for the delivery model

Delivering the Flexibility Plan will require a range of functions and an approach to performing these functions

The functions and approach will be defined in:

1. **A Flexibility Plan** (previously referred to as the Action Plan) setting out for the coming years the practical, scalable and least-regrets steps, and the approach, required to use the services that DER can provide, particularly flexibility, to maximise the benefits of DER for Aotearoa New Zealand. The FlexForum said it would deliver a Flexibility Plan by 31 August 2022
2. **A Phase 2 Programme Plan** setting out the things the FlexForum will do, and how, to begin delivering the Flexibility Plan. The FlexForum said it would maintain progress from September 2022 to March 2023 while enduring oversight and delivery arrangements are developed, for example Energy Strategy

The functions and the approach provide the criteria for determining the delivery model, ie, the administrative arrangements setting out roles and responsibilities for the various functions and outcomes

- form follows function – clearly identifying the functions and approach will provide the basis for deciding an appropriate structure/delivery model for the Flexibility Plan
- these criteria will be valuable for structuring the discussion at the proposed visioning exercise about a preferred delivery model and achieving wider stakeholder buy-in and engagement

The following pages describe proposed principles, outcomes, and the functions and approach, for delivering the Flexibility Plan

- Pages 10 & 11 provide more detail on the things the FlexForum has said it will deliver – the Flexibility Plan and Phase 2 Plan

Delivering the Flexibility Plan – 3 overarching principles frame the functions & approach (1)

The FlexForum is operating according to three overarching principles. These are the starting point for identifying the functions and approach for delivering the Flexibility Plan & Phase 2 Plan

Action: the FlexForum was set up to identify and take the practical steps needed to maximise the value of DER. A constant refrain was to produce something practical and actionable, not another report which goes in the bottom drawer. Action means:

- A commitment to delivering the Flexibility Plan, including mustering appropriate resources to deliver the actions in the Plan and ensure ongoing iteration and improvement
- Coordination of actions and action – the Flexibility Plan will outline work programmes requiring a range of parties to undertake specific actions and tasks, many requiring input of multiple stakeholders and involving dependencies

Outcome sought	Function
A commitment to delivering the Flexibility Plan	<ul style="list-style-type: none">• Telling the story and undertaking engagement to build buy-in for collaborative and coordinated action• Ensuring a preference for industry taking practical steps consistent with the Flexibility Plan
Appropriate resources are available to deliver actions	<ul style="list-style-type: none">• Ensuring each action is being delivered, ie, someone is accountable• Ensuring appropriate resources are available to deliver each action given timeframes, dependencies and stakeholder input requirements
Coordination of actions	<ul style="list-style-type: none">• Ensuring coordination of progress of all actions in the Flexibility Plan given timeframes and dependencies• Ensuring a central point for sharing information and insights gained in delivering actions, eg, barriers, success, failure
Coordination of action	<ul style="list-style-type: none">• Ensuring each action is being delivered, ie, someone is accountable• Ensuring each action is being delivered taking account of stakeholder input requirements, timeframes, dependencies

Delivering the Flexibility Plan – 3 overarching principles frame the functions & approach (2)

Collaboration: the FlexForum is collaborative by design with a diverse membership, explicitly starting with the DER owner perspective, and deliberately trying to involve a wider group in the exploration and development process.

Collaboration means:

- A commitment to transparency and a rejection of siloes
- Best endeavour attempts to involve interested stakeholders
- Doing things that are less important to you, but are important to other parties

Outcome sought	Function
Transparency and a rejection of siloes	Ensuring timely information sharing throughout the exploration, development and testing phases of delivering an action (with timely meaning information is shared in time for parties to provide meaningful input)
Involve interested stakeholders	Ensuring stakeholders have opportunities to get involved in the thinking and design process, rather than being 'consulted' once what to do has been decided, and have opportunities to assist with testing and implementation
Priorities reflect the outcome, not individual interests	Ensuring priorities are set based on achieving the overarching outcome, rather than individual interests and positions

Delivering the Flexibility Plan – 3 overarching principles frame the functions & approach (3)

Accountability: the Flexibility Plan will require coordination of a complex set of actions by a range of parties – industry, regulatory and government – to deliver the steps needed to fully use flexibility and maximise the value of DER. At the same time, the approach to delivering the actions should strive to achieve wide-spread acceptance of the actions by being inclusive, robust and obviously for the long-term benefit of consumers, not the immediate the commercial interest of those working on the issue. Accountability means:

- The Flexibility Plan provides the ongoing reference point for action required to use flexibility and DER, including evolving over time to reflect experience
- All parties have confidence that actions will be completed in the required timeframe using the preferred approach
- All parties have confidence that solutions are scalable and fair and realise whole-of-system benefits, that is, solutions reflect the long-term interests of households and businesses

Outcome sought	Function
Flexibility Plan is the ongoing reference point	<ul style="list-style-type: none">• Ensuring the Flexibility Plan has and maintains the endorsement of key decision-makers, particularly MBIE and the Minister• Ensuring the Flexibility Plan remains up-to-date and evolves with experience
Parties are confident that actions will be completed	<ul style="list-style-type: none">• Ensuring oversight of delivery with ongoing monitoring and regular reporting of progress to key decision-makers, particularly MBIE and the Minister• Ensuring there are options for dealing with blockages
Parties are confident that solutions are scalable, fair etc	<ul style="list-style-type: none">• Ensuring the oversight of delivery reflects the diversity of interests and has the ability to offer credible and robust assessment of progress, particularly as it relates to the long-term interests of consumers• Ensuring progress is based on learning by doing so solutions reflect practical experience

Context – outline of the things the FlexForum will deliver (1)

The FlexForum committed to delivering a **Flexibility Plan** (previously referred to as the Action Plan) by 31 August 2022 setting out the approach and practical, scalable and least-regrets steps required over the coming years use to the services that DER can provide, particularly flexibility, and maximise the benefits of DER for Aotearoa New Zealand. The Flexibility Plan will include:

- Context and purpose
- A minimum viable product representing the starting point for using the services that DER can provide, particularly flexibility, and the work programmes and underlying actions to implement the minimum viable product
- **How the Flexibility Plan will be delivered**, ie, the functions and approach, including delivery of actions, coordination and engagement, monitoring and sharing progress and updating the Flexibility Plan
- A glossary

Supporting material to accompany the Flexibility Plan

- End-to-end journey for a DER owner (or Flexibility provider) showing the steps and actions required for a DER owner to make fit-for-purpose choices about using DER
- Projects proposed or planned to test research questions identified in the Flexibility Plan
- An initial list of practical and regulatory barriers to delivering the Flexibility Plan
- A set of primers giving more context on key topics.

Context – outline of the things the FlexForum will deliver (2)

A Phase 2 Programme Plan. A plan setting out what the FlexForum will do between September 2022 to March 2023 – these are the activities outlined to MBIE

- initiate a coordinated programme of projects designed to deliver the Flexibility Plan. These projects would be identified in the Flexibility Plan supporting materials
- provide a central point for assessing and responding to barriers encountered in developing and delivering the Flexibility Plan
- support ongoing iteration and improvement to the Flexibility Plan

The specific activities in the Phase 2 Programme Plan depend on the Flexibility Plan – the purpose of phase 2 is to start delivering the Flexibility Plan. To the extent possible, the functions and approach for the phase 2 plan would align with the Flexibility Plan, subject to:

- the ability of existing/new members and supporters to scope and initiate projects designed to answer research questions identified in the Flexibility Plan
- the support available from MBIE, existing/new members and supporters for the ongoing operation of the FlexForum
- the functions required to deliver the specific activities.

Contracting arrangements & key terms of trade – does the primer provide the right context?

The group asked for a potential common set of headline terms for contracting flexibility drawing on local and international agreements, focusing on provisions which practically impact transacting flexibility

- A draft Primer on ‘Contracting arrangements and key terms of trade for transacting flexibility’ has been developed outlining the role of common contracting arrangements and identifying some key terms of trade

A review of flexibility contracts from the United Kingdom, California and Aotearoa identified four types of contract provision – refer the accompanying document for more detail

- Commercial – terms about the service/product being transacted, contract term, fees and payment, and dispute resolution
- Technical and operational – terms specifying the technical and operational requirements for delivery
- Risk management – terms intended to protect the buyer in the event of non-delivery
- Legal and procedural – terms which matter to lawyers but would rarely have a practical impact on day-to-day transacting of flexibility

The Flexibility Plan should include an action to develop common and standard contracting arrangements sooner rather than later

- common and standard contracting arrangements are a ‘must have’ particularly given the large number of counterparties and small market relative to other jurisdictions
- requirements and expectations on buyer and seller introduced through Commercial, Technical and operational, and Legal and procedural terms will be guided by existing practice (eg, regarding dispute resolution) and by the conclusions from the topics on valuing and rewarding flexibility and technical requirements
- Risk management terms are the most probable source of tension between buyer and seller and most significant contractual barrier to growth in uptake of flexibility – right now the problem is sharing of risk in the early pre-commercial phase of using flexibility, eg, distributors may not want to / be able to absorb product development risk while allocating this risk to flexibility providers will create a material barrier to entry

Content primers to accompany the Flexibility Plan – which topics require more context?

The exploration and development of a minimum viable product for transacting flexibility has identified a range of complex issues

So far, two primers have been developed for Connection arrangements and Contracting arrangements – these two documents have provided key context and the reasoning for addressing specific issues and questions through the Flexibility Plan (and avoiding that detail going into the Flexibility Plan)

Primers which could provide useful context for the reasoning and priorities of actions in the Flexibility Plan are:

- *Connection arrangements* – draft completed and reviewed. To be finalised
- *Contractual arrangements and key terms of trade* – draft completed and being reviewed at this session
- *Valuing and rewarding flexibility* – collating the material arising from session 10 and developed subsequently
- *Coordination of system and distribution operation* – input is coming from the System Operator by end July. The SIDG DSO roadmap should also highlight the role of, and steps required for, coordination
- *Measurement and verification* – data gets everyone excited, but often talking at cross-purposes. Documenting key concepts and requirements relating to measurement and verification would help. A potential end-point is something like this: <https://www.dermonitoring.guide/>
- *Context and background* – the feedback at session 12 regarding providing extra context and background to the Flexibility Plan is expected to require several pages of content. An alternative is a primer setting out the detail and covering the flexibility ‘why’

The status and person responsible for completing each primer is included in the update on key tasks, actions and timelines (page 15)

Workplan, engagement and communications

Update on progress with workplan tasks – see page 15

Update on engagement – see page 16

Webinar arrangements

- the proposal to schedule the webinar on Tuesday 9 August 1300-1430 received 9 responses (with none against) by 18 July – stakeholders were asked to save the date on 18 July (3 weeks notice)
- Ara Ake can 'host'
- **3-4 people are needed to lead the webinar – volunteers please?**

SEANZ conference on 25 and 26 August

- Shay, Terry, Jenny and Jackson Lung (Wellington Electricity) are holding a Panel Q&A session for a technical audience on 25 August (final slot)
- Terry, Evie and Jackson are presenting on 26 August (final slot)

Key tasks, actions and progress - update

Task	Activity	Responsible	Progress
1. Flexibility Plan	Develop the Flexibility Plan according to structure and content endorsed at session 12. Includes: End-to-end journey, Barriers list, Projects list	Secretariat (Craig & Matt)	Current focus is: <ul style="list-style-type: none"> • Completing the E2E journey • Making it happen section
2. Phase 2 Programme Plan	Identify the specific activities to be undertaken from September 2022 to March 2023	Lead author not assigned	Depends on MBIE response, Member commitment & Flexibility Plan
3. Primer: Connection arrangements	Document context and issues relating to connection arrangements	Secretariat (Craig)	Revisions required following session 11
4. Primer: Contracting arrangements	Document context and issues relating to contracting arrangements	Secretariat (Craig)	Draft being considered at this session
5. Primer: Valuing & rewarding flexibility	Document context and issues relating to valuing and rewarding flexibility	Lead author not assigned Contributions available from Scott, Evie, James, Fiona	<ul style="list-style-type: none"> • Issues discussed at session 10. These need to be collated along with information on LRMC ranges and analysis of flexibility tender results
6. Primer: Coordination of system and distribution operation	Document context and issues relating to coordination of system and distribution operation	Secretariat (Craig) using input from System Operator	Input from SO expected end-July
7. Primer: measurement & verification	Document context and issues relating to measurement and verification	Secretariat (Matt) and Terry	
8. Primer: Context and background	Document context and background for flexibility	Lead author not assigned	Extensive content available from April paper and session 12
9. Glossary	Document key terms and meanings	Lead author not assigned	Secretariat has a working list of terms

Engagement – interaction since the previous session

Who	What
Stakeholder conversations / workshops	<ul style="list-style-type: none">• 2 sessions on 5 & 8 July with community & flexibility provider interests• a session on 19 July with distributors <p>Key points from these sessions will shared (once written up)</p>
ENA Smart Tech Working Group	Presentation to the STWG on 20 July 2022.

Administration

Budget update

- Update

Requirements for decisions regarding support of the FlexForum during Phase 2 (September 2022 to March 2023)

- What information on the scope/approach to Phase 2 is required?
- When?
- What else do you need for internal decision-making?