

FlexForum workplan workshop

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| When | 0900-1200 24 August 2023 |
| Where | Virtual |
| Who | <p>Members: Paul Atkins (Vector Metering), Stephen Batstone (chair), Simone Bell (Vector Metering), Peter Berry (EEA), Shay Brazier (revolve), Grace Burtin (Manawa), John Campbell (Our Energy), Mike Casey, Jason Christini-Crawford (ecotricity), Saurabh Choudhary (Vector Metering), Andy Cooper (Energy Collective), Michael Johnston (Overlay), Stuart Johnston (EEA), Laura Jones (ANU), Andrew Kerr (Powerco), Peter Kimber (Influx), Luz Rose (Vector Metering), Scott Scrimgeour (Wellington Electricity), Rob Speirs (evnex), James Tipping (Vector), Evie Trolove (Orion), Graeme Weston, Fiona Wiseman (Manawa)</p> <p>Observers: Justine Cannon (MBIE), Nicole Kirkham (MBIE), Tamara Linnhoff (MBIE), Brian Fitzgerald (EECA), Sean McCready (Commerce Commission), Elzeth Grant-Fargie (EA), Geoff Parr (EA), Gary White (EA), Andrew Zielinski (EA)</p> <p>Secretariat: Craig Evans</p> |
| Apologies | Briony Bennet (Ara Ake), Mark Herring (Transpower), Jeremy Levy (Mercury), Terry Paddy (cortexo), Brendan Winitana (SEANZ) |

Session notes

Item 1: Welcome

The independent chair, Steve Batstone, welcomed everyone to the workshop.

Item 2: MBIE perspective of the role of the FlexForum in the energy transition

The group noted the MBIE perspective of the FlexForum.

Justine Cannon, General Manager, MBIE Energy and Resource Markets Branch gave an overview of current energy policy activity relating to flexibility, particularly noting the electricity market measures consultation. The FlexForum was encouraged to provide a perspective, including on the case for more formal collaboration by government and regulators with industry groups.

The government supports developing flexibility, including through a \$20M fund (over 4 years) to support innovation to test new ways of doing things. Projects will be expected to be collaborative and to share insights. More information should be available soon, with the intention to seek applications from late 2023.

MBIE gave written endorsement of the FlexForum process in 2022. The endorsement continues as practical steps and collaboration are more important than ever to making progress. The

FlexForum draws on a broad range of views and extensive technical expertise and is committed to sharing its insights.

MBIE will continue to engage with the FlexForum as an observer and to assist the group to make the right links between regulators. MBIE values the diverse engagement and high level of technical knowledge and is looking forward to learning from the group.

The group acknowledged the value of the MBIE support to date.

Following a Member question about the potential for ongoing government support for flexibility and the initiatives underway, MBIE noted there is a clear case for investing in flexibility due to the broad based benefits for consumers.

Members noted an overview of a meeting between the FlexForum and the Minister for Energy and Resources on 22 August 2023. The overall observation from the meeting was the Minister is very interested in and supports the FlexForum work.

- welcomes the focus on collaboration and developing insights to enable progress. Sees considerable value in the industry having the difficult conversations which need to happen, and sharing the outcomes, even if no solution is reached
- considers efforts should be directed at opportunities to innovate market arrangements and regulatory arrangements. Interested in any FlexForum insights on when to use carrots versus sticks to deliver outcomes
- sees an opportunity for the government and regulators to draw on the diverse perspective and technical expertise within the FlexForum. Highlighted the importance of working out how flexibility can assist in addressing energy hardship.

Item 3: Purpose of this session

The group agreed the purpose of the session is to work out what the FlexForum needs to do in the next 10 months or so to achieve its objective and purpose.

Item 4: Context

The group noted the FlexForum objective and purpose provide the framework for developing the workplan.

The group noted an initiative of the Electricity CE Forum referred to as the accord has similar objectives as the FlexForum, and that it explicitly refers to the FlexForum.

The roles and activities of the FlexForum will develop over time.

The Flexibility Plan is a way of tracking progress including updating, adding and ticking off tasks. However, maintaining the Flexibility Plan is not a passive role and will require the FlexForum to develop insights and advice to support delivery of the plan.

Workstreams, a Knowledge Group and a Knowledge Hub are expected to be the engine room of the FlexForum. Each provides a way to extract and share expertise and experience.

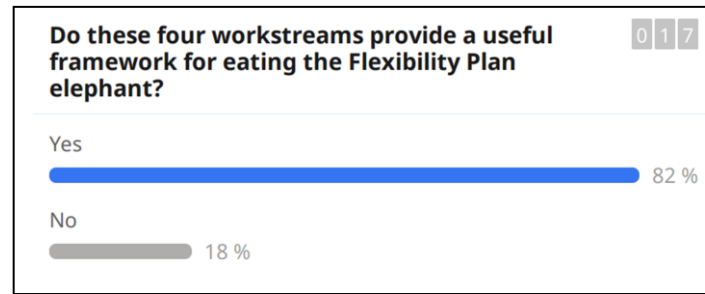
The focus of the session is the Workstreams. The specific roles and activities of the Knowledge Group and Knowledge Hub will be worked out later.

- the group noted the EEA has developed an online Knowledge Network resource that could be used to fast track establishing a repository of FlexForum information.

Item 5: Potential workstreams

The group agreed to develop a scope and initial focus of the four workstreams identified through the criticality assessment exercise undertaken in March 2023. The group noted the criticality assessment conclusions:

- all tasks in the Flexibility Plan require at least some effort before 2030, and most tasks need effort between now and 2026-27
- broad consensus exists on the urgency of tasks with whole-of-system implications, eg, LV management capability, but there are diverging perspectives on the urgency of tasks to enable consumer decision-making and participation
- setting priorities based on an 'average' view will underplay the urgency of tasks relevant to testing ideas and enabling consumer participation.



The four proposed workstreams are:

- Consumer information – focused on tasks which would provide consumers and their agents with streamlined (automated) access to the information useful to consumers for decisions about CDER, flexibility and electrification generally
- Flexible resource integration and visibility – focused on tasks required for network operators to develop capability, processes and practices for enhanced LV visibility and to coordinate activity on their networks
- Market frameworks – focused on tasks relating to the transaction lifecycle for flexibility, including product definition, procurement, pricing and dispatch
- Digitalisation – focused on providing whole-of-system advice about activities relating to communications and connectivity capability.

The group discussed things influencing the scope and focus of the proposed workstreams:

- consumers wanting to electrify and understand their flexibility options do not have access to much useful information or experience to inform their decisions. Information to enable decision-making by households, businesses and communities is needed. For example, bidirectional charging and discharging of EVs will be more commonplace capability from 2025, which will cause people to ask how this capability can be used/monetised
- the relevance of actions and outcomes which are achievable now at scale compared to future innovations, for example hot water control is a material existing resource
- the importance of being nimble and adapting focus/priorities as experience is gained
- the difference in resources and effort required if the workstream focus is coordination or involves doing/delivery – the workstreams will need to have the right support/resources
- don't forget to discover the consumer perspective as part of the design phase. Australian experience has been that industry consensus on technical solutions can cause the subsequent policy process to reflect foregone conclusion which ignores the consumer perspective
- a key first step for each workstream should be to discuss and agree on a scope and concepts. This process would highlight tensions about concepts and outcomes and provide a framework for difficult discussions

- several potential gaps in the workstreams were raised:
 - how are we ensuring that we continually look for missing voices in the room?
 - the Consumer information workstream scope should include social licence. The FlexForum can learn from work overseas, including the Australian Energy Charter and the work of Energy Consumers Australia
 - the incentives required for the industry to 'do things' in the short to medium term eg, how do we genuinely identify and remove barriers to the rollout of more flexibility solutions beyond small trials etc. Perhaps a stream on "creating a market for flexibility". Related to this, what are the barriers to flexibility, eg, an analysis of drivers of TOU pricing offered by distributors
 - 'relationships and interfaces' are a key area of focus for the Future Networks Forum. It is working on a stream called 'roles and functions' which covers commercial, data, operational instructions, etc. A bit like digitalisation, it cuts across siloes and functional areas. It may be equivalent to the market frameworks stream (or may not)
 - how to ensure energy hardship impacts are considered, eg, digitalisation is great for those with digital accessibility, but not everyone has this
 - system coordination and operation between SO, distributors, customers, aggregators etc
 - segment specific activity eg, transport sector, industrials etc
 - the evolution of a flexibility supplier, eg, who will be the entity running flexible services, will flexibility services be decoupled from Retail
 - what the final electricity ecosystem might look like, ie, the end game
 - the workforce capability that will be required to deliver this work.

The group discussed how the workstreams could be packaged up and presented to enable effective communication of the activities and priorities to people not directly involved. An example from the UK Open Network Programme¹ was suggested.

Item 6: Purpose of a workstream

The group agreed a process for identifying the activities and outputs of each workstream

- each workstream would convene to discuss its scope and potential outputs
- the conclusions of these sessions would be reality tested and confirmed by Members at a subsequent work planning session.

The group agreed Members should provide further thoughts on two questions to inform the initial workstream discussions:

1. What specific outputs could be delivered for each task in the proposed workstreams, how and when?
2. What useful outputs could be delivered within 4 months for each proposed workstream?

Potential activities and outputs of a workstream

¹ See Energy Networks Association, [Open Networks 2023 Success Framework: Details of key outcomes](#), page 7.

The group discussed potential activities and outputs of the workstreams. Members provided extensive feedback to “what are the activities and outputs of a workstream?”.

A key theme was to involve consumers in scoping and delivering outputs.

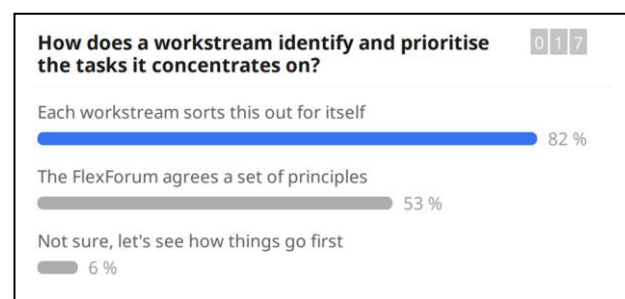
- Australian experience is that involving consumers in the process helps outcomes be more responsive to consumer needed. [Research](#) into the Australian rule-making process found that the distributed energy integration programme (DEIP) working groups delivered robust solutions, but also significantly reduced the influence consumers have on the outcomes of rule changes which works against achieving social licence/justice outcomes.
- Academic social science research could complement (inform or be part of) technical design efforts by helping to identify consumer preferences and engaging customers.
- Co-design of solutions should extend beyond the industry to involve consumers because this supports more enduring outcomes. The effort required should not be underestimated but is worthwhile.

Further key points about the activities and outputs of a workstream were:

- practical guidance for the electricity ecosystem about the ‘so what’ of experience with a specific topic, including extent of consensus and divergence of views, drawing on:
 - international experience which is relevant to NZ to both apply or avoid
 - results of demonstration projects
- provide advice on a particular topic for consideration by regulators and build capability through sharing insights/experience through appropriate/available/affordable channels, eg, papers, webinars, videos, conference presentations
- highlighting priorities for investigation and research (and research funding) to be led by FlexForum Members or other groups, eg, the ENA Future Networks Forum.
- track progress and identify updates to the Flexibility Plan, ie, additions, revisions etc after defining the issue and opportunities
- providing a point of contact for input by other sectors, eg, transport or agriculture, to assist with developing a whole-of-system perspective and advice on specific issues
- use a standard process/template to scope and explain the activities being undertaken by each workstream, eg, a plan on a page. This will help to present things like timeframes, gates, deliverables, interfaces and engagement in a consistent way
- some elements of standardisation/commonality of outputs would be super useful eg, structure of thought pieces is the same (such as current state, barriers, stakeholders, options)
- be clear about the role of a workstream. Is it a a doing group (if yes - do we have the capabilities?) or a coordination group to oversee, coordinate, recommend pilots and share knowledge work programs of others?
- endeavour to resource workstreams to be successful – it’s really hard to do "off the side of your desk". DEIP experience is that self-managed working groups (ie, without a designated lead/resource) are not practicable.

How to identify the priorities of a workstream.

The group discussed ways for the workstreams to prioritise effort.



- mapping the concepts within each workstream would be a sensible first thing to do to identify points of tension and divergence upfront
- priorities are not clear cut because uncertainty about the future state means the value of solutions/outcomes is not clear cut
- factors to consider include the value, resource requirement, external engagement, and doability of a task
- the workstreams are the best place to identify priorities, but the results should be tested with the wider group given the implications for resources/budgets.

Item 7: Next steps

The group agreed:

- to establish workstreams based on the four proposed themes
- each new workstream to meet to discuss potential scope and outputs before checking back in with the wider group
- develop a starter pack to frame the initial discussions and achieve some consistency across workstreams
- each workstreams is responsible for identifying a workstream lead or co-lead. These people should consider how to coordinate activities/sharing of information across the workstreams.

Item 8: final thoughts

Several members shared their main insight from the session

- the need to focus on earning a social licence, and the flow on effect that has on ways of working and resources
- the importance of focusing on enabling parties to develop products that consumers may or may not want. Put another way – keep consumer outcomes/experience at front of mind.

Item 9: Update on Steering Group activities

The Chair provided an update on Steering Group activities, noting that the Steering Group is primarily responsible for administration and operation of the FlexForum.

- Steve met with the co-chairs of the Future Networks Forum to discuss formalising collaboration and processes for the FlexForum and FNF to work together, and avoid actual or perceived overlaps or duplication of effort
- the Steering Group is dealing with basic things like bank accounts and policies, eg, the annual subscription policy.

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