
Developing an Electricity Allocation Factor (EAF) Recommendation for 2013 - 2017

Project Plan

Project Plan identification

Author:	[]	Date:	18 February 2011
Associated documents:	<i>Project Timeline</i>		

Description of the work

Objectives	<p>The objectives for this work include;</p> <ul style="list-style-type: none">• The formation of a contact group that pragmatically delivers a recommendation, in a timely and efficient manner;• An EAF recommendation that:<ul style="list-style-type: none">○ is delivered via a transparent process that has integrity;○ is soundly based on analysis;○ The Minister and stakeholders can have confidence in the recommended EAF and underlying analysis;
Products	<ul style="list-style-type: none">• A recommendation of an EAF (the recommendation) for 2013-2017, for the Minister to consider. The recommendation needs to be technically robust and transparent to interested parties when consulted upon.• Guidance concerning methodologies used for determining an EAF• A technical report that outlines the underlying analysis needs to accompany the recommendation.
Timeframes	<p>The recommendation and accompanying analysis needs to be provided to the Minister by end of June 2011. A full timeline is provided in [] The main milestones for this project are:</p> <ul style="list-style-type: none">• The contact group is assembled by end of February 2011.• A scoping consultant selected by the contact group and engaged by MfE mid-March 2011.• The contact group has considered the scope of analysis and provided guidance to the modelling consultant by mid-April 2011.• The modelling consultant undertakes analysis (guided by the contact group) and delivers a draft report to the contact group by mid-May 2011.• The Contact group considers the draft report and develops a recommendation by mid-June 2011.• MfE submits the contact group recommendation and final report by the

	<p>end of June 2011, to the Minister for his consideration.</p> <p>The Contact group may need to be reconvened later in 2011 to consider any ministerial feedback concerning the recommendation and the analysis arising from the Government's consideration of the ETS review.</p>
Stakeholder Engagement approach	<p>The main tool employed to manage stakeholder engagement will be the contact group. The contact group will contain representatives from the main stakeholder groups identified below.</p> <ul style="list-style-type: none"> • EITE firms – MEUG and the 2008 subgroup have been consulted. These firms and business organisations are well represented on the contact group. • Power companies – two representatives on the contact group for expertise and balance. • Government agencies – MfE, MED are on the contact group. Progress will be reported to the ETS liaison group. <p>Wider stakeholders include:</p> <ul style="list-style-type: none"> • The Minister – his office have been consulted in scoping this work and updates will be provided by regular Friday meetings with the Minister's Office. • Wider community interest (e.g. NGOs, PCE, indirectly affected community interests, and the Electricity Authority) – these are not represented directly on the contact group but, prior to a regulation being proposed, can make submissions when final consultation occurs and will be informally updated on the process as the work progresses and contact group documents will be web-available. <p>A webpage will be created on the climate change website to provide updates on the progress of the group in the development of an EAF recommendation.</p>
Resources	<ul style="list-style-type: none"> • The contact group, which includes significantly affected parties and persons familiar with electricity market issues and analysis – several two-hour meetings over 6 months • An economic expert to carrying out scoping exercise [] • A specialist electricity industry modelling expert to undertake the underlying analysis [] • External expert advice available to the contact group, consultant and MfE for guidance and review [] • []
Budget	<ul style="list-style-type: none"> • A consultant budget of [] has been included in the ETS Operational Policy budget.
Processes and standards	<ul style="list-style-type: none"> • The consultant will be engaged according to MfE procurement policy guidelines and considering advice from procurement team. • Any external material produced as a result of this work will be consistent with Ministry policy. • The consultant's report will be designed to facilitate understanding of the analysis and will be part of any subsequent formal consultation.
Quality Control	<ul style="list-style-type: none"> • The contact group fulfils a quality assurance role for the analysis

	<ul style="list-style-type: none"> • External review of the recommendation and underlying analysis will be considered to give the Minister greater confidence. • MfE will include an economic advisor on the contact group (Tim Denne). 		
Linkages and dependencies	<ul style="list-style-type: none"> • The EAF is a critically important technical parameter for effective EITE policy under the NZ ETS and is of great interest to affected firms. • This work is being undertaken in parallel to the ETS Review and could need reconsideration should the review lead to changes to key assumptions in the analysis. • [] 		
Constraints	<ul style="list-style-type: none"> • Short time-frame [] • Availability of contact group personnel 		
Reporting	<ul style="list-style-type: none"> • Minister's Office interest in this work will require a regular item in weekly discussions with the Minister's Office. • The Contact group rules of engagement will encourage group members to seek feedback outside of the contact group itself. • Two positions on the contact group were reserved for general business organisations (MEUG and BusNZ) • The Manager ETS Operational Policy will Chair the contact group and thus closely monitor progress and issues associated with this work. • Contact group documentation will be web-available. 		
Other relevant information:	<ul style="list-style-type: none"> • Similar exercises have been completed previously addressing the same issue. • In 2004-05, a large and augmented consultative group was formed. This was subsequently found to be cumbersome and was unable to reach a conclusion. • In 2008 the same question was addressed by a smaller subgroup of the SEIP-TAG. This functioned successfully even though the analytical approach was subsequently criticised by MEUG. • This exercise seeks to adopt the successful elements of the 2008 TAG subgroup and expand upon the analytical approach to more directly address the MEUG critique. 		
Document management	[]		
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