
Submission

**EDB DPP4 Innovation and Non-Traditional
Solutions Workshop**

19 March 2024



1 Introduction

- 1.1 Aurora Energy thanks the Commerce Commission (the Commission) for the opportunity to participate in the innovation and non-traditional solutions workshop for the DPP4 reset.

2 General comments

- 2.1 Aurora Energy supports the Commission's proposed reforms to the innovation allowance. Our responses to the workshop questions in section 3 of this document provide suggestions for further refinement to the positive changes put forward by the Commission in the EDB DPP4 innovation and non-traditional solutions workshop.

3 Discussion topics and questions

1 - Conditions: eg, Conditions EDBs must meet to fulfil INTSA scheme requirements, eg, project closure reports - sharing the learning from projects and the expected benefits for consumers.

- 3.1 We support the indicative conditions being considered by the Commission.

2 - Project type definition: eg, Would it be better for the project type definition to be specific for certainty or general to allow greater accessibility?

- 3.2 We support the range of project types presented in the workshop and we would like to see this list grow over time. As project types, such as flexibility services, become more common the Commission should use their discretion to add these new project types to the list.

- 3.3 ***3. Share of recoverable expenditure: eg, What share of potential project costs should be recoverable under an INTSA scheme?***

- 3.4 We support the cost sharing options presented in the workshop.

4. Supporting evidence: eg, What type of supporting evidence should be required to ensure an INTSA is workable for EDBs, but protects consumers?

- 3.5 Director sign-off for applications may not be appropriate due to the relatively small value of potential applications. We suggest that the application should be signed by an authorised representative, noting that EDBs Delegated Financial Authority policies will provide appropriate governance.

5. Types of projects: eg, How would EDBs want to use the INTSA in DPP4; would that be different in the DPP5 period? Are there projects EDBs consider could be accommodated under these illustrative options?

- 3.6 We think the INTSA could evolve into a mechanism that will allow streamlining of non-traditional solutions that meet predefined criteria.

- 3.7 The INTSA could also be used to fund centres of excellence to support the emerging energy system, especially if the INTSA is amended to allow joint applications by multiple EDBs.

6. Other challenges: eg, what internal hurdles do you see with undertaking innovation and non-traditional solutions? How could an INTSA help to overcome those challenges?

- 3.8 Clarity of the INTSA process and timelines will provide more certainty for EDBs. This will enable EDBs to be able to invest in innovation with confidence.

7. Safeguards for consumers: eg, How can we design the INTSA so that it manages the risk burden for consumers?

- 3.9 The proposed INTSA process and associated conditions contains a proportionate amount of risk management to protect consumer interests.

8. Designing INTSA scheme accessibility: eg, How can we design a user-friendly INTSA scheme so EDBs can part-fund and deliver innovative projects and nontraditional solutions?

- 3.10 Allowing EDBs to collaborate and submit joint applications will deliver more innovative solutions and likely provide better value for money from the scheme.