14 November 2023

Proposed changes to the DDA template, consumption data template, and related Part 12A clauses: Submission

Electra Limited (Electra) owns and operates the electricity lines and assets in the Kapiti and Horowhenua districts. We welcome the opportunity to submit to the Electricity Authority's *Proposed changes to the default distributor agreement template, consumption data template, and related Part 12A clauses* (the Consultation Paper). Nothing in this submission is confidential.

We have answered the questions asked by the Authority in its preferred format in Attachment A to this submission. Our views are also represented by the submission of the Electricity Networks Aotearoa (ENA) to the Consultation Paper. Further, Electra supports the recommended drafting changes to the Default Distributor Agreement (DDA) as presented by Vector and PowerCo in their submissions.

The Authority's Consultation Paper is disappointing. The issues raised are largely peripheral to the substantive issues that are worthy of the Authority's attention. Since negotiating and executing our DDA with traders, we have not had a single trader raise an issue with any clause in the DDA, which suggests. that there are no significant real-world issues with the DDA that need solving by the Authority.

One issue that is material to Distributors and remains unresolved is the issue of access to data. While we are pleased to see that the Authority is proposing to codify the ENA and Electricity Retailers Association of New Zealand (ERANZ) data temple, we are concerned that by not taking the opportunity in the Consultation Paper to have more fully considered the issue, the Authority considers the proposed Code amendment resolves the matter. Codifying the data template is a good first step, but by no means does the template adequately resolve the data access problem.

Yours sincerely

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Attachment A—Authority's Format for Submissions

Submitter	Electra Limited

Questions	Comment
Q1. Do you agree that Issue 1, summarised in paragraph 2.21 and described in paragraphs 2.21 to 2.31 and Appendix B, is worthy of attention?	No. We are of the view that the matters raised by the Authority in paragraphs 2.21 to 2.31 are of little or no consequence in the current context as there are other more pressing issues worthy of the Authority's, Traders', and EDBs' attention at this time. We extensively negotiated with Traders before we set the recorded terms of our DDA. Since reaching an agreement with Traders in January 2021, we have yet to be approached by a single Trader on the supposed inconsistencies of recorded terms in our DDA and other EDBs. This lack of concern shown by Traders leads us to conclude that the Authority's issue with inconsistent recorded terms is not a real-world concern for the Traders or EDBs.
Q2. Do you have any feedback on the Authority's assessments of changes to recorded terms, as set out in Appendix B and Appendix C?	We note that the discussion of the findings in Appendix B and Appendix C lacks any discussion of the context under which EDBs made changes to the recorded terms. It, therefore, appears the Authority's feedback may be based on a basic desktop assessment. Desktop assessments are appropriate where the issues are relatively straightforward, and the context is widely understood. Where this is not the case, the reviewer should carry out a more in-depth review to gain appreciation and understanding of the context to inform their findings. Failure to do so risks the reviewer having a purist view. We recommend the Authority seek the necessary context to inform its findings before it proceeds with its proposed changes. Context could be gained simply by speaking with the EDBs that have made changes to their recorded terms to understand the context for those changes. We appreciate that this approach takes more time; however, it will avoid unintended consequences arising from acting on desktop assessment in isolation.

Q3. Do you agree Issue 2 is worthy of attention?	No. We are surprised that the Authority has raised what is widely accepted as good practice formally as an Issue. Surely, the Authority has a work plan that would include the periodic review of the DDA every few years as it pertains to the wider priorities of its overall work plan. The reactive nature of the DDA and its subsequent reviews (including this one) appears to be an organisational issue for the Authority's consideration rather than an issue worthy of consultation.
Q4. Do you agree Issue 3 is worthy of attention?	Yes, access to smart meter data is the most important issue raised by this consultation. Adopting the ENA and ERANZ consumption data template goes some way toward addressing the access to smart meter data issue. However, the Authority will need to take further action to address the data access issue fully. It is disappointing that the Authority has again only given cursory attention to the issue of access to smart meter data in a consultation. We urge the Authority to have wider regard for the continuing data access issues and not consider the issue solved solely by making this Code amendment. We recommend that in 2024, the Authority release a targeted consultation on the issue of access to smart meter data. A comprehensive consultation is needed to give this worthy issue the appropriate platform.
Q5. Do you agree with the objective of the proposed Code amendment? If not, why not?	No. The objectives of the proposed Code amendment in paragraph 5.1 demonstrate a general misunderstanding of the 'problem' by the Authority. Sub-paragraphs (a) and (b) appear based on a basic desktop assessment that has not taken account of the context under which the recorded terms have been set. We recommend that the Authority gather the necessary context to fully inform its findings before proceeding with its proposed amendments attributable to these objectives. See our answer to Q1 above. Sub-paragraph (c) solves a problem that does not exist in that the Authority has not quantified the transaction costs associated with providing copies of the DDAs to it. We consider that the transaction costs of sending an email with a PDF attachment are immaterial. We recommended that this objective be removed as it is unnecessary. Sub-paragraph (d) grossly understates the complexity of the issues surrounding the

	access to historical consumption data. The issues to be addressed by the Authority are significantly bigger than 'higher-than-necessary transaction costs' and 'unequal bargaining positions' as stated by the Authority. We recommend the Authority fully scope the problem of access to smart meter data before finalising its objective for this issue.
Q6. Do you agree the benefits of the proposed Code amendment outweigh its costs?	No. The Authority's cost estimate in paragraph 5.43 is understated. We estimate our costs to renegotiate the DDA with Traders to be between $18k and $20k based on the time and effort expended in 2021. The Authority has also failed to consider the opportunity costs of our resources being assigned to renegotiate the DDA and not spend on other projects. We consider it preferable to expend resources on projects of significantly higher value, such as evolving our prices to be more cost-reflective or updating our capital contribution policies and processes to support decarbonisation. The Authority itself summed it up best when stating in its Annual Report— "We've been managing by making trade-offs, but there's a lot of complex and important mahi to do – and not a lot of time."[1] Managing trade-offs is part of being an efficient organisation, something that all organisations must do. Assessing the costs and benefits of the organisation's work is not a simple case of time multiplied by an hourly rate as has been proposed by the Authority. Cost-benefit is a larger consideration, and in this instance, the costs of the Authority's proposed amendments to the Code vastly outweigh the perceived benefits.
Q7. Do you agree the proposed Code amendment is preferable to other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Act.	No. The Authority's preferred option will not promote competition and is not in the long-term best interests of consumers. The Authority's option is the easier option but not the right option. Our preferred option is the establishment of a centralised metering data repository. While establishing a repository will take more time and potentially cost the Authority more,[2] this option presents a long-term solution that

[1] Electricity Authority, Annual report 2022/23, page 7.

[2] We note that the premise that the proposed Code amendment is 'low cost' is made on the basis that the costs to renegotiate the DDA following these amendments will be borne by the EDBs and traders and not the Authority.

	will bring enduring benefits to consumers. The lack of access to data is stifling innovation and making price evolution harder than it should be. Data is the foundation of cost-reflective pricing. Without data, we must move with caution and be conservative with our pricing decisions. EDBs accessing smart meter data directly from MEPs without trader permission is not our preferred option, but it is preferable to the Authority's proposed Code amendment. The Traders' agreements with the MEPs include clauses that explicitly restrict the sharing of data unless the Trader's agreement is given. The Traders included these clauses to mitigate the perceived competitive risks of EDBs retailing electricity[3]. A Code amendment that neutralises these clauses and permits EDBs access to data through the MEPs, while nuanced, is significantly better than the Authority's preferred option and proposed Code amendment. We consider that there is an alternative option that the Authority could consider. In our submission[4] to the *Targeted Reform of Distribution Pricing – Issues Paper,*[5] we put the idea to the Authority that it could amend the *EIEP3: half-hour metering information* and make it mandatory to provide EDBs with half-hour metering data for all ICPs where half-hour data is available. On the surface, the amendments appear to be relatively straightforward— • the application of the EIEP3 would be changed from 'This protocol allows' to 'This protocol mandates' and • delete the qualifier 'An EIEP3 file is generally not required where an EIEP1 file can provide the information required for billing of network charges.' Amending the EIEP3 is a pragmatic solution that could be acted on easily, quickly and at low cost, thereby meeting the Authority's statutory objectives under section 15 of the Electricity Industry Act 2010.

[3] Several EDBs, including us, have (or had) interests in retailing electricity.

[4] Electra, Submission to the Electricity Authority's Targeted Reform of Distribution Pricing — Issues Paper, 15 August 2023.

[5] Electricity Authority, Targeted reform of distribution pricing — Issues Paper, 1 July 2023.

Q8. Do you agree the proposed Code amendment complies with section 32 of the Act?	No. The proposed Code amendment is a solution looking for a problem that will not promote competition and is not in the long-term best interests of consumers. The proposed Code amendment is a costly distraction to Traders and EDBs. While there are a few niggly outstanding issues with the DDA, it is more appropriate that these be dealt with over time through renegotiations. Right now, there are bigger, more important issues the sector should be focused on. Issues such as access to smart meter data that will promote competition and are in the best interests of consumers, such as access to data.
Q9. Do you have any comments on the drafting of the proposed Code amendment?	The ENA submission represents our comments on the drafting of the proposed Code amendment. We also support the recommended drafting changes provided in the Vector and PowerCo submissions.