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Submissions
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Submission on proposed Code amendments: implementing retailer default

The Electricity Networks Association (ENA) appreciates the opportunity to comment on the Authority's proposed Code amendments in relation to the implementation of the retailer default provisions. The ENA represents the 29 electricity network businesses in New Zealand.

We would like to submit on one aspect of these proposed changes: the addition of clause 5A into Schedule 11.5 which relates to a recipient trader being excused from compliance with certain aspects of the Code for 20 business days following assignment of ICPs to that trader after an event of a default.

The Authority has identified four issues that it is proposing to address through Code changes. The third of these issues is described as "information about ICPs at which traders cannot trade". The Authority has proposed that traders must supply information to it about NSPs and ICPs at which they cannot trade for specified reasons. The Authority is also proposing to amend the Code to provide that a trader that is assigned an ICP does not breach the Code for 20 business days after the assignment because it does not have arrangements in place for the provision of line function services as required in clause 11.16 (proposed clause 5A(b) of Schedule 11.5).

The ENA submits that this Code change is neither necessary nor desirable. ICPs should only be allocated to traders already trading on a network. This is the approach that the Authority has previously indicated that it would take.

When the Authority consulted on establishing arrangements to manage retailer default situations in mid-2013, it also consulted on a draft guideline for managing retailer default.¹ Paragraph 5.27 of the draft guideline states:

If the tender is unsuccessful, the Authority will assign the responsibility for the remaining customers of the retailer in default to retailers servicing customers in the same network area (or areas) as follows:...

¹ Electricity Authority, *Guideline for managing retailer default situations*, 18 June 2013

In its decision paper following the submission process, the Authority states at paragraph 59 that “[t]he final stage of the allocation approach would involve the mandatory assignment of remaining customers to retailers based on market share in a region.”² It also notes at paragraph 10 that one of the implementation actions is to “finalise the guideline for managing a retailer default situation”.

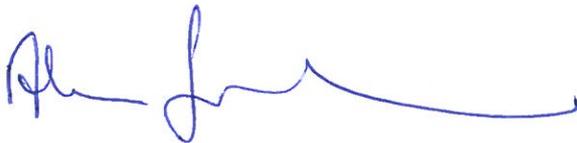
The ENA submits that the Authority should finalise the guideline retaining the process described in the draft guideline of allocating ICPs to retailers which already have customers in the network area/s based on market share. This removes any possibility that traders are in breach of the Code requirement in clause 11.16 to have the necessary arrangements for line function services, and avoids unnecessarily increasing the level of risk to which network businesses are exposed.

The Authority has not suggested that there is a problem with this process, and the Code change with respect to clause 5A(b) is therefore unnecessary.

The ENA has no comment on other aspects of this consultation paper.

Our contact person for this submission is Nathan Strong, Chair ENA Regulatory Working Group, tel (06) 873 9372, email nathan.strong@unison.co.nz.

Yours sincerely



Alan Jenkins
Chief Executive

² Electricity Authority, *Arrangements to manage a retailer default situation: Decision and Reasons*, 8 November 2013

The Electricity Networks Association makes this submission along with the explicit support of its members listed below.

Alpine Energy Ltd
Aurora Energy Ltd
Buller Electricity Ltd
Centralines Ltd
Counties Power Ltd
Eastland Network Ltd
Electra Ltd
E A Networks Ltd
Electricity Invercargill Ltd
Horizon Energy Distribution Ltd
Mainpower NZ Ltd
Marlborough Lines Ltd
Nelson Electricity Ltd
Network Tasman Ltd
Network Waitaki Ltd
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Top Energy Ltd
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