
Submission to the Electricity Authority

on

**Proposed Code Amendments:
Implementing Retailer Default**

Consultation Paper

Made on behalf of 20 Electricity Distribution Businesses

*PwC submission on
behalf of 20 EDBs*

10 October 2014

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Submission on proposed Code amendments: implementing retailer default

1. This paper forms our submission on the Electricity Authority (EA) consultation paper, “Proposed Code amendments: Implementing retailer default” released on 26 August 2014 (the Consultation Paper). This submission has been prepared by PricewaterhouseCoopers (PwC) on behalf of the following 20 Electricity Distribution Businesses (EDBs or distributors):

- Alpine Energy Limited
- Aurora Energy Limited
- Eastland Network Limited
- Electra Limited
- EA Networks
- Electricity Invercargill Limited
- Horizon Energy Distribution Limited
- MainPower New Zealand Limited
- Marlborough Lines Limited
- Nelson Electricity Limited
- Network Tasman Limited
- Network Waitaki Limited
- Northpower Limited
- OtagoNet Joint Venture
- Scanpower Limited
- The Lines Company Limited
- The Power Company Limited
- Top Energy Limited
- Waipa Networks Limited
- Westpower Limited.

2. These businesses together supply 28% of electricity consumers, maintain 45% of total distribution network length and service 71% of the total network supply area in New Zealand. They include both consumer owned and non consumer owned businesses, and urban and rural networks located in both the North and South Islands.

3. The Consultation Paper seeks feedback on proposed amendments to the Electricity Industry Participation Code (the Code) to resolve several issues identified with the new retailer default arrangements under Part 11 of the Code. The key issues and proposed amendments are summarised as follows:

- **Recognising Type 2 retailers:** The existing Code requirements do not recognise situations where the trader recorded in the registry as being responsible for supplying the customer is different to the retailer that has the contract with the end-customer. It is proposed that a trader must identify in the registry the retailer that supplies the customer.
- **Ability to trade at a Network Supply Point (NSP) or ICP:** Traders that are unable to trade at a network supply point (NSP) or ICP would be in breach of the Code if

customers were transferred to them under the current retailer default arrangements. To rectify this, the Consultation Paper proposes that:

- i. All traders must identify NSPs and ICPs where they cannot trade against a list of specified reasons
 - ii. Traders that are assigned an ICP will not breach the Code for 20 business days from date of transfer of consumers for not having in place the required arrangements for line function services or metering.
- **Customer contact details:** The Consultation Paper recognises that there is no guarantee that customer contact information will be provided by a trader in an event of default. To resolve this issue, the Consultation Paper proposes to amend the Code to require traders to provide contact information up front to the registry.
4. This submission responds to the last two issues that are of particular relevance to the distributors represented by this submission.

Ability to trade at an NSP

5. The Consultation Paper notes that traders may be in breach of the Code under the current retailer default arrangements where a customer is transferred to them and the trader cannot provide services to those customers.
6. Of particular interest to the distributors represented by this submission, is where a trader does not have an arrangement with a distributor to provide line function services at an NSP. This may include situations where a trader has not signed a Use of System Agreement (UoSA) to trade on that network.
7. In this situation, we question why customers would be assigned to a trader that is not trading at an NSP. This appears inconsistent with the approach of allocating customers by the market share of traders already trading at a GXP, which was discussed in the retailer default decision paper¹. In our view, customers should only be allocated to traders currently trading on the distribution network.
8. Were the current proposal to be adopted then we are not opposed to providing a receiving trader with a temporary exemption from the Code requirements, but so long as distributors' interests are also safeguarded during that period.
9. In any case, we do recognise that the EA needs information on a traders ability to trade at an NSP prior to assigning customers. We are therefore not opposed to traders providing further detail to the registry in this regard.

Access to customer information

10. The EA has recognised that there is no guarantee that customer contact information will be provided by a trader in an event of default. To resolve this issue the Consultation Paper proposes an amendment to the Code to require traders to advise the registry of the customer name, postal address, email address, and phone number of a customer. Options include:
 - storing this information as fields in the registry which can only be viewed by the trader
 - storing this information in a secure location managed by the registry, but separate from the registry.

¹ Retailer Default Arrangements Decision and Reasons Paper, 8 November 2013, Paragraph 58

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11. We agree there is a risk that the current retailer default process will fail where a retailer does not provide customer contact details to the EA. We note as a fall-back position the EA can request this information from a distributor under schedule 11.5 clause 3.1 of the Code, where available. However, as we have previously submitted, many distributors on interposed arrangements do not always have access to complete and up to date customer information. We therefore consider it preferable that retailers provide customer contact information to the registry up-front, ie prior to a default event occurring.
 12. We have no strong preference for the options of either storing this information in the registry or in a separate secure location managed by the registry. This is best left to the EA and traders to resolve.
 13. In addition, we consider that where contact information is provided by traders then the schedule 11.5 clause 3 requirement on distributors to provide contact details is no longer necessary. We therefore submit that it should be deleted from the Code.

Concluding Comments

14. We trust this submission provides useful input in finalising the proposed approach to manage retailer default situations. We would be happy to answer any questions you may have regarding this paper.
15. The primary contacts for this submission are:

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