



14 August 2015

Submissions
Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
P O Box 10041
WELLINGTON

Trustpower Limited
Head Office
Truman Lane
RD 5
Tauranga
Postal Address:
Private Bag 12023
Tauranga Mail Centre
Tauranga 3143
T 07 572 9754
F 07 572 9825
Offices in
Auckland
Wellington
Christchurch
Oamaru
Freephone
0800 87 87 87
trustpower.co.nz

By email: submissions@ea.govt.nz

TRUSTPOWER SUBMISSION: CODE REVIEW PROGRAMME 2015

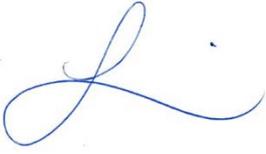
1 Introduction

- 1.1.1 Trustpower Limited (Trustpower) welcomes the opportunity to provide a submission to the Electricity Authority (the Authority) on its *Code Review Programme 2015* consultation paper (the Consultation Paper).
- 1.1.2 Our comments on the Code amendments proposed in the Consultation Paper are attached in Appendix A.

2 Comments on process

- 2.1.1 We would like to make the following comments to the Authority regarding this particular consultation process:
 - a) We would classify some of the proposed amendments as being more significant than considered by the Authority; and
 - b) We appreciate it may have been efficient for the Authority to aggregate a large number of Code amendments, impacting multiple different components of the industry, into the same paper. However, this was not a particularly straightforward exercise for us as a generator-retailer. In future we would recommend that the Authority releases a series of smaller papers, each relating to a specific component (or related components) of the industry, and possibly spreads them out into different times of the year. This would also make it easier to deal with the possibility of some of the Code amendments requiring more thought than others.
- 2.1.2 For any questions relating to the material in this submission, please contact me on 07 572 9888.

Regards,

A handwritten signature in blue ink, consisting of a large, stylized initial 'S' followed by a horizontal line that loops back under the 'S'.

SIMON DARMODY
WHOLESALE SUPPLY & RECONCILIATION MANAGER

Appendix A: Comments on proposed Code amendments

Reference number for amendment you are submitting on:	084-003, 002-004, 078-007, 087-009, 089-010, 046-011, 049-013, 093-014, 050-015, 069-017, 074-021, 003-022, 007-024, 005-026, 082-028, 013-029, 015,030, 004-031, 091-032, 017B-033, 024-034, 025-035, 027-036, 028-037, 017A-038, 041-039, 045A-040, 094-041, 056-042, 057-043, 059-044, 061-045, 064-046, 095-047, 096-048, & 076-049.
<p>Amending the “use-of-system” definition, removal of auditor obligations, installation and modification of metering installations, recalibration requirements for installation of category 1 metering installations, remedying an event of default, information a metering equipment provider must provide to the registry, requirement for the Authority to publish a centralised data set, revocation of distributor indemnity, prudential security requirements, publication of Code breach reports from the reconciliation manager, quantification errors and metering interrogation systems, amending the definition of “approved test house”, replacing the definition of “distributor”, amending the definition of “energisation” and “de-energisation”, amending the definition of “metering installation”, amending the definition of “special protection scheme’, amending the definition of “value of expected unserved energy” and related clauses, amending the definition of “sub-station dispatch groups” and provisions regarding block security constraints and station security constraints, clearing manager to determine wash up amounts payable and receivable, audit provision ambiguity, obligation to keep metering records, modification of metering installations, requirements for certifying metering installations that incorporate meters and data storage devices, category 1 metering installation inspection requirements, audit provision ambiguity, approval of valid switch response code, revocation of redundant transitional provisions from Part 12A, registry metering records: settlement indicator, publication of report relating to grid emergency, exchanging information that relates to auctions through the information system, spot price risk disclosure statements, application for approval for a dispatch capable load station, preparation of dispatchable load information by dispatchable load purchasers, functions requiring certification – provision of metering information to grid owner, functions requiring certification: subclause (1)(d), (da), and (db), & rounding of submission information.</p>	
Answers to Questions 1-2 and 4-6:	
Yes.	
Answer to Question 3:	
We have no comments.	

Reference number for amendment you are submitting on:	008-002 (Replacing the definition of “embedded network”).
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Yes.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
Point (a) could be made clearer if redrafted as: “is not directly connected to the grid”.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Yes.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority’s statutory objective in section 15 of the Electricity Industry Act 2010.	
Yes.	

Reference number for amendment you are submitting on:	020-005 (Requirements for distributors in relation to recertified NSPs that are not points of connection to the grid).
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
No.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
No.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
<p>No. A change to the registry's functionality should be made to enable metering to be added to the registry where a network supply point (NSP) is already represented by a LE ICP on the registry.</p> <p>The only non-grid connected NSPs which should require an addition to the register are interconnection points.</p> <p>Changing the Code in this way would remove the need for the embedded network owner to translate ICP information for the related NSP.</p>	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
No. Please see response to Q3.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
N/A.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
No. We do not believe the option for embedded network NSPs to utilise LE ICPs on the registry has been adequately considered.	

Reference number for amendment you are submitting on:	022-006 (Energising a point of connection that has not previously been energised)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Yes.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
No.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Yes. The change will reflect current market practice so, arguably, estimated costs may have been overstated.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
Yes.	

Reference number for amendment you are submitting on:	047-012 (Publication of Transmission Agreements)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
<p>We support a list of transmission agreements and explanations of variances with the benchmark being made available. An explanation of each variation will ensure consistency with the benchmark agreement and other parts of the Code. We question, however, the additional benefit to enabling any person to require a copy of the transmission agreements. It is not appropriate for the documents themselves to be made publicly available because there are commercially sensitive aspects to variations and the specific schedules attached to each agreement. For the avoidance of doubt, we also suggest that the proposed amendment clearly exclude any agreements that are not based on a benchmark agreement, such as customer investment contracts.</p>	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
Refer response to Q2.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Refer response to Q2.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Refer response to Q2.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
Refer response to Q2.	

Reference number for amendment you are submitting on:	051-016 (Electricity Information Exchange Protocols(EIEPs))
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Refer response to Q3.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
<p>Because of the extent of the process/costs that can be involved in amending a UoSA, we request the amendment is drafted to also provide for parties to agree alternatives to newly publicised EIEP reports in writing. This could be achieved by amending draft clause 12A 14(3) or 12A14(2) to incorporate the wording "by mutual agreement in writing". We also request the Code is amended to require the registry hub is used to transfer files between parties unless both the trader and network owner agree otherwise. By setting the default transfer method as the registry hub, this will ensure the security of file transfers and a standardised method is used by all parties.</p>	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Refer response to Q3.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
Refer response to Q3.	

Reference number for amendment you are submitting on:	070-018 (New Zealand Daylight Time adjustment techniques)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Yes.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
We consider the ongoing need for NZST is questionable and its inclusion should be reconsidered.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Yes.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
Yes.	

Reference number for amendment you are submitting on:	071-019 (Certification of reconciliation participants)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Mostly agree.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
We consider a size threshold (e.g. 1000 ICPs) should apply for a grace period to be granted. We also consider proposed changes to clause 15.38 1(a) could be clearer if framed around ICP switching. Note this will also have implications for clause 11.1(b).	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Yes.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
Yes.	

Reference number for amendment you are submitting on:	072-020 (Publishing lists of certified reconciliation participants)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Refer response to Q2.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
<p>No. While clause 6(b) may be of questionable value at present, this may not continue to be the case should the use of agents by reconciliation participants increase. It could also provide the Authority with an important platform for tracking agents under new consumption data/tariff data arrangements. Because no list made available currently, it is difficult to verify the Authority's claims that the information is of limited value. We question why the provision, as pre-existing Code requirement, requires any changes to the Authority's retail audit database, and the scale of the \$50,000 claimed for system changes.</p>	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
Refer response to Q2.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Refer response to Q2.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Refer response to Q2.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
Refer response to Q2.	

Reference number for amendment you are submitting on:	079-008 (Measurement of reactive energy on category 2 metering installations)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Yes. We request the Authority also investigates further the process and methodology for determining which customers should have reactive energy monitoring activated and Power Factor charges applied following a meter's installation. We consider the initiator of the activation request in this instance should also carry the setup costs and lead the communications with the various parties. This will aim to promote consistency across the networks and reduce unnecessary costs to traders and MEPs.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
No.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Yes.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
Yes.	

Reference number for amendment you are submitting on:	083-025 (amending the definition of “electricity supplied”)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
No.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
No.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
No.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
No.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
No.	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
No. We believe the status quo is preferable.	

Reference number for amendment you are submitting on:	097-001 (Replacing the definition of “contract for differences”).
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
<p>No. The Authority has rightly identified that an increase in disclosure is required because of changes to the ASX rules, however, it does not consider the policy behind the disclosure process. We think that the current process already drives unnecessary cost into a participant's business. The proposed change will only exacerbate this cost.</p> <p>We suggest that the industry continues to voluntarily disclose ASX trades until a broader review can be completed.</p>	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
<p>No. The solution should also consider ways to make increased costs less onerous, including to remove the process for providing a statutory declaration.</p> <p>As above, we suggest that the industry continues to voluntarily disclose ASX trades until a broader review can be completed.</p>	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
<p>Yes. The proposed drafting should also remove the process for providing a statutory declaration.</p>	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
<p>No. The Authority identifies that increased disclosure will increase costs. Those increased costs can be mitigated to an extent by removing the process for providing a statutory declaration. In our view there would be no reduction in quality of the data received by the Authority if this was to occur. The Authority has an extensive auditing right to check trade information if it chooses. The mere presence of an audit right is an incentive for participants to provide accurate data.</p>	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
<p>No.</p>	
Question 6: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	
<p>No. The proposed drafting should also remove the process for providing a statutory declaration.</p>	