



14 August 2015

Submissions
Electricity Authority
By email: submissions@ea.govt.nz

Code Review Programme 2015: Consultation paper

Meridian appreciates the opportunity to comment on the above consultation paper.

Meridian agrees with the majority of the amendments proposed.

To summarise our other feedback:

- Because of the extent of the process and costs that can be involved in amending a use-of-system (UoSA), we request proposed information exchange protocol (EIEP) – related clauses are adjusted to also allow parties to agree alternatives in writing.
- We are unsure of the additional benefit from the Authority's proposal to require the release of transmission agreements. We also consider the proposal could involve risks in terms of the extent of the information it could require to be made available. Meridian requests further work is undertaken on this suggested change.
- Further consideration is required as to whether the clause 15.38 provision for a three month certification 'grace period' should allow for exceptions where ICPs held exceed a certain limit (e.g. 1000).
- We support the Authority's proposal to no longer require the publication of a list of agents used by certified reconciliation participants and other suggested Schedule 15.1 clause 6 amendments. We agree the existing provision is of questionable value and consider the Authority's (maximum) cost estimate of \$50,000 for relevant system changes to be of concern. Its narrow focus on the publication of agents of certified reconciliation participants limits the possibility of broader use (to implement a decision to disclose information on price comparison agents, for instance).
- In contrast to the Authority's suggestions, proposed amendments regarding quantification errors and metering interrogation systems will have significant systems implications for some reconciliation participants. We would like to understand more from the Authority and other industry participants on potential operational implications involved.

- Meridian disagrees that proposed changes to the definition of electricity supplied can be characterised as “minor”, like the Authority has claimed. We consider fuller consultation is needed on the changes proposed.
- Proposed changes to the “event date” definition require some modifications to address potential unintended consequences from the original wording proposed.
- We request the Authority’s proposals regarding schedule 11.4, Table 1 (registry metering records, settlement indicator) are revisited as part of more detailed work that also considers longstanding issues in relation to the switching of ICPs where settlement may occur in different ways.

Appendix One provides fuller comments on items discussed above.

If you have any queries regarding this submission please contact me.

Yours sincerely,



Alannah MacShane
Regulatory Analyst

DDI 04 381 1378
Mobile 021 941 443
Email alannah.macshane@meridianenergy.co.nz

Appendix One – Meridian responses to consultation questions

Reference number for amendment you are submitting on:	097-001 (Amending the definition of “contract for differences”)
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?	
Bolded term “Derivatives exchange” is not defined.	
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:	047-012 (Publication of information about transmission agreements)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Mostly. Please refer our Q2 response detailing specific concerns regarding the proposed requirement for agreements to be made available on request	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Meridian agrees with having the Code require that Transpower releases a list of transmission agreements and explanations of variances with the benchmark. While not made entirely clear in the paper, the proposal would be a change from current arrangements which involve the release of certain information by Transpower but not agreements themselves. We consider the proposal carries with it risks that it could require the (inappropriate) release of commercially sensitive information and we are unclear from the Authority's analysis what the additional benefit would be from the change. We request the Authority undertakes further work on this aspect of its proposals, if necessary as part of a phased approach that progresses other elements earlier.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
Refer Q2 response.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Refer Q2 response.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Refer Q2 response.	
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 Q2 response.	

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?	
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".	
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.	
<p>Mostly agree.</p> <p>We agree it is important, like the paper suggests, to have the arrangements provide the Authority with the confidence it needs to grant certification. With the Authority indicating in the paper that it 'often' allows a three month grace period currently (implying there are some instances where it doesn't), we question whether this suggests the Code should allow for exceptions to be made where a participant's ICPs are above a certain level (e.g. 1000 ICPs). This would allow, for instance, the Authority to apply a different approach (where appropriate) for entrants that rapidly acquire ICPs in reasonable volumes.</p>	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
<p>For clarity, we consider it could be better to have proposed changes to 15.38(1)(a) refer to customer and generator <i>ICP</i> switching. We also consider the changes will require adjustments to clause 11.1(b), which also adopts the term "embedded generator" switching.</p> <p>See also Q2 response.</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?	
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.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Yes. We agree with the Authority's assessment that the requirement to publish a list of agents used by certified reconciliation participants is of questionable value and should be removed. Its narrow focus on agents used by reconciliation participants limits its potential for broader uses (implementing a decision to disclose information on price comparison service agents, for instance).	
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:	074-021 (Quantification errors and metering interrogation systems)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Unsure. Refer response to Q3.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Unsure. Refer response to Q3.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
This appears to be a new obligation that, contrary to the EA's suggestions, will have significant system implications for some reconciliation participants. We would like to understand more about the Authority's reasoning for its claims that the proposed change reflects standard industry practice. We will also be interested to see more about the potential operational implications involved from submissions.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Unsure. Refer response to Q3.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
Unsure. 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.	
Unsure. Refer response to Q3.	

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.	
Yes, although we consider the extent of confusion current provisions create will vary across participants.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Unsure.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
Unsure.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Unsure.	
Question 5: Do you agree the benefits of the proposed amendment outweigh its costs?	
We disagree with the Authority's claims that the change is minor and request fuller consultation is undertaken	
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.	
Unsure.	

Reference number for amendment you are submitting on:	009-027 (Amending the definition of “event date”)
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>The wording proposed could have the unintended consequence of requiring the earlier date to apply for ICPs re-gained through a switch. This could be addressed through the following amendment:</p> <p>Event date, in relation to an ICP, means:</p> <ul style="list-style-type: none"> (a) in respect of Schedule 11.3, the date on which the gaining trader commences trading electricity at the ICP; or (b) in respect of clause 11.18(1), the date on which the gaining trader otherwise assumes responsibility for the ICP. 	
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:	045A-040 (Registry metering records: settlement indicator)
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Mostly yes, although we are unsure whether the current use has been identified correctly.	
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?	
Refer response to Q6.	
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?	
Unsure.	
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.	
Unsure. We consider further detailed work is required that also considers longstanding issues in relation to the switching of ICPs where settlement may occur in different ways.	