

7 November 2017

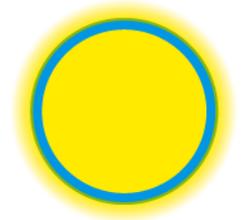
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POWERCO



Consultation on data and data exchanges for market transactions

Powerco welcomes the opportunity to comment on the Electricity Authority's consultation issued on 26 September 2017. Our responses to the consultation questions are appended to this letter.

If you wish to discuss our submission, please contact Andrew Kerr (andrew.kerr@powerco.co.nz).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Fletcher'.

Richard Fletcher
General Manager Commercial and Regulatory

Appendix A: Responses to consultation questions

<p>Q1. What inaccuracies in data and data exchanges have you experienced, for what reasons, and with what impact?</p>	<p>We support the principle improving the accuracy of market data.</p> <p>One example of a perpetuated inaccuracy relates to metering configuration. There is often confusion across participants about the correct configuration. Even with improvements proposed earlier this year, there is nothing preventing a mismatch (intentional or in error) between the physical configuration and the representation on the registry. The impact is resource time identifying and attempting to rectify the mismatches with affected parties.</p>
<p>Q2. What are the types of benefits and the costs of being able to reduce settlement periods between industry participants?</p>	<p>No comment</p>
<p>Q3. What are the types of benefits and costs of more standardisation in data and data exchanges?</p>	<p>We support the principle of standardising data, so long as it does not compromise the ability of the industry to evolve in a timely and cost effective manner. Rather than attempt to pre-specify this, we support an approach involving regular review.</p> <p>In terms of types of costs of standardisation, our concern is the cost of system changes and associated peripheral implementation tasks eg documentation, testing, staff resource. Feasibility via a sensible implementation timeframe is important too – more time can not always be bought.</p>
<p>Q4. What are the types of costs and the benefits of using more accurate available data for settling transactions?</p>	<p>As described in the paper, this appears to be an issue primarily affecting traders. The sector is moving towards using detailed data more often. As a general principle, we support its use when it's cost-effective to do so because decisions are unlikely to be worse than those based on coarse data.</p> <p>We will be interested to see what issues are preventing retailers from using this data and what the incentives are. For example, should new retailer and/or new switches be compelled to use half-hourly data when it is available?</p>
<p>Q5. What changes may be required to allow more buyers and sellers of products and services can access the industry's data systems in the future?</p>	<p>There's the potential for more data flows and storage if markets for new services develop. The industry needs to take an "eyes wide open" approach to the potential systems costs required to enable these changes.</p>
<p>Q6. What are the risks to security of data exchange and consumer privacy from more participants exchanging more data?</p>	<p>Secure data management is essential to industry operation.</p> <p>Security extends beyond the scope of data flows the EA is considering here. For example, the National Cyber</p>

	<p>Security Centre (NCSC) focuses on the protection of critical infrastructure providers. With the assistance of industry partners, it developed the NZ Cyber Security Voluntary Standards for Industrial Control Systems.</p> <p>In terms of data, an industry agreement on a base level of cyber security requirements is worth considering. This would provide clarity to new participants when developing their IT systems and controls. We expect that central repositories will have data validation policies and processes, mitigating the risks relating to corrupted data.</p>
<p>Q7. What is your view of the Authority's overall impact assessments of the potential problems facing the electricity industry today and in the future (Table 3)? Use the Impact Assessment template in Table 10 (Appendix A) to note any changes.</p>	<p>The red/amber/green approach might be better used a monitoring situation. A potential use is for the Authority to clearly outline the dimensions of the potential problems and monitor the current and forecast state of the industry against them.</p> <p>In their current state, the assessments don't assist with understanding the relativities or timing of potential impacts, or relative prioritisation across the issues. The actual costs and benefits are what matter, both within a project and between projects, along with certainty of the estimates and the timing of change.</p>
<p>Q8. What other potential problems do you think impact data and data exchanges for market transactions? Use the Impact Assessment template in Table 10 (Appendix A).</p>	<p>In addition to system costs, industry protocols will have to address situations where the parties in Figure 2 have multiple roles.</p>