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TRUSTPOWER SUBMISSION: DATA AND DATA EXCHANGE FOR MARKET TRANSACTIONS

1 Introduction and overview

- 1.1.1 Trustpower Limited (**Trustpower**) welcomes the opportunity to provide a submission to the Electricity Authority (**the Authority**) on Data and Data Exchange for market transactions (the **Consultation Paper**).
- 1.1.2 We understand the Authority is seeking views on what improvements may be required to reduce inefficient barriers to innovation and encourage more participation. In particular, the Authority is interested in participant's experience of processing and using the electricity data and the ease of exchanging electricity industry data.
- 1.1.3 As noted by the Authority, this important question is being addressed by a number of its current work-streams. We anticipate that the feedback provided on the Consultation Paper will be considered within this broader context, and not just in terms of identifying what changes may be required to make sure the data systems can manage the expected changes to the industry.
- 1.1.4 Our feedback is provided from this perspective and should be considered in conjunction with our recent comments on the Authority's recent *Consultation Paper: Enabling mass participation in the electricity market*, where we noted that there is no need for a major reform to the overall market design to enable mass participation to occur at this time¹.

2 Trustpower's views

- 2.1.1 We support the Authority in considering what changes could be made to improve data and data exchange arrangements in the electricity market and consider that there are:
 - a) Some improvements to the current arrangements that should be progressed at this time.. These matters are outlined in our response to the specific questions posed in the Consultation Paper (Appendix A); and

¹ Refer to <https://www.ea.govt.nz/development/work-programme/evolving-tech-business/enabling-mass-participation/consultations/#c16454>

- b) Broader matters relating to the markets data and data exchange arrangements that require a more holistic consideration. For example, developing a framework for the protection of information and considering a more centralised approach to data management in the future. These two specific matters are explored in the following sections.

2.2 Development of a framework for protection of information

- 2.2.1 We consider that it is fundamentally important to have a discussion upfront around how to make sure the right frameworks for the protection of information are established. This will ensure appropriate security and privacy arrangements are put in place to protect customers and safeguard the efficient and reliable operation of the electricity market.
- 2.2.2 As part of this discussion, it would be valuable to assess whether the current protections are fit for purpose and then use this as a starting point for the identification of the necessary components of an appropriate future framework.
- 2.2.3 Likewise, it would be valuable to develop some guiding principles around the use of data, which can be applied going forward. For example, we consider that it would be useful to clarify upfront what purposes data will be used for and then ensure that this applied going forward, otherwise there is a risk that data may not be used appropriately and that privacy issues may arise. Appropriate governance arrangements for a change in the stated use of data would need to be developed to support this.
- 2.2.4 We encourage the Authority to work directly with the industry in considering these important matters.

2.3 Consideration of a centralised approach to data management

- 2.3.1 While we acknowledge the Authority's view that it is not possible to say exactly how the market will evolve, we note that the industry's data systems² may need to adjust in the future to accommodate more buyers and sellers. In considering the direction that the industries systems will need to evolve, we note that it is likely a more centralised approach will be explored, similar to that adopted in Australia's National Electricity Market, as an option for replacing the current more fragmented approach adopted in New Zealand.
- 2.3.2 We note that in considering a centralised approach to data management, it will be important for the Authority to work directly with industry and ensure that sufficient time is allowed for the design phase if this pathway for the evolution of the industry's systems is adopted.
- 2.3.3 To ensure that a workable, least cost solution is developed we recommend that:
 - a) A comprehensive review of how the arrangements work in other markets (both local and international) is undertaken. This should focus on protocols, governance arrangements, requirements for retailers, data privacy, data integrity and around liability if data is not accurate. The outcomes from this review should help inform and detailed design process. We also suggest that the newly established Market Development Advisory Group (**MDAG**) would be well placed to provide advice during this process as it's likely that a number of important design matters will be identified (this is explored further in the next section); and
 - b) A cost-benefit assessment is undertaken and consulted on with industry, prior to the Authority making any decision to adopt a centralised approach to data management.
- 2.3.4 It will be important that an appropriate lead in time for any major system changes (both at a market and participant level) is provided if a more centralised approach to data management is adopted in the future. This will be vital for ensuring that participants can operate under the new

² We assume that in discussing the data systems for the Industry that this includes the registry

arrangements, particularly given a number of participants use the same technology provider for data management, and ensure that any business decisions are made within the interim period align with this new direction for market.

2.3.5 Further details of our views around a centralised approach to data management are captured in our response to Question 5 in Appendix A.

2.4 Use of Working Groups during this process

2.4.1 To ensure that the matters identified during this consultation process are given due consideration from a variety of perspectives, we recommend referral to the newly established MDAG. Likewise, we consider that the MDAG should provide advice on the design of a more centralised approach to data management, if this pathway is adopted by the Authority in the future.

2.1.3 We also believe there could be value in establishing a more operational Data Cleansing Working Group to ensure registry data is standardised and accurately cleansed as part of this process. This would assist in contributing to the success of the data system under the current arrangements and provide an easier platform from which the approach would evolve over time.

2.1.4 For any questions relating to the material in this submission, please contact me on 07 572 9888.

Regards,



HELEN TAYLOR
DATA QUALITY ANALYST

Appendix A: Responses to consultation questions

Question	Response
<p>1. What inaccuracies in data and data exchanges have you experienced, for what reasons, and with what impact?</p>	<p>1.1 The number and extent are too numerous to list; however we consider that what is critical is that all Participants accurately maintain their data on the registry.</p> <p>1.2 As Traders, we operate in a highly competitive market. Inaccuracies at an ICP level, involving Network load groups and Metering information, directly affect our costs and usually flow through to inaccuracy in what consumers are invoiced. The costs to Traders in dealing with consumers, that have been incorrectly invoiced, is significant. Once the issues are resolved, the consumers often switch to a new Trader. The switching of a consumer has no financial impact on either the Distributor or the MEP. Distributors providing an inaccurate or incomplete data to traders for shutdowns also poses a major risk when dealing with venerable customers.</p> <p>1.3 We consider that the Authority has enough existing tools, within the Code and the Audit regime, to enforce accuracy levels. We also consider that the Authority should focus on ensuring that the registry is accurate, as at today, rather than going back and trying to update historical inaccuracies.</p>
<p>2. What are the types of benefits and the costs of being able to reduce settlement periods between industry participants?</p>	<p>1.1 We do not consider there is a benefit with regard to Distributor reconciliation.</p> <p>1.2 We have a growing issue around subjective Distributor pricing (referred to as “subjective tariffs”) that adds significant costs to us as a Trader. To increase the frequency of invoicing and reconciliation along with subsequent wash ups, whilst dealing with the current levels of ongoing issues, would be challenging. Examples of subjective tariffs are:</p> <ul style="list-style-type: none"> • Holiday homes – Some Distributors check lawns and gardens for maintenance and compare the EIEP4 data against the Electoral Roll. The Holiday home may have the same connected capacity and even a similar

	<p>annual consumption level as the Neighbouring Residential property</p> <ul style="list-style-type: none"> • Low user eligibility - One Distributor believes if you have a large free standing shed, next to your dwelling, you must be running a business and not be a private residence. • EV tariff eligibility - Another Distributor requires the electric vehicle ownership papers match the EIEP4 file to be eligible for the EV tariff.
<p>3. What are the types of benefits and costs of more standardisation in data and data exchanges?</p>	<p>3.1 We see no benefit in trying to force more standardisation on Participants. This will simply add to the cost structures for a number of smaller existing Primary Distributors, who are currently struggling with the changes occurring in our industry.</p> <p>3.2 We also note that greater standardisation will not resolve the issue of having to deal with more and more embedded networks that are being created. This is a far bigger issue impacting on a Traders costs.</p>
<p>4. What are the types of costs and the benefits of using more accurate available data for settling transactions?</p>	<p>4.1 The Retail Electricity market is a competitive market. If the settling of HHR data, at a domestic level, was seen as a competitive advantage there is currently nothing stopping participants agreeing to do so. Allowing freedom of choice of how a Trader and a distributor settle data is the ultimate method of ensuring efficiency in the cost structure of both parties.</p> <p>4.2 We note that the requirement for Distributors to engage in an equitable manner with all Traders is the important principal to be adhered too. A significant number of Distributors do not have the systems or capability to deal with HHR data at a domestic level. It also needs to be remembered that HHR data will not be available, or be cost effective, to between 5-10% of domestic ICPs, therefore existing reconciliation methods will still need to be maintained.</p>
<p>5. What are the risks to security of data exchange and consumer privacy from more participants exchanging more data?</p>	<p>5.1 We recommend that the initial focus of the Authority should be on the current accuracy of data in the market. This will enable a number of “low hanging fruit” to be addressed by the market, for example addressing delays in switching,</p>

	<p>improving billing accuracy, reducing UFE, streamlining outage notifications by network companies (which can have implications for vulnerable customers), improving timeliness and accuracy of submissions. This will also ensure that prior to making any revolutionary changes to the arrangements for the industry's data systems that all those underlying issues have been adequately addressed.</p> <p>5.2 Our views regarding the move to a more centralised approach to data management in the medium/long term are outlined in section 2.3 of this submission.</p>
<p>6. 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 change.</p>	<p>6.1 No specific comment, however we note that what we are considering to be low impact vs high impact is very subjective. See Table 10.</p>
<p>7. 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>7.1 See Table 10</p>
<p>8. 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>8.1 See Table 10</p>

Table 10: Impact assessment template for submission

-  High Impact
-  Medium Impact
-  Low Impact

Possible matters to be considered		Competition Impact	Reliability Impact	Efficiency Impact
6.1	No comment. Once again subjective in what you consider is low impact and what is High impact.			
7.1	As outlined above a significant issue is the number of Embedded Networks that Traders have to interact with. The cost of provisioning data and processing invoices for Network costs for, in most instances, only one or two ICP's is not in the interests of the end consumer. In addition, the capability of the Secondary Network Owners to engage effectively with traders is usually severely limited.			
8.1	The number of existing Primary Networks and the limited capacity for a number of them to deal with HHR data adds to the complexity of our industry. Before we envisage a world of additional complexity at a domestic consumer level, we need to address this issue.			