

13 November 2018

Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington

VECTOR LIMITED
101 CARLTON GORE ROAD
PO BOX 99882
AUCKLAND 1149
NEW ZEALAND
+64 9 978 7788 / VECTOR.CO.NZ

Submission on the Switch Process Review Issues Paper

Introduction

1. This is Vector Limited's (Vector) submission on the Electricity Authority's (the Authority) issues paper on the *Switch Process Review* (the Issues Paper), dated 4 September 2018.
2. We set out below our comments on some of the issues raised in the Issues Paper relating to the process of switching ICPs between traders (including retailers), and between distributors, under the *Electricity Industry Participation Code 2010* (the Code).
3. No part of this submission is confidential. Vector's contact person for this submission is:

Luz Rose
Senior Regulatory Specialist
Luz.Rose@vector.co.nz
Tel 04 803 9051

Switching ICPs between traders

4. Vector acknowledges the various issues identified in the Issues Paper in relation to the switching of ICPs between traders. In our view, improving the efficiency of this process would have a direct and immediate benefit for electricity consumers by making the process of selecting the services they prefer easier, timelier, and less costly. This promotes retail market competition and participation, product and service innovation, and consumer choice.
5. Our smart metering business provides half-hourly electricity consumption data to multiple traders across New Zealand. We would be happy to provide information or insights that would assist the Authority's development of options to improve the efficiency of the switching process between traders.

Switching ICPs between distributors

6. Vector generally agrees with the inefficiencies identified under Issue 18 of the Issues Paper, which relate to the process of switching ICPs between distributors.
7. Our electricity distribution business has faced the following issues under existing Code arrangements:
 - a. The current process requires all parties that will be impacted by the switch to agree to the switch. This has caused issues when:
 - 1) Traders do not respond in a timely manner. In some instances, we (as a distributor) had to push back the transfer dates due to delays.

- 2) A trader refuses the switch. There appears to be no clear rules around when, or the circumstances under which, a trader can refuse the switch.
- b. At present, there is no clear mechanism for rectifying a situation where ICPs are created against the wrong network. The process of correcting such an error in the registry can take months to complete. In addition, a trader can refuse for the correction to be made, creating a barrier to the resolution of the issue.
- c. It cannot be determined from the registry whether a switch between distributors is in progress or is pending. There are instances where approval from the trader has been obtained, but then the ICP is switched to a new trader before the pending distributor switch is completed. This causes issues not only for us (the distributor) as further approval is required, but also for the gaining trader whose offer to the customer may have been based on the old distributor's pricing offer.
- d. Inefficiencies are also created in these circumstances:
 - 1) The distributor needs to manually complete a request form and produce a DS-010 file, which is essentially the information copied from the registry with a few changes.
 - 2) Once the transfer of ICPs between distributors is complete, the distributor needs to send an email to the affected traders confirming that the switch is complete.
8. In our view, the automation of the above processes (similar to the approach used for switching ICPs between traders) would significantly improve the efficiency and accuracy of the process of switching ICPs between distributors. This would result in fewer errors and lower transaction costs for the relevant market participants and their customers.
9. As part of further informing and progressing the *Switch Process Review*, we suggest that the Authority undertake a cost-benefit analysis of the automation of the above processes. The analysis could include how future costs should be fairly allocated between the relevant market participants that are likely to benefit from the process improvements.

Concluding comment

10. We are happy to discuss with the Authority any aspects of this submission.

Yours sincerely
For and on behalf of Vector Limited

A handwritten signature in blue ink, appearing to read "Richard Sharp".

Richard Sharp
Head of Regulatory and Pricing