

17 December 2019

Submissions
Electricity Authority
Level 7, Harbour Tower
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Wellington



By Email
SwitchProcessReview.submissions@ea.govt.nz

Dear Submissions Administrator

“Issues and Options Paper— Switch Process Review”

Nelson Electricity Limited, welcomes the opportunity to contribute to the Switch Process Review.

While the main focus in the Discussion Paper revolves around retailer switching, this submission mainly highlights areas of the Registry that introduce operational inefficiencies from a distributors perspective and provides low cost solutions for consideration.

Q2. Are there any issues not raised in this paper that you consider should be investigated? Please identify these other issues and give reasons why they should be investigated.

1. New Retailer trading on Distribution Network.

Issue:

Currently the Registry rules allows for any new retailer to acquire customers on a distribution network without having a Use of Systems Agreement in place. A distributor would only recognise this event has occurred when identifying a new retailer Participant Code is already assigned to an ICP and trading.

Solution:

A solution could be for the Registry to be modified so distributors can select the retailers who have completed the Use of System Agreement process and satisfied prudential requirements before they can start acquiring customers. This will remove any risk of retailers trading on the wrong distribution network.

2. Risk of ICP's Inactive for Greater than 6 Months being reconnected without Electrical Certificate of Compliance.

Issue:

Any connection that has been in an inactive state continuously for greater than 6 months must have an Electrical Certificate of Compliance (COC) sighted prior to re-enlivening. A retailer can make active an inactive ICP at any stage especially if disconnected remotely by AMI meter. A retailer call centre person at the push of a button can re-enliven bypassing the COC requirement.

Solution:

Any ICP Inactive for greater than 6 months via remote controlled AMI meter (07) be locked out with Distributor having to agree to the change of state following the sighting of a current COC.

3. Decommissioning Sites Inactive for Greater than 6 Months.

Issue:

There are ICP's that after 6 months in an inactive state that should be decommissioned. A distributor cannot decommission until the retailer places an ICP into Ready for Decommissioning (06) mode. There is sometimes significant delay in this process.

Solution:

The Distributor given permission on Registry to change ICP into "Ready for Decommission" state after 6 months being Inactive.

4. Registry does not allow for "User Reference" changes only.

Issue:

There are occasions where there is a requirement for User Reference field to be changed without altering any other fields in a section. Nelson Electricity uses this field to describe a change at a certain date, even if there are no changes to other fields.

Solution:

Change the rules to allow User Reference changes without the requirement of altering any other field.

5. Retailers in Default.

Issue:

The time it takes to place smaller retailers in Default is too long and is hindered by the definition of "Serious Financial Breach" in Part1, 1.1, (1) of the Code. The issue is the existing criteria does not adequately capture small retailers in Default due to the high dollar value threshold. Distributors have to use the failure to comply with prudential conditions which adds additional time.

Solution:

Amending the interpretation of "Serious Financial Breach" in Part 1, 1.1 (1) of the Code will remedy this issue. A suggested wording change is highlighted:

serious financial breach—

(a) means a failure by a retailer—

(i) to pay to a distributor an amount due and owing that exceeds the greater of \$100,000 or 20% of the actual charges payable by the retailer for the previous month, unless the amount is genuinely disputed by the retailer; or

(ii) to pay 100% of the actual charges payable by the retailer for the previous month, unless the amount is genuinely disputed by the retailer; or

(iii) to comply with the prudential requirements under a use-of-system agreement between the retailer and a distributor; but

(b) does not include a failure by a retailer to comply with prudential requirements to the extent that the prudential requirements exceed what is permitted under clauses 12A.4 and 12A.5.

I am happy to discuss any aspect of this submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Phil Goodall', with a large, sweeping flourish underneath.

Phil Goodall
General Manager