



Corporate Office

Powerco Limited

Level 2

NPDC Civic Centre

84 Lizardet Street

Private Bag 2061

New Plymouth 4342

☎ 0800 769 372

🌐 powerco.co.nz

17 December 2019

Submissions
Electricity Authority
Level 7, Harbour Tower
2 Hunter Street
Wellington

By email: submissions@ea.govt.nz

Powerco submission on *Switch Process Review* (October 2019)

Powerco appreciates the opportunity to comment on the Electricity Authority's *Switch Process Review* consultation paper.

We welcome the Authority's efforts towards making continued improvements to the Electricity Industry Participation Code (the Code).

The lens we have applied for our submission is how the proposals might work in practice. Because the issues are technical in nature and they potentially have several solutions it is difficult to determine the best option for the industry. To assist the Authority in understanding the implications for distribution businesses we would be happy for our specialist to meet with the Authority to talk through the details of the issues and the proposed solutions.

Our position on the Authority's proposals is:

- We support the Authority's objective to improve the ICP switching process
- We think the Authority may have underestimated the impact on participants. In particular, we expect participants systems and processes to be highly affected
- We do not support all facets of the current proposal and so we have commented with suggestions that we believe will promote better outcomes.

Attachment 1 provides our feedback by answering the questions in the consultation paper. If you have any questions on this submission, please contact Nathan Hill (Nathan.Hill@powerco.co.nz).

Yours sincerely

A handwritten signature in black ink, appearing to be "AK", written over a light blue horizontal line.

Andrew Kerr
Head of Policy, Regulation, and Markets

Attachment 1: Powerco's response to the consultation paper questions

Table 1: Issue 16 - Delays updating the registry with the nominated trader at a new ICP may delay meter installation / electrical connection

| | |
|--|--|
| Issue 16 | |
| Question 6: Do you agree with the description of the issue? Please give reasons. | |
| Yes – we agree with the description of the issue | |
| Question 7: How material is this issue? | |
| We agree that this issue is causing inefficiencies for participants. | |
| Question 8: Where there are multiple options, rank your preference for the options starting at 1 for preferred. | |
| No comment. | |
| Question 9: Are there any advantages or disadvantages that are not included for each option? | |
| As per question 10. | |
| Question 10: Are there any foreseen implementation issues? | |
| <p>This change will impact distribution businesses. We anticipate that the proposed solution may cause issues for distributors because:</p> <ul style="list-style-type: none"> Distributors' systems and processes might expect statuses to change in a sequential order, whereas the proposed solution would skip the "Ready" status. For example: <ul style="list-style-type: none"> ICP management systems and systems designed to populate pricing information may not function correctly if the "Ready" status is missed. Without further changes to the Code, traders may connect an ICP and attempt to move it to the "Active" status before pricing information is populated.¹ It removes a 'soft roadblock' for electrically connecting the ICP <ul style="list-style-type: none"> Maintaining an ICP at the "New" status can be used by the distributor to clearly indicate to the trader that the network is not ready for the ICP to be electrically connected. Our concern is that if a trader can move an ICP off the "New" status this may incorrectly present the network as complete and available for connection to the contractor on site. The worst-case scenario is a contractor livens a site before the network is ready, damaging the network and/or consumer equipment. | |

¹ The Authority should make it clear that an ICP cannot move to an "Active" status without pricing information being completed in Registry

We recommend that the Authority confirm there is unanimous understanding and consensus about the definition of the “New” status and the purpose it serves. Clauses 13 and 14 of Schedule 11.1 of the Code define the distinctions between “New” to “Ready” to include the physical state of the installation and network relating to the ICP. This contrasts with this consultation paper which describes the “New” status as simply lacking complete information from the distributor.

Clarifying the definitions of the “New” and “Ready” statuses in the Code is critical to resolving this issue.

Possible solutions

We have applied our thinking to alternative solutions.

Our preferred solution is to allow traders to accept ICPs at the “New” status because this would address shortcoming 1 *“Prohibiting a trader from assigning a new ICP identifier when it has the “New” status is operationally inefficient”* in the most direct and simple way.

Alternatively, the issue could be addressed by making the trader responsible for the ICP when the distributor names them as the 'proposed trader' in registry. This may necessitate a Code change to require the distributor to receive retailer acceptance for the ICP prior to populating the 'proposed trader' field in order to avoid traders being assigned obligations without their consent or knowledge.

Question 11: Can you give an indication of cost and benefit?

We expect that the system changes required to implement option 1 would impose costs on consumers (via distribution prices). These costs are difficult to quantify right now. We would be happy to test and discuss the potential cost implications with the Authority.

Table 2: Issue 20 - The process for switching ICPs between distributors is manual

| | |
|--|--|
| Issue 20 | |
| Question 6: Do you agree with the description of the issue? Please give reasons. | |
| Yes – we agree with the description of the issue. | |
| Question 7: How material is this issue? | |
| No comment. | |
| Question 8: Where there are multiple options, rank your preference for the options starting at 1 for preferred. | |
| No comment. | |
| Question 9: Are there any advantages or disadvantages that are not included for each option? | |

| |
|--|
| No comment. |
| Question 10: Are there any foreseen implementation issues? |
| We do not foresee any issues with this proposal. |
| Question 11: Can you give an indication of cost and benefit? |
| Our qualitative assessment is that the benefits of the proposal (efficiency gains from a streamlined process) will outweigh any costs that might accrue to the industry. |

Table 3: Issue 21 - Network extensions are not visible in the registry

| | |
|---|--|
| Issue 21 | |
| Question 6: Do you agree with the description of the issue? Please give reasons. | |
| We aren't aware of this issue causing meaningful problems or operational inefficiencies for participants. | |
| Question 7: How material is this issue? | |
| As per question 6. | |
| Question 8: Where there are multiple options, rank your preference for the options starting at 1 for preferred. | |
| No comment. | |
| Question 9: Are there any advantages or disadvantages that are not included for each option? | |
| As per question 10. | |
| Question 10: Are there any foreseen implementation issues? | |
| Yes – we have identified the following implementation issues with this proposal: | |
| <ul style="list-style-type: none"> • Adding a new field option in ICP management systems may be difficult and/or costly • Because the definition of 'network extension' is vague, identifying network extensions will be difficult and likely result in different interpretations being applied by participants • Maintaining this field adds more administration to ICP and Registry management | |
| Question 11: Can you give an indication of cost and benefit? | |
| Our qualitative assessment is that there are clear costs, but they are difficult to quantify right now. We would need to test our systems to determine the actual cost. We consider that the benefits of the proposal are uncertain. | |

Table 4: Issue 22 - Some ICP status changes part-way through a day cannot be accommodated by participants' systems

| | |
|--|--|
| Issue 22 | |
| Question 6: Do you agree with the description of the issue? Please give reasons. | |
| Yes – we agree with the description of the issues. | |
| Question 7: How material is this issue? | |
| No comment. | |
| Question 8: Where there are multiple options, rank your preference for the options starting at 1 for preferred. | |
| No comment. | |
| Question 9: Are there any advantages or disadvantages that are not included for each option? | |
| No comment. | |
| Question 10: Are there any foreseen implementation issues? | |
| We do not foresee any issues with the proposals. | |
| Question 11: Can you give an indication of cost and benefit? | |
| We do not envisage an increase in costs to Powerco if the proposals are implemented. | |