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Submission on the Switch Process Review

Introduction

1. This is Vector Limited's (Vector) submission on the Electricity Authority's (the Authority) discussion paper, *Switch Process Review – Issues with the ICP switching processes and possible options to address these issues*, released on 22 October 2019.
2. We appreciate the Authority's engagement with stakeholders on this consultation through a workshop on 20 November 2019 in Wellington.
3. We set out below our responses to selected consultation questions.
4. No part of this submission is confidential. Vector's contact person for this submission is:

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Responses to selected questions – general comments

Q1: Which, if any, of the 29 issues raised in this paper do you consider should not be investigated further? Please give reasons.

5. Vector believes the Authority should focus on switch process issues that have a material impact on the market, the resolution of which would deliver significant efficiency improvements or enable innovation and market development. The identification of such issues should be informed by robust evidence or statistics; for example, whether the issue that is brought to the Authority's attention is systemic or only affects a few market participants, or a rare occurrence.
6. We consider the above approach to be important in the context of the ongoing reforms/initiatives in the electricity sector. These include, among others, the prohibition of 'saves and win-backs' (as recommended by the Electricity Price Review Panel), the Authority's project to promote 'additional consumer choice of electricity services' (ACCES Project), and reforms in the wholesale market. These could have implications for the future structure and operation of the registry, i.e. some of the changes proposed in this consultation could become less relevant (or more relevant), or reversed, or modified over time.
7. In addition, we note the Authority's intention to move from annual reviews of the *Electricity Industry Participation Code 2010* (the Code) for technical and non-controversial (omnibus) amendments to six-monthly reviews. We support this initiative on the assumption that this would not delay the Authority's most important work programmes. The six-monthly reviews could capture any minor amendments required to deliver efficiency improvements in the switch process.

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?

8. We do not believe any additional switching issues need to be considered for this technical consultation, at least at this point of market development.
9. More broadly, the Authority should look into how consumer awareness of the switch process, and how the level of consumer participation in this process, can be improved.

Q3: Do you consider the ICP switching processes set out in the Code, together with the amendments discussed in this paper, are likely to remain fit for purpose over the next 10 years? Please give reasons.

10. Elements of the ICP switching processes will probably not remain fit for purpose over the next 10 years, given the emergence of new business models enabled by advances in technology, greater focus on consumers, and the presence of innovators who keep 'pushing boundaries'.
11. Optionality is important to ensure the registry can evolve with technological and market developments and facilitate industry transformation. This would ensure that the transition to any new registry arrangements would not be onerous on industry participants and would not stifle innovation that benefits consumers.

Q5: Should the registry be modified to enable event maintenance to be conveyed via an API (application programming interface)? Please give reasons.

12. We support the modification of the registry to enable event maintenance to be conveyed via an API. We note that APIs are no longer 'new' in the digital economy.
13. We generally support the adoption of new technologies and applications that can deliver faster delivery or response times, while ensuring that those who are not able to use (or choose not to use) them will not be precluded from participating in electricity markets or left with 'stranded investment'. One way of achieving this is to allow a reasonable transition period from the old to the new technology/application.

Responses to questions - selected issues

Q6: Do you agree with the description of the issue? Please give reasons.

Q7: How material is this issue?

Q8: Where there are multiple options, rank your preference for the options starting at 1 for preferred.

Q9: Are there any advantages or disadvantages that are not included for each option?

Q10: Are there any foreseen implementation issues?

Q11: Can you give an indication of cost and benefit?

Q12: Which, if any, options for changing the ICP switching processes do you consider should be fast tracked? Please give reasons.

Q13: Which, if any, options for changing the ICP switching processes do you consider could be implemented using a combination of a fast-tracked option, followed by a more substantial change at a later time. Please give reasons.

14. Our responses to the above questions as they relate to selected switch process issues identified in the discussion paper are set out below.

Issues associated with the trader ICP switching process

Issue 1: The actual trader ICP switch event date is delayed or is not as agreed.

15. Vector agrees that it makes sense for the 'gaining trader' to 'drive' the switch process in this case, including providing the meter read. The gaining trader faces a stronger incentive than the losing trader to ensure the switch is executed expeditiously.

Issue 2: Replacing/modifying metering installations on the trader ICP switch event date is difficult.

16. The options identified in the discussion paper to address Issue 2, including the Authority's preferred option, may have an adverse impact on metering equipment providers (MEPs). None of these options appear to provide sufficient protection for MEPs that have changed or modified equipment during a switch process that is subsequently reversed. We seek confirmation from the Authority that the cost recovery provisions under Part 10 of the Code also cover this proposed change.
17. In addition, an MEP would need assurance that it would not be in breach of the Code for interfering with a metering installation that is not its own during a switch process.

Issue 3: Gaining traders face difficulties ensuring accurate switch event meter readings for category 1, 2 and 9 metering installations.

18. Vector Metering intends to 'release' several service enhancements to the market in early 2020. We believe these enhancements, including providing daily reads to all retailers, will facilitate the implementation of the changes proposed to address Issue 3.

Issue 4: A gaining trader may face a delay receiving the first AMI meter reading for the ICP it has gained.

19. The provision by the registry manager of a copy of the switch initiation file to the MEP will allow the MEP to prepare to send a meter reading. However, the MEP would still be reluctant to send a meter reading until the switch is completed. This is because of the potential risk to the MEP associated with a switch reversal, as indicated in our response to Issue 2 around cost recovery.
20. Vector Metering considers the timeframes proposed by the Authority to address Issue 4 to be reasonable and should be able to meet those timeframes.

Issue 5: AMI switch event meter readings are not necessarily midnight meter readings.

21. We agree that traders not using available AMI midnight reads is operationally inefficient and can limit market competition and innovation. Vector Metering will be able to help address this shortcoming through the switch read modification that forms part of the service enhancements it intends to release to the market in early 2020 (indicative date of March 2020).

Issue 15: The replacement read process is inefficient.

22. Vector Metering can supply available meter readings to help address Issue 15 where there is authorisation by the relevant retailer.

Issue 17: A gaining trader puts obligations on the current trader by electrically connecting an ICP before the trader ICP switch completes.

23. We agree with the Authority's preferred option to address Issue 17 if the gaining trader:

- a. notifies the current MEP of its actions; and
 - b. indemnifies the current MEP for any Code breaches attributed to that MEP through no action of its own, e.g. the metering installation becoming uncertified.
24. For the current MEP to avoid committing an inadvertent breach, a gaining trader should not be allowed to interfere with a metering installation before a switch is completed. Otherwise, the metering installation will become uncertified and the current MEP will be in breach of the Code because of the gaining trader's action.

Issues associated with the distributor ICP switching process

Issue 20: The process for switching ICPs between distributors is manual.

- 25. We welcome the Authority's proposal to automate the process for switching ICPs between distributors, replacing the current manual process which is inefficient.
- 26. We seek clarity from the Authority on how a data correction will be managed under its preferred option.
- 27. We also seek confirmation that a trader cannot unreasonably withhold consent and effectively 'hold up' the completion of a distributor ICP switch.
- 28. Option 1 (section 5.23c in the consultation paper) mentions that the registry would validate the file, then send notifications to the relevant traders (asking them to accept or reject the proposed distributor ICP switch) and to the relevant MEPs. We suggest that the registry also send the same notification to the losing distributor for approval or rejection.

Issue 21: Network extensions are not visible in the registry.

- 29. We agree with the Authority's proposal to address the lack of visibility of network extensions in the registry. A new reconciliation type for ICPs connected to network extensions will benefit the relevant parties and improve the switching process in the long term.
- 30. Greater visibility of network extensions in the registry would enable Vector's distribution network to better identify the party responsible for faults in the future.
- 31. The Authority's preferred option to amend the Code to require distributors to allocate a reconciliation type to ICP identifiers in the registry for ICPs connected to network extensions would require changes to our system. We therefore need sufficient time to implement this option should it be pursued.
- 32. The Authority states that its preferred option has the disadvantage of requiring "distributors to ensure they know where network extensions are connected to their network..." (page 103 of the discussion paper). In our case, we will face the challenge of identifying and updating existing ICPs, especially the historical ones. It would therefore be reasonable for the Authority to provide sufficient time for distributors to identify and update those ICPs and ensure that distributors will not be subject to any penalties in the process of doing so. This would incentivise distributors to focus on, and undertake, this task efficiently rather than focusing on regulatory compliance to avoid penalties.

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

- 33. The Authority's preferred option to address the shortcoming of the transition from 'inactive' to 'decommissioned' occurring part-way through the day (Option 2) will require process

changes for Vector's distribution network. While we believe we can practically implement the proposed changes, we note that this would only partly address Issue 22, not fully resolve it.

34. An assumption has been made that the meter is removed on the same day the network supply is isolated; however, this is not always the case. The meter can be removed days after the network has already been isolated (e.g. overhead lines disconnected and cut away, fuses removed from pillar and service lines cut away), so even changing the decommission date to the day after isolation will not necessarily resolve the issue.
35. The Authority could consider allowing MEPs to add a removal event in the registry even when an ICP is in a decommissioned status. This is assuming the Authority still wants the decommission date to reflect the actual day that electricity can no longer flow.

Issues associated with the MEP ICP switching process

Issue 23: The provision of initial metering data to a trader is not always timely.

36. Vector Metering already backdates the meter readings it delivers to the switch event date (midnight of the day of the switch).
37. We believe we are already meeting the timeframes set out by the Authority under Option 2.

Issue 24: Meter reading file formats are not standardised.

38. Vector Metering has, over time, developed its own 'default' meter reading file formats. We can change those formats upon request by a retailer.
39. We suggest that the Standing Data Formats Group (SDFG) consider Issue 24 further. Vector Metering would be happy to engage with the SDFG and help identify options to address this issue.

Issue 25: The gaining and losing MEPs cannot use the same MEP event date for an MEP switch.

40. We agree with the Authority's preferred option (Option 2) to address Issue 25. We note that under this option, "removal events for registry metering records are automatically given the date immediately before the date of a metering event in which metering assets are removed".

Issue 26: Registry metering records do not differentiate between different types of metering.

41. We recognise how Issue 26 might cause a problem for some retailers but do not see the AMI flag as a suitable tool to address this issue. For the flag to work properly, it should be updated daily, which is not a practical solution.
42. In our view, Option 1 would be very clunky and unmanageable, and would introduce significant complexity to participants' systems. Option 2, although a little less complex than option 1, will still not solve the problem of accurately displaying whether a meter is communicating or not.
43. We suggest that the Authority and/or SDFG consider more practical options to address Issue 26 without stifling the introduction of new or improved services.

Issue 27: MEPs not updating the registry to record the removal of a metering component can cause safety issues and operational inefficiencies.

44. Recording the removal of a metering component would not be an issue for MEPs if they can record inter-day events in the registry - a task MEPs had previously been allowed to perform.

We therefore propose that the Authority 'reinstate' MEPs' ability to record inter-day events in the registry.

Issue 28: The time taken by some MEPs to update registry metering records affects ICP switching.

45. Vector Metering does not understand the extent of Issue 28 as no supporting data is provided in the discussion paper. The most recent audit (2019) for its mass market services shows that it was 92% compliant in this regard. The remaining 8% of instances of non-compliance were due to late nominations from retailers.
46. We suggest that the Authority provide further information indicating the extent of Issue 28.

Issue 29: Gaining MEP is unable to accept notification and update registry metering records.

47. Vector strongly agrees with Option 1 (the only option provided), which is to amend the Code to require traders to:
 - a. notify the registry manager on, or before, the date that the trader provides a service request to a gaining MEP to install, or modify, a metering installation at the ICP subject to the trader ICP switch; and
 - b. include an audit of this requirement in the trader's audit for reconciliation participant certification.

Concluding comment

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

Yours sincerely
For and on behalf of Vector Limited

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

Richard Sharp
Head of Pricing and Regulatory Compliance