

26 February 2018

Electricity Authority  
PO Box 10041  
**WELLINGTON 6143**

(by email to [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz))

### Submission on Multiple Trading Relationships

Please find attached Cortexo's response to the above consultation paper dated 28 November 2017. Cortexo appreciates the opportunity to provide input into this process.

The concept of multiple trading relationships is fundamental to increasing innovation and participation as it allows access by new and existing players to parts of the electricity supply chain that are currently unavailable to them. The relationship may not be the provision of retail market electricity but other services that may not be regular or frequent.

We were unable to add value to some of the questions as we felt that, as a "non" market participant operating on the periphery of the electricity supply chain, we lacked the detailed knowledge of process or cost.

We fully support the Authority with regard to this discussion and believe that the outcomes will be increased competition and innovation in the electricity market that will directly benefit consumers.

Yours faithfully,



**Terry Paddy**  
Managing Director

<b>Q1</b>	<i>How material are the constraints to consumers establishing multiple trading relationships at a single connection identified above?</i>
The single trader relationship at an ICP is an impediment to innovation. The trader who “owns” the ICP currently owns the customer and access to them. This can severely restrict access to other potential services that could be offered to the consumer. To have a conversation with the consumer requires quasi-permission from the existing trader which is generally not forthcoming. A perfect example of the difficulties can be seen in the interpretation made by some retailers to the rules requiring consumption data to be provided to properly authorised 3 <sup>rd</sup> parties (Section 11.32 of the Code).	
<b>Q2</b>	<i>Are there other constraints that prevent multiple trading relationships from efficiently occurring? If so, please describe them.</i>
There will be a necessary requirement, to protect the customer and market, to be some additional forms of market participant to create a trading relationship with a customer at an ICP. However, the services that are being offered that require the relationship may not be the provision of retail electricity but maybe ancillary services such as demand response, peak load management and frequency keeping (for the local network company perhaps). "One size fits all" labelling as a market participant may provide significant barriers, both financial and regulatory that will impede smaller 3 <sup>rd</sup> party service providers who are not involved in the retail provision of electricity.	
<b>Q3</b>	<i>What do you consider to be the benefits of multiple trading relationships?</i>
The ability to access <u>all</u> the market information about a consumer to be able to offer a tailored product or service. The ability to identify and create new services, to take fees and make payments to consumers for those services. To access information at the ICP level that, in the aggregate, can offer benefits to electricity transmission/distribution businesses and reward the consumer	
<b>Q4</b>	<i>What other services could be enabled by reducing or removing the barriers to multiple trading relationships?</i>
The benefits outlined in the consultation cover the broad range of potential new innovation or existing services that could be opened to more competition. There are also the benefits that come from potential unknown consequences (intended in this case) of making multiple trading relationships possible. We, like others, are working on potential new services that would be either enhanced or enabled by this ‘reform’.	
<b>Q5</b>	<i>What changes, if any would be needed to the switching and disconnection/reconnection processes if a consumer were able to have multiple retailers?</i>
Cortexo does not feel qualified to properly answer this question.	
<b>Q6</b>	<i>What other data exchange processes that have not been identified in this paper need to be changed to accommodate multiple trading relationships?</i>
The current data exchange system is technically quite archaic and leads to potentially untimely and inaccurate data. Part of the decision making on this project should look at the need to move to a more technically appropriate digital process such as centralised data and secure API access by approved parties.	
<b>Q7</b>	<i>How could the data exchange processes be modified to accommodate multiple trading relationships?</i>
Cortexo does not feel qualified to properly answer this question.	
<b>Q8</b>	<i>What other services, if any, would have to share costs between multiple users?</i>
Cortexo does not feel qualified to properly answer this question.	

<b>Q9</b>	<i>How could the cost of these services be shared amongst multiple users?</i>
<p>As previously mentioned a "one size fits all" labelling as a market participant may provide significant financial barriers that might impede smaller 3<sup>rd</sup> party service providers who are not involved in the retail provision of electricity, so a tiered approach to service providers might allow for costs to be allocated fairly. Also, any costs should not be passed through a single point to the consumer as transmission/distribution and retail energy are at the moment. Single pass through billing may give a market advantage to the billing party or may foster a lack of transparency as, for example, can be seen by those retailers who don't make distribution TOU tariffs visible to their customers (defeating the purpose of a demand price signal).</p>	
<b>Q10</b>	<i>Could consumer data be more efficiently shared with service providers that have a legitimate claim for access to their consumer's data? If so, how?</i>
<p>The implementation of the rules around access to meter data have caused significant concern and are continually raised by 3<sup>rd</sup> party service providers. It is the elephant in the room that is hampering innovation and competition while the established industry players defend their patch by introducing unwieldy processes or over baked claims about customer privacy. The recent <i>Lightening Lab Electric</i> innovation challenge, of which the EA was a supporter, showed clearly how access to meter data was stifling innovation.</p> <p>A number of 3<sup>rd</sup> parties have spent significant money with their legal advisors challenging the processes that have been put in place by individual retailers, but to no avail, as the Code is not clear enough and the Authority has not been active enough in regulating this aspect.</p> <p>The introduction of section 11.32 of the Code was a good start but it has highlighted issues, some of which are;</p> <ol style="list-style-type: none"> <li>1. The ability for holders of data to attempt to delay or obfuscate the process such as; <ol style="list-style-type: none"> <li>1. one time only access codes or time-limited requests.</li> <li>2. paper forms to be signed and sent to indicate authority of the consumer</li> <li>3. in some cases no system at all in place to cope with EIEP13 requests</li> <li>4. requirement for 3<sup>rd</sup> parties to enter into agreements with retailers that limit data use.</li> <li>5. a time frame for data access that does not allow efficient real-time machine to machine access</li> </ol> </li> <li>2. even though over 80% of the installed meter base are "advanced" meters it is more common to receive monthly data, as half-hourly data (although available) is not used for providing services to consumers.</li> <li>3. Some retailers consider the requirements and process described in section 11.32 only apply to non-commercial/industrial ICP's.</li> </ol> <p>If industry was starting from a clean sheet of paper the solution would be for a single independent regulated entity to provide a centralised data repository for all meter data and allow access to market participants and approved 3<sup>rd</sup> parties by best practice technologies such as digital keys and API's. This is the model being implemented in the UK:</p> <p><i>"The Department of Business, Energy and Industrial Strategy (BEIS) formerly known as DECC granted Smart DCC Ltd a licence in September 2013 to establish and manage the data and communications network to connect smart meters to the business systems of energy suppliers, network operators and other authorised service users of the network." [https://www.smartdcc.co.uk/about-dcc/]</i></p> <p>This model should be considered by the EA. We are not trying to suggest a "big bang" solution, but we believe steps that are taken should move towards the centralised model. However, that process will take time and money to implement so in the short term there should be an emphasis given to tidying up the process</p>	

currently in place. The EA as the regulator should approve those 3rd parties who are willing to meet certain criteria (audit could be one) who can make requests of data holders for data. Data should be made available at the point it is available in its most granular form in a timely manner such as the MEP, not retailer, although this may raise issues about the final retail bill matching the data supplied by an MEP. This process would not stop ad hoc requests being made through retailers as is currently in place.	
<b>Q11</b>	<i>How much value is there in making it easier for appropriately authorised firms to access information such as a consumer's tariff structure, the smart meter functionality that is used by the consumer's MEP, a consumer's controllable appliances?</i>
<p>There is significant material value in giving consumers (both small and large) independent visibility of their energy use. It enables planning, energy efficiency, independent validation and management of homes, sites and businesses. There are a number of services that we as a 3<sup>rd</sup> party provider has been asked to provide various individuals and groups that are clearly not being provided by the market today and the one major impediment to providing those services is access to meter data. Where we have been successful in accessing data, the long term financial and efficiency benefits for our customers is very significant. We are willing to introduce the Authority to those of our customers who could enter a private discussion on the benefits they receive.</p> <p>The question around real-time appliance information which might add value to demand response and other ancillary services would probably be accessed directly through the Internet of Things (IoT) platforms. Value would be added if total import/export information was also available, but that is more likely to be provided (at least initially) by real-time (non-revenue) meters behind the existing market meter</p>	
<b>Q12</b>	<i>Are there other industry participants that may need to amend their systems to operate in an environment with multiple trading relationships?</i>
Cortexo does not feel qualified to properly answer this question.	
<b>Q13</b>	<i>What are the costs of the above changes recognised in questions 10-13?</i>
Cortexo does not feel qualified to properly answer this question.	
<b>Q14</b>	<i>What other obligations need to change if multiple traders can serve an ICP?</i>
As mentioned in Q2, there needs to be a more granular definition of "market participant" so that service providers who aren't selling retail electricity have realistic regulatory and financial burdens placed on them	
<b>Q15</b>	<i>How could the obligations discussed above be amended to accommodate multiple traders at an ICP?</i>
Cortexo does not feel qualified to properly answer this question.	
<b>Q16</b>	<i>What costs would be involved in amending consumer-related responsibilities to accommodate multiple traders at an ICP?</i>
Cortexo does not feel qualified to properly answer this question.	
<b>Q17</b>	<i>What additional matters would need to be considered if we were to introduce multiple trading relationships? What amendments would need to be made to the Code to facilitate multiple trading relationships?</i>
Cortexo does not feel qualified to properly answer this question.	
<b>Q18</b>	<i>What is the cost of the changes needed to enable multiple trading relationships?</i>
We do not want to down play the complexity of allowing multiple trading relationships. That complexity is both operational and practical as it is financial. At the core, the ability for multiple trading relationships to exist, is the need for appropriate best practice digital infrastructure that will be under the regulatory control	

of the Authority. The cost in this should be borne by the market as a whole. Then, as a cost of doing business, the ability to operate with that infrastructure is a matter for market participants; those with a more agile digital focus will not find that excessive.