

## Appendix A Format for submissions

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Question	Comment
Q1. What is your view of the potential competition, reliability and efficiency benefits of more participation?	Of course there are many opportunities to increase competition, reliability and efficiency if the current regulatory structure was liberalised to enable individual home owners and commercial businesses to: (a) invest, at their own risk, in DG/DSM facilities; and (b) to participate in electricity market activities that provide incremental economic benefits both to the grid and to other consumers. The only question is why has the EA waited so long to even consider breaking the stranglehold of the incumbent power sector “participants” that have obstructed competition over the last few decades
Q2. What is your view of the opportunities to promote competition and more participation in the electricity industry?	The report provides excellent examples of opportunities that, because of limited access by the public to information about EA activities in the last 5 years, many consumers will not be aware of. While the examples quoted are primarily driven by technological changes and market access issues, consideration should also be given to (a) facilitating efficient fuel switching e.g. to gas, wood and solar hot water - without network contribution penalties being applied; (b) enabling local micro grids where the LCs are unwilling to support localised community or business investments in DG/DSM activities, underground cabling etc.
Q3. What other issues might inhibit efficient mass participation? Please provide your reasons.	The various vague references to the “rulebook” presumably means “The Code” ( <a href="https://www.ea.govt.nz/code-and-compliance/the-code/">https://www.ea.govt.nz/code-and-compliance/the-code/</a> ). This report appears to assume the average consumer is familiar with the complex rules designed by incumbents to protect the existing hegemonic structure. Clearly there needs to be a major effort to educate consumers as to the opportunities that changes to the “rulebook” will offer.
Q4. What is your view of the opportunities for network businesses to obtain external help to provide aspects of the network service using competition or market mechanisms?	Traditionally NZ Power Boards were once defiantly and proudly self-sufficient in most aspects of network investment and operation. Under the 1990 Bradly reforms they were forced by regulation to divest assets and retailing functions to reduce costs. Today network companies, and their Trustee owners, once again need to be forced to adapt to the new situation by considering all the opportunities identified. The Greensynch United Energy example demonstrates how network companies could use private investment for the greater good of all consumers.  It should not be necessary to replace old network assets on a like for like basis as is planned under existing regulation. In fact many of the opportunities described will result in network assets becoming stranded.

Question	Comment
<p>Q5. What do you think are the main challenges to be dealt with to increase the use of competition in supplying network services? What are your reasons?</p>	<p>Unfortunately most of the smaller NZ network businesses (LCs) hide behind CC regulation that protects their monopoly status. Moreover most of their older network managers are steeped in the traditional role of distribution operations and need guidance to develop network businesses based on increased multipath interconnect-ability.</p> <p>In some cases the Electricity Trust network owners also perversely see themselves as local investment bankers using consumer dividends to invest in non-core activities (e.g. vineyards). There needs be an overhaul of existing Trust guidelines and more transparency used in selecting qualified new Trustees charged to effect a reform process.</p>
<p>Q6. What is your view on whether open access is required and what would be the elements for an effective open access framework?</p>	<p>Open access to the electricity network with transparent rules is essential if these highly desirable reforms are to succeed. My personal experience as a 2.5kV PV owner with access to the Vector grid has been excellent – with my receiving in 2011 my “Licenced Distributed Generator” status within a week of applying.</p> <p>For the time being until “red herrings” such as “the Duck Curve” emerge as real problems the EA should do its utmost to encourage more consumers to become licenced DGs.</p>
<p>Q7. How effective are the existing arrangements for open access? What are the problems?</p>	<p>The greatest concern would be with regard to the potential for deliberate procedural delays designed to discourage open access; or worse if network companies are allowed to apply penalties designed to protect network revenue against a reduction of energy usage – as has been applied in the Unison case in Hawkes bay.</p>
<p>Q8. What type of distributor behaviours and outcomes should the Authority focus on to understand whether changes are required to support open access?</p>	<p>The public urgently needs greater access to simplified explanations about changes to the electricity sector. EA in particular needs to explain and publicise aspects of its proposed rulebook changes where they have a direct impact on small consumers; and the electricity complaint/ ombudsman services to ensure network companies are not deliberately trying to obfuscate their reactionary behaviour.</p> <p>Electricity Trusts should be mandated to require network companies to facilitate market competition where this can be shown to reduce the cost of energy supplies.</p>
<p>Q9. What changes to existing arrangements might be required to enable peer-to-peer electricity exchange?</p>	<p>Greater awareness by the public supported by positive recommendations by EA or Consumers Report.</p> <p>Independent Metering companies need to be established, possibly owned by Lines Companies, to effect monthly reconciliations that distinguish between power that is bought and sold by retailers and power that is traded under Peer-to-Peer arrangements.</p>

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Q10.What are the costs and the benefits of enabling peer-to-peer electricity exchange?	<p>The financial trades between Peer2Peer customers could be enabled by Bitcoin or other such facilities to avoid administrative costs to retailers.</p> <p>Peer to peer trading could result in a reduction of grid investment particularly where neighbours selling to each other using a very small part of the network.</p>
Q11.What is your view of the possibility for, and impact of, any current or future blurring of participant type? What are your reasons?	<p>I see no reason for small consumers to be any more than the current Licenced DG operator to ensure issues relating to safety of LC operators are recognised. For the next few years transactions such as P2P trading by small consumers are unlikely to have a significant impact on the power market and such trading should be encouraged by the EA to enable the design of suitable regulation. Until such time as issues such as the “duck curve” need to be dealt with there should be no reason to change the status quo of market participants.</p>
Q12.What types of participation are or might be prevented because the party is not recognised as a participant? What are the potential impacts?	<p>Participation is only possible if consumers are kept informed of industry developments. Even well qualified consumer groups such as SEF are ostracized by industry incumbents as non-participants in a number of ways. They are not represented in the EA or in its advisory committees; they don't have access to industry information including conferences and publications such as Energy News – the costs of which are funded from consumer revenues!</p>
Q13.What challenges might new forms of generation, such as virtual power plants, or small and dispersed generators, face in entering the market?	<p>Spurious arguments by incumbent participants to maintain the status quo for as long as possible. EA should insist that LCs undertake independent technical reviews of their business plans to ensure they are not simply replacing old (but not necessarily broken) assets on a like for like basis</p> <p>Not sure that there is real potential for consumers to buy from one retailer and sell to another – nice idea.</p>
Q14.What changes might be required to the rule book to facilitate the emergence of virtual power plants or demand response?	<p>Without reading the NZ rulebook in detail it is not clear if there are any restrictions on the aggregation of DG or consumer behaviour. More transparency and advertising along the lines of the EAs Powerswitch program would be helpful</p> <p>The rulebook should however be expanded to enable the development of V2G (Vehicle to Grid) systems and other such emerging technologies.</p>

<p>Q15. Would the functioning of the market for hedges and PPAs and the availability of finance be improved if there were greater transparency of long-term prices and greater standardisation of terms and conditions for long-term contracts?</p>	<p>Yes, of course – it would enable independent retailers to offer spot pricing. This has been obvious for years!</p>
<p>General Comments on EA questionnaire</p>	<p>Note 6: quoting a reference to Energy News – an industry funded high subscription organisation hardly endears non industry readers to impartiality of the EA paper</p> <p>CI 2.16: The perpetuation of the myth that “lights might go off” if there is too much DG/DSM should be avoided. In a distribution networks lights usually go off because of faults in the network</p>

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