

Submitter	Metrix
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Question	Comment
Q1. What is your view of the potential competition, reliability and efficiency benefits of more participation?	<p>Metrix is supportive of mass participation in the electricity market and encourages evolution in the industry. We agree that increasing competition is likely to give rise to consumer benefits in the electricity market.</p> <p>Mass participation may also present new operating models that could be designed in efficient ways that overcome cost barriers and deliver benefits to multiple parties, not just the consumer.</p> <p>However, to ensure an efficient market, the costs/complexity/effort associated with a proposed change should be objectively measured against the likely benefits.</p> <p>Improvement in reliability will depend on how the industry adapts its systems and processes to ensure the reliable delivery from mass participants for network support services.</p> <p>Network security of supply is critical to industry reputation and the local economy. Hence further monitoring and reporting of network security of supply / network under-investment would be advisable to ensure network businesses remain focused on their core function.</p>
Q2. What is your view of the opportunities to promote competition and more participation in the electricity industry?	<p>There are opportunities for all players in the market to promote competition; from physical provision of energy to the market and for network support services, through to supporting mass participation as a data aggregator.</p> <p>Despite these opportunities, the market needs to focus participants on capabilities where the cost and effort will reap the greatest consumer benefits, as introducing unnecessary complexity under the guise of increasing competition could ultimately result in higher costs to the consumer due to higher overheads to manage this complexity. Hence it would be pragmatic for the industry to perform a transparent discovery phase to evaluate costs versus benefits to support the decisions regarding the specific direction of mass participation.</p>
Q3. What other issues might inhibit efficient mass participation? Please provide your reasons.	<p>Increased retail competition will likely result in increased switching and increased complexity with regards to data services e.g. multiple retailers per meter and/or multiple retailers per channel per day. In order to support increased complexity, core systems and processes across the industry, will likely require more investment which should be assessed alongside the expected benefits.</p>
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	<p>Metrix supports competition in network support services to enable network businesses to provide services at the lowest possible cost to the consumer. There are certainly opportunities however independent participation will require focus and effort to develop and a willingness/requirement for network businesses to enable external service providers.</p>

mechanisms?	
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>Due to networks having a monopoly on key infrastructure (poles, cables etc), the market will need to implement sufficient mechanisms to ensure transparency and wider participation to ensure that network businesses use the available external services in an economic way. This will enable the market to confirm network businesses are performing sufficient process in evaluating external services prior to choosing to perform costly infrastructure upgrades/development projects.</p> <p>Similarly there needs to be sufficient transparency and market consultation regarding technology choices by network businesses, to support competition and minimise constraints against new market entrants. Preferably, network service requirements would be outcome based and technology agnostic.</p> <p>In order to promote mass participation, the market needs to operate fairly and participants must not be able to favour related parties.</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>Open access is required to enable competition in the network services space. An open access platform would provide a mechanism for external service providers to notify and compete for network support services and hence a combined industry-wide platform that is jointly funded by all networks based on their size, may enable easier participation from all network businesses.</p> <p>Primarily, the open access framework requires an appropriate level of transparency and market consultation to validate network businesses are enabling competition within network support services and are not constraining participation via technology choices or any other Use of Systems Agreement requirements.</p> <p>Providing this transparency exists, the industry should be able to hold network businesses to account with regards to appropriate Use of Systems Agreements and enabling competition for network support services. Appropriate ring-fencing mechanisms might be required to ensure a level playing field for all players.</p>
Q7. How effective are the existing arrangements for open access? What are the problems?	<p>From an MEP perspective, the current arrangements enable the network to make technology choices or place restrictions on retailers that can limit participation in network support services e.g. specific technology requirements for load control devices.</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>Distributor behaviours are likely to be influenced by a regulated or unregulated earnings profile. The Authority should focus on consumer outcomes and rational economic and investment decisions to minimise the consumer cost burden.</p> <p>The authority may also need to look at potential restrictions imposed by network businesses regarding technology and mechanisms to support load control, demand response and distributed generation on their networks, leading to a technology lock-out and ultimately restricting competition and new market entrants.</p>
Q9. What changes to existing arrangements might be	<p>From an MEP perspective, significant system and process change are likely to be required (internally and Registry) to manage the data services</p>

required to enable peer-to peer electricity exchange?	<p>required to support P2P to the level of multiple retailers/agents per meter and/or multiple retailers/agents per channel per day.</p> <p>At this level, there is also complexity regarding who is responsible for the consumer relationship to support fault/metering/compliance activities.</p>
Q10. What are the costs and the benefits of enabling peer-to peer electricity exchange?	<p>Metrix view is that market benefit might be isolated to a small percentage of the market and the cost/effort/complexity to enable a comprehensive P2P network might well exceed the benefit.</p> <p>In order to deliver an efficient market outcome, a cost / benefit analysis or industry wide business case is required to prevent an elaborate and technically complex and expensive solution with limited benefits.</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>With increased competition and evolution of the industry, Participant types need to be able to evolve as required. The current participant types should be able to cover the majority of future activities however some levels of activity should require more flexibility. It may be appropriate to have a classification for each Participant Type (e.g. minor Generator VS major Generator) with appropriate levels of obligation for each, based on potential market impact and where appropriate, may impose a single obligation on participants below a threshold e.g. a small prosumer (producing consumer) is required to contract with a data aggregator to manage market requirements.</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>See response to Q11; if participant types/classes are not flexible enough to evolve with the market, it may stifle competition and innovation within the market. It may be pragmatic to implement a regular review of participant types/classes and a simple mechanism to request changes and for the EA to consult with the market and implement the approved changes.</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>No comment.</p>
Q14. What changes might be required to the rule book to facilitate the emergence of virtual power plants or demand response?	<p>See response to Q11; participant types with multiple classifications could enable flexibility for participation going forward.</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>No comment</p>