

Appendix B Submission form

Evolving multiple trading relationships and switching – supplementary consultation

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Organisation	Our Energy

Questions	Comments
General comments	<p>Our Energy's feedback is less about the switching components of the consultation and more focused on the MTR side, which is where we've had a long-term interest.</p> <p>In general, we think it is a really sensible change to have generation and consumption meters separated - basically following what was done for the Kainga Ora exemption and putting it in the Code. This has been shown not to 'break anything' and Our Energy is aware of a variety of different use cases that this permanent Code change could support.</p> <p>The consultation paper acknowledges that the cost-benefit analysis (CBA) is challenging, and it seemed to us that the CBA relies highly on anticipated further uptake of solar and battery that might happen as a result of this change. While this is probably true, this benefit could be argued to also occur through a range of other measures as well, including doing nothing because this transition is happening anyway as a natural course of events.</p> <p>So, whilst we're supportive, our question is does the CBA rely on benefits that could be achieved through measures other than MTR?</p> <p>If anything the assumptions around solar and battery uptake are probably conservative. But how much should be attributed to MTR?</p> <p>The most significant benefits are likely in the dynamic efficiency space; things that might occur through innovation as a result of MTR, which we inherently don't know the value of at this time.</p> <p>At the same time as this process has been going on, there have been advances in the Consumer Data Right (CDR) being led by MBIE. Our Energy knows the energy sharing use case that is mentioned in the consultation paper could actually be enabled by CDR, and enabling energy sharing off market rather than through the trading arrangements through the electricity market. We are currently doing a project to roll out our software with an off-market provider in Australia, where the CDR legislation is already in place. So, if we think specifically about solving the problem of energy sharing, there is an alternative solution in the CDR regime. Key barriers for energy sharing are of a financial and/or data access nature that do not necessarily need to be addressed through changes to on-market trading arrangements like MTR.</p>

<p>Q1. Do you have any comments on our revised proposal for MTRs?</p>	<p>We thought this is a pragmatic solution; why force the change on those that don't want to be part of it? It then puts the onus on parties like Our Energy and others to prove that consumers want solutions enabled by the proposed changes to emerge.</p> <p>It seems to us an enabling regulatory change – making new arrangements for consumers possible, but not forcing it on market participants.</p>
<p>Q2. Is there further information you can provide that may improve the evidence base for our assessment of (a) costs and/or (b) benefits?</p>	<p>As noted in our general comments, we see most of the benefits in the dynamic efficiency space in terms of the new business models that might develop, the greater participation of communities in the energy sector, and the competition benefits.</p>
<p>Q3. Do you agree the benefits of the proposed Code amendments are likely to outweigh the costs? If not, please explain why not.</p>	<p>Yes, we do believe the benefits will outweigh the costs, especially as the costs are only really incurred by those who choose to incur them by participating in arrangements enabled by the proposed changes (likewise, the direct benefits can be expected to those that participate too). It seems to us to be an enabling regulatory change – making new arrangements possible, but not enforcing them.</p> <p>No one knows the future. It may turn out that the benefits that were assumed don't materialise or can't be fully attributed to changes like MTR. Equally, it could turn out the costs that are assumed don't materialise as well or can't be attributed solely to MTR, but embedded within wider digital transformation programmes, for example.</p> <p>We don't consider that this uncertainty around the precise costs and benefits associated with the proposed changes means that the EA shouldn't proceed. But, we do recommend that the EA acknowledges this uncertainty and, as noted in our general comments, gives due consideration to changes outside the Code, such as CDR, that may also enable specific use cases just as effectively.</p>