

Your feedback on the Electricity Authority's funding for 2025/26

User:

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Summary of information submitted

Who are you submitting as?

Industry participant

First name

Luz

Last name

Rose

Email

[REDACTED]

1. Which of the proposed funding options do you support for our Electricity Industry Governance and Market Operations appropriation?

[Please see our attached submission.]

2. Which of the Authority's activities are top priority for you, and which other activities do you think should be traded off against these priority activities?

[Please see our attached submission.]

5. If you have any other comments on the Authority's levy consultation, please add those here

Written submission and/or supporting documentation



Bluecurrent Submission Proposed Levy-Funded Appropriations FY2025-26.pdf

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The Authority intends to publish all submissions. Are you happy for the Authority to publish your submission?

Yes



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13 December 2024

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Submitted via the [Electricity Authority Information Provision Platform](#)

Submission on the Electricity Authority's Proposed Levy-Funded Appropriations for 2025/26

Introduction

1. Bluecurrent welcomes the Electricity Authority's (the Authority) consultation paper on its proposed levy-funded appropriations for FY2025/26 (the Consultation Paper), dated 15 November 2024.
2. We broadly support the Authority's vision and outcomes, and the principles underpinning its regulatory strategy and sub-strategies for the coming financial year.
3. As a data solutions and smart metering service provider, Bluecurrent is highly cognisant of the critical role that smart meters play to help ensure an orderly transition to a highly digitalised and renewable energy future. Bluecurrent's corporate purpose is "*Unleashing smarter futures today, by delivering data and services to drive a sustainable world*". We have an explicit interest in delivering data and services that enable our customers and their end consumers.
4. Smart meters provide the 'digital foundation' for the energy transition, and their benefits for multiple stakeholders are widely recognised. Data generated by smart meters enable multiple electricity sector reforms intended to promote innovation, competition, system reliability, investment, and energy affordability – for the long-term benefit of consumers.
5. Smart meter data and services support the Authority's ongoing activities, and proposed activities for FY2025/26, which have implications for various parts of the electricity system and electricity markets. These services:
 - Enable greater consumer choice through consumers' adoption of more new technologies and consumer energy resources (CER) such as solar PV, electric vehicles, and batteries;
 - Help unlock opportunities for market competition and innovation, which ensure energy affordability, improved services, and a wider range of offerings for end consumers;
 - Enable greater consumer participation in electricity markets through the efficient integration of more consumer-owned CER into the grid;
 - Increase networks' ability to better orchestrate their operations and manage outages through greater visibility, particularly of the low-voltage network – ensuring network reliability and resilience;
 - Provide more granular and timely data that enables businesses and consumers to make more informed investment decisions, including investment in CER;
 - Support regional resilience, i.e. unlocking and realising the benefits from a more decentralised or distributed electricity system; and
 - Facilitate the increasing electrification of the energy sector and the wider economy, supporting long-term decarbonisation.
6. While data and metering service providers play a crucial role, a collaborative ecosystem involving retailers, networks, flexibility service providers, and other technology and energy stakeholders is essential to optimise data's potential for consumers.

7. In our view, the significant progress made by industry participants in smart meter data and services that support digitalisation and decarbonisation should be encouraged rather than stymied by more prescriptive arrangements. We outline our reasons in this submission and look forward to working with the Authority as we continue to collaboratively develop new and innovative solutions that further unlock the value of data for consumers and enable an orderly energy transition.

Responses to selected consultation questions

Q2: Which of the Authority's activities are top priority for you, and which other activities do you think should be traded off against these priority activities?

8. Electricity industry participants currently face multiple reforms in a rapidly transitioning sector. In this context, we encourage the Authority to focus on its top priorities, including the reforms being considered by the Energy Competition Task Force and the ensuing outcomes of the Government's review of the performance of the electricity market.
9. As such, Bluecurrent suggests that the Authority 'de-prioritise' the consideration of any regulatory intervention into the metering market. We consider any such intervention to be unwarranted and will be a disproportionate response for the reasons we outline below, under the "Digitalisation" section.

Q6: Do you have any comments on the Authority's indicative work programme for 2025/26?

Q7: Do you have any comments on the Authority's draft regulatory strategy?

Digitalisation

10. The Authority's draft regulatory sub-strategy to "promote market development" includes a workstream on "Digitalisation" which intends to "scope/progress improvements to accessing information held by Metering Equipment Providers". While the Consultation Paper does not provide details on what this activity will involve, we suggest that the Authority exercise restraint in imposing more prescriptive arrangements in the metering market, e.g. new hard-coded requirements. We set out our reasons below.
11. This section also includes our initial views on the proposed introduction of a Consumer Data Right in the electricity sector, which provides an additional framework for unlocking the value of data for consumers.

The benefits of smart meters are best delivered in a competitive market.

12. In recent years, the focus of discussions around smart meter data access, use, and optimisation has shifted from consumption data (which all electricity retailers can now access) to network operational data (NOD). The potentially huge benefits from more efficient network management and flexibility services / non-network solutions, enabled by NOD, are increasingly being realised, quantified, and highlighted.
13. Bluecurrent believes that the issue of NOD access is being effectively addressed through commercial agreements and existing regulatory frameworks. The success of our current partnerships and the ongoing uptake of our NOD service demonstrate that the market is functioning without the need for additional regulation. This approach should be encouraged so that market competition and innovation that benefit consumers can flourish. As more new and innovative services are enabled by smart meter data, more prescriptive arrangements or regulation should not be required.
14. A more prescriptive regulatory framework is likely to result in metering service providers diverting resources to comply with new regulatory requirements, rather than focusing on the delivery of new and innovative services to their customers. It could reduce metering service providers to becoming mere

data collectors, rather than innovators that strive to continuously deliver better services and market offerings to retain and attract customers.

15. In addition, data access seekers should be given the flexibility and opportunity to request the data services they need and to specify the frequency and mechanism for the delivery of their requested data – via commercial arrangements. This flexibility would help ensure that market competition, which underpins the delivery of metering services in New Zealand, and innovation are not stifled.

Commercial agreements already enable data access.

16. Bluecurrent has signed agreements for the delivery of NOD to electricity distributors which needed no regulatory intervention or exemptions from the *Electricity Industry Participation Code* (the Code). We now supply NOD to several distributors, have contracts that are close to being finalised, and in the 'expression of interest' stage with several others.
17. In November 2023, we launched our smart meter NOD service through a groundbreaking agreement with Orion, enabling the optimisation of low voltage network capacity without additional infrastructure investment. Since then, several other distributors have signed up for this service, indicating its value and affordability. The service delivered for the relevant ICPs includes fundamental electricity measurements recorded every 5 minutes, delivered daily, and in accordance with agreed specification.
18. In addition, Bluecurrent has a low-priced consumption data service that is used by some distributors which we offer as an "as required" service. (Note: Some distributors source data directly from retailers.)

Significant progress in data access should be built upon instead of identifying new priorities.

19. Industry participants have made, and continue to make, significant progress in addressing data access issues. As indicated above, Bluecurrent has signed NOD agreements with a number of distributors and expect to provide NOD to more distributors. This should be built upon rather than identifying new priorities or creating new work programmes. We will continue to engage with the Authority on the progress of these agreements.
20. Any regulatory work that duplicates or overlaps with existing data provision arrangements would only increase the regulatory burden without apparent new benefits and would therefore be unwarranted. It would:
 - cut across established agreements and may create unnecessary complexity in the relevant parties' processes and for their end consumers;
 - create duplication of ongoing discussions and processes around smart meter data access, imposing unnecessary costs on the relevant parties;
 - take considerable time to develop and agree; and
 - create uncertainty if introduced now, and could stymie the significant progress already made.

NOD costs have not been a barrier to innovation.

21. Bluecurrent's experience in signing contracts and delivering NOD to customers is that NOD costs have not been a barrier to innovation. We have maintained transparency regarding our pricing structure with regulators, ensuring our rates are competitive and designed to support the energy transition while reflecting fair and reasonable commercial costs.
22. Any regulatory intervention that could hamper metering service providers' ability to efficiently recover their costs disregards the significant investments made by Bluecurrent and (we assume) other similar providers in underlying infrastructure. This approach would be counterproductive to the long-term sustainability and innovation that metering service providers enable and deliver to support their customers and their end consumers.
23. We particularly note that the Commerce Commission already allows distributors to recover the cost of NOD in the upcoming Default Price-Quality Path 4 (DPP4) regulatory period. This recognises the

investments made by metering service providers in developing and maintaining the necessary infrastructure and its implied value to distributors and consumers. The final DPP announcement stated that:

The Commission has...approved costs to enable local lines companies to purchase low-voltage network data from metering companies. This will provide better information about the quality of service consumers receive, and facilitate efficient decisions about investment in and use of the network.¹

More prescriptive arrangements could stifle innovation and investment.

24. More prescriptive or hard-coded requirements for metering could create the risk that services, or some features, will be developed which customers do not need but end up paying for. This could also make it 'stickier' for metering service providers to remove inferior technology/offerings from the market or introduce better ones. As indicated above, a more prescriptive framework could reduce metering providers into mere data collectors instead of becoming dynamic innovators in the competitive metering market.
25. Bluecurrent has invested in systems and processes and has been proactively working with retailers, distributors, and other parties to provide data access at highly competitive rates. The uncertainty of demand for data services for third parties, or the nature of that demand, is another reason we believe that no action in the regulatory framework for metering is warranted. We have shown that we are able to resolve data access issues via commercial arrangements, should any third parties seek access to smart meter data from us. We look forward to hearing from flexibility service providers and aggregators as emerging roles become more defined in the market.
26. Access to data is but one component of digitalisation and increasing flexibility. It should be noted that new intended data recipients such as flexibility service providers would need to make the necessary changes to their systems and processes. This is to ensure that data can be transmitted seamlessly from metering service providers to their system, and the appropriate security and privacy settings are in place.

Innovation is occurring and there are multiple opportunities for collaboration to develop data solutions.

27. Solutions to data access issues continue to be enhanced, as new data opportunities and challenges emerge and assume greater prominence, such as the provision of NOD to distributors. We recognise that enabling innovative solutions through data to promote more active demand participation and flexibility is particularly critical in the near term and is a key focus for Bluecurrent.
28. Bluecurrent is currently an active participant in multi-party trials that aim to unlock the value of data for industry participants and their end consumers, and help increase flexibility in the electricity system, e.g. dynamic load control and multiple trading relationships. Our collaborative approach has resulted in tangible benefits for the sector, including improved network visibility, enhanced asset management, and more efficient planning for future energy demands.
29. In addition to network-based trials, Bluecurrent has been supporting innovation for customers to obtain rewards from community investments in rooftop solar, and for providing hot water orchestration services to enable customer savings on off-peak hot water heating costs.

Proposed introduction of CDR in the electricity sector

30. Bluecurrent supports the introduction of an economy-wide framework for a Consumer Data Right (CDR) in New Zealand. We support a well-designed and cost-effective CDR that makes it easier for consumers

¹ <https://comcom.govt.nz/news-and-media/media-releases/2024/consumer-benefit-key-as-comcom-allows-increased-investment-in-electricity-network>

to access their data, and for third parties to provide new and innovative services that benefit end consumers.

31. To facilitate the development of CDR arrangements, our submission on the Ministry of Business, Innovation and Employment's (MBIE) consultation on exploring a CDR for the electricity sector (dated 10 October 2024) suggested, among others:
- the development of cost allocation principles prior to the determination of any electricity CDR fees and charges;
 - an industry-led development of API standards and protocols for the electricity CDR in the first instance, akin to the industry-led development of APIs for the banking CDR;
 - that alignment between the electricity CDR and the Code is prioritised in the CDR's design, implementation, and operation; and
 - that electricity CDR regulations provide that the electricity CDR will not interfere with existing commercial agreements and other ways of accessing data, including the ability to agree alternative access terms outside of the CDR framework – to preserve consumer choice.
32. Overlaying a new CDR framework on the industry, if not well designed, will adversely affect both participants and consumers. We believe that a key aspect in ensuring a cost-effective implementation of the electricity CDR and the timely delivery of its benefits is to keep the initial arrangements simple and robust. Importantly, this would help promote initial consumer uptake of CDR.
33. We encourage the Authority to work closely with MBIE to help achieve the above outcomes, should the electricity sector be designated for CDR. We are happy to work with multiple parties to help facilitate the implementation of CDR in the electricity sector, subject to any necessary regulatory approval(s).

Comments on other activities

34. We further provide feedback and suggestions relating to specific activities that form part, or could form part, of the Authority's proposed work programme.

Metering compliance

35. Bluecurrent appreciates the MEP and ATH forum held by the Authority on 18 September 2024, which was targeted at an operational and technical level. We suggest that the Authority consider making this forum an annual or a six-monthly event. This would allow emerging compliance issues in metering, including those associated with the increasing digitalisation of the electricity sector, to be surfaced and resolved in a timely manner. This is particularly important as the pace of regulatory reforms and market evolution accelerates.
36. Regular forums attended by MEPs, ATHs, and other interested participants would also help establish a shared understanding of how metering-related provisions in the Code should be implemented or could be better implemented. This would avoid or reduce confusion and unnecessary compliance costs. Regular engagements would also help uncover potentially systemic or complex issues that require significant consideration, i.e. not just simple Code amendments, before they become costly to resolve.
37. We further suggest that the Authority, when beefing up its capacity, consider employing or engaging more people who have extensive operational knowledge of, and practical experience in, the energy sector or related sectors.

Switch and Data Formats Group

38. Bluecurrent welcomes the re-activation of the Switch and Data Formats Group (SDFG), with representatives from across the sector.
39. We look forward to engaging with the Authority through the SDFG, including in ensuring that any new data formats, such as those that will potentially be developed under an electricity CDR framework, will work seamlessly with the Code.

40. We suggest that the minutes of, and presentations and recommendations made at, SDFG meetings be published on the Authority's website soon after each meeting. This would allow stakeholders to be informed of data format developments, particularly those who do not have a representative on the SDFG, in a timely manner.

Regulatory sandbox framework

41. Bluecurrent supports the development of a regulatory sandbox framework for New Zealand's electricity sector, akin to the Energy Innovation Toolkit being administered by the Australian Energy Regulator.²
42. The Authority states that it enables "industry trials to boost innovation in the sector, by granting temporary exemptions to the Code".³ While we support the Code exemption process to enable innovative trials (particularly multi-party trials) to proceed, this would be a piecemeal solution. As indicated in our submission on the Authority's levy-funded appropriations for FY2024/25:⁴

... in the absence of a comprehensive regulatory sandbox framework, individual exemption applications would, at best, be a piecemeal solution to testing innovative solutions such as smarter and more dynamic hot water load management. We suggest that current Code exemption processes for innovative trial purposes provide comprehensive, omnibus-like exemptions that capture known and potential exemptions necessary for the duration of the trial. This would avoid trial participants having to apply for multiple specific exemptions prior to the commencement of the trial and as the trial progresses.

A key concern with the exemption process is that it could drain a trial project's budget before any lessons can be learned early in the process. It involves significant costs to coordinate multiple trial participants and keep the project team intact throughout any delays associated with the exemption application process. Simple trials could be put at risk as their innovation budgets dwindle due to such delays or unforeseen additional costs. Delays in the commencement of trials could also divert funds that could have been available for customer service improvements or innovation.

43. We welcome the development of the Authority's Power Innovation Pathway. We query whether it is the Authority's intention for this initiative to evolve into a more comprehensive or more structured regulatory sandbox-type framework, or which parts of it would inform the development of such a framework.
44. We suggest that the Authority allow applications for the Power Innovation Pathway to be made at any time, i.e. not impose due dates. Innovative ideas can be generated, and innovation can occur, at any time.

Arm's length rules

45. Bluecurrent supports, in principle, the development of guidance on the threshold for extending the arm's-length rules to a distributor operating non-network solutions in the context of the emerging flexibility services market. We consider a principles-based approach (i.e. guidance rather than prescriptive arrangements) in developing governance arrangements for the flexibility services market to be appropriate, considering the fledgeling nature of this market. We support the Authority undertaking further consultations on significant issues raised by some stakeholders on this matter. This would assist in developing a more coordinated approach for flexibility services without unnecessarily increasing costs for the relevant parties.

² <https://www.aer.gov.au/about/strategic-initiatives/regulatory-sandboxing-energy-innovation-toolkit>

³ Page 10, paragraph 2.34 of the Consultation Paper

⁴ https://www.ea.govt.nz/documents/4483/Bluecurrent_email_Submission_Proposed_Levy-Funded_Appropriations.pdf

46. We note the Government's announcement on 26 August 2024 regarding easing restrictions on electricity lines companies owning generation.⁵ We seek clarity from the Authority on the potential impact of this policy direction as it progresses its arm's length rules workstream.

Submission and information disclosure timeframes

47. Industry participants currently face multiple ongoing and impending reforms in the context of the rapidly evolving electricity sector. To help stem rising regulatory and compliance costs for participants, we urge the Authority to:

- Exercise restraint in actively pursuing initiatives that are not among its top priorities. This includes avoiding the imposition of more prescriptive metering arrangements, for the reasons set out in this submission.
- Avoid setting due dates for submissions and (ad hoc) information requirements on the same day or week.
- Provide reasonable timeframes for the above. We note that the Authority's *Consultation Charter* provides that sufficient time be provided for those making submissions (below). We encourage the Authority to adhere to this provision and a 'no surprises' policy in practice.

6.10 . . .the Authority will ensure that any consultation adheres to good practice. This includes:

- (e) giving people sufficient time to submit on any proposed amendment – consultation timeframes will be adapted to reflect the level of complexity of the proposed amendment and other relevant considerations.

Concluding comments

48. We look forward to future engagements with the Authority, particularly in relation to its proposed *Digitalisation* workstream.
49. We are happy to further discuss any aspects of this submission with the Authority. Please contact Luz Rose (Senior Regulatory and Policy Partner) at Luz.Rose@bluecurrent.co.nz.
50. No part of this submission is confidential, and we are happy for the Authority to publish it in its entirety.

Yours sincerely



Neil Williams
Chief Executive

⁵ <https://business.scoop.co.nz/2024/08/26/urgent-action-taken-to-bolster-energy-security/>