

Switch process re-engineering – Review of Schedule 11.3

Consultation Paper

Submissions close: 5 pm 28 February 2014

20 December 2013

Executive summary

Part 11 of the Electricity Industry Participation Code 2010 (Code) regulates registry information, including the switching of installation control points (ICPs) between distributors, between traders, and between metering equipment providers (MEPs). The ICP switching process, set out in Schedule 11.3, is complex, highly operational, and affects all traders' processes and systems.

When the new Part 10 and associated amendments to Parts 1, 11 and 15 (new metering rules) were being implemented (Part 10 implementation project), it was identified that half-hour (HHR) certified and reconciled advanced metering infrastructure (AMI) metering installations created issues for the process used to switch ICPs between traders.

To overcome these issues, and to enable the new metering rules to function as required, a new switch completion file (known as the CS file), and some additional Code amendments for ICP switching were put in place during the Part 10 implementation project. During consultation on those changes the Authority determined that the switching process should be fully reviewed after the new metering rules came into effect and participants had some experience with switching HHR AMI metering installations, to ensure that this issue, and other issues raised by participants, were addressed.

Experience since the new metering rules came into effect on 29 August 2013 suggests that the new metering rules appear to be working effectively, and only minor changes to the switching process appear to be required. This paper proposes a number of amendments to the processes set out in Schedule 11.3 that are expected to facilitate the efficient switching of HHR AMI metering installations.

Most of the issues canvassed in this document were also the subject of discussion at a workshop by an ad hoc technical group called together by the Authority to discuss aligning the Code with workable market practices.¹ The outcomes of this workshop have fed into the development of the proposed Code amendments.

If the Authority decides to proceed with the proposed amendments, it is intended that the amendments would come into force on 1 December 2014.

¹ The technical group comprised representatives from Mighty River Power, Genesis Energy, Contact Energy, Nova, Energy Direct, Meridian Energy, Pulse, Powershop, and TrustPower

Glossary of abbreviations and terms

Act	Electricity Industry Act 2010
AMI	Advanced metering infrastructure (often referred to as “smart meters”)
Authority	Electricity Authority
Code	Electricity Industry Participation Code 2010
HHR	Half hour
ICP	Installation control point
MEP	Metering equipment provider
NHH	Non half hour

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1. Introduction and purpose of this paper

1.1 Introduction

- 1.1.1 The decision by a consumer at an ICP to change its supply to another trader (or “switch”) has implications for a range of industry processes. For example, the electricity that they consume needs to be allocated to the correct trader for both reconciliation and settlement purposes. The switch also needs to be captured appropriately within the registry, which is the industry’s central repository for relevant ICP and metering information. A clear and robust switching process is required in order to facilitate the efficient operation of the electricity market.
- 1.1.2 The increasingly complex nature of metering and retail electricity arrangements has implications for the complexity of the ICP switching process. The Authority has undertaken a review of this process, which is set out in Schedule 11.3 of the Code, to ensure that it remains efficient and effective for facilitating all of the relevant market transactions.

1.2 Purpose of this paper

- 1.2.1 The purpose of this paper is to consult interested parties on potential Code amendments that are intended to change the process for switching ICPs between traders to improve the efficiency of that process.
- 1.2.2 Section 39(1)(c) of the Electricity Industry Act 2010 (Act) requires the Authority to consult on any proposed amendment to the Code and on a corresponding regulatory statement. Section 39(2) provides that the regulatory statement must include a statement of the objectives of the proposed amendment, an evaluation of the costs and benefits of the proposed amendment, and an evaluation of alternative means of achieving the objectives of the proposed amendment. The regulatory statement is set out in section 4 of this paper.
- 1.2.3 The proposed amendments are contained in section 3 of this consultation paper.
- 1.2.4 The Authority invites submissions on the regulatory statement and the proposed amendments, including drafting comments.

1.3 Submissions

The Authority’s preference is to receive submissions in electronic format (Microsoft Word). It is not necessary to send hard copies of submissions to

the Authority, unless it is not possible to do so electronically. Submissions in electronic form should be emailed to submissions@ea.govt.nz with 'Consultation Paper— Switch process re-engineering – Review of Schedule 11.3' in the subject line.

If submitters do not wish to send their submission electronically, they should post one hard copy of their submission to either of the addresses provided below.

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

Submissions
Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington

Tel: 0-4-460 8860

Fax: 0-4-460 8879

- 1.3.1 Submissions should be received by 5 pm on 28 February 2014. Please note that late submissions are unlikely to be considered.
- 1.3.2 The Authority will acknowledge receipt of all submissions electronically. Please contact the Submissions' Administrator if you do not receive electronic acknowledgement of your submission within two business days.
- 1.3.3 If possible, submissions should be provided in the format shown in Appendix A. Your submission is likely to be made available to the general public on the Authority's website. Submitters should indicate any documents attached, in support of the submission, in a covering letter and clearly indicate any information that is provided to the Authority on a confidential basis. However, all information provided to the Authority is subject to the Official Information Act 1982.

2. Background

2.1 Historical switching process

2.1.1 There are two distinct types of physical volume settlement (reconciliation)² used in the electricity market:

- (a) non-half-hour, where volumes of electricity are determined over a period of measurement greater than one trading period
- (b) half-hour, where volumes of electricity are determined for each trading period.

2.1.2 Historically, a consumer's ICP would have a metering installation where only one of these types of settlement could occur. For small consumers, including the majority of domestic consumers, non-half-hour was typically used. It was both difficult and expensive for these consumers to move to half-hour metering as:

- (a) the existing metering installation needed to be replaced
- (b) the cost of installing and operating a half-hour metering installation was prohibitive for smaller consumers
- (c) traders did not have the capability to manage the significant amount of data generated from large numbers of half-hour metering installations.

2.1.3 The process of switching ICPs between traders has evolved to suit the type of meter reading information that was being used by the losing trader. Historically, whatever type of information the losing trader used for reconciliation, the gaining trader would also use. Schedule 11.3 of the Code sets out the following three types of switching process that must be followed:

- (a) standard switching process, for ICPs with non-half-hour (NHH) metering or HHR AMI metering, where another trader already has an agreement to supply electricity to a customer at the ICP (clause 1 of Schedule 11.3)
- (b) switch move process, for ICPs where no trader has an existing agreement with a customer to supply electricity at the ICP, and the ICP has NHH metering or an AMI HHR meter that is reconciled as

² Physical volume settlement is more commonly referred to as reconciliation, and is carried out by traders and the reconciliation manager following the processes set out in Part 15 of the Code.

NHH, where no trader has an existing agreement to supply the ICP (clause 8 of Schedule 11.3)³

- (c) HHR switching process for ICPs where the new trader will trade through:
 - (i) a non-AMI HHR metering installation, at which the previous trader uses a non-AMI HHR metering installation
 - (ii) a non-AMI HHR metering installation, at which the previous trader uses an NHH metering installation
 - (iii) an NHH metering installation at which the previous trader uses a non-AMI HHR meter (clause 13 of Schedule 11.3).

2.1.4 The switches referred to in paragraph 2.1.3 (a) and (b) above:

- (a) are typically referred to as “mass market” switches
- (b) work only for ICPs where all of the settlement meters have accumulating (odometer-type) meter registers⁴
- (c) are typically automated in traders' back-office systems in order to comply with the switching periods required under the Code.

2.1.5 The switches referred to in paragraph 2.1.3(c) above are typically referred to as 'time of use' (TOU) switches, but also include switches where an ICP is to have a meter physically changed from either HHR to NHH, or NHH to HHR. Prior to the implementation of process changes (discussed below), these switches tended to follow a manual switch process that had evolved around the use of meters that only had absolute registers. TOU switches have historically been used for larger sites, as larger sites pose more complex set-ups in trader billing systems and these sites were also the only sites that had the relevant metering equipment installed.

2.2 Switching process implemented in new Part 10

2.2.1 With the technology changes that have occurred with the roll-out of AMI metering installations, it has become increasingly common for mass market customers to have HHR metering installations. AMI metering installations typically have both accumulating and absolute registers and this enables traders to choose whether to reconcile an ICP as NHH or

³ An example of the switch move process is where a consumer moves into a new/vacant house or property and initiates a supply agreement with its preferred retailer.

⁴ An accumulating or cumulative meter register has an odometer type register, and the electricity volume over a period of time is calculated by subtracting a previous meter read from the current meter read. 'Absolute' meter registers record and retain the actual electricity volume used over periods of time, so subtraction is not required.

HHR. The decision on which reconciliation type to use typically occurs at the time an ICP switches from a losing trader to a gaining trader.

- 2.2.2 At the current time approximately 970,000 of the national total of just over 2,000,000 ICPs have been fitted with AMI meter installations. This is expected to rise to over 1,200,000 AMI installations by 1 April 2015. Over time, the Authority expects that as many as 90% of all ICPs may ultimately have AMI meters installed.
- 2.2.3 Many of the AMI meters now being installed are being certified as HHR metering installations and, for a large proportion of the current installations, traders are carrying out physical settlement in the electricity market on a half-hour basis.
- 2.2.4 The data from a metering installation can be used in different ways by different traders, and this posed a problem for the switching process. During the course of the Part 10 implementation project, it was identified that this problem could have a significant impact on the operation of the new metering rules.
- 2.2.5 Following consultation with the industry, the Authority amended the registry's records and switch completion file, and made a Code amendment to enable the gaining trader to change the reconciliation type used on an ICP. This Code amendment also required a losing trader to make an HHR switch look like a NHH switch, regardless of the submission type that was being used, and the changes enabled AMI switching to be automated.
- 2.2.6 This revised switching process is now operating, and HHR AMI ICPs are now being automatically switched between traders as mass market customers.

2.3 The need to review Schedule 11.3

- 2.3.1 Participants have raised various switching process issues, to ensure that the Code, the registry, and participants' systems support the significant metering and IT technology changes that are now underway.
- 2.3.2 At the time it made the Code amendments discussed at paragraph 2.2.5, the Authority noted that it would further review the switching process when the implementation of the new metering rules was completed, to capture the full range of issues raised by participants.
- 2.3.3 The Authority has now reviewed Schedule 11.3 and, while the amendments that have already been made are proving to be effective, proposes that further amendments be made to the Code. The Authority

expects that, although the proposed amendments should not change the basic switching process or the information that is being conveyed between participants, there may be changes required to business rules within the registry and traders' systems.

- 2.3.4 Most of the issues canvassed in this document were also the subject of discussion at a workshop by an ad hoc technical group called together by the Authority to discuss aligning the Code with workable market practices.⁵ The outcomes of this workshop have fed into the development of these proposed Code amendments.

2.4 Types of switch process in Schedule 11.3

- 2.4.1 As outlined in paragraph 2.1.3 above, Schedule 11.3 includes three distinct types of switches. These are as follows:

- (a) the standard switching process, set out in clauses 1 to 7 of Schedule 11.3, is as follows:
 - (i) an existing customer at an ICP transfers the ICP from one trader to another
 - (ii) the losing trader provides the final information to complete the switch
 - (iii) the ICP is recorded in the registry as either an NHH or an HHR AMI metering installation
 - (iv) the switch type is identified as “TR” in the switch process
- (b) the switch move process (often referred to as the “move in” switch process), set out in clauses 8 to 12 of Schedule 11.3, is as follows:
 - (i) a new customer at an ICP has an agreement with a trader that is not the current trader on the registry for the ICP
 - (ii) the trader recorded in the registry provides the final information to complete the switch
 - (iii) the ICP has either an NHH metering installation or an HHR AMI metering installation
 - (iv) the switch type is identified as “MI” in the switch process
- (c) the half-hour switch process, set out in clauses 13 to 16 of Schedule 11.3, is as follows:

⁵ The technical group comprised representatives from Mighty River Power, Genesis Energy, Contact Energy, Nova, Energy Direct, Meridian Energy, Pulse, Powershop, and TrustPower.

- (i) a new or existing customer at the ICP transfers from one trader to another
- (ii) the gaining trader advises the registry of the actual event date to complete the switch
- (iii) no switch event meter readings are exchanged
- (iv) the ICP has
 - a non-AMI HHR metering installation at the time of the switch;
 - a non-AMI NHH metering installation that is to be changed to a non-AMI HHR metering installation at the time of the switch; or
 - a non-AMI HHR metering installation that is to be changed to an NHH metering installation at the time of the switch
- (v) the switch type is identified as “HH” in the switch process.

3. Issues, options and proposed amendments

3.1 Fields that specify how an ICP's electricity is traded

3.1.1 There are two fields in the registry that define how electricity is traded on an ICP. These fields are:

- (a) profile code
- (b) submission type.

3.1.2 The profile code is a trader-maintained file that indicates to the reconciliation manager how NHH submission information is to be synthesised into HHR reconciliation information. There are certain Authority-maintained profile codes that can be used, and a number of traders have developed customised profile codes. However, there is only one profile code that relates to HHR metering, and this has the code of HHR. All other profile codes are NHH.

3.1.3 The submission type field is a trader-maintained field in the registry that indicates how the trader is to provide submission information for an ICP to the reconciliation manager. Prior to the implementation of the new metering rules this field had the name “metering installation”. The registry uses this field to create ICP days files that the reconciliation manager then uses in the ICP days scaling process described in clause 5 of Schedule 15.4.

Issue

3.1.4 If a losing trader does not update certain information in the registry when an ICP switch completes, the gaining trader inherits the out-of-date registry information from the previous trader. This becomes of consequence when the inherited registry information does not align with information that the gaining trader provides to the reconciliation manager.

3.1.5 If the information does not align, the reconciliation methodology assumes that incomplete reconciliation information has been provided and ICP days scaling is applied. The application of this scaling increases the trader's volumes and, as a consequence, their purchases from the clearing manager. Although the volumes can be corrected in subsequent revisions, the extra purchases can pose a short-term financial problem to the trader concerned.

3.1.6 Although traders can review reconciliation information and allege a volume dispute or, after invoicing, an invoice dispute, considerable market time can be spent resolving these kinds of issues.

- 3.1.7 There have been a number of volume and invoice disputes over the last few months that have been caused by the use of incorrect information in the registry.

Options

- 3.1.8 The Authority has identified two options to modify the current process to address this issue:

(a) Remove ICP days scaling

Removing the ICP days scaling process would simplify reconciliation, but would also remove existing obligations and incentives for traders to ensure that both:

- (i) the information the trader maintains in the registry is accurate
- (ii) the submission information the trader provides to the reconciliation manager is accurate.

(b) Registry changes to facilitate the use of accurate information

A gaining trader can update the profile codes that apply to an ICP when that trader initiates a switch. The initial notification file that the gaining trader provides to the registry (NT file) allows the gaining trader to notify a change to profile codes, and these profile codes become active on the ICP when the switch completes. Functionality could be added to the registry to assist gaining traders to ensure that the necessary alignment of information is automatically achieved.

- 3.1.9 Option (b), to make changes within the registry, appears to be the easier and more viable solution, and would ensure that information accuracy at the time of a switch is maintained. This option would not require a Code amendment, and the Authority does not expect it would require a change within participants' systems.

Q1. Do you consider the Authority has identified and appropriately assessed the issue and options related to the submission type field? If not, please outline your reasons.
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Authority proposal

- 3.1.10 The Authority proposes to amend the functionality of the registry so that the profile field in the NT file is used to pre-set both the submission type and the profile for an ICP at the time a switch completes. This would be achieved using the following business rules:

- (a) not entering a profile code would cause the current profile code and submission type settings to be inherited
- (b) entering only an HHR profile code would set the submission type HHR to “Y” and the submission type of NHH to “N”
- (c) entering an NHH profile code (i.e. anything apart from HHR) would set the submission type HHR to “N” and the submission type of NHH to “Y”
- (d) entering both an HHR and an NHH profile code would set the submission type HHR to “Y” and the submission type of NHH to “Y”⁶
- (e) entering a profile type of HHR where the ICP does not contain a metering installation certified as HHR would cause the NT file to be rejected with the error code “incorrect profile type”.

3.1.11 This process would only occur when the gaining trader provides registry information at the time of a switch. Should a trader decide to change a profile code for an ICP where they are already a trader, then that trader’s processes would need to update both the profile code and the submission type field in the registry.

Q2. Do you agree with the proposed change to the registry functionality? If not, please explain why not.

3.2 Switch event meter reading

3.2.1 If the final information required to complete a switch requires there to be a meter read, there is a conflict between Parts 11 and 15 of the Code as to when final information for the switch should apply. This has created confusion for some participants.

Issues

3.2.2 Clause 6 of Schedule 15.2 currently states:

6 ***Non half hour meter readings apply from end of day***
*Non **half hour meter readings** are deemed to apply from 0000 hours on the day after the last **meter interrogation** up to and including 2400 hours on the day of the **meter interrogation**.*⁷

⁶ This scenario would only potentially occur if an ICP contains both types of meter. While such a situation is expected to be very rare, it could conceivably occur.

⁷ Interrogation is defined in Part 1 of the Code as “the extraction or manual reading of stored data from a metering installation”.

- 3.2.3 When an ICP transfers from one trader to another, a switch event date is established. The registry transitions the ICP to the gaining trader on the notified switch event day.
- 3.2.4 This effectively means that a switch event meter read should apply on the day of the switch event, but clause 6 of Schedule 15.2 states that, for NHH meter readings, the reading does not apply until the following day.

Options

- 3.2.5 The only option the Authority has identified to address this issue is to amend the Code.

Q3. Do you agree with the Authority's view of the issue and option related to the application of switch event meter reads? If not, please explain why not.

Authority proposal

- 3.2.6 The Authority proposes to amend clause 6 of Schedule 15.2 as follows:

- 6** ~~When Non half hour meter readings apply from end of day~~
Non ~~half hour meter readings~~ are deemed to apply—
(a) in the case of a **switch event meter reading**⁸—
(i) for the gaining **trader**, from 0000 hours on the day of the relevant **event date**; and
(ii) for the losing **trader**, at 2400 hours at the end of the day before the relevant **event date**; or
(b) in all other cases, from 0000 hours on the day after the last **meter interrogation** up to and including 2400 hours on the day of the **meter interrogation**.

Q4. Do you agree with the proposed Code amendment to clarify the requirements for non-half-hour meter readings? If not, please explain why not.

⁸ 'Switch event meter reading' is a new defined term proposed in this consultation paper.

3.3 Standard switching and switch move processes

- 3.3.1 The standard switching and switch move processes are outlined in paragraph 2.4.1(a) and (b) above. Both of these switch processes were amended as a result of issues identified during the Part 10 implementation project, to require the losing trader to provide cumulative channel reads as part of the final information used to complete the switch, if the ICP being switched contains an AMI metering component.
- 3.3.2 As this amended process appears to be working well, the Authority does not propose to make further changes to the switching processes, but proposes to amend the Code to make some clarifications and remedy some historic anomalies.

Issues with the standard switching and switch move processes

- 3.3.3 The following weaknesses in these processes have been identified:
- (a) multiple metering types on an ICP - it is not clear how to handle switches when there is a combination of HHR and NHH metering components within an ICP
 - (b) final information – the requirement to provide final information does not include the requirement to limit the switch event meter read to those channels recorded in the registry with an “accumulator type” = “C” and “settlement indicator” = “Y”, and to provide the last actual meter read date (the information is required in the functional specification)
 - (c) tenure of an ICP - there is no provision for switches where the losing trader’s tenure of an ICP that does not have an AMI meter is very short. In these instances it may not be possible, or it may be expensive, for the losing trader to obtain two actual meter reads in order to create a permanent estimate, or obtain an actual switch read. The cost of a special meter read to comply with the Code will be passed to consumers, without adding a lot of accuracy to the customer invoicing or market settlement process
 - (d) metering category - it is not clear what maximum metering category applies to ICPs that are able to be switched under Schedule 11.3.⁹ Should an HHR AMI meter be installed on an ICP that has a category 3 (or higher) metering installation, the process set out in the Code

⁹ Metering categories describe different metering installation characteristics, and are set out in Table 1 of Schedule 10.1 of the Code.

would allow that ICP to be switched using the standard switch process.

- (e) switch event meter read for AMI ICPs – the use of permanent estimates in the final information to complete a switch is permitted in the Code. However, where an actual meter read is available, the Authority considers that an actual channel read should be used to increase the accuracy of market settlement and consumer invoicing. For ICPs where AMI is the sole component that records electricity flow, a losing trader can make an actual meter read available for a switch event by interrogating the AMI meter. The Authority considers that it is preferable to require traders to use an actual meter reading, where it is available, rather than relying on other estimated meter readings.

Options with the standard switching and switch move process

Multiple metering types on an ICP

- 3.3.4 Currently, the switch process that applies to an ICP is determined by the type of metering installation/s that are at an ICP. The introduction of new technology HHR AMI meters has blurred this boundary. The Authority would like to clarify the Code to remove uncertainty on how to handle switches when there is a combination of HHR and NHH metering components within an ICP, by separating the switch processes by highest metering category on an ICP.
- 3.3.5 The Authority considers that there are two options. These are:
 - (a) require that traders follow a switch process based on the highest category of metering installation at an ICP. This is the Authority's preferred option
 - (b) retain the status quo and allow all HHR non AMI ICPs, regardless of their metering category, to follow the standard switch process.

Final information

- 3.3.6 The Code does not define the channels for which switch meter reads must be provided, although the registry will only complete a switch where the switch completion file contains channel reads for those channels recorded in the registry with an "accumulator type" = "C" and "settlement indicator" = "Y", and all trader systems should contain this functionality currently.
- 3.3.7 The Authority considers that the Code should explicitly state which switch meter reads are required. The Authority considers that there are two options, these are:

- (a) add to the Code that final information must be provided in the switch completion file for channels that are recorded in the registry with an “accumulator type” = “C” and “settlement indicator” = “Y”. This is the Authority’s preferred option
- (b) retain the status quo.

Tenure of an ICP:

- 3.3.8 Where the ICP has a legacy NHH meter, and the losing trader in an ICP switch has been the trader for the ICP for only a relatively short time, and has not been able to obtain an actual meter read, the losing trader must currently obtain an actual meter read in order to provide final information to complete the switch. The cost of an actual meter read is relatively high, and these costs are passed to consumers.
- 3.3.9 The switch meter read used in the final information to a switch can, in any case, be challenged by the gaining trader for a period of up to four months after a switch has completed. If any inaccurate estimates are used as a switch meter read, a customer, or a gaining retailer, can challenge the switch meter read.
- 3.3.10 The Authority considers that there are two options to reduce the cost faced by a losing trader when they have had a customer with non AMI metering for an insufficient period of time to obtain an actual meter read. These are:
- (a) allow, under certain circumstances, estimates to be used for switch meter reads. This is the Authority’s preferred option. The conditions are:
 - (i) applies only to channels that are recorded in the registry with an “accumulator type” = “C” and “settlement indicator” = “Y”
 - (ii) the losing trader has been recorded in the registry as being responsible for the ICP for a period of less than three months
 - (b) retain the status quo and require all traders to comply with the Code requirements for switch meter reads to provide final information to complete a switch.

Metering category

- 3.3.11 The rules, since their inception, considered that mass market switches could be automatically processed in traders' systems. However, larger sites that pose significant risk to a trader, along with potentially special invoicing configurations, should be handled by a separate process. These larger sites all had HHR metering. The new technology HHR AMI meters have blurred this definition. Should an HHR AMI meter be installed on an

ICP that has a category 3 (or higher) metering installation, the process set out in the Code would allow that ICP to be switched using the standard switch process. This is undesirable due to the liability, data collection, invoicing, network reporting, and reconciliation manager complexities involved with category 3 and greater ICPs

3.3.12 The Authority considers that there are two options to address this issue. These are:

- (a) require ICPs with category 1 or category 2 metering installations that are not subject to a change of metering installation type, as outlined in clause 13 of schedule 11.3 of the Code, to follow the standard switching process or the move in switch process. All other switches must follow the process outlined in clause 13 of the Code. This is the Authority's preferred option
- (b) retain the status quo and allow all HHR non AMI ICPs, regardless of their metering category, to follow the standard switch process.

Switch event meter read for AMI ICPs

3.3.13 Where an ICP has solely AMI metering, the Authority considers there should be no problem for the losing trader in an ICP switch, to obtain an actual meter read to provide the final information to complete the switch, as the AMI meter may be remotely read. The Authority considers that there are two options, these are:

- (a) require that where an ICP contains AMI metering, the switch meter read must be an actual read. This is the Authority's preferred option
- (b) retain the status quo where a permanent estimate may be used as a switch meter read, even though an actual AMI meter read is available.

Further issues with the standard switching and switch move processes for future consideration

3.3.14 The Authority identified an additional issue as part of this review, related to opportunities for the gaining trader to complete a switch of a category 1 or 2 metering installation. The industry technical group (referred to in paragraph 2.3.4) has provided feedback that there appears to be no benefit in proceeding with these changes at this time. Accordingly, the Authority does not intend to amend the Code or the registry functional specification to include these issues, but welcomes participants' views as to their relative merits and priority.

- 3.3.15 The Code sets the role for a gaining trader in the standard switching and switch move processes as follows:
- (a) the only time a gaining trader can complete a switch is when the switch is for an ICP where clause 13 of Schedule 11.3 applies, as described in paragraph 2.4.1(c) above.
 - (b) the Code does not allow a gaining trader to complete a switch where that trader:
 - (i) wishes to change the metering installation for the ICP where an NHH metering installation is to be replaced with another NHH metering installation;
 - (ii) elects to obtain the interrogation of a metering installation to complete the switch.
- 3.3.16 This means that for standard switching or switch move processes, the gaining trader must wait for the losing trader to complete the switch, and then carry out any changes in the registry to the metering configuration details. There may be efficiency gains in the traders' processes if the gaining trader was allowed to complete a standard switch.
- 3.3.17 Although an additional switch type could be added to the registry CS switch file, which could permit gaining traders to complete either a standard switch or a move in switch, this would require alteration to traders' switching processes.
- 3.3.18 A further change to these processes could be to enable MEPs to participate in the switching process. MEPs are not currently involved in the switching process but, in the case of a standard switching or switch move, where only AMI meters are in use, the MEP could provide switch event meter readings directly to the registry instead of to the losing trader, who in turn provides it to the registry.

Q5. Do you agree with the Authority's view of issues and options within the standard switch and switch move processes? If not, please explain why not?
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Authority proposal to add a new definition to Part 1 of the Code, and amend clauses 1 to 12 of Schedule 11.3

- 3.3.19 The Authority proposes to create a new defined term to describe the 'switch event' meter read that must be included in final information to complete a standard switch or move in switch. To simplify the use of what comprises a meter reading that can be used at the time of switching, it is

proposed that this new term would replace references to “permanent estimate or validated meter read” and would also include the use of an estimate under circumstances outlined below.

3.3.20 The Authority also proposes to amend the Code as follows:

- (a) specifying that the standard switching process applies only to ICPs that have category 1 or category 2 metering installation. It is proposed that ICPs that have a metering installation category of 3 or greater would need to be processed under the switch process set out in clauses 13 to 16 of Schedule 11.3
- (b) allowing a losing trader, that has had tenure of the ICP for less than three months, to use an estimated meter reading only when switching a non-AMI meter
- (c) for the standard switching process, clarify what channel readings the losing trader must provide as part of the final information it provides under clauses 5 and 11 of Schedule 11.3
- (d) various other minor changes, including to clarify the relationship between clauses 1, 8 and 13, and to improve clarity and efficiency.

3.3.21 Taking into account the above discussion, the Authority proposes to amend the Code as follows:

Part 1 of the Code

Switch event meter read means—

- (a) in relation to an ICP that only has AMI metering components, must be an actual meter reading; or**
- (b) in relation to an ICP that is not described in paragraph (a), if the ICP is being switched under Schedule 11.3; and the losing trader has been recorded in the registry as being responsible for the ICP for a period of less than 3 months, must be—**
 - (i) a reasonable estimate based on the meter reading contained in final information provided in the switch file in which the losing trader had gained the ICP; or**
 - (ii) an actual meter reading; and**
- (c) in all other cases must be a validated meter reading or a permanent estimate**

Schedule 11.3 of the Code

Standard switching process

1 Standard switching process for ICPs with category 1 or category 2 metering installations

- (1) This clause and clauses 2 to 7 apply if a **trader** (the "gaining **trader**") has an arrangement with a **customer** or **embedded generator** to—
- (a) commence trading **electricity** with the **customer** or **embedded generator** at an **ICP** at which another **trader** (the "losing **trader**") supplies **electricity**, and the **ICP** is recorded on the **registry** ~~with as having—~~
- (ia) a **category 1 metering installation** or **category 2 metering installation**; and
- (i) a submission type of—
- (A) non **half hour**; or
- (ii) ~~(B) a submission type of **half hour**~~ and an AMI flag of "Y"; or
- (b) assume responsibility under clause 11.18(1) for such an **ICP**.
- (1A) To avoid doubt, this clause and clauses 2 to 7 do not apply in a situation described in clause 13(1)(a).
- (2) If the Door to Door Sales Act 1967 applies to an arrangement described in subclause (1),—
- (a) the gaining **trader** must identify the period within which the **customer** or **embedded generator** may cancel the arrangement in accordance with section 7 of the Door to Door Sales Act 1967; and
- (b) for the purpose of this Schedule, the arrangement is deemed to come into effect on the day after the expiry of the period.

2 Inform registry of switch request for ICPs

- (1) For each ICP to which a switch relates, the gaining **trader** must advise the **registry** of the switch no later than 2 **business days** after the arrangement with the **customer** or **embedded generator** comes into effect.
- (2) The gaining **trader's** advice to the **registry**—
- (a) must include—
- (i) a proposed **event date**; and
- (ii) the switch type of 'TR':
- (b) may include a change to the **profile** code if the gaining **trader** does not intend to use the same **profile** code as the losing **trader**.

3 Losing trader response to switch request

Within 3 **business days** after receipt of notification from the **registry** ~~under in~~ accordance with clause 22, for each **ICP** the losing **trader** must establish an expected **event date** and must—

- (a) ~~provide acknowledgement of~~ the switch request by providing the following information to the **registry**—

- ~~(i) providing the expected **event date** to the **registry**; and~~
 - ~~(ii) if relevant for that **ICP**, providing a valid switch response code approved by the **market administrator**, to the gaining **trader**; or~~
- (b) provide final information to complete the switch request in accordance with clause 5~~by—~~
 - ~~(i) providing confirmation of the actual **event date** to the **registry**; and~~
 - ~~(ii) providing to the gaining **trader** confirmation of the actual **event date** and a switch meter read, comprising either the **validated meter reading** or a **permanent estimate**, as at the actual **event date**; or~~
- (c) provide a request for withdrawal of the switch in accordance with clause 17.

4 Event dates

- (1) The losing **trader** must establish **event dates** by providing the information listed in clause 5 to the **registry** in respect of the switch request that was received under clause ~~3~~under clause 3 so that—
 - (a) no **event date** is more than 10 **business days** after the date of receipt of notification from the **registry** in accordance with clause 22(a); and
 - (b) in any 12 month period at least 50% of the **event dates** established by the losing **trader** are no more than 5 **business days** after the date of notification.
- (2) When ~~calculating~~ establishing an **event date** under this clause, the losing **trader** must disregard every **event date** established by the losing **trader** for a **customer** who, at the time that the **event date** is established, has been a **customer** of the losing **trader** for less than 2 calendar months.

5 Losing trader must provide final information

Within 3 **business days** after receipt of notification from the **registry** in accordance with clause 22(a), the losing **trader** must provide final information to the **registry** for the purpose of clauses 3(b) and 4, which includes—

- (a) the actual **event date**; and
- (b) a **switch event meter read** as at the actual **event date** for each **metering component** channel that is recorded in the **registry** with an “accumulator type” = “C” and “settlement indicator” = “Y”; and
- (c) if the **switch event meter read** is not a **validated meter reading**, the earliest date of the last actual **meter reading** of the **metering component** channels described in paragraph (b).

~~If the losing **trader** provides information to the **registry** in accordance with clause 3(a) and 4, then within 3 **business days** after the actual **event date**, the losing **trader** must—~~

- ~~(a) provide confirmation of the actual **event date** to the **registry**; and~~
- ~~(b) provide the actual **event date** and either the **validated meter reading** or a **permanent estimate** as at the actual **event date** to the gaining **trader**.~~

6 Traders must use same reading

The losing **trader** and the gaining **trader** must both use the same switch event meter read~~validated meter reading~~ or ~~permanent estimate~~ for the actual **event date** as determined by the following procedure:

- (a) if the switch event meter read~~validated meter reading~~ or ~~permanent estimate~~ provided by the losing **trader** differs by less than 200 kWh from a value established by the gaining **trader**, the gaining **trader** must use the losing **trader**'s switch event meter read~~validated meter reading~~ or ~~permanent estimate~~; or
- (b) if the switch event meter read~~validated meter reading~~ or ~~permanent estimate~~ provided by the losing **trader** differs by 200 kWh or more from a value established by the gaining **trader**, the gaining **trader** may dispute the switch event meter read~~validated meter reading~~ or ~~permanent estimate~~. In this case, the **gaining trader** must, within 4 calendar months of the actual **event date**, provide to the losing **trader** a changed switch event meter read~~validated meter reading~~ or ~~permanent estimate~~ supported by 2 **validated meter readings**, and the losing **trader** must either,—
 - (i) within 5 **business days** after receiving the switch event meter read~~validated meter reading~~ or ~~permanent estimate~~ from the gaining **trader**, the losing **trader**, if it does not accept the switch event meter read~~validated meter reading~~ or ~~permanent estimate~~, must **notify** the gaining **trader** (giving all relevant details); or
 - (ii) if the losing **trader** notifies its acceptance of the switch event meter read~~validated meter reading~~ or ~~permanent estimate~~ received from the gaining **trader**, or does not provide any response, the losing **trader** must use the switch event meter read~~validated meter reading~~ or ~~permanent estimate~~ supplied by the gaining **trader** in accordance with this paragraph.

7 Disputes

- (1) A losing **trader** or a gaining **trader** may notify the other **trader** that it disputes a switch event meter read~~validated meter reading~~ or ~~permanent estimate~~ notified under clauses 1 to 6.
- (2) The dispute must be resolved in accordance with the disputes procedure in clause 15.29 (with all necessary amendments).

Switch move process

8 Switch move process for ICPs with category 1 or category 2 metering installations

- (1) This clause and clauses 9 to 12 apply if a **trader** (the “gaining **trader**”) has an arrangement with a **customer** or **embedded generator** to—
 - (a) commence trading **electricity** with the **customer** or **embedded generator** at an **ICP** for which no **trader** has an agreement to trade **electricity** and the **ICP** is recorded on the **registry** with—
 - (ia) a category 1 metering installation or category 2 metering installation;
and

- (i) a submission type of—
 - (A) non half hour; or
 - (ii) (B) a submission type of half hour and AMI flag of "Y"; or
- (b) assume responsibility under clause 11.18(1) for such an **ICP**.
- (1A) To avoid doubt, this clause and clauses 9 to 12 do not apply in a situation described in clause 13(1)(a).
- (2) If the Door to Door Sales Act 1967 applies to an arrangement described in subclause (1)—
 - (a) the gaining **trader** must identify the period within which the **customer** or **embedded generator** may cancel the arrangement in accordance with section 7 of the Door to Door Sales Act 1967; and
 - (b) for the purpose of this Schedule, the arrangement is deemed to come into effect on the day after the expiry of the period.

9 **Gaining trader informs registry of switch move request**

- (1) For each **ICP** described in clause 8(1)(a), the gaining **trader** must advise the **registry** of the switch-type and the proposed **event date** no later than 2 **business days** after the arrangement with the **customer** or **embedded generator** comes into effect.
- (2) The gaining **trader's** advice to the **registry**—
 - (a) must include—
 - (i) the proposed **event date**; and
 - (ii) the switch type of "MI";
 - (b) may include a change to the **profile** code if the gaining **trader** does not intend to use the same **profile** code as the losing **trader**.

10 **Losing trader response to switch move request provides information**

Within 3 **business days** after receipt of notification from the **registry** under ~~in accordance with clause 22(a), the **trader** that who~~ is recorded on the **registry** as being responsible for the **ICP** (the “losing **trader**”) ~~must confirm the proposed **event date** or set another expected **event date** (that must not precede the gaining **trader's** proposed **event date** and must be no more than 10 **business days** after the date of such notification), and must—~~

- ~~(a) provide acknowledgement for the switch move by—~~
 - ~~(i) providing confirmation of the expected **event date** to the **registry**; and~~
 - ~~(ii) if relevant for the **ICP**, provide a valid switch response code approved by the **Authority** to the gaining **trader**; or~~
- ~~(b) provide final information to complete the switch move by—~~
 - ~~(i) providing confirmation of the actual **event date** to the **registry**; and~~
 - ~~(ii) providing, either the **validated meter reading** or a **permanent estimate** as at the actual **event date** to the gaining **trader**, and if a **permanent estimate** is supplied, the date of the last **validated meter reading** at the **ICP**; or~~
- ~~(c) provide~~ing a request for withdrawal of the switch in accordance with clause 17;
or:

- (d) complete the switch by—
 - (i) confirming the **event date** or setting another expected **event date** that—
 - (A) must not precede the gaining **trader’s** proposed **event date**; and
 - (B) must be no more than 10 **business days** after the date of such notification; and
 - (ii) providing acknowledgement of the switch request to the **registry** including—
 - (A) the **event date** or the proposed **event date**; and
 - (B) a valid switch response code approved by the Authority; and
 - (C) provide final information to the switch move request in accordance with clause 11.

11 **Losing trader must provide final information-**

If the losing **trader** has provided information to the **registry** in accordance with clause 10, then within 3 **business days** after the actual **event date** later of the actual **event date** or date of receipt of the switch request, the losing **trader** must provide final information to the **registry** which includes—

- (a) provide confirmation of the actual **event date** to the **registry**; and
- (b) provide the actual **event date** and either the ~~validated meter reading~~ or a **permanent estimate** a switch event meter read as at the actual **event date** to the gaining **trader** for each **metering component** channel that is recorded in the **registry** with an “accumulator type” = “C” and “settlement indicator” = “Y”; and
- (c) the earliest date of the last actual **meter reading** of the **metering component** channels described in paragraph (b).

12 **Gaining trader may change switch event meter read~~validated meter reading or permanent estimate~~**

- (1) The gaining **trader** may use the switch event meter read ~~validated meter reading or permanent estimate~~ supplied by the losing **trader** or may, at its own cost, obtain its own switch event meter read ~~validated meter reading or permanent estimate~~ .
- (2) If the gaining **trader** elects to use the new switch event meter read ~~validated meter reading or permanent estimate~~, the gaining **trader** must **notify** the losing **trader** of the new switch event meter read ~~validated meter reading or permanent estimate~~ and the actual **event date** to which it refers as follows:
 - (a) if the switch event meter read ~~validated meter reading or permanent estimate~~ established by the gaining **trader** differs by less than 200 kWh from that provided by the losing **trader**, both **traders** must use the switch event meter read ~~validated meter reading or permanent estimate~~ provided by the gaining **trader** as the switch event meter read ~~validated meter reading or permanent estimate~~; or
 - (b) if the switch event meter read ~~validated meter reading or permanent estimate~~ provided by the losing **trader** differs by 200 kWh or more from a value

established by the gaining **trader**, the gaining **trader** may dispute the **switch event meter read**~~validated meter reading or permanent estimate~~ .

- (3) If the gaining **trader** disputes a **switch event meter read**~~validated meter reading or permanent estimate~~ under subclause (2)(b), the gaining **trader** must, within 4 calendar months of the actual **event date**, provide to the losing **trader** a changed **validated meter reading** or a **permanent estimate** supported by 2 **validated meter readings**, and the losing **trader** must either,—
- (a) within 5 **business days** after receiving the **switch event meter read**~~validated meter reading or permanent estimate~~ from the gaining **trader**, the losing **trader**, if it does not accept the **switch event meter read**~~validated meter reading or permanent estimate~~ , must **notify** the gaining **trader** (giving all relevant details), and the losing **trader** and the gaining **trader** must use reasonable endeavours to resolve the dispute in accordance with the disputes procedure contained in clause 15.29 (with all necessary amendments); or
- (b) if the losing **trader** notifies its acceptance of the **switch event meter read**~~validated meter reading or permanent estimate~~ received from the gaining **trader**, or does not provide any response, the losing **trader** must use the **switch event meter read**~~validated meter reading or permanent estimate~~ supplied by the gaining **trader** in accordance with this clause.

3.3.22 The Authority does not expect that these proposed Code amendments will cause any significant change to traders' processes.

Q6. Do you agree with the proposed amendments to the standard and switch move processes in the Code? If not, please provide details.

3.4 Half-hour switch process

- 3.4.1 Despite what it is suggested by its name, the half-hour switch process in clauses 13 to 16 of Schedule 11.3 is not specific to HHR sites, but it is actually a switching process where under certain circumstances a gaining trader in an ICP switch must provide the final information to complete the switch. Such circumstances include when there is to be a co-ordinated change of metering component at the time of the switch.

Issues with the half-hour switching process

- 3.4.2 Switches under clause 13 are typically manually handled in traders' systems and traders currently carry out ad hoc processes to exchange the relevant information. The use of these manual processes creates a risk that the results of a final interrogation may not be available for the losing trader to complete their reconciliation obligations (the use of manual processes is expected to reduce in time as a result of the changes made during the Part 10 implementation project).
- 3.4.3 Back dated switches:
- (a) while the Code does not allow for switches to be backdated, participants often choose to backdate switches for larger sites when customers delay completion of the final agreement for a contract to supply electricity¹⁰
 - (b) the Authority has noted that a number of switches have been backdated for ICPs with meters of category 3 and above, and that the manual handling of these switches does not appear to be causing any electricity market-related issues. Both the reconciliation manager's revision cycle and the manual handling of switches of this type have ensured that electricity market settlements remain accurate regardless of back dated switches (provided that the gaining and losing trader's own reconciliation systems can handle an amendment to the revision process where an ICP is added or removed from a participant's submissions). ICP days scaling is applied when a traders' submission information is inconsistent with registry records, and this compensates for some of the issues that can arise around backdated switches.
- 3.4.4 Obtaining final metering installation interrogation:

¹⁰ The customer has agreed to switch, takes some time to complete the relevant paperwork, but still expects the contract to commence from the date the switch was agreed.

- (a) although the completion of the switch file can enable the switching of ICPs that also contain NHH meters, the Code does not contain obligations for the gaining trader to notify the losing trader of the necessity to obtain a final interrogation, or for the gaining trader to deliver the results of an interrogation to the losing trader, in situations where metering installations are to be replaced or reconfigured
- (b) as the half hour switch process does not require the losing trader to complete the switch, a losing trader may be unaware a change to a metering installation is being carried out until after they receive a switch completion notice. At this time, it may be too late or very difficult for the losing trader to obtain an interrogation of the metering installation.

3.4.5 Gaining trader provides NHH switch event meter reads:

- (a) if a half hour switch process involves an NHH meter, the losing trader will need to visit the ICP to obtain a final meter reading. However, the gaining trader could provide the NHH switch event meter to the losing trader in the switch completion message (CS file)
- (b) the registry could validate the CS file so that where cumulative channels are used in settlement, the channel reading must be contained in the notification to the registry of the actual event date required in clause 16.

Options with the half-hour switching process

Back dated switches:

3.4.6 The Authority has considered amending the Code to allow backdating switches to reflect practical requirements. The Authority considers that there are no electricity market problems evident with backdating HHR switching, and that backdated HHR switches:

- (a) could be allowed, as there appears to be no electricity market problems created with backdated half-hour switches, and any revisions to settlement would be automatically dealt with in electricity market settlement processes (this is the Authority's preferred option); or
- (b) retain the status quo and all traders should comply with the requirements. The result of maintaining the status quo is that all traders are already required to comply with the Code requirements that have been in place for many years, i.e. no half hour switches should currently be backdated. Where it became necessary to agree an earlier date with a customer for commencement of contract, the

gaining trader would need to obtain an off market bilateral agreement with the losing trader for the initial electricity market settlement, and for each subsequent revision cycle until the 14 month revision occurred. The Authority considers that this process is inefficient, and is likely to generate cost for participants that will be passed to consumers.

Obtaining final metering installation interrogation options:

- 3.4.7 The Authority considers there should be a requirement to allow a losing trader, or its MEP, the opportunity to interrogate a metering installation prior to any component removal and that the Code:
- (a) could be amended to provide an opportunity, if the metering equipment is being de-energised or removed, for the losing trader or the MEP for the ICP being switched to interrogate the metering installation immediately prior (this is the Authority's preferred option); or
 - (b) could be left as the status quo and the losing trader must comply with the Code requirements, although it may be unaware a change to a metering installation is being carried out until after it has received a switch completion notice. At this time, it may be too late or very difficult for the losing trader to obtain an interrogation of the metering installation and the losing trader may need to estimate consumption. The Authority considers that this process is inefficient, and is likely to generate cost for participants that will be passed to consumers.

Gaining trader provides NHH switch event meter reads options:

- 3.4.8 The Authority considers that, given the number of switches that may occur where this is an issue, this process may be overly complex and would not be necessary where the losing trader or MEP elects to obtain the channel reading. The Code could be:
- (a) left as the status quo, and the losing trader should comply with the requirement to obtain a final meter interrogation (this is the Authority's preferred option).
 - (b) amended to allow the gaining trader to provide the NHH switch event meter to the losing trader in the switch completion message (CS file)
 - (c) amended to require the registry to validate the CS file so that where cumulative channels are used in settlement, the channel reading must be contained in the notification to the registry required in clause 16.

- 3.4.9 The Authority's view on the options in paragraph 3.4.8(b) and 3.4.8(c), is that amending the process would introduce complexity and would not be necessary in instances where the losing trader or MEP elects, or prefers, to interrogate the metering installation.

Q7. Do you agree with the Authority's view of the issues and options for the half hour switching process? If not, please explain why not?

Authority proposal to amend clauses 13 to 16 of Schedule 11.3

- 3.4.10 The Authority proposes to rename this switch process "*Gaining trader completes switching process*" to more accurately reflect how it is applied in practice.
- 3.4.11 The Authority proposes to amend the Code as follows to give effect to the preferred options in 0 to 3.4.9 above:
- (a) requiring the gaining trader to provide final information for all meters within an ICP by arranging for either:
 - (i) the losing trader or MEP to interrogate the metering installation; or
 - (ii) the gaining trader to provide final information to the losing trader in the switch completion file
 - (b) allowing for backdated switches within the current month that the switch notification is made, or within three months prior to the switch request being made to the registry if both the losing and gaining traders agree.
- 3.4.12 The proposed amendments for clauses 13 to 16 of Schedule 11.3 are as follows:

Gaining trader completes ~~Half-hour~~ switching process

13 Gaining trader completes ~~Half-hour~~ switching processes

- (1) This clause and clauses 14 to 16 apply if a **trader** (the "gaining trader") has an arrangement with a **customer** or **embedded generator** to—
- (a) trade electricity through—
 - (i) a **half-hour metering installation** at an **ICP** with a submission type of **half hour** on the **registry** and an AMI flag of "N" at which another **trader** (the "losing trader") trades **electricity** through a **half-hour metering installation** with the **customer** or **embedded generator**

- with a submission type of **half hour** on the **registry** and an AMI flag of "N"; or
- (ii) a **half-hour metering installation** at an **ICP** with a submission type of **half hour** on the **registry** and an AMI flag of "N" at which another **trader** (the "losing trader") trades **electricity** through a **non half-hour metering installation** with the customer or **embedded generator** with a submission type of **non half-hour** on the **registry** and an AMI flag of "N"; or
 - (iii) a **non half-hour metering installation** at an **ICP** at which another **trader** (the "losing trader") trades **electricity** through a **half-hour metering installation** with an AMI flag of "N" with the customer or **embedded generator**; or
- (1A) This clause and clauses 14 to 16 also apply to a switch process if
- (a) the gaining **trader** has an arrangement with a **customer** or **embedded generator** to commence trading **electricity** with the **customer** or **embedded generator** at an **ICP**; and
 - (b) the arrangement is not covered by clauses 1 to 11.
- (2) If the Door to Door Sales Act 1967 applies to an arrangement described in subclause (1)—
- (a) the gaining **trader** must identify the period within which the **customer** or **embedded generator** may cancel the arrangement in accordance with section 7 of the Door to Door Sales Act 1967; and
 - (b) for the purpose of this Schedule, the arrangement is deemed to come into effect on the day after the expiry of the period.

14 Gaining trader informs registry of switch request

- (1) For each **ICP** to which the switch relates, the gaining **trader** must advise the **registry** of the expected **event date** and switch type no later than 3 **business days** after the arrangement with the **customer** or **embedded generator** comes into effect.
- (2) The expected **event date** must be—
- (a) a date after the date on which the gaining **trader** advises the **registry** of the expected **event date**; or
 - (b) either—
 - (i) a date in the same month as, but before, the date the gaining **trader** advises the **registry** of the expected **event date**; or
 - (ii) if the losing **trader** and the gaining **trader** agree, a date in the 90 days before the month in which the gaining **trader** advises the **registry** of the expected **event date**.
- (3) The switch type must be "HH".

15 Losing trader provides information

Within 3 **business days** after the losing **trader** receives information from the **registry** in accordance with clause 22(a), and if relevant for that **ICP**, the losing **trader** must—

- (a) provide to the **registry** a valid switch response code approved by the **Authority**; or
- (b) provide a request for withdrawal of the switch in accordance with clause 17.

16 Gaining trader to ~~notify~~ advise registry

- (1) The gaining **trader** must ~~notify~~ advise the **registry** of the actual **event date** no later than 3 **business days** after the actual **event date**.
- (2) The gaining **trader** must, if the **ICP** is being **de-energised** or **metering** equipment is being removed, provide the losing **trader** or the **MEP** for the **ICP** being switched with the opportunity to **interrogate** the **metering installation** immediately before the **ICP** is **de-energised** or the **metering** equipment is removed.

Q8. Do you have any comments on the proposed amendments to improve the clarity and efficiency of the half-hour switch process?
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4. Regulatory Statement

4.1 Authority's proposal

- 4.1.1 The issues, options and the Authority's proposals are detailed in section 3 of this consultation paper.

4.2 Statement of the objectives of the proposed amendment

- 4.2.1 The objectives of the proposal are to:
- (a) remove inconsistencies from the Code, which will assist existing and new entrant traders to understand the requirements relating to switching ICPs between traders
 - (b) improve and clarify the process for switching ICPs between traders
 - (c) as a result of estimates not being required where category 3 metering installations (or higher) have been removed, improve the accuracy of the reconciliation process
 - (d) minimise overall administrative costs, including administrative costs to participants.

4.3 Evaluation of the costs and benefits of the proposed amendment

- 4.3.1 The Authority expects that the cost to amend the registry to automate updates to the submission type field (as per paragraphs 3.1.10 - 3.1.11, above) will be in the order of \$10,000. While the Authority cannot estimate the number of alignment errors related to these registry fields that might occur in the future, the Authority expects that the cost to amend the registry would be lower than the cost to the electricity market to deal with volume disputes and invoice disputes as a result of participants making errors in updating this field in the registry. No other system costs are anticipated from the proposed amendments.
- 4.3.2 The Authority does not expect that participants will incur additional costs in complying with any of the proposed Code amendments.
- 4.3.3 In the case of the new defined term of "switch event meter read", the proposed relaxation of requirements may reduce participants' costs of compliance.

4.4 Evaluation of alternative means of achieving the objectives of the proposed amendment

- 4.4.1 Where the Authority has identified other means of achieving the objectives, they have been set out in part 3 of this paper, together with the evaluation of those alternative means.

4.5 Assessment under section 32(1)

- 4.5.1 Section 32(1) of the Act provides that Code provisions must be consistent with the Authority's objective and be necessary or desirable to promote any or all of the following:
- (a) competition in the electricity industry
 - (b) the reliable supply of electricity to consumers
 - (c) the efficient operation of the electricity industry
 - (d) the performance by the Authority of its functions
 - (e) any other matters specifically referred to in this Act as a matter for inclusion in the Code.
- 4.5.2 Appendix B contains a table setting out an assessment of the proposed amendment against the requirements of section 32(1) of the Act.

4.6 Assessment against the code amendment principles

- 4.6.1 When considering amendments to the Code, the Authority is required by its Consultation Charter to have regard to the following Code amendment principles, to the extent that the Authority considers that they are applicable.
- 4.6.2 *Principle 1 – Lawfulness:* The Authority and its advisory groups will only consider amendments to the Code that are lawful and that are consistent with the Act (and therefore consistent with the Authority's statutory objective and its obligations under the Act).
- 4.6.3 The proposal is lawful, and is consistent with the statutory objective and with the empowering provisions of the Act.
- 4.6.4 *Principle 2 – Clearly Identified Efficiency Gain or Market or Regulatory Failure:* Within the legal framework specified in Principle 1, the Authority and its advisory groups will only consider using the Code to regulate market activity when:

- (a) it can be demonstrated that amendments to the Code will improve the efficiency of the electricity¹¹ industry for the long-term benefit of consumers;
 - (b) market failure is clearly identified, such as may arise from market power, externalities, asymmetric information and prohibitive transaction costs; or
 - (c) a problem is created by the existing Code, which either requires an amendment to the Code, or an amendment to the way in which the Code is applied.
- 4.6.5 The Authority considers that paragraphs (a) and (c) of principle 2 apply. There are clearly defined efficiency gains to the process for switching ICPs between traders from:
- (a) clarifying the process requirements
 - (b) improving the efficiency of the switching process
 - (c) preventing gaining traders from making errors when they change the profile, but not the submission type, of an ICP.
- 4.6.6 Industry practices vary from the current Code, and this variance does not appear to impact market efficiency or outcomes.
- 4.6.7 *Principle 3 – Quantitative Assessment:* When considering possible amendments to the Code, the Authority and its advisory groups will ensure disclosure of key assumptions and sensitivities, and use quantitative cost-benefit analysis to assess long-term net benefits for consumers, although the Authority recognises that quantitative analysis will not always be possible. This approach means that competition and reliability are assessed solely in regard to their economic efficiency effects. Particular care will be taken to include dynamic efficiency effects in the assessment, and the assessment will include sensitivity analysis when there is uncertainty about key parameters.
- 4.6.8 The Authority expects that:
- (a) the cost to amend the registry to automate updates to the submission type field (as per paragraphs 3.1.10 - 3.1.11, above) will be lower than the cost to the electricity market to deal with volume disputes and invoice disputes

¹¹ Where efficiency refers to allocative, productive and dynamic efficiency, and improvements to efficiency include, for example, a reduction in transaction costs or a reduction in the scope for disputes between industry participants.

- (b) participants may incur small additional costs in complying with the proposed Code amendments.

Q9. Do you agree with the Authority's Regulatory statement and assessment of costs? If not, If not, please explain why not?

4.7 Summary of questions

Table 1: Summary of questions

Number	Question
Q1	Do you consider the Authority has identified and appropriately assessed the issues or options related to the submission type field? If not, please outline your reasons.
Q2	Do you agree with the proposed change to registry functionality? If not, please explain why not?
Q3	Do you agree with the Authority's view of issues and options related to the application of switch event meter reads? If not, If not, please explain why not?
Q4	Do you agree with the proposed Code amendment to clarify the requirements for non-half hour meter reads? If not, please explain why not?
Q5	Do you agree with the Authority's view of issues and options within the standard switch and switch move processes? If not, please explain why not?
Q6	Do you agree with the proposed amendments to the standard and switch move processes in the Code? If not, please provide details
Q7	Do you agree with the Authority's view of the issues and options for the half hour switching process? If not, please explain why not?
Q8	Do you have any comments on the proposed amendments to improve the clarity and efficiency of the half-hour switch process?
Q9	Do you agree with the Authority's Regulatory statement and assessment of costs? If not, please explain why not?

Appendix A Format for submissions

Question No.	Question	Response
Q1	Do you consider the Authority has identified and appropriately assessed the issues or options related to the submission type field? If not, please outline your reasons.	
Q2	Do you agree with the proposed change to registry functionality? If not, please explain why not?	
Q3	Do you agree with the Authority's view of issues and options related to the application of switch event meter reads? If not, please explain why not?	
Q4	Do you agree with the proposed Code amendment to clarify the requirements for non-half hour meter reads? If not, please explain why not?	
Q5	Do you agree with the Authority's view of issues and options within the standard switch and switch move processes? If not, please explain why not?	
Q6	Do you agree with the proposed amendments to the standard and switch move processes in the Code? If not, please provide details	
Q7	Do you agree with the Authority's view of the issues and options for the half hour switching process? If not, please explain why not?	
Q8	Do you have any comments on the proposed amendments to improve the clarity and efficiency of the half-hour switch process?	
Q9	Do you agree with the Authority's Regulatory statement and assessment of costs? If not, please explain why not?	

Appendix B Assessment under section 32(1) of the Act

Section 32(1) requirements:	Response
The proposed amendment is consistent with the Authority's objective under section 15 of the Act, which is as follows:	
(a) to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers	Ensuring that the electricity market switches customers efficiently and effectively will promote competition and the efficient operation of the electricity industry, which will be in the long-term benefit of customers
The proposed amendment is necessary or desirable to promote any or all of the following:	
(a) competition in the electricity industry;	The proposal will promote competition in the electricity industry, by ensuring that customers are able to switch traders efficiently and effectively
(b) the reliable supply of electricity to consumers;	The proposal will not affect the reliable supply of electricity in the electricity industry
(c) the efficient operation of the electricity industry;	The proposed amendment will improve efficiency by ensuring that: a) both existing and new entrant traders can clearly understand the switching requirements b) Code requirements are reasonable and enforceable c) trader switching practices in the industry are aligned and are made more efficient.
(d) the performance by the Authority of its functions;	Clearly identified obligations assist the Authority in its monitoring and compliance enforcement role
(e) any other matter specifically referred to in this Act as a matter for inclusion in the Code.	There are no other relevant matters specified in the Act