



28 September 2021

Electricity Authority
P O Box 10-041
Wellington 6145

By email: distribution.feedback@ea.govt.nz

Dear team

**Re: Consultation Paper-Updating the Regulatory Settings for
Distribution Networks**

Flick appreciates the opportunity to submit on the Electricity Authority's (Authority) discussion paper that identifies a range of potential issues on distribution networks that may impact competition, innovation and New Zealand's transition to a low emissions economy.

Flick agrees that distribution networks have a critical role to play in supporting all consumers' choices about their consumption, and generation, of electricity.

To support consumers' choices the regulatory regime must be enabling, adaptive and uncomplicated.

Flick supports:

- development of a modern system of data exchange to facilitate quality data flows without Privacy Act implications. This could be a central metering repository, APIs etc storing half hour data. The arrangements would reflect that the consumer owns their data provision and collection and data is not locked up behind a particular MEP (who is only performing the function of meter reading to collect data) or a retailer. The aim is to minimise duplication and ensure the right level of access for different parties. A third party would contract with a consumer and not their electricity retailer. (Q.3.)
- incentivising innovation in the distribution sector where worthwhile new innovations are shared and implemented across all distributors so the benefits are captured industry wide. The distributor that developed the new IP could retain a small 'royalty fee' but the expectation is that the product / service / technology would be widely shared. This could be implemented via a contestable fund or a pooled resource and talent from across the EDBs (and not be related to the size of individual distributors)

so that everyone has visibility of the projects being proposed / undertaken, minimising the potential for duplication of effort.

- incentivising distributors to procure efficient non-network solutions and bring innovation to the market. This could be via an 'avoided investment payment' or if the non-network solution is greater than a \$ threshold then the rate of return allowed on the investment is greater.
- increased collaboration and sharing across distributors for the benefit of all consumers. This is a role already undertaken by the Electricity Networks Association. (Q.20.)

Flick does not support:

- proposals that involve 'educating and informing' – this type of approach is unlikely to be sufficient to motivate change.
- spending lengthy time to develop and implement standards when the technology is likely to have moved on by the time a regulated solution is in place. Consumers fully understanding the potential of the DER they are purchasing should provide financial incentives to ensure the device can communicate / respond etc to realise the value stack estimated by Sapere (for example, an EV purchaser should be incentivised to inform his retailer / distributor that he owns an EV if he wants to benefit from a special EV pricing plan that includes control over charging).
- linking distributors' regulated revenue to their progress in developing the use of flexibility services. (para 6.31)
- mandating or establishing a DDA style or EIEP style flexibility agreement. Flexibility traders are likely to be operating across geographic boundaries with agreements across all / many distributors. (para 7.19 – 7.23)
- development of a reporting framework for distributors and DER suppliers to report results of trials. Participants should be incentivised to share information without the impost of a formalised reporting process. (para 8.21)

Flick notes:

- distributors are already required to prove that they have investigated non-network solutions under Part 4 in their Asset Management Plans. (paragraph 6.29)
- the discussion paper suggests an option to place limitations on distributors' owning or operating DER on their own network (para 6.44). This is clearly discussed in IPAG's report and Flick's expectation would be that any ownership or operation of DER on a distributor's network would be by a corporately separate entity operating at arms' length to overcome the issue of asymmetry of information.

We welcome the opportunity to discuss our information in this submission with you in more detail.

Yours

A handwritten signature in grey ink, appearing to read 'James Leslie', is positioned above the printed name.

James Leslie
Chief Operating Officer