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Submissions  
Electricity Authority  
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## Updating the Regulatory Settings for Distribution Networks

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Genesis Energy Limited (**Genesis**) agrees that the electricity industry, including the distribution networks, is a key enabler of New Zealand's journey to a low emissions and resilient economy. We also agree that the right market and system settings are important to enable competition and innovation.

We commend the Authority for drawing from its previous projects to inform the key themes and options for discussion in the Authority's discussion document *Updating the regulatory settings for distribution networks* dated July 2021 (**discussion document**). In particular, the work undertaken by the industry and the Authority on improving third party access to data provides a useful framework on which to build and improve.

We have reviewed and support the Electricity Retailers Association of New Zealand's feedback on the discussion document.

In this submission, we comment on the sections concerning:

- (a) access to information; and
- (b) flexibility market settings.

### Access to Information

Genesis agrees that for flexibility markets to be competitive, information including congestion data should be made available to those competing in that market on the same terms. Data integrity, data security and privacy are also, however, key matters to consider.

In previous submissions to the Authority and MBIE on access to information and consumer data right proposals, we advocated that these initiatives should be guided by key principles. Namely, that:

- (a) Consumers and persons authorised by them should be able to access their electricity consumption data easily, securely and in a timely manner.
- (b) The regulatory framework supporting this access must: (i) balance the ease and timeliness of data access with the need to protect consumers (and those providing data on their behalf) from unauthorised access to, or misuse of, their data; and (ii) allow data to be provided in a cost and operationally efficient way.

We anticipate that the need for improved, and appropriate, information sharing will increase as the market and trading relationships evolve, new parties enter, and new business models are created. We consider that the principles set out above would also be applicable to information provided by any party in this multi trading relationship world - whether by retailers to distributors, metering equipment providers, flexibility traders and consumers, or vice versa.

Genesis therefore supports the Authority pursuing the “medium issue” and “significant issue” options for improving information flow that are set out in the discussion document. We note, however, that these options are based on the provision of information to flexibility traders. We ask that the Authority also consider what information flexibility traders should be required to provide to other industry participants and on what terms.

### **Market Settings for Equal Access**

Genesis agrees that:

- (a) Reducing barriers to entry and levelling the playing field is critical to a competitive market for flexibility services.
- (b) A competitive market for flexibility services should benefit consumers through lower costs, better service and innovation. Affordable and reliable electricity is a key factor to decarbonising the transport and industrial process heat sectors.
- (c) Distributed energy resources should be allocated to its highest value use across all flexibility markets. We share the Authority’s concern that this is more likely to occur where the distributed energy resource is controlled by a flexibility trader rather than a distributor. As we noted in submissions to the Electricity Price Review Panel, any dollar

spent unwisely by the distributor monopolies is a cost that electricity consumers cannot switch to avoid.

Sapere's cost benefit analysis indicates the significant economic benefits that potentially accrue if we get the market settings right, and conversely, the lost opportunity if we do not.

We therefore support regulation that incentivises the efficient allocation of DER, and ensures that distributors do not leverage the advantages gained as a monopoly (including their access to information) to compete, or to reduce competition, in flexibility markets.

Accordingly, our preference is for the Authority to pursue the "medium issue" and "significant issue" options for incentivising non-network solutions where they are more efficient and to increase competition for flexibility services set out in the discussion document. We also recommend that the Authority consider an appropriate sanctions regime to would support these.

Please don't hesitate to contact me should you wish to discuss any of the matters in this submission further.

Yours sincerely



Warwick Williams  
Senior Regulatory Counsel | Group Insurance Manager