

27 September 2021



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**Re: ‘Updating the Regulatory Settings for Distribution Networks’
discussion paper**

Thank you for the opportunity to submit on the Electricity Authority’s Updating the Regulatory Settings for Distribution Networks discussion paper. Trust Horizon is a local Charitable Trust with investments that include 100% ownership of Horizon Networks (Horizon Energy Distribution Limited).

By way of background to our submission Trust Horizon first began back in 1994. Originally named the Bay of Plenty Consumer Trust, it was formed with the goal of keeping a portion of the local electricity company under community ownership.

In 2000, the Trust was renamed the Eastern Bay Energy Trust (EBET), and over the next 20 years grew into a large fund with a diverse and robust portfolio of assets. In 2015, the Trust obtained 100% ownership of Horizon Energy Group, which includes the lines company that distributes electricity to homes and businesses throughout the Eastern Bay. The Trust has distributed over \$41M to worthwhile energy-related causes in District since inception to assist the community with energy use, hardship, efficiency and transition.

We acknowledge and support the ETNZ submission. We provide the following additional responses to the Authority’s questions posed to advance consumer rights and outcomes in this complex future when demand-response/flexibility services enter the market.

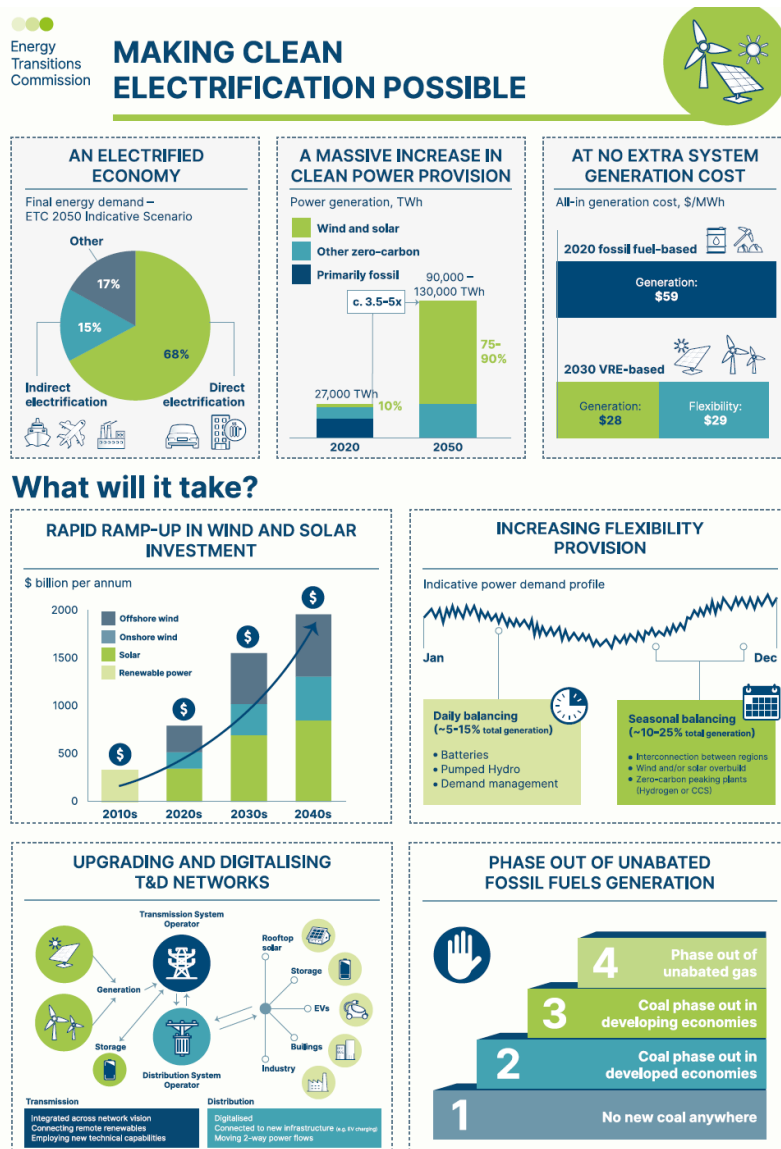
Yours faithfully

A handwritten signature in blue ink that reads "Derek Caudwell".

Derek Caudwell
Trust Manager, on behalf of Trust Horizon

Q.3 What options do you think should be considered to help improve access to information?

Market participants, including Distributors, access to information (without incurring significant transactional costs) is fundamental to a highly-renewable future where demand-response and flexibility play a more significant role than in our existing electricity system. Data access and control options that mandate and specify open-standards (eg Open charge alliance's OCPP for EV chargers and OSCP for flexibility services) as well as enable consumer control over access to data should be prioritised (eg similar to agreeing which apps/services have access to your Google account there could be an ICP account equivalent whereby consumers agree to who has access and on what terms). This will provide consumers the ability to choose who has control over their demand/generation/appliances and for providers to compete for services whilst minimising costs such as switching, data provision and control infrastructure. Without a consumer-centric approach the consumer surplus (benefits) referred to in Sapere's DER study may otherwise go to unregulated market participants who will seek to lock consumers into long-term arrangements and maximise profit.



<https://www.energy-transitions.org/publications/making-clean-electricity-possible/>

Q.7 Is there a case to be made for minimum mandatory equipment standards for DER equipment, specifically inverter connected DER?

There is a case where minimum mandatory equipment standards reduce overall system costs (or increase benefits) such as requiring Volt-Var control inverters and settings such as those specified in this guideline <https://ir.canterbury.ac.nz/handle/10092/15749>, but are far less likely to be achieved without mandating. Another example would be specifying compliance with an open-standard for demand response interoperability / control to prevent a proliferation of standards and associated interfacing costs.

Q.8 What standards should be considered to help address reliability and connectivity issues?

Proven international standards for market participant inter-operability such as OCPP, OCPI, OpenADR etc that are well supported by manufacturers and software should be considered. In selecting standards New Zealand should look to well-developed DSO and inter-connected markets such as those in Europe to set standards that will lower barriers to market entry and increase participation.

Q.12 What options should be considered to incentivise non-network solutions?

Under the current Price-Quality regime there is very little incentive for those Distributors trialling non-network solutions, which often are un-tested or there is limited publicly available information on their reliability as compared to traditional network solutions. Increasing innovation funding has proven successful in overseas jurisdictions and increases in funding to support this activity through the DPP process should be considered.

Q.13 What options would encourage competitive procurement processes for flexibility services?

Currently competitive procurement is very difficult because of information asymmetry, with most demand-response owners having minimal understanding of the potential for services (or those currently available) or their value. Often transactional costs are also very high limiting those who can participate eg bespoke bilateral contracts. Options such as providing a common demand response and trading platform (as well as standardising contracts/service offer parameters) would over time reduce costs and create service/price discovery and transparency.