

Format for submissions: Proposal for a single standardised reporting methodology for EIEP1 and delivery mechanism for EIEP5A

Submitter	Northpower Limited
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No	Question	Comment
1	Do you agree that in the interests of standardisation and efficiency we should mandate a single standardised EIEP1 reporting methodology for trader to distributor files for NHH ICPs? If not, please provide reasons.	<p><i>Northpower does not agree that the Electricity Authority should mandate a single (or any) EIEP1 billing methodology for use between traders and distributors. We also disagree with the use of the term “reporting methodology” by the Electricity Authority as this hides the real intent of the Authority which is to mandate the method by which a distributor calculates (bills) their line charges to the traders using the distributor’s network.</i></p> <p><i>This is a commercial transaction between the parties relating to how their various systems are configured. From Northpower’s experience with up to 24 traders on our network there are no issues with using the various EIEP1 reporting methodologies that would give any advantage from mandating a single billing methodology.</i></p> <p><i>Northpower is aware of at least one major trader who believes that any change in billing methodology requires a “wash-up” payment to be paid to them. If the Electricity Authority were to mandate a particular billing methodology, with a mandated commencement date, then the Electricity Authority should also mandate that there is not be any financial penalties either way between the parties involved.</i></p> <p><i>In addition the conveyance and interposed models are quite different which means the mandating of a single billing methodology for both</i></p>

		<i>models is not the optimal outcome.</i>
2	If you agree that we should mandate a single standardised EIEP1 reporting methodology for trader to distributor files for NHH ICPs, do you agree that option 1 is the best option to implement. If not, please provide which of the Options 2 or 3 you prefer, and why?	<p><i>As above, Northpower does not support the Electricity Authority mandating a single (or any) EIEP1 billing methodology for use between traders and distributors.</i></p> <p><i>There appears to be a mistaken belief that the RM Normalised methodology is superior to either of the incremental methodologies for managing backdated changes. This is incorrect unless a wash-up sequence that matches the Reconciliation Manager current, 3, 7, and 14 month cycle is followed in its entirety. If only a current and 3 month wash-up cycle is followed then any backdated changes beyond month 3 will never be captured.</i></p>
3	As a trader, if you cannot currently provide replacement RM normalised files, please advise the estimated cost and time required to do so.	<i>No applicable to Northpower as a distributor.</i>
4	As a distributor, if your current system does not have the capability to process replacement RM normalised files (including at least a month 3 replacement file), or you have not commenced developing the capability, please advise the estimated cost and time required to do so.	<p><i>Northpower's current system can import and bill using any of the three normalised billing methodologies ("I" initial files) however it cannot fully process "wash-up" files ("R" files) and has never been tested for the ability to handle partial replacement ("X" files) as detailed in the current EIEP1 file format. To provide for the full "wash-up" functionality could cost approximately \$100,000 in direct software and internal testing costs with close to a year in implementation time. We are aware that several other distributors would be in the same position which would equate to an industry cost of close to \$1,000,000.</i></p> <p><i>This expense is not warranted when our analysis between the EIEP1 data supplied by traders, EIEP1 data returned by Northpower to support the line charge invoice, and the NHH data supplied by the Reconciliation Manager (GR-050) indicates, other than with one smaller trader, very little difference.</i></p>

		<i>Refer to our response in (1) above regarding a major trader's stance that a change in billing methodology requires they receive a "wash-up" payment. If, as suggested, the Electricity Authority does not mandate that the regulated billing methodology change is free from any financial penalties then this would be an additional cost to the distributor participants.</i>
5	Do you have any comments on the draft mark ups (attached as Appendices A and B) to EIEP1 and EIEP2 reflecting each of the three options?	<i>In Appendix A – EIEP1 file: In the section "description of when this protocol applies" the statement regarding HHR ICPs should be removed as the EIEP1 file format is designed to provide consumption data for NHH ICPs only. The expectation is that the consumption data for an ICP should cover an entire calendar month (normalised data) unless the "as billed" methodology is being used by agreement between the parties for all ICPs in the file. This statement regarding HHR ICP data confuses the issues and is the reason that some distributors currently have to use estimation routines to "normalise" incomplete consumption data supplied by traders.</i>
6	If we decide to implement one of the options, do you agree with setting 1 April 2020 as the implementation date, subject to a minimum lead time of 12 months from when we issue the decision paper? If not, please advise what you consider to be a more appropriate implementation date and lead time, and why.	<i>A minimum of 12 months from the date of issuing the decision paper would be required by participants to ensure that their software platforms can correctly handle any mandated changes. The "go live" of any mandated billing process would need to be properly coordinated as any participant who was not ready could affect the accuracy of the bill outcomes of other participants. In addition there maybe Use of System Agreement issues to be negotiated between participants as noted in the consultation document's draft EIEP1 file format.</i>
7	Do you agree that in the interests of standardisation and efficiency we should mandate a delivery mechanism for EIEP5A planned service interruption information, instead	<i>Northpower believes that mandating a single delivery method for the EIEP5A file(s) is not necessary. Participants should be free to use either the Registry sFTP or EIEP File Transfer Hub as a delivery</i>

	of retaining the status quo? If not, please provide reasons.	<p><i>mechanism. However as the file format is part of the EIEP set any mandating of a delivery method should be for the EIEP File Transfer Hub which was designed for the EIEP files.</i></p> <p><i>It would be preferable if the allowed delivery mechanism did not involve use of email due to lack of security of delivery.</i></p>
8	If you agree that we should mandate a delivery mechanism, do you agree with our preferred option. If not which of the Options 1, 2 or 4 do you prefer, and why?	<p><i>Northpower agrees that option 3 is preferable and could possibly be implemented reasonably quickly by participants due to the option allowing the use of either the Registry sFTP or EIEP File Transfer Hub as the delivery mechanism. Most participants should be familiar with these processes.</i></p> <p><i>Although option 4 would appear to be the best solution, the implementation time and costs will be greater due to the need for the completely new Registry file along with enhancements to the Registry functionality. The benefits of option 4 are therefore unlikely to exceed the costs that would be incurred by the industry over the implementation of option 3 along with mandating the use of the EIEP5A file.</i></p>
9	If we mandated a delivery mechanism as for Options 1 to 4, what system costs would you incur? Please list the costs for each option.	<p><i>Northpower's costs for options 1 to 3 would relate solely to any changes to the existing EIEP5A file format that would be required as we already use the EIEP File Transfer Hub. A rough estimate would be about \$10,000 for the changes to our Shutdown Notification database application for both EIEP5A version 11 file format changes and the software code changes to handle the PLR and PLC communication file types.</i></p> <p><i>For option 4 the costs could possibly be \$20,000 to \$40,000 due to the complete rewrite for the file format from the EIEP5A to a new Registry file format with any related process changes necessary. We have not scoped the development requirements in any detail at this point for option 4.</i></p>

10	Do you have any comments on the draft mark ups of EIEP5A reflecting Options 1, 2 and 3?	<p><i>There are 4 Communication Type Codes (PLS, PLI, PLR, and PLC) specified in Table 3 of the file format document with additional “rules” on required notification lead times for each in clause 22 of the Business Requirements section.</i></p> <p><i>The lead time for the Revision Code PLR is specified as 7 business days in clause 22(c) while the lead time for the Cancellation Code PLC is 4 business days. In both cases these lead times should be clarified as only applying where the Initial Advice Code was a PLS code (trader to notify affected customers).</i></p> <p><i>Where the Initial Advice Code was a PLI code (distributor has notified affected customers) a lead time of less than 4 business days should be allowed for the PLR and PLC codes as the minimum lead time for sending the initial PLI file is only 4 business days.</i></p>
11	Do you have any comments on the draft registry functional specification?	<p><i>No comments.</i></p>
12	If we proceed, we intend to provide web services for planned outage information. Would you prefer a new dedicated web services for planned outage information or a new version of icp_details with outage information appended? See Appendix C for further information.	<p><i>Northpower has no position on this question as we don’t use Web Services for any Registry functions.</i></p>
13	Do you have any comments on the draft Code changes proposed for Schedule 11.1 reflecting Option 4?	<p><i>This proposed Code amendment reflects the business requirement on required notification lead times set out in clause 22 of the EIEP5A draft file format document. The same comments apply to the proposed Code amendment as were noted for Question 10 above.</i></p> <p><i>The proposed Code amendment for the revision timeframes outlined in Clause 4 should make it clear that these only apply to those planned service interruptions where the initial advice was given under Clause (3)(a) which relates to the trader notifying the affected consumers. The lead times specified in the proposed Clause 4 make</i></p>

		<p><i>no sense in those cases where the initial advice was sent to the trader under Clause (3)(b) which relates to the distributor notifying the affected consumers.</i></p> <p><i>Not limiting the application of Clause 4 to only those initial advice EIEP5A files sent under Clause (3)(a) would mean that a distributor who notifies the affected consumers would have to send revision/cancellation notification EIEP5A files before the actual initial EIEP5A file was required to be sent to the trader.</i></p>
14	<p>Do you agree that six to 12 months is sufficient lead time from the time the decision is issued to implement the proposed solution? If not, please advise what you consider to be a more appropriate implementation date and lead time, and why.</p>	<p><i>We would agree that for options 1 to 3 a six to twelve month lead time should be sufficient to implement the proposed solution.</i></p> <p><i>For those participants already using the full EIEP5A version 10 functionality there should be little difficulty in meeting a 6 month lead time. However where a participant is not using the existing EIEP5A format then the lead time to move from their current process to an EIEP5A process could require at least 12 months.</i></p>
15	<p>Do you agree with the costs and benefits of the proposed amendments? If not, why not?</p>	<p><i>Mandated EIEP1 billing methodology: The costs of developing capability for creating Replacement RM Normalised Files (traders) and upgrades to existing software/replacement software systems to handle the Replacement RM Normalised billing methodology (distributors) should not be underestimated.</i></p> <p><i>In addition transitional costs as mentioned in the response to Question 1 are unquantified and open to a wide interpretation. These costs could be removed from the equation by the Electricity Authority mandating that the regulated billing methodology change is free from any financial penalties.</i></p> <p><i>Benefits are likely to be limited as Northpower's analysis shows that there is little difference between the consumption supplied by traders,</i></p>

		<p><i>the “returned” consumption billed by Northpower, and the Reconciliation Manager GR-050 data in all cases except one small trader who will be asked to investigate the discrepancy.</i></p> <p><i>Mandated EIEP5A delivery method: We would agree with the cost/benefit analysis for a mandated delivery method however the lead time is going to be very dependent on the time (and costs) that participants who are not currently using the EIEP5A (version 10) file format will incur.</i></p>
16	<p>What are your costs associated with making RM normalised the single standard reporting methodology for EIEP1? Please provide details.</p>	<p><i>Northpower’s current system can import and bill using any of the three normalised billing methodologies (“I” initial files) however it cannot fully process “wash-up” files (“R” files) and has never been tested for the ability to handle partial replacement (“X” files) as detailed in the current EIEP1 file format. To provide for the full “wash-up” functionality would cost at least \$100,000 in direct software and internal testing costs and close to a year in implementation time.</i></p> <p><i>Currently we have a 5 business day billing cycle using a single staff member for the 21 traders supplying ICPs on our Network using the incremental normalised files. Once the billing cycle has been completed the staff member can move to Registry data reconciliation and clean-up activities. If an additional 3 month wash-up process had to be run separately as was proposed in the Default Distributor Agreement consultation then our staff member would have a 10 business day billing cycle; effectively doubling our staff costs for the line charge billing process. This would reduce the time that was available for Registry data functions as Northpower would not increase staff numbers.</i></p>
17	<p>Are there any other costs or benefits we have not identified?</p>	<p><i>No benefits that haven’t already been identified however the true magnitude of costs and time involved in the move to a mandated billing methodology or the mandated implementation of EIEP5A has probably been underestimated.</i></p>

18	Do you agree with the objectives of the proposed amendment? If not, why not?	<i>We agree with the objectives of the proposed amendment using either of the Registry based delivery methods for the EIEP5A file.</i>
19	Do you agree the benefits of the proposed amendment outweigh its costs? If not, why not?	<i>The benefits of option 3 where participants can use either of the Registry delivery methods should outweigh the costs only due to the use of EIEP5A being already mandated. It is unlikely that the costs of option 4 would outweigh the benefits which are largely achieved by option 3.</i>
20	Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	<i>Option 3 is preferable to the other options and gives some flexibility to the participants which should help reduce implementation costs.</i>
21	If you prefer Option 4 over the other options, do you have any comments on the proposed Code drafting in Appendix D? If yes, please provide details.	<i>Option 3 is the preferred option for ease of implementation and weighing costs to benefits.</i>
22	Do you agree the Authority's proposed amendments comply with section 32(1) of the Act?	<i>The EIEP5A proposal complies with the objectives of section 32(1).</i>
23	Do you have any comments on the drafting of the proposed amendment for Option 4?	<i>This is a repeat of question 13 above therefore the same comments apply regarding the requirement to limit the application of Clause (4) to those initial planned interruption files sent under Clause (3)(a).</i>