

22 December 2020

Mr Andrew Doube
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By email: andy.doube@ea.govt.nz

Dear Mr Doube

Vector Default Distributor Agreement and Recorded Terms - Data

We refer to your letter of 11 December 2020 to Mr Abbott at Contact Energy, which you copied to us (EA Letter).

Although your letter is not addressed to Vector, we wish to respond given the importance of proper access to meaningful data by Vector and other distributors for the benefit of electricity consumers, and the ongoing role of the EA.

In the EA's Decision Paper of 16 June 2020, and repeated in the EA Letter, the EA stated that:

"The revised Part 12 A of the Code, the DDA Template and the Data Template will better promote competition in and the efficient operation of the electricity industry for the long-term benefit of consumers."

The Decision Paper and the EA Letter also recorded that:

"The Data template was introduced to allow distributors to develop more cost-reflective distribution prices, expand their networks more efficiently by analysing consumption patterns to improve their investment plans, plan maintenance more easily, and respond more effectively to electrification and new technologies like electric vehicles."

Vector wishes to be very clear that it agrees with and supports the objectives of the EA described above. As you are aware, Vector has engaged fully in the EA's consultation process in relation to the DDA and the Default Data Template (including the current mediation) and has expended significant resources in seeking to ensure that its legitimate needs as a distributor are met for the long-term benefit of consumers.

The issue of concern for Vector is that, to date, the EA's objectives as stated above have not been realised. At the time of the DDA coming into force, there is no workable solution in place for access

by distributors to the data they need to run their business optimally, despite the importance of this outcome for the benefit of the consumers they service.

It is vital that the industry solution that is reached is a meaningful one if it is to meet the EA's objectives referred to above, unlock the available consumer benefits and, in Vector's case, support Auckland's growth. It will also be important that once the arrangements have been agreed, all parties meet their obligations. In this regard, we note that in the past some major retailers have chosen to breach their contractual obligations relating to the sharing of data in their Use of Systems Agreement with Vector. This non-compliance cannot be allowed to continue.

We note that in the EA Letter you refer to the EA having provided alternative means to address the data issue. You stated that these alternative means include the Default Data Template and distributors negotiating an alternative data agreement. Unfortunately, at a practical level and as Vector has already raised, there are real challenges with both these approaches.

As the EA is aware, the Default Data Template does not permit distributors to combine the data received from retailers with other data sets the distributor holds even where this is done for a "Permitted Purpose" as described in the template. This inability to combine data sets means that the data is of limited use for network planning purposes and other applications that would benefit consumers. It is unusual that the Default Data Template includes a "Permitted Purpose" regime that requires the additional permission of retailers individually for distributors to operationalise the Permitted Purpose. Vector sought unsuccessfully to have this limited additional right included in the Default Data Template to make the arrangements workable. It remains unclear to Vector why this change was not made.

The EA also suggested that distributors can negotiate an alternative data agreement. As referred to below, we would like to acknowledge the constructive engagement from some retailers in this regard. It is not, however, a solution in relation to any retailer which chooses, for its own reasons, to not entertain such an agreement. As the EA will appreciate, material incomplete data sets across the network greatly inhibits Vector's ability to access the operational benefits that are otherwise available. Even where the agreement of individual retailers is able to be obtained, providing more than 35 retailers with the ability to negotiate a different set of permissions in relation to the data they provide introduces significant operational complexity for distributors and is inconsistent with the EA's objective of achieving a consistent approach.

Vector is very concerned about the lack of progress in finding a workable solution to address this important issue. This was the reason for including data provisions in the DDA. Vector included these proposed recorded terms in the consultation version of the DDA provided to retailers to seek their feedback on it, even although the Code process did not require this to occur. Although the Default Data Template mediation was underway, which was appreciated, it was clear from the outset that a solution would not be able to be reached prior to Vector publishing its DDA due to the process required for a Code change (if the solution was approved by the EA). The EA will have seen that the provisions Vector introduced were intended to create a temporary bridge between the time that the DDA came into force and the time that a workable industry solution is in place. Vector was hopeful that retailers would accept that the provisions were appropriate for this purpose.

As a result of some retailer responses, and the EA Letter, we removed the data provisions from the DDA that Vector published on Friday. Rather than escalate the matter, Vector has chosen to continue to engage collaboratively to find an agreed industry solution. This approach means, however, that unless and until there is a workable industry solution in place, the issues that the lack of proper and workable access to data create will now be realised operationally. This is a situation that Vector is very concerned about and was hopeful that the industry could avoid.

In part, Vector decided to remove the data provisions as it has been encouraged by the discussions that it has had with retailers more recently, several of which were triggered by the inclusion by Vector of the data provisions in the consultation version of the DDA that it issued. A number of retailers have taken a constructive approach, which is greatly appreciated by Vector. There has also been positive progress made in the mediation on the Default Data Template that is underway.

As you will appreciate, the EA continues to have a key leadership role to play in facilitating the prompt resolution of a workable industry-wide solution to this issue that does not require the ongoing piecemeal agreement of retailers for distributors to access and use data appropriately for the benefit of consumers. Vector looks forward to strong engagement by the EA in this regard to complete the framework that it has designed. For its part, Vector will continue to work constructively towards a workable agreed solution, noting that it needs to ensure that this occurs very quickly now for operational reasons and the benefit of the consumers it services.

Yours sincerely



Mark Toner
Chief Public Policy & Regulatory Officer