

18 December 2020

Cameron Burrows
PO Box 25596
Wellington 6140

By Email
cameron.burrows
@eranz.org.nz

Dear Cameron,

RE: Extension request for Default Distributor Agreement for smaller distributors

Following your email to Daniel Tulloch on 15 December 2020, I have considered your request for an urgent Code amendment to extend the Default Distributor Agreement (DDA) development deadline for smaller distributors (Group 2) from 210 days to 300 days, making the effective date 16 May 2021.

The DDA and Data templates provide long-term benefits for consumers

On July 2020, the Authority revised Part 12A of the Code and introduced the DDA and Data templates to better promote competition in and efficient operation of the electricity industry for the long-term benefit of consumers.

Delaying the DDA would delay the benefits for consumers and traders

A decision to extend the deadline to implement the DDA would mean the benefits for consumers and traders on these Group 2 networks, as outlined in the Decision Paper¹ to implement DDAs, are delayed. This Code amendment promotes:

1. efficient operation of the electricity industry by minimising:
 - a. higher-than-necessary transaction costs of Use-of-System agreement (UoSA) formation
 - b. duplication of effort required by traders and distributors to undertake multiple UoSA negotiations
2. competition in:
 - a. the retail market, by minimising barriers to accessing a distributor's network and ensuring traders can compete on fair terms both on the same network and across different networks, and
 - b. emerging related-services markets, by making sure participants can compete for and provide related services on a level playing field.

Not clear how your request will meet the public interest test for an urgent Code change

Section 40 of the Electricity Industry Act allows the Authority to consider an urgent Code amendment "if the Authority considers that it is necessary or desirable in the public interest that the proposed amendment be made urgently". It is not clear how your request will meet the public interest test.

The DDA has been through a lengthy and robust consultation process. The Authority considered industry feedback and are satisfied 210 days is sufficient time for Group 2

¹ <https://www.ea.govt.nz/assets/dms-assets/26/26873Default-Distributor-Agreement-Decision-Paper.pdf>

distributors to engage in developing operational terms. I expect Group 2 distributors to provide sufficient time for meaningful consultation with retailers.

The Authority has already extended the timeframes twice already since this matter was consulted

Following consultation on the DDA, the Authority extended the development timeframe for Group 2 distributors in 2019 and 2020: from 90 days, to 150, to the current 210 days.

This letter will be published on the Electricity Authority website.

If you have any further questions about the letter then please contact Joey Au, Manager of Retail and Network Markets (Joey.au@ea.govt.nz).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'AD', written in a cursive style.

Andrew Doube
General Manager of Market Design

cc: Graeme Peters, Chief Executive, ENA