



24 October 2019

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TRUSTPOWER SUBMISSION: CODE AMENDMENT PROPOSAL: DEFAULT DISTRIBUTOR AGREEMENT

1 Introduction

- 1.1.1 Trustpower Limited (**Trustpower**) thanks the Electricity Authority (**the Authority**) for the opportunity to provide a submission on its *Code amendment proposal: Default Distributor Agreement* consultation paper (**the Consultation Paper**).
- 1.1.2 We understand that the Authority is wanting to change the way contracts are agreed between electricity distribution businesses (**distributors**) and electricity retail companies (**retailers**), with the aim of streamlining network access and delivering long-term benefits to consumers. The Authority intends on achieving this through amending Part 12A of the Electricity Industry Participation Code 2010 (**the Code**) to allow for the introduction of, and transition to, a Default Distributor Agreement (**DDA**).
- 1.1.3 The proposals presented in the Consultation Paper are:
- The introduction of a compulsory DDA template to be used as the starting point and backstop agreement for all negotiations between distributors and retailers;
 - Migration from incumbent Use of System Agreements (**UoSAs**) to the new DDA for all existing contracts between distributors and retailers, unless an 'alternative agreement' is negotiated; and
 - A participant-neutral and future-proofed Part 12A of the Code.
- 1.1.4 We also note that the introduction of a DDA was endorsed by Minister Woods following the Electricity Price Review (**EPR**) final recommendations.¹
- 1.1.5 Trustpower has previously provided comment to the Authority on the proposed introduction of a DDA. This document reinforces the majority of the arguments we put forward in our submission to the Authority on the *Default Agreement for Distribution Services 2016* consultation paper (**2016 paper**).

¹ Trustpower actively supported the introduction of a DDA during the EPR consultation and submission process.

2 Trustpower's views

- 2.1.1 Trustpower welcomes the introduction of a standardised DDA in the context of making it quicker, easier, and less expensive for retailers (particularly new entrants) to begin trading on a distribution network.
- 2.1.2 Although we support the proposal to allow existing agreements to continue where they are mutually agreed between the distributor and retailer, our view on the Authority's proposal to replace all existing agreements remains unchanged from our submission on the 2016 paper.
- 2.1.3 Trustpower strongly opposes the Authority's proposed approach of requiring both the distributor and retailer to mutually agree to carry over their existing arrangement as an 'alternative agreement'. Existing UoSAs between retailers and distributors must be allowed to continue in their current form, except where the retailer has given notice to the distributor that they wish to transition their network access arrangements to the DDA.
- 2.1.4 The standardised *Default Distributor Agreement Template (2019 DDA Template)*, proposed by the Authority, appears fit for purpose and we are happy with its content. The area for concern for Trustpower, as a retailer, will be the 'operational terms' included by the distributor in their published version of the DDA. This will be discussed further later in the submission.
- 2.1.5 We are pleased that the Authority has attempted to address the issue of data sharing by introducing a default data sharing template (**Data Template**) as part of this proposal. Trustpower agrees that data sharing has been an ongoing concern for industry participants, especially in relation to how the data is used and stored by distributors.²
- 2.1.6 Notwithstanding the above points, Trustpower also has some recommendations to increase the efficiency of the implementation process for the DDA, should the proposal proceed in its current form. These include:
- a) the timeframe allotted to analyse the operational terms that distributors include in their published DDAs (and the consequences of such) is unrealistic. It should be extended to provide retailers sufficient time to accurately review the contents of published DDAs and submit an appeal to the Rulings Panel (**the Panel**), as required;
 - b) the Authority should review each distributor's proposed DDA for compliance against the template in the Code prior to it being published;
 - c) every distributor should be required to issue a table identifying all variances in clauses between the final DDA template delivered by the Authority and their published DDA; and
 - d) the Authority should clarify whether the two-month deadline, prescribed for distributors and retailers to have agreed upon the terms of the network access arrangements post-publication of a distributor's DDA, is 'suspended' if dispute resolution proceedings are entered into.
- 2.1.7 We further explore the above matters in the remainder of this submission.

3 Existing agreements should be allowed to continue in their current form

3.1 Summary of position

- 3.1.1 Trustpower supports the proposal to allow existing agreements to continue but opposes the Authority's proposed approach of requiring the distributor and retailer to agree to carry over their existing arrangement as an 'alternative agreement'. This will effectively provide distributors with unilateral power to terminate existing arrangements that retailers may wish to

² Code amendment proposal: Default Distributor Agreement – Consultation Paper, [2019] Electricity Authority, p. iii

keep, because a distributor will simply not agree to carry over an existing agreement unless it is in their best interests.

- 3.1.2 The Authority's proposal for transitioning away from existing agreements is relatively unchanged from that presented in the 2016 Paper. Trustpower believes that the New Zealand Court of Appeal's (**NZCA**) decision in *Vector Limited v Electricity Authority* requires the Authority to reconsider its approach. The Authority must be particularly careful to ensure that proposals that interfere with freedom of contract are legally justified.³ Trustpower submits that the Authority has not established that its proposal for transition of the existing agreements is lawful and strongly encourages the Authority to reconsider its position.
- 3.1.3 Trustpower believes an approach that is justified under the Electricity Industry Act 2010 (**the Act**) is to allow retailers to decide whether existing agreements should continue. It is illogical that under a proposal that seeks to reduce distributors' monopoly power, distributors receive new powers to end existing arrangements which may, in some cases, be preferred by the retailer. Ultimately, the retailer should be the catalyst for any change or re-negotiation of existing agreements. The distributor should not be able to force the retailer to change because it is administratively convenient for them to do so.
- 3.1.4 We acknowledge that the introduction of a DDA will reduce the overall number of a network access agreements, resulting in distributors having only one contract for all retailers on their network. For the retailers, however, there will be little change to the status quo as they will still have a distribution agreement with each distributor whose network they trade on. Even with the proposed DDA, there will still be variances between the agreements that retailers have with each of the distributors. Consequently, the introduction of a DDA does not reduce the required administration and contract management for a retailer. Retailers will still have to maintain an agreement with each of the distributors, no different to the status quo.

3.2 Power to amend the Code

- 3.2.1 Although the Court of Appeal has found that the Authority has the power to include a DDA in the Code, it clearly stated that this power has limits given that it interferes with freedom of contract.⁴ In particular, the Authority must be careful to ensure that its proposed amendments are necessary or desirable to promote competition in, or the efficient operation of, the electricity industry (and the Court noted that "desirable" did not set a lower standard than the word "necessary" in these circumstances).⁵
- 3.2.2 The Authority has sought to demonstrate that its proposals are necessary to promote the efficiency and competition outcomes under section 32 of the Act because they will:
- a) reduce higher-than-necessary transaction costs of entering into a contract for distribution services; and
 - b) promote competition in the retail market by reducing unequal bargaining power and promoting competition between retailers.
- 3.2.3 For the reasons below, Trustpower submits that the proposal to allow distributors to terminate existing UoSAs is not necessary or desirable to promote these outcomes.

3.3 Reducing transaction costs

- 3.3.1 We agree that the cost to retailers of negotiating distribution access agreements can be significant, both with respect to time and resources. Many of Trustpower's UoSAs were

³ *Vector Limited v Electricity Authority*, [2018] NZCA 543

⁴ *ibid*

⁵ *ibid*

negotiated over a considerable time period and have, subsequently, been refined to achieve balance as circumstances change.

3.3.2 It seems clear that:

- a) providing distributors with the ability to require a retailer to enter a new agreement will lead to an increase in costs for both parties, but primarily the retailer. Prudent retailers will be required to:
 - (i) request a legal review of the distributor's DDA to procure a solicitor's letter of acceptance (as a minimum); and
 - (ii) analyse, in depth, the downstream effects of the operational terms the distributor has included in the DDA document. The further the published DDA strays from the Authority's template, proportionately, the more significant the cost to assess the implications of these terms.

Depending on the details of the terms of the DDA, retailers may also need to:

- (iii) negotiate the disagreeable operational terms (or 'collateral terms' and 'other terms') with the distributor as required;
- (iv) instigate an appeal of the distributor's operational terms through the Rulings Panel procedure as outlined in Appendix C of the Consultation Paper;⁶ and/or
- (v) instigate and participate in dispute resolution proceedings, as specified in section 23 of the Authority's 2019 DDA Template, if a mutual agreement cannot be reached.⁷

Accounting for the above, the resulting expense appears directly contrary to the Authority's intention of reducing transaction costs associated with entering into a network access agreement; and

- b) an alternative proposal that increases the prospect of existing agreements being maintained will lead to a reduction in costs overall as fewer new DDAs or new negotiated agreements will need to be established.

3.3.3 In order to justify the imposition of additional cost on retailers who prefer their existing network access arrangements, the Authority must be able to demonstrate that those costs will be outweighed by competition benefits. Trustpower submits it has not done so, as explained below.

3.3.4 We have previously outlined these concerns in the 2016 Paper, particularly that the costs are likely to fall disproportionately on smaller retailers, creating a potential barrier to entry:

*"...the Authority's proposal for all existing agreements to be replaced with new agreements... has the potential to introduce significant costs for all existing participants – perhaps disproportionately so for small new-entrant retailers..."*⁸

3.4 Addressing unequal bargaining power

3.4.1 Trustpower agrees with the Authority's assessment that the bargaining position between distributors and retailers is unequal. This means distributors can establish UoSAs that primarily incorporate their preferred terms and conditions. The survey undertaken by the Authority

⁶ Code amendment proposal: Default Distributor Agreement – Consultation Paper, [2019] Electricity Authority, pp. 66-67

⁷ Default Distributor Agreement Template, [2019] Electricity Authority, pp. 33-34

⁸ Default Distribution Agreement – Trustpower Submission, [2016] Trustpower Limited, p. 1 (available from <https://www.ea.govt.nz/development/work-programme/consumer-choice-competition/default-distribution-agreement/consultation/#c15756>)

shows that 18 of 20 retailers have signed unfavourable agreements because they cannot afford to lose access to the distributor's network.⁹

- 3.4.2 We strongly support the objective of ensuring that retailers are not required to sign unfavourable network access agreements in order to on-sell electricity to customers on a distribution network.
- 3.4.3 Similarly, we oppose changes that will effectively require retailers to sign up to a network access agreement (the distributor's published DDA or an 'alternative agreement') that is unfavourable compared to their existing agreements. This is directly in conflict with the Authority's stated objective.

3.5 Promoting retail competition

- 3.5.1 The Authority seeks to justify its proposal on the basis that some retailers should not be able to enjoy terms and conditions that other retailers are unable to obtain. It states that retailers can inhibit competition and innovation by refusing to renegotiate 'evergreen' legacy UoSAs. The Authority cites submissions by distributors as evidence to support this position.¹⁰
- 3.5.2 We suggest that, given the entire proposal is designed to reduce the difficulties faced by retailers when negotiating with distributors holding monopoly power, the Authority should be very cautious about accepting distributors' views as reliable evidence. This is especially the case when the Authority has not cited any concerns voiced by retailers that they are at a disadvantage due to the terms of historic UoSAs negotiated by other retailers.
- 3.5.3 This point was also raised in our submission on the 2016 Paper as the Authority had not produced any evidence to substantiate the claim that existing UoSAs were creating a barrier to retail competition.¹¹
- 3.5.4 Under the proposal, all retailers will be able to obtain access to a distributor's network under a DDA, which contains terms that the Authority has decided are fair and reasonable. This is the essential mechanism to reduce any potential barriers to retail market entry and to promote competition.

However, the proposal will also allow parties to negotiate alternative agreements, which will mean that not all retailers will be on the same terms. This is a sensible position and is consistent with the Court of Appeal's observation:

"...it cannot be said that our examination of the legislative history prior to the Act indicates a legislative intent to facilitate total standardisation of UoSAs. To the contrary, the Caygill Inquiry identified a concern with inefficiencies in individual bespoke agreements and was encouraging of greater levels of standardisation. But that is about all. Complete standardisation was neither foreshadowed nor discussed. And there is nothing in the parliamentary debates on that subject either."¹²

- 3.5.5 The Court of Appeal also emphasised that any Code amendments must be necessary or desirable to promote the outcomes in section 32 of the Act. The bar is particularly high when the proposal will interfere with the fundamental right to freedom of contract:

"... any asserted constraint upon freedom of action of association, including the freedom to contract, must be justifiable by reference to a lawful power. Where the source of that power

⁹ Code amendment proposal: Default Distributor Agreement – Consultation Paper, [2019] Electricity Authority, p. 36

¹⁰ *ibid*, p. 12

¹¹ Default Distribution Agreement – Trustpower Submission, [2016] Trustpower Limited, p. 1 (available from <https://www.ea.govt.nz/development/work-programme/consumer-choice-competition/default-distribution-agreement/consultation/#c15756>)

¹² *Vector Limited v Electricity Authority*, [2018] NZCA 543, p. 17

is said to lie in statute, the statute must authorise the constraining power, either expressly or by necessary implication. Plainly that principle applies where the right constrained is a fundamental one, such as the right of citizens to contract with one another.”¹³

- 3.5.6 Accordingly, the Authority must be able to demonstrate that interference with existing agreements is necessary or desirable to promote competition in, or the efficient operation of, the electricity industry. Our view is that the Authority has provided no evidence to justify such a position. Its position that existing UoSAs can hinder retail competition is speculative only.
- 3.5.7 Furthermore, we suggest it is illogical to allow distributors to force the termination of existing agreements on the basis that all retailers should be on the same terms, when the broader proposal allows retailers and distributors to agree different terms in any event.

4 Views on DDA template proposal

- 4.1.1 Trustpower is largely supportive of the Authority’s proposed 2019 DDA Template and its core terms. We agree that a standardised document will assist retailers to open network access negotiations with a distributor and enable them to begin trading on a distribution network faster.
- 4.1.2 Trustpower requests that the Authority retains close oversight over distributors’ DDAs prior to their publication. We recommend that the Authority:
- restrict the changes that distributors can make to the Authority’s final version of the DDA template;
 - do not permit distributors to make changes to the core terms of the DDA template once issued by the Authority; and
 - closely monitors, and limits, the contents of the operational terms in a distributor’s DDA.
- 4.1.3 The fewer deviations from the Authority’s standardised template, the more efficient the review process will be for retailers.

5 Views on default data sharing template proposal

5.1 Data Template

- 5.1.1 Trustpower supports the inclusion of the Data Template in the DDA proposal as it does well to begin to address long-held concerns regarding the use and storage of consumers’ data.
- 5.1.2 We are largely in agreement with the content of the Data Template included in the *Proposed amendments to Electricity Industry Participation Code* paper (**Code Amendments Paper**).

5.2 Obligations of a Trader

- 5.2.1 One amendment to the Code Amendments Paper we feel the Authority should consider, in conjunction with data sharing, relates to the obligations of a Trader under 12A.1 Appendix C (18)(2).
- 5.2.2 We believe the Trader should be able to assign its obligations, under 12A.1 Appendix C (18)(2) of the Code Amendments Paper, to another participant providing both parties agree to this transfer of responsibility.

¹³ *ibid*, p. 20

- 5.2.3 Transferring this obligation to another participant, for example a Metering Equipment Provider (**MEP**), may allow for a more efficient transfer and provision of consumption data to the distributor.
- 5.2.4 Reflecting this in the Code also aids the Authority in their intended approach to ensuring the Code is flexible, forward-looking, and readily able to adapt to change.

6 Recommendations for the process of transitioning to the DDA

6.1 Timeframe for reviewing distributors' operational terms in the published DDAs

- 6.1.1 Notwithstanding our views above, if the proposal to migrate all arrangements between distributors and retailers is mandated via a change to the Code, we wish to put forward some recommendations that we believe will assist the Authority in making the transition more efficient for all parties involved.
- 6.1.2 We acknowledge and understand the Authority's proposed implementation schedule of first transitioning the five largest distributors (by Installation Control Point (**ICP**) count) to the DDA, (and any other distributors that wish to transition early). Despite this, we still believe that retailers will require more time to accurately and effectively review the distributors' published DDAs.
- 6.1.3 The Code Amendments Paper states that a retailer may appeal to the Panel against the inclusion of one or more operation terms by giving notice (to the Panel and distributor) no later than 20 business days after the DDA was published by the distributor.¹⁴ Retailers should not be restricted to only 20 business days post-publication to appeal any operational terms that have been included in a distributor's DDA as this timeframe is not realistic. This is particularly the case if retailers are needing to simultaneously review DDAs and operational terms from multiple distributors.
- 6.1.4 We suggest allowing a minimum period of six months post-publication of a distributors' DDA for retailers to carefully review and analyse the operational terms contained therein and, if required, submit an appeal to the Panel under Schedule 12A.4 Section 7 of the Code Amendments Paper.

6.2 The Authority to review all distributors' DDAs prior to publication

- 6.2.1 Trustpower recommends that the Authority independently reviews, in detail, all distributors' DDA templates and ensures they are fit for purpose prior to their publication and release as a draft to retailers.
- 6.2.2 It is critical that the Authority takes a proactive approach and carefully reviews the distributor's DDAs to ensure the contents, particularly the operational terms, reflect the intent of the overall proposal.
- 6.2.3 The Authority has made it clear that the operational terms of the DDA will be specified by the distributor and the intention is that these terms will reflect the local protocols and practices as they apply to a specific network.¹⁵

¹⁴ Proposed amendments to Electricity Industry Participation Code, [2019] Electricity Authority, p. 39

¹⁵ Code amendment proposal: Default Distributor Agreement – Consultation Paper, [2019] Electricity Authority, p. 66

6.2.4 In undertaking the above, not only will the Authority ensure that distributors do not lose sight of the intended purpose of the DDA, but it will also help expedite the negotiations between distributor and retailer and ensure the broader policy intent of these changes is adhered to.¹⁶

6.3 Distributors to publish table of clause variances from the Authority's final DDA template

6.3.1 We also request that distributors are required to publish an accurate table of clause variances (between their DDA and the Authority's final DDA template) when publishing their DDA.

6.3.2 This will assist retailers in identifying any changes to the DDA template issued by the Authority and will expedite the negotiation and/or appeal process.

6.3.3 We also request that this table outlines the distributors' reasoning behind any amendments to the Authority's final DDA template.

6.4 Timeframe for Rulings Panel appeal proceedings

6.4.1 In conjunction with Schedule 12A.1 Section 12(5) of the Code Amendments Paper, distributors and retailers have two months from the date that the distributor publishes their DDA to mutually agree on the overall terms of the network access arrangement.¹⁷

6.4.2 In Trustpower's experience, negotiating any agreement is likely to be a complex process and we believe that this two month timeframe for agreeance on terms will not be sufficient (in some cases).

6.4.3 We recommend that the Authority considers clarifying whether the two-month timeframe would be 'suspended' if dispute resolution proceedings are entered into, thus preventing both parties to be in breach of the Code if negotiations take longer than expected.¹⁸

6.4.4 We also expect that the Rulings Panel will receive many appeals from retailers relating to the operational terms of the distributors' published DDAs if this proposal proceeds. We question how this large number of appeals will impact upon the existing operations of the Rulings Panel? Will the Panel have the capacity to receive, review, and make informed judgements on all of the appeals within the time frames outlined in Clause 8, Schedule 12A.4 of the Code Amendments Paper?

Our answers to the specific questions posed in the Consultation Paper are included in the body of the submission above and within Appendix A.

For any questions relating to the material in this submission, please contact Tom Kennerley, Advisor Strategy & Regulation on 027 810 3326, or me on 021 752 984.

Regards,



HOWARD WOOD
COMMERCIAL MANAGER WHOLESALE

¹⁶ Based on the EPR Cabinet Paper issued by the government, we note that Minister Woods strongly supports the introduction of a DDA.

¹⁷ *ibid*, p. 7

¹⁸ As per 12A.4 Section 8 of the Code Amendments Paper, there is every possibility that the Rulings Panel proceedings could take longer than two months; retailers have 20 working days to submit an appeal to the Rulings Panel for any disputed operational terms, the Panel then has 10 working days to advise if they will review the disputed operational terms. If they do decide to review, the Panel has 20 working days to reach a decision (either confirm the term, amend the term or direct the distributor to reconsider the term), the total of which can be up to 50 working days (over two months).

Appendix A: Responses to consultation questions

Question	Response
<p>1. What are your views on the problem definition? Specifically:</p> <ul style="list-style-type: none"> a) the efficiency problem; b) the competition in retail markets problem; and c) the competition in related services problem. 	<p>1.1 Overall, Trustpower agrees with the Authority’s assessment of the problems within the current market arrangements. We agree that a DDA is required to the extent that it makes it easier for retailers to enter into negotiations with distributors and begin trading on a distribution network.</p> <p>1.2 We consider that the Authority’s outline of the efficiency problem is an improvement on the Authority’s previous descriptions. It will be the operational terms, and how distributors approach the DDA, that will fully determine whether the DDA transition process is more efficient than the status quo.</p>
<p>2. What are your views on the revised:</p> <ul style="list-style-type: none"> a) Part 12A proposal; and b) DDA template proposal. 	<p>2.1 Overall, Trustpower supports the proposed changes to Part 12A of the Code and the 2019 DDA template proposal, however as outlined in our submission, we have concerns regarding the Authority’s proposed treatment of existing UoSAs.</p> <p>2.2 It is Trustpower’s view that existing network access agreements should be allowed to remain in place. Retailers, as the non-monopoly, should be able to decide whether the existing agreements can continue or if they wish to transition to the DDA for each of the distribution networks that they trade on. The Authority has attempted to demonstrate its proposals are necessary to promote the efficiency and competition outcomes under section 32 of the Act because they will:</p> <ul style="list-style-type: none"> a) reduce transaction costs for entering into a contract for distribution services, b) promote competition in the retail market by reducing unequal bargaining power; and c) promote competition in the retail market by promoting competition between retailers. <p>2.3 Trustpower submits that the proposal to allow distributors to decide whether to terminate existing UoSAs is not necessary or desirable to promote the intended outcomes, refer to section 3 above.</p>

	<p>2.4 Regarding the proposed changes to Part 12A of the Code, there are several areas we would like to discuss further and provide feedback where appropriate:</p> <ul style="list-style-type: none"> a) Extend the timeframe for reviewing the operational terms of a distributor’s published DDA, refer to 6.1 above; b) The Authority should thoroughly check each DDA before they are published by the distributor, refer to 6.2 above; c) Distributors must be required to provide a table of variances where the clauses included in their published DDA differ from the standard template issued by the Authority, refer to 6.3 above; d) Clarify whether the two-month timeframe for agreeance of terms is put on hold if retailers and distributors enter into Rulings Panel (or other dispute resolution) proceedings, refer to 6.4 above; and e) We believe the Trader should be able to assign its obligations under 12A.1 Appendix C (18)(2) of the Code Amendments Paper to another participant providing both parties agree to this transfer of responsibility, refer to 5.2 above. <p>2.5 There are also two areas of the 2019 DDA Template where we would like to make recommendations.</p> <p><i>Ensuring that property owners are explicitly aware that a distributor is wanting to remove their equipment from a property (or decommission an ICP).</i></p> <ul style="list-style-type: none"> a) The 2019 DDA Template makes a number of references to the ability for a distributor, after six months of a property being vacant (after termination of a customer’s agreement) or distribution services last being provided, to remove its distribution equipment from the property (or decommission the ICP).¹⁹ b) We recommend that the property owner is explicitly aware that the electricity supply is being decommissioned and/or that the distribution equipment is being removed before
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¹⁹ Default Distributor Agreement Template, [2019] Electricity Authority, p. 70

	<p>any action is undertaken by the distributor. Otherwise property owners can be left confused and facing large electricity and reconnection bills.</p> <p>Updating the billing terminology in Schedule 2 to reflect the industry’s current thinking by removing outdated methodologies.</p> <ul style="list-style-type: none"> c) Schedule 2 of the 2019 DDA Template references ‘as-billed’, ‘incremental normalised’, and ‘replacement incremental normalised’ as available reporting methodologies. This is not in line with current industry thinking. d) The industry is moving away from these reporting methodologies towards ‘replacement normalised with washups’. e) Our request is that the Authority update the terminology to reflect current thinking and where the industry is heading by removing the outdated terms.
<p>3. What are your views on the draft Code, appended to this paper, which would introduce the proposal?</p>	<p>3.1 Overall, Trustpower is generally supportive of the draft code appended to the Consultation Paper, albeit subject to our concerns with regards to the treatment of existing contracts.</p>
<p>4. What are your views on the Regulatory Statement? Specifically:</p> <ul style="list-style-type: none"> a) the efficiency costs and benefits; b) the costs and benefits in the retail market; and c) the costs and benefits in the related-services market. 	<p>4.1 We consider the value to the industry referenced in the Regulatory Statement is overstated.</p> <p>4.2 Regarding the efficiency costs and benefits, while we agree that the DDA will reduce barriers and make it easier for retailers (particularly smaller traders) to expand into new networks. We believe the costs realised by retailers to implement the transition to the DDA will be higher than the Authority has accounted for.</p> <p>Under the current proposal retailers will still have to seek legal counsel and carefully check and analyse each individual distributor’s DDA as each will be different. The more variance between the distributors’ published DDAs and the Authority’s default template, the higher the costs likely to be incurred, refer to 3.3 above.</p> <p>4.3 In the context of the costs and benefits in the retail market, no evidence has been provided by the Authority to show that different retailers are treated differently by distributors on their particular network. If the Regulatory Statement is referring only to fairer terms for all retailers than those which currently exist, then this statement is true. We agree that the proposed DDA</p>

	<p>implementation will increase the transparency of the negotiation process between distributors and retailers.</p> <p>4.4 We agree with the intent of the Regulatory Statement as it relates to the costs and benefits in the related-services market.</p>
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