

28 February 2023

Submissions
Electricity Authority
Via email: Distribution.feedback@ea.govt.nz

To whom it may concern,

Issues paper: Updating the Regulatory Settings for Distribution Networks

Thank you for the opportunity to comment on the issues paper 'Updating the Regulatory Setting for Distribution Networks'. We have provided limited responses to the paper because of time and resource constraints. If you have any questions, or you feel specific insight from other markets would be helpful please contact me.

Develop a data roadmap for the New Zealand market

Octopus Energy strongly encourages learning from other jurisdictions however we're not sure why the EA needs to commission two separate reviews of the recommendations of the UK's Energy Data Taskforce.

We believe it is better for the EA to focus its efforts and resources on resolving issues compromising customers' and industry participant's accessing data and using it to enable a more efficient, lower cost and lower carbon energy system in New Zealand. We support developing a data roadmap for New Zealand that takes account of local market needs and opportunities.

Data access

Data plays a pivotal role in helping consumers and parties across the sector make good decisions. Octopus Energy is strongly supportive of higher levels of data transparency across the sector. We would encourage the publication of anonymised usage data at an NSP level (or less granular if the number of connections is limited) as a way of enabling parties across the sector to understand energy usage and opportunities to manage it better.

In our view distributors and other approved parties (e.g a customer consented flexibility trader, System Operator, or Powerswitch) should be able to access any available data for an ICP directly from the MEP. We understand access is currently frustrated by the systems of some retailers and confidentiality requirements of commercial arrangements between some retailers and MEPs. A code change providing access, privacy/ anonymization requirements and parameters for charging for data provision would resolve this.

In our view there is an obvious case for distributors to have access to half hour customer usage data, this would have benefits that include:

- Distributors being able to charge all retailers (regardless of retailer capability to handle half hour data) on a TOU basis ensuring price signals are sent to all retailers on an equal basis.
- Allows detection and management of network issues.
- Allows better planning and forecasting.

Allowing comparison sites, like Powerswitch, access to usage data would allow them to provide consumers more accurate recommendations.

- Accessing the data on an aggregated anonymised basis would allow them to provide consumers insights.
- Accessing an individual's ICP usage data would enable more accurate recommendations to be provided to customers. Issues around customer privacy can be overcome - for example, a customer switch could involve the issuing of a unique code provided to the MEP and retailer. A retailer would be required to provide this code to the customer. The customer could input this code into the Powerswitch site with their ICP number and have their data pulled from the MEP by an API to inform a personalised comparison.

MEP performance monitoring and price regulation

We support more direct compliance responsibilities, regulation of charges and monitoring of MEP's. Removing meters is highly disruptive to consumers so MEP's are essentially a monopoly service provider. As such there is limited scope for retailers to hold them to account on poor service delivery. Performance is a real issue, there are often issues with missing data and rather than the MEP proactively managing data completeness retailers need to chase them. This has a flow on impact for participants from both a compliance and efficiency perspective.

It's important that there are better incentives on MEP's to continuously improve the completeness and timeliness of their service as data technology improves. This will be an important enabler for more DER. We strongly recommended regulating the performance of MEP's.

Non-network solutions

The use of non network solutions is nascent, and as a monopoly it's not within the nature or interests of most networks to open these opportunities to the market. We believe at this stage, as the full potential of NNS is still emerging, the EA and Commerce Commission have an important role in educating the sector and ensuring their adoption where appropriate.

Education of the sector would be supported by providing guidelines and benchmarks for their use cases, and the economic value, in different scenarios like the UK ENA's common evaluation methodology.

The EA could ensure they are considered by establishing standards for how opportunities to provide NNS are disclosed so that potential providers have an opportunity to provide solutions. We are also supportive of Directors being required to sign off on the consideration of non network solutions. Networks should also be required to justify why they have used a network solution ahead of a NNS. In practice, this may encourage more Distributors to engage the market for NN solutions ahead of building network solutions.

Octopus Energy supports the use of common standards and processes as a way of engaging more DER. A proliferation of approaches initially frustrated the introduction of flexibility services in the UK, and because of the larger number of distribution businesses in New Zealand and small market size, there is real potential for this to be a major problem here. The EA should work closely with industry to develop common standards and ensure use of them. This could form part of a firmer approach on regulation of data and industry processes as we still find EIEP formats are not being used consistently.

Multiple trader relationships

Octopus Energy is supportive of arrangements that enable consumers to participate in the energy market more effectively. However a more immediate priority is ensuring an independent retail market is sustainable otherwise competition in this emerging solar niche will never evolve.

We agree the multiple trader relationships construct needs more consideration as the implications for participants and customers are yet to be considered meaningfully. For example, there has been no consideration of how wholesale market risk is fairly apportioned between traders.

It seems there is a perceived missing value problem that needs to be considered and resolved, as even if multiple traders could be supported through a settlement system the disparity between import and export prices arises predominantly because of the distribution pricing component. If there is a case for reducing the distribution pricing for 'local export/ import', a more valuable exercise may be to develop a set of distribution pricing arrangements for community energy schemes so local users can reap the benefits of them.

Yours sincerely

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