

14 March 2023

## Northern Energy Group submission to the Electricity Authority

### Submission to the Electricity Authority's issues paper on *Updating the Regulatory Setting for Distributed Networks*

#### Introduction

The Northern Energy Group welcomes the opportunity to provide feedback to the Electricity Authority (Authority) on its issues paper *Updating the Regulatory Setting for Distributed Networks* (Issues Paper). Our feedback has been structured into three sections:

1. Core messages for the Authority regarding the Issues Paper and distribution networks more broadly
2. Thematic feedback on each section of the Issues Paper
3. Our response to selected key questions within the Issues Paper.

NEG is highly supportive of this workstream and urges the Authority to progress it as a matter of urgency. Our submission is focussed on the most significant issues we see within the sector regarding the regulatory settings for distribution networks, which include those not discussed in the Issues Paper.

Our member networks have submitted individually. This submission has remained at a high level and is intended to provide a shared perspective on the issues and areas that are most pressing.

#### About the Northern Energy Group

The Northern Energy Group (NEG) formed in 2019 around a common belief that consumer voices needed to be stronger in industry and government decision-making.

NEG consists of Counties Energy, Northpower, The Lines Company, Top Energy, Waipā Networks and Vector. All of our networks are either entirely or majority-owned by consumer trusts. We believe consumers' interests belong at the heart of our energy sector.

The energy sector in Aotearoa is on the brink of significant change and opportunity, and we are committed to leading a new energy future with the voices and interests of our communities at the centre. Electrification means demand on our networks will double, and decarbonisation is crucial to climate action in Aotearoa.

Together, nearly 50% of New Zealand's power connections (ICPs) are across our networks, and the majority of demand growth is forecasted to be on our networks. Our goal as consumer-owned entities is to lift consumers up together.



Northpower



TOP ENERGY



NEG members provide a trusted, local perspective. As stakeholders, we complement, not substitute, local community and iwi/hapū voices.

NEG should be a priority stakeholder for future engagement with distribution networks. We have feet on the ground locally and our members' networks are already experiencing some of the most rapid growth in DER around Aotearoa – this is only set to grow.

## 1. Core messages

This section sets out our core messages and priorities for consideration by the Authority.

### What DSO and DG could have looked like during cyclone Gabrielle and the Auckland Floods

Increasing levels of DG and other DER on our networks create opportunities for consumer value, but also pose a new risk to public safety and system stability. This risk needs to be addressed and managed accordingly, and regulatory settings must support this. As network operators we will need the ability to orchestrate the load and generation on our networks under emergency situations to protect the health and safety of our communities and our teams working in the field to repair the network, and manage system security.

Conversely, increased DG and DER on distribution networks is an important enabler of future resilience and energy security. It appears unlikely 'always on' distribution networks would be economically viable. However, residential and community 'always on' solutions have real potential to enable community resilience.

Our role as distributors will look increasingly like Transpower's, with both network owner and system operator roles, but at a local level. Transpower's has traditionally been a two-way network, and we are becoming the same. We will need equivalent powers to Transpower's, to balance demand and supply and address constraints on the network, particularly during emergency situations.

This must be a consideration in relation to DG and DER moving forward. We do not want this to be a barrier to DG on our networks, but just as Transpower can call us during an emergency and instruct us to undertake certain actions, we will need equivalent powers during emergencies to enable safe management of networks and community resilience in real time, and continue our ability to enable demand and supply to stay in balance.

Our responsibility is heightened during times of real strain on the network. With increasing EV uptake we are mindful this will place more urgency on restoring connections where people are reliant on EVs as their sole/main mode of transport. Dynamic capacity allocation and/or pricing to charge EVs will no doubt have to part of the solution.

### DSO Capability Building and Funding

LV network visibility, capacity allocation and constraint management are all critical to enabling more DER in markets and unlocking some of the billions of dollars of potential value to consumers discussed in the Issues Paper.



EDBs are transforming at speed and increasing our capability in advanced distribution system operation (DSO). The necessary network capability building is only accelerating. Over time, we anticipate our evolution and development of DSO capability will lead to lower costs to our consumers than would otherwise be the case. But, in the short term, as we invest in capability building, our total costs may increase. To date, we have each (and collectively) taken a no-regrets approach, investing in core DSO capabilities and functions that will be required of best-practice EDBs irrespective of the future scenarios that play out.

We want effective, forward-looking, and dynamic Government and regulatory leadership; some elements of the future energy system will require central coordination and planning. We are encouraged by the Authority's focus on no-regrets capabilities, and we encourage the Authority to support an environment that enables 'learning by doing'.

It has become clear from offshore jurisdictions that DSO may not simply materialise from the market, as the business case is much broader than a single user. Iterating solutions to unlock the core value proposition, and associated commercial construct is critical to ensuring we move forward with this critical enabling element.

To this end, NEG strongly believes the Authority should advocate for funding to support trials undertaken by multiple parties in collaboration. Application criteria could specify that results of any initiatives and trials must be shareable and priority could be given to widely applicable initiatives.

NEG supports MBIE operating this fund as discussed in the Issues Paper. However, if MBIE is unable to operate such a fund it will be essential some other entity is funded to do this crucial work.

## Network Visibility

NEG support the Authority's overall direction to make energy sector data publicly available and ensure two-way communication between retailers, EDBs and other parties managing DER.

Historically, network operators have not needed high-frequency data, as power flows were generally one-way and relatively predictable, meaning that networks could be constructed and operated on a "set and forget" basis. This contrasts with Transpower (system operator), which operates a two-way network, and to enable this has real-time communication at the point of connection for each of its customers.

However, increases in DER penetration are requiring evolved distribution system operation, and currently we do not have the data we need to fulfil this role. Getting to the maturity where relevant data could be publicly available will require sufficient funding and regulatory direction. There are significant equity concerns regarding how EDBs are funded to achieve this as costs to do so will be considerable and not all customers will benefit directly.

Broadly speaking there are two simultaneous issues:

1. Access – while some of our networks now have access to *half-hourly kWh consumption data* for much of their networks, others do not. The majority of our networks do not have access to any *network operational data* (NODs)



from smart meters, at scale.

While implementation can be phased, to transition to a two-way network, network operators will need real time data at most or all points of connection. This requires access to consumption *and* network operation data, in real time.

2. Insufficient data – the focus of smart metering deployment to date has been on enabling the collection and provision of *consumption* data for retailers. This is not necessarily the data we need to operate the network, nor to implement some of the cost-reflective pricing advocated for by the Authority. Regulatory direction is needed to establish a standardised approach to smart meter data including the type, frequency and costs of information provided (and to ensure the equipment installed has the technical capability required). Further, network operators will need to be sufficiently funded to procure and unlock the value of this data. Regulatory direction is needed to ensure that consumers do not pay twice for the supply of this data to retailers and to distributors.

Reaching alignment on the types of data required, and access to that data are critical elements to be resolved to enable a resilient, cost effective, and effective method of operating networks in the future.

## Distributed Generation and the Part 6 review

DG penetration on some of our networks has reached such material levels it is causing issues for our network managers and planners.

For example, at the top of the North Island, multiple solar providers are competing to connect in areas with limited capacity to host them, and network operators will soon be having to make decisions around dispatch and curtailment. The context in which the original Part 6 (formerly the DG Regulations) was developed has changed significantly, meaning Part 6 is not fit for a future in which DER is expected to become ubiquitous.

NEG supports the Authority carrying out a full review of Part 6. The issues identified are all significant. We support all proposed DER standards actions and urge the Authority to do more. NEG believes a full review is the most pragmatic and equitable way to address these and other related issues. We would support a two-part review if the Authority considered this necessary to prioritise certain elements urgently needing reform.

While we agree with the Authority the scope of Part 6 *could* be expanded to include all DER (i.e. *importing* DER, not just *exporting* DG) we are not yet convinced this would be the most sensible avenue for such additions to the Code to be made. We believe the scope of the review should be to determine the appropriate Code for managing the connection and operation of all DER, rather than limiting scope just to a review of Part 6 itself. Changes to Part 6 may result from such a review, but equally many other parts of the Code may need enhancement.

In addition, we would like to bring the following to the Authority's attention for further consideration:

- a. Currently, the limit on charging DG incremental connection costs only means DG applicants effectively get free access to the shared assets in the



network. This means our domestic customers are paying for these assets to support commercial generation businesses.

- b. Because Transpower's regulatory regime enables it to take a commercial approach under the TPM rather than the incremental costs approach under Part 6, commercial generators are driven to connect to local networks even when it is more efficient to connect to the national grid.
- c. Establishing rules and processes for EDBs to engage DER operators on the network to manage performance, safety, and emergencies should be an immediate priority, in the same way that Transpower is able to do so with its customers on the grid.

## Constraint Management

NEG believes constraint management should be an immediate priority for the Authority. EDBs will need to lead on this critical emerging issue and NEG would welcome an opportunity to discuss this further with the Authority.

We are concerned the Issues Paper is silent on constraint management. EDBs will soon need processes and the technical ability to allocate scarce capacity to competing DERs and communicate openly with sector players about congestion and constraints to maintain network reliability.

For example, there is currently no ability to communicate with, nor constrain small-scale solar. Effectively the only way these will trip off is if the voltage rises sufficiently that the inverter trips off. As a result, large-scale DG (which we require to have communications under the network approval) have to scale back, because we can't scale back the small DG.

As mentioned above, network design and operation has traditionally been focussed on meeting consumer demand via one-way power flows (i.e. GXP to ICP). The FlexForum<sup>1</sup> noted in a recent insights paper that:

Diversity of demand, and predictable one-way flow patterns on networks, have meant it has not been necessary to monitor or manage capacity for consumption or generation on a connection-by-connection basis. Maintaining power supply and quality has been straightforward for distributors to achieve under a 'set and forget' basis due to stability and predictability in network use patterns and flows on their networks over time. ...

In an environment where there is increasing demand for network capacity, making optimal use of available network infrastructure would traditionally involve identifying and applying physical or contractual limits on the import and/or export of electricity to reflect the physical limits of the network over time.

Experience has indicated it can be economically preferable (and more affordable for consumers) to have reasonable limits in place during peak times rather than to incur the cost to reinforce networks to provide more peak capacity. For the same reason, the transmission

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<sup>1</sup> FlexForum insights paper available at: <https://www.araake.co.nz/assets/Uploads/FF-insights-making-better-use-of-available-distribution-network-capacity-31-January-2023.pdf>

network is not sized to enable all possible flow scenarios – constraints occur frequently, and usually when output from renewable generation is particularly high.

While constraints have not been a feature of distribution networks to date, by design they will be a key feature of the networks going forward. Not every possible combination of DER behaviour will be able to be accommodated – to do so would not meet the affordability objective.

Therefore, EDBs will need a process to manage constraints by allocating scarce capacity to competing DERs. Crucially, EDBs will need avenues and guidance to communicate openly with sector players about congestion and constraints, and to ensure these allocations are adhered to.

The FlexForum’s paper continues, highlighting the immediate concern we have about operators of DER prioritising participation in national markets, without any cognisance of what behaviour the host networks can accommodate:

Flexible DER will have a growing impact on network operation as it increasingly participates in national markets for energy and ancillary services and is dispatched by Transpower, the System Operator (especially after the introduction of *Dispatch Notification* product in April 2023).

Distributors can manage sudden falls in load. Restoring load (including after a period of load control) requires more careful management. A fall in wholesale prices, due to increases in wind or solar generation across a part of Aotearoa New Zealand, could see many distributed batteries, EV chargers and smart hot-water cylinders being dispatched on by the System Operator. Similarly, large numbers of DER, such as household batteries, are already being armed to respond at short notice to a fall in system frequency on the grid.

About every five minutes of every day, the System Operator uses security-constrained economic dispatch, via the SPD tool, to work out which power stations to run, which flexible load to dispatch on or off, and which response resources to arm for reserves. However, by design, this tool can only see as far as the grid exit point (the boundary between the transmission network and distribution network) and has no visibility of the security and power-quality constraints on the distribution networks. As with the transmission grid, the capacity available on distribution networks can change materially at short notice – for example due to storms, car versus pole outages, every-day network switching and planned outages.

To enable flexible DER to provide services to national markets in a way that keeps distribution networks safe and stable, and maintain power quality to consumers within legislated limits, distributors will need to provide operators of flexible DER with network access that represents not just maximum physical operating limits, but possibly also physical limits on the rate-of-increase of demand or output that the network can handle to avoid creating unmanageable surges (which could happen if the wholesale price, or the system frequency, suddenly drops or increases).





With more DER operating, distribution networks will increasingly need to be operated similarly to the transmission network.

While there are mechanisms for EDBs to coordinate DER operation with retailers on their networks (via the DDA), these are relatively untested at this stage. Further, no such vehicles exist for parties managing DER who are not retailers. This is a large hole in the existing market design, and one the Authority needs to address urgently. As the FlexForum paper continues, dynamic operating envelopes would appear to be an excellent tool for managing these issues, and are something our members are actively exploring.

## 2. Thematic feedback by section

### Equal access to data and information

NEG believes the issues identified are significant and supports the Authority's overall direction to make sector information publicly available – as well as actions d) – f) described in the Issues Paper.

It is critical for EDBs to have visibility of where DER is, and how it is operating – for both operations and planning. EDBs are becoming more digitised, and data-driven, to enable them to operate safely and effectively in a DER world. Smart meter data and DER visibility are the core foundations to enable this. We would expect the Authority to work with EDBs and others to determine what information would be useful, and who would be responsible for providing and maintaining it.

MEPs are currently able to negotiate and contract directly with EDBs to provide NODs, and some of our members are trialling NODs acquisition currently. However, there are only limited relationships between these parties, and there is no Code support governing or guiding them. The data template is part of the DDA between EDBs and retailers, and retailers do not collect NODs. This leaves EDBs without Code-backed access to NODs.

NEG is concerned about the current wording and implied approach to providing data to Flexibility Traders (FTs). Consumption data and NODs are only one part of the network planning picture, and this data would not provide a FT with a useful view on the likelihood of any opportunities for DER persisting for a reasonable length of time. We are concerned the unfiltered info may cause more confusion than solutions, and would welcome further discussions with the Authority to consider how this information could be contextualised or filtered for FTs to retain reliability and safety for our mass customers and the whole network.

We support the Authority amending the data template and streamlining information sharing processes. However, the NEG considers amendments to the Code would be more effective in the long term.

NEG considers the “reasonableness” of the costs of obtaining data from retailers a serious concern that is currently being overlooked. As consumer-owned trusts, our priority is the long-term costs and benefits to our customers. Currently there is huge variability between different retailers' costs, and industry standard pricing methodologies do not exist.



In contrast, MEP data pricing is currently mixed. The market for NODs is nascent, meaning it may be too early for regulation at this point. However, NODs are critical to EDBs' planning and operation of the network, so the Authority should continue to closely monitor the MEP/EDB interface and how freely data is flowing.

Maintaining customers' privacy is critical moving forward. More data flowing between sector players, and eventually the public, will mean more customer information is available to more people. More customer data will be available, and that data will be more revealing about customers' usage profiles. NEG believes the Authority will need to safeguard customers' privacy to protect customers and ensure these significant privacy concerns do not become barriers to core functions and capabilities of distributed networks.

#### *Recommendations:*

- Provide enabling settings that allow EDBs to communicate directly with MEPs – and for MEPs to negotiate and contract directly with EDBs.
- Consider and closely monitor the impacts of costs for data acquisition by networks, and work with the Commerce Commission to ensure EDBs are sufficiently funded to purchase and unlock the value of this data.
- Reconsider the proposal for Flex Traders to be able to acquire consumption and operational data, in favour of ensuring EDBs prioritise filtering and communicating whole-of-picture data that would be useful for their business cases.

#### **Market settings for equal access**

NEG believes the issues identified are minor and agrees with the Authority's desired outcomes. We want the best long-term outcomes for our customers, and our primary concern regarding flexibility services is if customers would have to pay more for these services than they otherwise would.

There is currently no need for the Authority to consider ringfencing as the market is still developing, and is far from maturity. However, the market would benefit from guidelines on how the Authority *might consider* ring-fencing in future, and the NEG encourages the Authority to provide this.

EDBs have successfully self-provided flexibility services through direct control of hot water cylinders for decades. Some EDBs have other flex resources, including grid-scale batteries and relocatable generation. The Authority appears to have taken the view that self-supply is something that will always be inferior to market-procured options. NEG members' experience has shown that this is not the case, and would be highly concerned if the Authority acted on these assumptions. There is a large body of literature supporting self-supply being efficient, called *theory of the firm*. NEG would welcome further discussion about this with the Authority.

From our perspective, some EDBs will elect to self-supply flexibility services while others will procure, and in many cases there will be a combination. This should be up to individual EDBs to decide, in the long-term interests of their customers, as is already regulated by the Commerce Commission. The Commerce Commission's cost allocation and related party transaction rules already manage and mitigate the risks identified in the Issues Paper. The Commerce Commission's competition





branch and surveillance processes also play an important role. We are not advocating for EDBs to have monopoly rights in providing flexibility services but believe the current arrangement, where EDBs are able to participate in the market, should continue.

*Recommendations:*

- The Authority should provide guidance on how and when they might consider ring-fencing in future, to provide more certainty to EDBs' and other parties' decision-making.
- Continue to support the Commerce Commission enabling greater flexibility in EDBs' funding mechanisms to enable true comparisons between network and non-network solutions, and fungibility between funding sources if appropriate non-network solutions are identified.

### Capability and capacity

NEG believes the issues identified are minor. We would like the Authority to support 'learn-by-doing' approaches and highlight successful sector collaboration. Currently, successful initiatives are not always visible to others in the sector, and lessons from these can be highly valuable.

From our perspective, how EDBs are funded to develop DSO capabilities – including LV network data and visibility, and constraint management – is a much larger concern and should be a top priority for the Authority (as discussed above).

NEG believes the Authority should monitor the issues identified but would be highly concerned if the Authority introduced formal collaboration requirements and reporting processes to address the issues identified. Our experience is these processes are largely ineffective and time-consuming.

*Recommendations:*

- Monitor and report on successful collaboration within the industry.
- Advocate for EDBs and other industry players using 'learn-by-doing' approaches.

### Operating agreements for flexibility services

NEG believes the issues identified are somewhat significant.

As previously addressed, we have significant concerns about our future ability to effectively and efficiently manage constraints on our networks, and orchestrate responses to local or national emergencies. Our role will look increasingly like Transpower's in future, yet we do not have the same powers to enforce compliance with constraints and to manage emergency situations.

Standardised default operating agreements for DG owners and operators of other DER would create industry efficiencies and provide assurances to those customers about how constraints and emergencies will be managed. A degree of national consistency would be preferable for these parties, who will likely operate across a number of different networks. This is still relatively uncharted territory in Aotearoa.



The allocation of risks between flexibility buyers and flexibility sellers/traders is another key concern. Currently, buyers have little or no experience in procuring such services, and sellers face both the risk of technology deployment and technology performance. NEG members actively out-source critical components of their operations and are keen to build their experience doing so with parties offering non-network solutions, in a commercial environment.

*Recommendations:*

- The Authority should prioritise development of an operating framework for distributors hosting DER on their network, including:
  - network capacity allocation,
  - constraints management, and,
  - emergency management.

### DER Standards

NEG does not support the Authority’s proposed limited review of Part 6 of the Code. We believe a full review of Part 6 is needed. A full, two-stage review would allow the Authority to prioritise elements of the code most urgently needing reform and ensure the full scope of potential Code amendments and solutions are addressed in a timely and cost-effective manner. We would support a two-stage review if the Authority considered this necessary to prioritise certain elements urgently needing reform.

NEG believes the issues identified are significant and supports all the Authority’s proposed DER standards actions and urges the Authority to do more. NEG believes the Authority’s proposed three-year timeline for this work is too long and will not deliver either:

1. The more immediate reform needed to address current issues, such as those mentioned above, or,
2. Longer-term regulatory settings that enable increasing levels of DG and DER participation in the market while also providing network operators the tools and capabilities to ensure network reliability.

### 3. Answers to selected questions from the consultation document

Issues Paper questions:	NEG comment
2 – Does this capture the key data needs for distributors to make informed business decisions that will unlock the potential of distributed energy resources (DER) for the long-term benefit of consumers? If not, what	Broadly, yes. However, we suggest that meter <i>status</i> data (e.g. last gasp, ping) is in a different category to power quality data (PQD).



data is missing and what would it be used for?	
3 – Do you agree with the prioritisation of the key data needs for distributors? If not, why not and how would you suggest the priority is changed?	Yes.
6 – Do you agree that the Authority should amend the Data Template to address the above issues to improve its workability? If not, why not?	While the template negotiated between ERANZ and ENA is superior to the existing Appendix C, NEG believes the Authority should amend the Code to address these issues. Amending the Data Template would function as a short-term fix and would not address the more fundamental issues. It is also unclear to us how we could amend all our existing DDAs to incorporate a new Appendix C.
9 – Should the Authority amend the Code to clarify that MEPs can contract directly and provide both ICP data to distributors (and flexibility traders) for permitted purposes? If not, why not?	Yes. NEG is highly supportive of the Authority amending the Code to ensure MEPs <i>must</i> negotiate and contract directly with EDBs, and that permission is not required from retailers to supply data.  In addition, the Authority should consider the impacts of data prices and closely monitor the MEP/EDB interface to assess how freely data is flowing.
10 – Should the DDA Data Template be updated to include Power Quality Data? If not, why not?	The DDA is an agreement between EDBs and retailers. It is not clear how the data template could apply to the relationship between EDBs and MEPs. However the DDA should state that MEPs can (and retailers will not object to) provision of data to distributors by MEPs, and that retailers will address privacy requirements to enable such in their terms and conditions.
11 – Do you think that the transaction costs associated with negotiating access to MEPs is a problem that the Authority should prioritise? If no, why not? If yes, do you think there is merit in developing a template to develop a default template to help reduce transaction costs?	Negotiating access with MEPs has been a mixed experience to date, dependent on the MEP. We think a default template would help reduce transaction costs, and enable access for data from MEPs which are otherwise slow to engage.  NEG considers the “reasonableness” of the costs of obtaining data from retailers a serious concern that is currently being overlooked. As consumer-owned trusts, our priority is the long-term costs and benefits to our customers. Currently there is huge variability between the costs that different retailers seek to recover, and industry standard pricing methodologies do not exist. The EA could clarify whether reasonable costs includes just costs or a profit margin (Part 6 limits to reasonable incremental costs).

	MEP data pricing also currently varies. The market for NODs is nascent, meaning it may be too early for regulation at this point. However, NODs are critical to EDBs' planning and operation of the network, so the Authority should continue to closely monitor the MEP/EDB interface and how freely data is flowing.
12 – Do you agree that MEP pricing for ICP Data (including Power Quality Data) and related data services is not unreasonable at this stage? If not, why not?	As above, MEP data pricing is currently mixed, depending on the MEP. Furthermore, pricing for data quality services (and products to deliver such) are not yet available.
15 – Do you agree that distributors' visibility of the location, size, and functionality of DER needs to be improved within the next 3-7 years to support network planning? If not, why not?	Yes. This is critical to efficient and effective management of the network going forward. Distributors also need to understand which party (if not the retailer who we are providing lines services to) has contractual responsibility for managing that particular DER, and they need to have operating agreements in place with those parties.
16 – Do you have any views on the type and size of DER that needs more visibility?	The most helpful data would be the locations and types of EV chargers (both smart and non-smart), solar DG installations, smart hot-water and batteries.
17 – The Authority acknowledges that definitions of 'real-time' vary, please explain what real-time data means to you.	<p>We support the Authority creating agreed definitions. As EDBs we expect we will get a lot of this data from other sources not just MEPs.</p> <p>Large DG should have dedicated fibre communication which enables instantaneous info and control. For smaller scale DG, NEG believes we should work towards 30minute, then 5min, then 1min.</p>
18 – Do you agree that access to 'real-time' consumption and Power Quality Data won't be needed for at least five years?	<p>No, we disagree. This will be essential to enable real-time management of the network as DER penetrations increase, especially in relation to constraint management and emergencies.</p> <p>EVs in particular are at the beginning of an exponential adoption curve – we need to consider how we will get 'real time' data now, to make sure the right technology is installed. For example some of the considerations we are concerned about now:</p> <ul style="list-style-type: none"> <li>• what sort of chargers do we want installed?</li> <li>• Are regulations needed to ensure they have the right onboard technology, etc.?</li> </ul> <p>If we wait, the exponential rate of EV adoption means the horse will have bolted as a critical mass of</p>

	<p>households will have already purchased and installed chargers. This is the same reason we are implementing TOU pricing now, despite no peak time congestion – to establish good EV charging habits now, before it becomes a problem and exponential growth makes it impossible to do so at a later date.</p> <p>Achieving real-time data is step change in ways of working. There will be significant costs to get to this maturity.</p>
<p>22 – Are there any other issues preventing distributors from providing granular current and likely future congestion data?</p>	<p>EDBs are currently either planning for or already building the capability and capacity to ingest, analyse and make use of this data. The greatest barrier to this will be a lack of funding for EDBs to do so.</p>
<p>28 – Do you agree that model privacy disclosure terms are appropriate?</p>	<p>Yes. But retailers need to be required to implement them (or their own version that achieves the same) so that data can be shared with EDBs. If they are optional, we are concerned we will continue to run up against privacy issues raised by retailers. In our experience, the issue is not the retailer’s inability to draft privacy disclosure terms, rather their desire to implement them.</p>
<p>31 – What are your views on the three options presented above, to deal with Issue 1 (that distributors might prefer network investments to NNS)? What alternative option/s would you favour, if any?</p>	<p>Option 2 is favoured. NEG strongly believes the Authority should advocate for funding to support trials undertaken by multiple parties in collaboration. Application criteria could specify results of any initiatives and trials must be shareable and priority could be given to widely applicable initiatives.</p> <p>We also note again, our primary concern regarding flexibility services is if customers would have to pay more for these services than the alternatives.</p>
<p>39 – Do you have any suggestions for how the Authority can support industry-led work on providing guidance on best practice and templates for operating agreements?</p>	<p>As discussed earlier, standardised default operating agreements for DG owners and operators of other DER would create industry efficiencies and provide assurances to those customers about how constraints and emergencies will be managed.</p> <p>The Authority should prioritise development of an operating framework for distributors hosting DER on their network, including:</p> <ul style="list-style-type: none"> <li>• network capacity allocation,</li> <li>• constraints management,</li> <li>• emergency management,</li> </ul>

	<ul style="list-style-type: none"> <li>• comms and control methodologies and</li> <li>• central registry.</li> </ul> <p>However, commercial agreements should be left for market participants to develop. Issues such as risk allocation are complex and the sector should be tasked with developing arrangements for these, in the first instance.</p>
<p>40 – What are your thoughts on the proposed scope for the Part 6 review? What, if anything, would you include or exclude, and why?</p>	<p>NEG does not support the Authority’s proposed limited review of Part 6 of the Code. We believe a full review of Part 6 is needed. A full review would allow the Authority to prioritise elements of the code most urgently needing reform and ensure the full scope of potential Code amendments and solutions are addressed in a timely and cost-effective manner. We would support a two-part review if the Authority considered this necessary to prioritise certain elements urgently needing reform.</p> <p>NEG believes the issues identified are significant and supports all the Authority’s proposed DER standards actions and urges the Authority to do more. NEG believes the Authority’s proposed three-year timeline for this work is too long, however, and will not deliver either:</p> <ol style="list-style-type: none"> <li>1. The more immediate reform needed to address current issues, such as those mentioned above, or,</li> <li>2. Longer-term regulatory settings that enable increasing levels of DG and DER participation in the market while also providing network operators the tools and capabilities to ensure network reliability.</li> </ol> <p>While we agree with the Authority the scope of Part 6 <i>could</i> be expanded to include all DER (i.e. <i>importing</i> DER, not just <i>exporting</i> DG) we are not yet convinced this would be the most sensible avenue for such additions to the Code to be made. We believe the scope of the review should be to determine the appropriate Code for <u>managing the connection and operation of all DER</u>, rather than limiting scope just to a review of Part 6 itself. Changes to Part 6 may result from such a review, but equally many other parts of the Code may need enhancement.</p>