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TRUSTPOWER SUBMISSION: ENABLING MASS PARTICIPATION IN THE ELECTRICITY MARKET

1 Introduction and overview

- 1.1.1 Trustpower Limited (**Trustpower**) welcomes the opportunity to provide a submission to the Electricity Authority (**the Authority**) on *Enabling mass participation in the electricity market* (the **Consultation Paper**¹).
- 1.1.2 We understand the Authority is seeking views on any gaps in its existing comprehensive work-programme that focusses on removing regulatory barriers and enabling mass participation. The intention is to ensure that consumers can benefit from the changes in technology and innovation that are happening now in the electricity industry.
- 1.1.3 The Authority poses two key questions in the Consultation Paper:
 - a) What opportunities do you see for more participation across the electricity supply chain?
 - b) What changes are needed for consumers to experience the benefits of innovation in technology and business models?
- 1.1.4 The Consultation Paper specifically identifies a number of areas where changes may be required to the existing market design to enable mass participation. These include:
 - a) ***Enabling competition in providing the network support service*** –Some of the traditional monopoly network support services (provided by transmission and distribution system operators) can now be more efficiently obtained from third parties, e.g. batteries or demand response. Having a platform or set of market arrangements for matching buyers (Transpower and distributors) with sellers may be an effective mechanism for realising the benefits of new technologies.
 - b) ***Promoting participation through ensuring open access to distribution networks*** – Providing a level playing field, where access to network infrastructure is provided on

¹<https://www.ea.govt.nz/development/work-programme/evolving-tech-business/enabling-mass-participation/consultations/#c16454>

efficient and non-discriminatory terms, will enable participation and promote competition. The Authority recognises that distributors have significant control and influence over who can currently use the network, and in what way.

- c) ***Peer-to-peer platforms could increase participation*** – There is a recognition that enabling peer-to-peer platforms to evolve in the electricity market could increase participation. The Authority considers that the current market design may influence the design of peer-to-peer platforms.
- d) ***Ensuring participants and non-participants in the electricity market are correctly recognised*** – The current registration requirements may need to change to ensure that parties wanting to participate in the electricity markets are recognised, and conversely that those parties with little or no direct interest in the electricity industry are not required to be registered as a participant.
- e) ***More diverse sources of electricity supply and demand response could improve competition*** – More diverse sources of electricity supply (including consumers adjusting their electricity consumption) could supplement existing grid-connected and distributed generation, and improve competition in the generation market. It may be possible to facilitate new forms of demand response or generation participation in the market by improving the functioning of the existing markets (e.g., by providing greater transparency of long-term prices and enhancing standardisation of terms and conditions for long-term contracts).

2 Trustpower's views

- 2.1.1 We appreciate the opportunity to provide feedback on the matters raised in the Consultation Paper, including whether there any gaps in the Authority's existing work programme that focuses on reducing regulatory barriers and enabling mass participation.

2.2 No need for major reform

- 2.2.1 We do not consider that there is any need for major reform to the current market design to enable mass participation at this time. The existing market design is largely fit for purpose, and those areas where reform may be required to enable mass participation, are already captured by the Authority's existing work programme.

2.3 Mass participation is already occurring

- 2.3.1 The emergence of new and innovative business models such as those of Flick and P2Power demonstrate that it is already possible for mass participation to occur under the existing market design. These business models enable customers to interact with the market with minimal transaction costs, i.e. they avoid customers themselves needing a use of system agreement or to provide prudential support, etc. This is comparable to the arrangements for trading on the ASX, which require any trades to occur through a registered broker, and ensures appropriate safeguards for both customers and the market are in place.
- 2.3.2 Currently there is only limited customer interest in direct energy management. The anticipated shift to cost-reflective distribution network tariffs may however have implications for customers' behaviour, depending on how retailers pass through any new tariffs, and may result in greater interest in direct energy management solutions at a household level. Our view is that these new tariffs will be passed through if consumers see value in facing them. However, we consider that any changes in customer behaviour will be initially slow and we caution against the need for substantive reform to the existing arrangements at this time. There is simply no value to end

customers in imposing costly new industry arrangements that will be unlikely to be used in the medium term.

2.4 Support for ongoing assessment

- 2.4.1 We support the Innovation and Participation Advisory Group (**IPAG**) considering matters relating to whether there are any barriers to mass participation arising, on an ongoing basis². The ongoing monitoring by the IPAG will ensure that any potential issues are identified well in advance and can be addressed by the Authority in a timely manner.
- 2.4.2 There are a number of minor clarifications and amendments to the existing arrangements that would be valuable to address at this time. Likewise, we consider that there are broader reforms to ensure efficient distribution network decisions eventuate that should also be considered, as they are strongly interrelated with ensuring mass participation can occur. These matters, along with our broader detailed comments on the Consultation paper, are explored in section 3 of this submission in more detail.
- 2.4.3 Our responses to the specific questions posed by the Authority in the Consultation Paper are provided in Appendix A.

3 Detailed comments on the Consultation Paper

3.1 Uncertain whether the entire range of possible consumer choices has been captured

- 3.1.1 We are uncertain whether the Authority's overview of consumer choices (Figure 1) necessarily captures the entire range of possible options. It is plausible that in the future a customer may want to be able to make decisions around trading off the cost of electricity supply against the quality of supply, i.e. they may be prepared to accept a lower level of reliability if it comes at a lower cost. Customers may not be prepared to continue paying for N-1 security levels, but rather want to provide their own power quality, reliability and peak-demand management with a relatively inexpensive battery.
- 3.1.2 Enabling customers to make choices around cost vs quality of service would have implications for distributors. We consider that under this type of scenario, good communications mechanisms to ensure the response of customers to events would be vital to ensuring the integrity of the distribution network is maintained.
- 3.1.3 Enabling customer choices of this nature would require substantial consideration by all of industry to ensure no unintended consequence arise. It would most appropriately be considered through the work of the IPAG, and in broader consultation with industry through a series of workshops.

3.2 Changes are required to enable competition in providing the network support service

- 3.2.1 We are generally supportive of the direction presented by the Authority with respect to ensuring networks make greater use of competition to more efficiently supply the network service. A level playing field, where third party solutions can compete with network companies' solutions, will deliver the most efficient and cost-effective outcome for consumers.
- 3.2.2 There is overlap between the Authority's consideration of this important matter with the work currently being undertaken by MBIE (development of a white paper on regulatory framework) and the Commerce Commission (related party transactions, information disclosure).

² As outlined in the list of potential projects for the Authority's new advisory groups. Refer to <http://www.ea.govt.nz/development/advisory-technical-groups/>

- 3.2.3 We consider that the main challenge to ensuring networks' competitive supply of network services relates to ensuring distributors have the right incentives in place to actively seek solutions from multiple parties and that there is appropriate transparency of any opportunities for parties to supply network services³. While it is potentially out of the scope of the Authority's remit, we support the Commerce Commission examining the costs and benefits of mandating a requirement on electricity distribution businesses to test the market for distribution alternatives, prior to any major investment decisions being made.
- 3.2.4 Likewise, we support the Commerce Commission in considering implementing ring-fencing arrangements to ensure that network companies do not discriminate in favour of their related businesses when making decisions around supplying network solutions.
- 3.2.5 Further details of our specific views on these important matters, including supporting expert reports, are outlined in our submission on the input methodologies review of August 2016⁴. In particular, section 3.4 of that submission discussed the frameworks that could (or should) apply to investment decision-making by regulated transmission and distribution businesses.

Acquiring network services

- 3.2.6 There are likely to be significant benefits from enabling multiple parties to supply network services; however the costs of the various options for acquisition need to be taken into account. We note that:
- a) Transaction costs will be a challenge during the transition to the future operating model; and
 - b) Administrative costs charged by networks will need to be continually scrutinised, as if they are set too high they will quickly erode any income from providing a network service.
- 3.2.7 Procurement of network services by transmission and distribution network companies can occur through a number of arrangements which range in complexity and cost, including through setting standards, bilateral negotiations, tender processes and auctions.
- 3.2.8 We consider that initially a bilateral contracting model would be preferable as it a simple solution that is relatively straightforward to implement. Over time, we consider that a more market-based approach should be investigated, however we do not consider more market-based arrangements are required at this time to enable mass participation to occur.
- 3.2.9 We note that in considering a more market-based approach, a number of important design matters will need to be worked through. For example, this includes whether a capacity payment should be provided to distributed generation (DG) in order for them to be available to discharge energy from batteries or dispatchable DG when requested, or whether receiving a lower share of network costs, under cost-reflective network tariffs, would be sufficient to drive the required behaviour.

3.3 Open access to distribution system

- 3.3.1 We are generally supportive of the Authority's current approach⁵ to ensuring networks provide open access and a level playing field. It is not clear at this time whether any additional arrangements are required. However, as outlined above, we consider broader changes to mandate a requirement for distributors to consider alternatives and introduce ring-fencing arrangements are required to ensure a level playing field (refer to paragraphs 3.2.3 and 3.2.4).

³ We note that a network opportunities "heat map" has been developed in Australia. Refer to <http://www.ausgrid.com.au/Common/Industry/Demand-management/Network-opportunity-maps.aspx>

⁴ Available online at <http://www.comcom.govt.nz/dmsdocument/14566>

⁵ This includes a voluntary use-of system agreement model; a process and regulated terms for connection of distributed generation; voluntary distribution pricing principles and information disclosure guidelines; and a benchmark agreement that sets out terms for the relationship between Transpower and parties connecting to the grid.

- 3.3.2 We note that the changing environment will mean that consideration of the role of a distribution system operator will be required at some stage. Having 29 distribution system operators would be unlikely to be sustainable, and so we consider that a watching brief will be required on the technological advances to enable a centralised approach to distribution system operation.
- 3.3.3 Other related matters will required consideration in the future include:
- a) Whether the requirements for maintaining reliability will remain the obligation of the distribution network;
 - b) What the technical implications of having a large number of distributed energy resources, including EV's, batteries and solar panels, on a distribution network will likely be; and
 - c) If there is actually open access at a distribution level⁶.

3.4 Facilitating Peer-to-Peer trading arrangements

- 3.4.1 We consider uptake of peer-to-peer trading solutions will be initially slow and small in New Zealand, given the low current levels of solar penetration.
- 3.4.2 We do not consider there are any restrictions on peer-to-peer trading platforms currently being established under the existing arrangements. The buying and selling parties would need to have the same retailer for this to occur *on-market* under the current market arrangements, however it is possible for *off-market* arrangements for financial settlement between retailers to be established.
- 3.4.3 We note that there could be a role for the Authority to facilitate collaboration between retailers to establish off-market arrangements for financial settlement of any peer-to-peer trading that takes place, if deemed necessary. Alternatively, the Authority could enable two or more retailer codes to be lodged for an ICP. This is, however, not our preference as it would require significant IT changes, impose significant costs and introduce significant complexity particularly on a credit collections basis. Given the anticipated slow uptake of solar in New Zealand, it is highly questionable whether incurring significant costs in upgrading the existing market systems (and market participants' systems) to enable multiple retailer codes to be lodged for an ICP would provide a net benefit at this time. A thorough cost-benefit assessment would be required before this were considered further.
- 3.4.4 We note that in assessing any benefits associated with changes to the current market design to further facilitate peer-to-peer trading solutions, it is important that the Authority only takes into account the marginal benefit of any change. Under the current arrangements there are no significant restrictions on existing participants being able to develop peer-to-peer platforms for their own customers, provided there is a demand for these types of solutions from customers. We consider it is important that the Authority ensures that, when assessing the benefits of any change to the market design, only the marginal benefits that any extra competition would provide, rather than the total benefits, are taken into account.
- 3.4.5 We note that the Authority's work stream on multiple trading relationships will potentially touch on these matters around enabling consumers to have multiple retailers. We look forward to the Issues Paper being published later this year and providing further input at that time.

Moving to a net pool market arrangement

⁶ We note that open access is not necessarily the case at the distribution level – if there is congestion, then under the default terms of access the new connection will be required to upgrade the line. In contrast if a new connection seeks access to the transmission network then they would not be required to pay to upgrade the line, but would likely not be able to generate when required and therefore be financially impacted.

- 3.4.6 The other potential solutions to ensuring peer-to-peer trading can develop that are outlined in the Consultation Paper, including moving from a gross to a net pool market, would result in significant changes to the current market arrangements and in our view would be a case of “*the tail wagging the dog*”. We consider that:
- a) Moving to a net pool market arrangement may have implications for other business models such as retailers who do not have the ability to hedge internally outside of the market or merchant generators. These implications would need to be fully explored prior to making any decision to redesign the market; and
 - b) The costs of moving to a net pool market arrangement would be significant. A cost-benefit assessment would be required, particularly given:
 - i. the initial benefits associated with peer-to-peer trading will be limited given anticipated slow uptake; and
 - ii. there are currently no significant restrictions on establishing peer-to-peer platforms which could not be relatively easily overcome (refer to 3.4.2 above).
 - c) Enabling multiple retailers to be associated with an ICP would be a better solution than a fundamental change to the underlying market design. Our concerns regarding enabling multiple retailers to be associated with an ICP are outlined in paragraph 3.4.3 above.
- 3.4.7 If the Authority determines to continue investigating moving to a net pool market arrangement, then it should investigate the approach (i.e. gross or net) adopted in other jurisdictions, including how the jurisdictions will be ensuring peer-to-peer trading arrangements can be accommodated. The investigation should also consider and assess all the reasons New Zealand opted for a gross pool market originally, in preference to a net pool market. The outcomes of this investigation should be made public and consulted on.

Other considerations relating to Peer-to-Peer trading

- 3.4.8 We consider that peer-to-peer platform providers need to participate within the market arrangements like any other participant. It is important that they are exposed to the requirements associated with load balancing, local losses, unaccounted for electricity, etc., rather than passing these costs/risks through to other electricity market participants. As a general principle, there should be no transfer of cost/risk within the market design to other existing participants as a result of a peer-to-peer platform provider’s activities.
- 3.4.9 It is important that a level playing field is maintained, as peer-to-peer trading is not significantly different to traditional trading between large-scale generators and retailers, albeit on a much smaller scale. The main difference is that households are now part of the mix and may be less well acquainted with their market obligations. The role for a peer-to-peer platform provider should be to take on these obligations on its customers’ behalf. Further details of our suggestions around the requirements for registration of peer-to-peer platform providers is outlined in section 3.5 below.
- 3.4.10 We also consider that it is important that the distribution system effects of peer-to-peer trading are investigated in time. For example, if there are two retailers associated with an ICP, which one would be responsible for deciding to disconnect the customer due to non-payment?

3.5 Changes required to registration arrangements

- 3.5.1 As a fundamental principle, we consider that every party that transacts within the electricity market, needs to do so through a registered party.
- 3.5.2 The registration arrangements should ensure a level playing field is achieved for all parties; if certain obligations apply when participating within the market, then all parties who undertake a similar action should be obliged to meet those same obligations. Smaller participants should be

able to decide to “contract” their obligations to a registered participant, who will meet those obligations on their behalf. For example a household with solar panels may contract with a generator-retailer who agrees, within their terms and conditions, to meet their generation obligations.

3.5.3 We consider that clarification of the current registration arrangements is required to ensure the stated fundamental principle is adequately captured (refer to paragraph 3.5.1 above) and ensure that a level playing field is maintained for all parties within the electricity market arrangements. The following matters require specific consideration at this point:

- a) We are concerned that there are communities already falling in the gaps between the relevant legislation⁷ and the Electricity Industry Participation Code 2010 (the **Code**), and parties missed by the processes designed to ensure compliance. As an example, where a building property manager is acting like a retailer to a number of households, i.e. purchasing and supplying electricity to customers within an apartment block, they should be formally registered as a retailer. This will ensure:
 - i. appropriate protections are in place for customers e.g. access to dispute resolution services, minimum standards within the standard terms and conditions and around the treatment of vulnerable and medically dependent customers, and a reasonable disconnection process; and
 - ii. that customers can benefit from retail competition.

We also consider that it is particularly important that a customer’s connection arrangement does not inappropriately restrict a customer’s ability to access offers from alternative retailers (including peer to peer). In our experience, there are a number of parties (who are not registered retailers) that are performing the function of retailers for customers within specific segments of the market (for example apartment blocks) and those customers are unable to access the same benefits, provided under the Code or other relevant legislation, as are available to an equivalent customer in a single dwelling.

- b) Peer-to-peer platform providers should be registered as both a generator and a retailer as they are equivalent to a generator-retailer, i.e. they produce and sell electricity. This would ensure that platform providers take on any obligations on behalf of the customers buying and selling electricity including, paying the generator levy and taking on any requirements that apply to parties who have installed small scale generation, e.g. batteries or solar panels⁸. Note that registration in this manner can occur under the current registration arrangements.
- c) Ensuring all new and existing participants continue to comply with the anti-money laundering requirements will be important. Adhering to the requirements will need consideration specifically by new business models such as peer-to-peer trading, where appropriate checks of all counterparties will be required to be completed by the platform provider.

3.5.4 We consider that there should not be any lessening of the current obligations associated with registration. A certain level of competency needs to be demonstrated by parties before they are allowed to operate in the market. With more households anticipated to participate (directly or indirectly) in the electricity market over time, it is important that they continue to be protected from rogue operators.

⁷ Including the Electricity Industry Act 2010 and relevant Regulations made under the Act.

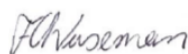
⁸ We note that this would be similar to the retailers taking on the obligations for load with respect to the market and would be more efficient than a large number of households with solar or batteries becoming registered market participants.

3.6 More diverse sources of supply

- 3.6.1 The market arrangements, including the electricity and finance⁹ markets, already ensure competitive market outcomes eventuate. If there is sufficient demand for an electricity-related service, then competition will result in suppliers emerging at a competitive price.
- 3.6.2 We do not consider that changes to the current market design are required to facilitate new forms of demand response and generation participating in the market. Transparency of long-term prices of PPAs is not required to provide certainty for new investments; nor, as outlined by the Authority, is it necessary to compel participants to offer or purchase long term contracts.
- 3.6.3 Over time, the question of how to co-optimize supply into multiple potential markets will need consideration to ensure optimal outcomes are resulting, particularly for small distributed generators who may not otherwise interact that closely with the market. However it is possible that platform providers will address these matters themselves through the range of services they offer.
- 3.6.4 We note that decentralised intelligence will potentially have a role within the electricity market in New Zealand going forward. For example, Enphase deployed firmware upgrades to their micro-invertors in Hawaii and solved power quality problems that were starting to eventuate. The key question will be around ensuring the right price signals to drive the required behaviour will be provided under the arrangements. Alternatively, standards can be prescribed to drive the required behaviours.
- 3.6.5 Network companies will need to be increasingly aware of the capability of new technology as it will have direct implications for their traditional role in managing the grid. For example there may no longer be a central role in managing all aspects of power system quality, if this can be achieved by decentralised intelligence.

For any questions relating to the material in this submission, please contact me on 07 572 9888.

Regards,



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SENIOR ADVISOR STRATEGY AND REGULATION

⁹ We note that the ASX provide price transparency out to 3 years ahead.

Appendix 1: Responses to the Authority's questions

Question	Response
<p>1. What is your view of the potential competition reliability and efficiency benefits of more participation?</p>	<p>1.1 We consider that there will potentially be significant competition, reliability and efficiency benefits associated with mass participation. However, currently there is only limited customer interest in direct energy management. The anticipated shift to cost-reflective distribution network tariffs may have implications for customers' behaviour, depending on how retailers pass through any new tariffs, and result in greater interest in direct energy management solutions at a household level.</p> <p>1.2 We consider that any changes in customer behaviour will be slow initially, and caution against the need for substantive reform to the existing arrangements at this time as a result. There is simply no value to end customers in developing costly new arrangements that will be unlikely to be used in the medium term (refer to section 2).</p>
<p>2. What is your view of the opportunities to promote competition and more participation in the electricity industry?</p>	<p>2.1 We consider that the current arrangements will enable mass participation in the electricity industry to eventuate and that there are no significant gaps in the Authority's current work programme.</p> <p>2.2 A number of minor clarifications and amendments to the existing arrangements would be valuable to address at this time, particularly with respect to the registration requirements for property managers and peer-to-peer platform providers (refer to section 3.5). Likewise, we consider that there are broader reforms to ensure efficient distribution network decisions eventuate that should also be considered as they are strongly interrelated with ensuring mass participation can occur (refer to section 3).</p>
<p>3. What other issues might inhibit efficient mass participation? Please provide your reasons</p>	<p>3.1 Refer to our response to question 2 above. We have not identified any issues with the market design that might inhibit efficient mass participation at this time. We have some concerns that not all distributors may actively seek out solutions for supplying the network service from other potential providers and may</p>

	<p>potentially favour related parties.</p> <p>3.2 We consider there should be an ongoing role for the IPAG in monitoring whether any barriers eventuate in the future, along with the range of potential solutions for addressing these.</p>
<p>4. What is your view of the opportunities for network businesses to obtain external help to provide aspects of the network service using competition or market mechanisms?</p>	<p>4.1 We agree that there will be significant value in allowing multiple parties to provide the network service. A level playing field where third party solutions can compete with network companies' solutions will deliver the most efficient and cost-effective outcome for consumers. The costs associated with procurement will however need consideration (refer to section 3.2).</p> <p>4.2 Procurement of network services by transmission and distribution network companies can occur through a number of arrangements which range in complexity and cost, including through setting standards, bilateral negotiations, tender processes and auctions. We consider that initially a bilateral contracting model would be preferable as it is a simple solution that is relatively effortless to implement. Over time, a more market-based approach should be investigated (refer to section 3.2).</p>
<p>5. What do you think are the main challenges to be dealt with to increase the use of competition in supplying network services? What are your reasons?</p>	<p>5.1 We consider that the main challenge in increasing the range of parties who can supply network services will be ensuring distributors actively seek out solutions from the market and do not favour related parties. These are issues that likely fall outside the remit of the Authority. Our suggested solutions to these issues are reflected in paragraphs 3.2.3 and 3.2.4.</p>
<p>6. What is your view on whether open access is required and what would be the elements for an effective open access framework?</p>	<p>6.1 We are generally supportive of the Authority's current approach to ensuring networks provide open access and a level playing field. It is not clear at this time whether any additional arrangements are required. Broader changes to mandate a requirement for distributors to consider alternatives and introduce ring-fencing arrangements are required to ensure a level playing field (refer to paragraphs 3.2.3 and 3.2.4).</p>
<p>7. How effective are the existing arrangements for</p>	<p>7.1 Refer to our response to question 6 above. Section 3.3 of our submission outlines</p>

open access? What are the problems?	the specific matters that we have identified which required consideration at this time.
<p>8. What type of distributor behaviours and outcomes should the Authority focus on to understand whether changes are required to support open access?</p>	<p>8.1 We have some concerns that not all distributors may actively seek out solutions for supplying the network service from other potential providers and may potentially favour related parties.</p> <p>8.2 As discussed in section 3.2.5, we have set out our views on this matter in previous submissions. The Authority could work with the Commerce Commission to ensure that distributors are adequately incentivised to seek out network alternatives in favour of investing in assets themselves (providing the most efficient long-term solution is found).</p>
<p>9. What changes to existing arrangements might be required to enable P2P electricity exchange?</p>	<p>9.1 We do not consider there are any restrictions on peer-to-peer trading platforms currently being established under the existing arrangements.</p> <p>a) We consider uptake of peer-to-peer trading solutions will be initially slow in New Zealand given the low current levels of solar penetration.</p> <p>b) We do not consider there are any restrictions on peer-to-peer trading platforms currently being established under the existing arrangements. The buying and selling parties would need to have the same retailer for this to occur <i>on-market</i> under the current market arrangements, however it is possible for <i>off-market</i> arrangements for financial settlement between retailers to be established.</p> <p>9.2 There could be a role for the Authority to facilitate collaboration between retailers to establish off-market arrangements for financial settlement of any peer-to-peer trading that takes place, if deemed necessary (refer to paragraphs 3.4.1 – 3.4.4).</p> <p>9.3 It is important that peer-to-peer platform providers participate within the market arrangements like any other participant and are exposed to the relevant obligations such as load balancing, local losses etc. This will ensure that a level playing field is maintained (refer to paragraphs 3.4.7 – 3.4.9).</p>

<p>10. What are the costs and the benefits of enabling P2P electricity exchange?</p>	<p>10.1 We consider that the uptake of peer-to-peer trading solutions will initially be slow given the low current levels of solar penetration. We do not consider there are any restrictions on peer-to-peer platforms currently being established under the existing arrangements.</p> <p>10.2 Significant changes contemplated in the Consultation Paper, such as moving to a net pool market arrangements, would result in significant costs being incurred. A thorough cost-benefit assessment would be vital (refer to paragraphs 3.4.5 and 3.4.6).</p>
<p>11. What is your view of the possibility for, and impact of, any current or future blurring of participant type? What are your reasons?</p>	<p>11.1 As a fundamental principle, we consider that every party that transacts within the electricity market, needs to do so either as or through a registered party. Registration arrangements should ensure a level playing field is maintained for all parties, though smaller participants should be able to “contract” their obligations to registered participants (refer to paragraphs 3.5.1 – 3.5.2).</p> <p>11.2 Some clarifications to the existing registration arrangements are required to ensure this principle is adequately captured and that a level playing field is achieved. This includes requiring peer-to-peer platform providers registering as both a generator and a retailer. There should not be a lessening of the current obligations to ensure sufficient safeguards for the market are maintained (refer to paragraphs 3.5.3 and 3.5.4).</p>
<p>12. What types of participation are or might be prevented because the party is not recognised as a participant? What are the potential impacts?</p>	<p>12.1 We consider it is important that peer-to-peer platform providers take on obligations on behalf of customers. Many households will not be well acquainted with their obligations and there would be a risk of non-compliance arising inadvertently if they are expected to adhere with requirements themselves (refer to paragraph 3.4.8 and section 3.5).</p>
<p>13. What challenges might new forms of generation, such as virtual power plants, or small and dispersed generators, face in entering the market?</p>	<p>13.1 Efficient price signalling will enable all parties to participate within the market. Accurate and stable price signals will ensure efficient alternative investments can be made in smaller and medium size generation and in demand side response.</p> <p>13.2 Over time, the question of how to co-optimize supply into multiple potential markets will need consideration to ensure optimal outcomes are resulting,</p>

	particularly for small distributed generators who may not otherwise interact that closely with the market.
14. What changes might be required to the rule book to facilitate the emergence of virtual power plants or demand response?	14.1 We do not consider changes to the current market design are required to facilitate new forms of demand response and generation participating in the market.
15. Would the functioning of the market for hedges and PPA and the availability of finance be improved if there were greater transparency of LT prices and greater standardisation of T&Cs for LT contracts?	15.1 Transparency of long-term prices of PPAs is not required to provide certainty for new investments; nor, as outlined by the Authority, is it necessary to compel participants to offer or purchase long term contracts.