Multiple trading relationships: Format for Submission

Submitter	Wellington Electricity Lines Limited

Question	Comment
Q1. How material are the constraints to consumers establishing multiple trading relationships at a single connection identified above? Q2. Are there other constraints that prevent multiple trading relationships from efficiently occurring? If so, please describe them.	As recognised by the Authority, customers already have the ability to establish multiple trading relationships by installing multiple connection points with different metering, tariff and retailer arrangements. A key constraint to establishing multiple trading relationships through a single connection point is the requirement for significant re-engineering to a range of highly integrated operational systems. WELL has not yet determined the cost of this re-engineering, but notes that in a similar review undertaken by the Australian Energy Market Commission (**AEMC**), these costs were found to exceed any expected market benefits (including in Victoria, where smart meters have been rolled out). For example, the AEMC concluded the following: • implementing the proposed framework may deliver some cost savings to a small number of customers who seek to set up very specific arrangements, however, it is unlikely to deliver cost savings to most customers seeking to engage with multiple retailers • it is unlikely to materially reduce costs for customers generally, and so unlikely to drive demand for new energy service providers or stimulate service innovation and competition in the retail electricity market • implementation of the proposed framework would require retailers and distributors to significantly modify a number of IT systems and operational processes • implementation costs would be passed on to all customers through increased electricity prices
Q3. What do you consider to be the benefits of multiple trading relationships? Q4. What other services could be enabled by reducing or removing	WELL considers any benefits of multiple trading relationships are likely to be limited. In WELL's experience, consumers typically prefer simplicity and convenience from their electricity supply (not additional complexity). Potential benefits would exist where cost reflective pricing allowed a multiparty to provide a service that shifted load from a high network cost period to a low network cost period that

the barriers to multiple trading relationships? Q5. What changes, if any would be needed to the switching and disconnection/reconnection processes if a consumer were able to have multiple retailers? Q6. What other data exchange processes that have not been identified in this paper need to be changed to accommodate multiple trading relationships? Q7. How could the data exchange processes be modified to accommodate multiple trading relationships?	relieved network peak demand congestion and allowed the customer less restricted energy consumption volume. This example suits charging Electric Vehicles at a domestic premises where the car is plugged in at 5pm, but only commence charging after 9pm when the network peak has passed. While this behaviour can be incentivised by price signal, some customers may value the service from a provider that does starts the charging for them – ie a multiparty who is concerned with capacity (kW demand) rather than consumption (kWh). Further, as part the AEMC's decision (noted above), an independent report by KPMG found the following: • multiple trading relationships are not a pre-requisite for most of the potential new energy services (e.g. these may provided through innovative tariff offerings) • most of the potential new services identified would provide limited value across the electricity supply chain • the uptake of multiple trading relationships is highly uncertain and subject to a range of external drivers. A separate report by Energeia also assessed an individual customer's costs of implementing multiple trading relationships using multiple settlement points, compared with customer's existing option to establish multiple connection points. For most customers, Energeia found the costs of the two approaches were similar. --- WELL has not yet identified the specific changes required to accommodate multiple trading relationships. However, as its operational systems and IT processes are currently designed to accommodate a one-to-one relationship, it is expected the following operational systems may require re-engineering: • billing system • standing data system • works management system (**SAP**) • faults management system • Geographic Information System (**GIS**); • supervisory control and data acquisition (**SCADA**) system which remotely monitors and controls the distribution network assets, including zone substations and feeders • reporting (including operational, managerial and regulatory reporting) • IT integration system, which orchestrates communications between IT systems, as well as orchestrating business process management.

Q8. What other services, if any, would have to share costs between multiple users? Q9. How could the cost of these services be shared amongst multiple users?	The above systems are highly integrated and changes required to facilitate multiple trading relationships would need to be made across the different systems in parallel. The logic for how multiple trading relationships are implemented within a system needs to be replicated across all systems. The lead time for implementing the necessary changes would be material due to the extensiveness of the changes (and subsequent testing) required, and the requirement to engage with multiple system vendors who work on separate release schedules. Additional operating costs may also arise, including those associated with: • facilitating the introduction of new system processes • system licencing costs (where licencing charges are levied on a per NMI and/or meter basis) • duplication of billing services (including management and resolution of any disputes) • increased billing inquiries and customer services calls • developing and maintaining new tariff structures.
	Enablement of other services could include the management of new technology where the home generation or storage provides resilience to other network customers hence requiring a dispatch occurring at the Low Voltage network level. Often termed the Distribution Network Operator, this process seems to be a key element of ensuring voltage balance across the LV network, maintaining quality standards, while providing multiparty services between generation, consumption and storage at the Low Voltage level. The integration of data sets, data access, data acquisition would all be required in an open system architecture for the full benefit of new technology development to be realised. It is likely that these benefits will only be realised through a multiparty relationship.
Q10. Could consumer data be more efficiently shared with service providers that have a legitimate	

claim for access to their consumer's data? If so, how? Q11. How much value is there in making it easier for appropriately authorised firms to access information such as a consumer's tariff structure, the smart meter functionality that is used by the consumer's MEP, a consumer's controllable appliances? Q12. Are there other industry participants that may need to amend their systems to operate in an environment with multiple trading relationships? Q13. What are the costs of the above changes recognised in questions 10-13? Q14. What other obligations need to change if multiple traders can serve an ICP? Q15. How could the obligations discussed above be amended to accommodate multiple traders at an ICP? Q16. What costs would be involved in amending consumer-related responsibilities to accommodate multiple traders at an ICP? Q17. What additional matters would need to be considered if we were to introduce multiple trading relationships? What	The question of whether a customer with multiple connection or settlement points should receive multiple fixed charges is a much broader question than just multiple trading relationships. For example, single-titled multi-occupant dwellings such as units, townhouses and apartment blocks already receive multiple fixed distribution charges. Where there are multiple customers on a single property, we typically have one supply point (where network assets cease and customer assets commence) but multiple connection points (where the service fuse and metering assets are placed) with separate network tariffs. Each connection point on the site has an individual entitlement to receive separate network services including disconnection, reconnection, quality of supply, fault response and customer services. In some cases, the ability to avoid multiple fixed charges has incentivised the introduction of embedded networks, in which case the network is no longer responsible for supplying separate network services to each connection point (as this responsibility is transferred to the embedded network operator). To the extent that each settlement point is proposed to have a separate entitlement to network services, it is not clear why multiple trading relationship customers should be treated differently to single-titled multi-occupant dwellings. Importantly, if multiple trading relationship customers are able to avoid multiple fixed charges then ultimately all other customers would need to pay more to recover total network costs. N/A WELL agrees with the Authority that several market arrangements, including medically dependent and vulnerable customers, would need to be reviewed should multiple trading relationships be implemented.

amendments would need to be made to the Code to facilitate multiple trading relationships? Q18. What is the cost of the changes needed to enable multiple trading relationships?	