Industry Exercise 2025 – Questions and Answers

Customer Compensation Scheme

Q: Minimum payment and GST: how do we treat the $12 minimum payment and GST? It would be good to have all retailers doing the same thing.

Authority's response: Our view of the default position is that the $12 per week customer compensation scheme payment would simply be a payment of money with no GST consequence. However, if a retailer designed their scheme and related terms to express this as a discount to their electricity charges, then Inland Revenue would likely respect that classification and the GST implications that would flow from it. Please note though that this view is not determinative. The Authority cannot provide legal advice on tax implications, and Inland Revenue may have a different view of the correct tax position. Retailers should consider seeking their own legal advice, and for greater certainty a binding tax ruling from Inland Revenue could be sought.

Q: Vacant consumption and people on holiday: how is this managed? And how is this managed for customers who have standard meters (not smart meters) where the meter is read only once per month?

Authority's response: Clause 9.21(4)(a) of the Code makes it clear that a retailer is not required to make payments under a customer compensation scheme to a qualifying customer at an ICP in respect of any period during an official conservation campaign, when the premises to which the ICP is electrically connected are vacant. Retailers would need to know that a premises was vacant before relying on this clause to refuse to make a payment. The Code does not specify any process for establishing whether a premises is vacant, it is up to a retailer to determine how to establish this, whether through use of smart meters or otherwise.

Responding to directions from the system operator

Q: Are distributors required to respond to rolling outage directions if a Grid Emergency Notice (GEN) has not been issued?

Authority's response: Yes, under clause 9.16 specified participants (which includes distributors) must comply with directions given to them by the system operator under clause 9.15 even if there is no grid emergency.

Distributor liability for complying with rolling outage directions is dealt with in section 131 of the Electricity Industry Act 2010. This section provides:

No claim for damages may be made against a distributor or the owner of the national grid in relation to damage caused by, or arising from, an outage that resulted from the distributor or grid owner complying with—

(a) the regulations or the Code; or

(b) any instruction issued by the Authority or the system operator under the regulations or the Code that the distributor or grid owner was obliged to comply with.

EIEP5A planned outages information

Q: Clarification on submitting EIEP5A for the exercise: what is the intent? And can lines companies use example EIEP5A files rather than providing the selected/actual feeders which will be turned off over the 7-day rolling outage period to meet the reduction requirement?

Authority's response: The intent of providing EIEP5A information is to simulate as closely as possible how lines companies might provide information to affected retailers if rolling outages were to occur. This will allow us collectively to understand if this file format is suitable as is, requires any amendments, or something else should be used. The Authority decided not to use the registry UAT system just in case participants accidentally uploaded to the Production system.

It would be ideal to understand how much effort/resource would be involved in creating EIEP5A files that would be needed in an actual rolling outage (so using the feeders selected) in such a short time period, but we understand if this will be too much to simulate for the exercise. Example EIEP5A files in this instance will be fine.

Q: Privacy of EIEP5A customer information during the exercise: how will this be managed? Can we have confirmation from recipients that the information will be managed in an appropriate way?

Authority's response: EIEP5A information contains the ICP identifier but does not contain customer addresses. The ICP identifier could be used to look up further details in the electricity registry if the receiver of the file wished to do so (the retailer). In an actual outage situation, lines companies upload EIEP5A files to the registry where the ICP identifier is

automatically matched against the ICP identifier in the registry – this is where the customer address is identified.

EIEP5A includes the interruption start and end times and a free text field where the distributor can input the area affected. The Authority wouldn't expect this field (called 'Street/area affected') to include addresses, but rather the best description of locality affected.

The Authority will include a disclaimer in the next documentation release stating EIEP5A planned outage information provided as part of the industry exercise is to be used by recipient's solely for the purpose of facilitating the exercise and that the information should be destroyed at the end of the exercise.

Timing of rolling outages

Q: Why should rolling outages not be undertaken overnight?

While there is nothing mandating when rolling outages can take place or not take place, implementing rolling outages overnight does not meaningfully reduce drawdown on hydro storage. This is because overnight demand is low and can generally be met from other generation sources as well as hydro generators operating at minimum output levels.

Rolling outages should be used during the day and particularly over morning and evening peaks when demand is highest and hydro generation would otherwise be needed. This is where the highest savings can be made and where relief for hydro lakes is greatest in terms of conserving water.

Even though savings targets might technically be met from overnight rolling outages, this would likely be savings of thermal fuel, which is not our objective.

Load changes

Q: Why is it important to provide Transpower with the time it takes to reduce or restore load?

This information contributes to total load changes in each island and therefore the potential ramp rate that island load will change at specific times. If load changes are too large, or the system is not set up ahead of time to manage load changes, it will be difficult for frequency keepers in each island to maintain system frequency to within normal limits.