Summary of Submissions

Review of distributed generation pricing principles

December 2016

Problem definition: general

	Submission	Submitter(s)
1	Acknowledges the problems the Authority has identified with the DGPPs.	PwC for 14 EDBs
2	Agrees that the Authority has demonstrated the need for change.	Genesis Energy, Winstone Pulp International
3	Although the Authority is correct in looking for ways to mitigate increasing electricity prices, it is concerning that distributed generators have become a scapegoat to avoid consumer complaints (possibly due to political concerns). The main cause of the increase in consumer prices has been lines charges, and a major underlying cause of those is the collapse of demand-side management.	Bryan Leyland
4	Any perceived over-investment in distributed generation is due to the lumpy nature of investment in large generation.	King Country Energy
5	Any pricing principles for distributed generation should have the overarching objective of cost minimisation and reflectivity, technology neutrality, proportionality and predictability and cost/benefit symmetry. See further Axiom for Transpower's submission.	Axiom for Transpower
6	Average ACOT payments over 5 years have been about $35m per annum. Pioneer Energy has calculated in its TPM and DGPP submissions that these market services enable consumers to avoid an estimate $500m per annum of wholesale energy costs and system energy losses.	IEGA
7	Distributed generators are an important part of technological advancement and provide consumers significant benefits.	NZ Energy
8	Distributed generators currently pay for any additional infrastructure required to distribute their electricity.	Thomas Cameron
9	Distributed generators provide many benefits, including bringing economic benefits to the region that they are in.	Inchbonnie Hydro
10	Distributed generators provide many benefits, including increased competition in the industry, positive contributions to environmental sustainability, and choice to consumers.	John Irving
11	Distributed generators provide many benefits, including network services such as security of supply.	Inchbonnie Hydro, Karaponga Hydro, Kawatiri Energy, Omanawa Falls Hydro
12	Distributed generators provide many benefits, including promoting competition in the industry by competing directly with Transpower in relation to reliability of supply at grid exit points.	Inchbonnie Hydro
13	Distributed generators provide many benefits, including reducing the need for transmission investment. Distributed generators are an efficient and effective way of meeting demand response.	Pioneer Energy
14	Distributed generators provide many benefits, including reducing transmission costs.	Eastland Generation
15	Distributed generators provide many benefits, including reducing transmission losses.	Thomas Cameron
16	Distributed generators provide many benefits, including remote supply, innovation, efficiency, and competition with the big four generators.	Tony Banks

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17	Distributed generators provide many benefits, including renewable electricity, competitive pricing, reliability and security of supply, network "island" service capacity, and reduction of more than 20% of system peak demands.	IEGA
18	Distributed generators provide many benefits, including renewable electricity, long-term avoidable transmission grid investment benefits to consumers, locational benefit attributable to avoided transmission services that are estimated at $500m per annum, marginal pricing and avoided losses that are estimated at more than $500m per annum, avoided costs in new transmission grid connection assets and reduction in network energy losses, and reliability of supply.	Pioneer Energy
19	Distributed generators provide many benefits, including the avoidance and deferment of network investment which ultimately benefits distributors as well as customers.	New Zealand Wind Energy Association
20	Distributed generators provide many benefits, including voltage support which is currently not subject to any payment.	New Zealand Wind Energy Association
21	Distributors and consumers benefit from controlling peak loading.	NZ Energy
22	Distributors are currently making profit from small residential distributed generation's exported electricity.	John Irving
23	Distributors are obstructing the growth of distributed generation.	John Irving
24	Does not agree that any network savings attributable to distributed generation are overwhelmed by distributed generation investments that were driven by the charging structure and compensation method rather than avoided investment costs.	Bushnell for Trustpower
25	Does not agree that investment in distributed generation is inefficient.	Thomas Cameron
26	Does not agree that investment in distributed generation is inefficient because distributed generators are more efficient than grid-connected generators from a transmission cost perspective.	Pioneer Energy
27	Does not agree that investment in distributed generation is inefficient because distributed generators are more energy efficient and more efficient at meeting peak demand than larger market generation.	Inchbonnie Hydro
28	Does not agree that investment in distributed generation is inefficient because distributed generators provide many system benefits including voltage stability, power factor control, reduced line losses, and deferred distribution and transmission investment.	NZ Energy
29	Does not agree that reduction in electricity use is a cost and loss of benefit to consumers given that consumers now value efficiency, self-generation, and battery storage which overall have led to a decline in the use of electricity.	Solarcity
30	Does not agree that the Authority has demonstrated the need for change.	King Country Energy
31	Does not agree that the Authority has demonstrated the need for the level of change proposed. In fact, the rationale for a codified framework for connection and charges for distributed generators is stronger in the context of emerging technologies.	Mighty River Power
32	Does not agree that the Authority has identified actual inefficiencies. However, even if it has, they should not be eliminated through regulation because: (1) the operation of the market may be damaged by the uncertainty of regulation; (2) it is costly for a regulator to engage in such an exercise; and (3) this type of regulation inhibits competition by preventing suppliers from recovering fixed overheads through price.	CEC for Trustpower

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33	Further work is needed to understand whether there is a problem with the current DGPPs, whether there are more moderate alternatives that might better promote efficiency, and whether the proposal will provide proven material efficiency gains.	Trustpower
34	Generation located close to load is efficient because it avoids unnecessary transmission costs.	Electra Generation
35	Generation located close to load is efficient because it avoids unnecessary transmission costs and improves reliability at these grid exit points.	Inchbonnie Hydro
36	It is unlikely that small embedded residential generators will have a significant impact on the viability of power sector institutions.	John Irving
37	Recent investment in the transmission grid has caused over capacity, not distributed generators.	IEGA
38	The Authority has failed to understand the purpose of the DGPPs. The DGPPs: (1) are used to ensure fair cost-reflective locational pricing; (2) incentivise fair bargaining between independent market providers and two competing monopolies; and (3) support fair pricing and competition with default terms and Rulings Panel escalation rules.	Pioneer Energy
39	The Authority has incorrectly assumed that agreements between distributors and distributed generators are on similar terms to the DGPPs.	King Country Energy
40	The Authority has not adequately demonstrated that the problems that led to the DGPPs being created are no longer applicable.	HoustonKemp for Trustpower
41	The Authority should ensure that distributed generators are compensated for providing network support. The HoustonKemp report includes an in-depth examination of the situation in Australia.	Trustpower
42	The Authority should not implement the proposal until it has done a market study (under section 16(1)(g) of the Act) that considers the extent to which distributed generation can defer network investment, the type of distributed generation that could be utilised, and any barriers to that investment. This study must consider the whole distributed energy resource market, rather than being a piecemeal reform targeted at a single distributed energy resource.	Trustpower
43	The Authority should set up a working party or an advisory group to identify the benefits distributed generators bring to the industry. The Authority is out of touch with current power system management.	NZ Energy
44	The Authority should take a broader approach to distributed generation. A focus on larger-scale projects that could plausibly enter a transmission planning process risks undervaluing the role of smaller / less centralised distributed generation.	Bushnell for Trustpower
45	The Authority should take into account that, internationally, the rapid decline in the cost of distributed generation has raised serious questions about the future role and financial viability of distributors, and has created pressing issues for networks and their regulators. The Authority should look to avoid a situation like that in Hawaii where distributors have created barriers to the deployment of distributed generation, which has led to a "de facto moratorium on distributed solar".	Bushnell for Trustpower
46	The Authority should take into account that distributed generators are actually underpaid for the services they provide and this issue should be addressed. Distributed generators deliver $500m in consumer benefit for $52m in ACOT payments. This return on investment for consumers is 10:1.	Pioneer Energy

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47	The Authority should take into account that distributed generators promote competition in the industry because they compete with distributors and with Transpower.	Inchbonnie Hydro
48	The Authority should take into account that distributed generators provide long-term benefit to consumers because they are renewable sources of electricity, which is a vital part of ensuring a sustainable future in a technologically evolving society that also faces problems of climate change.	Inchbonnie Hydro
49	The Authority should take into account that regulatory oversight and incentives provided to distributors (who, as natural monopolies, have almost complete influence over the status of any distributed energy resource wishing to interact with the broader system) is an important driver of the potential role of distributed generation.	Bushnell for Trustpower
50	The Authority should take into account that the current policy settings for distributed generation connection have a long history and should not be disturbed lightly.	Trustpower
51	The Authority should take into account that the DGPPs were developed as a result of the Government's recognition that standardised principles were required to address barriers to distributed generation investment, including around pricing when dealing with monopolies.	Trustpower
52	The Authority should take into account that unlike large generators, distributed generators are well integrated into local communities. Most of their capex and opex (including installing their schemes or maintaining existing assets) tends to be distributed into local regions and economies, promoting local employment, and utilising a wide range of local, New Zealand-owned service providers.	HydroWorks
53	The Authority should take into account the fact that the DGPPs were established in order to facilitate the connection of new distributed generation and the promotion of competition in the wholesale market.	CEC for Trustpower
54	The Authority should take into account the long-term nature of investment in distributed generation.	Bryan Leyland, New Zealand Wind Energy Association
55	The Authority should take into account the role that distributors will play in either embracing distributed generation technology or creating barriers to its adoption.	Bushnell for Trustpower
56	The Authority should take into account three key issues before progressing the proposal: (1) the extent to which future network investments, particularly reliability-based investments, will be influenced by any growth or lack of growth in peak usage; (2) the extent to which future distributed generation resources will be diffuse, decentralised and difficult to identify as individual projects; and (3) the extent to which Transpower/distributors have an incentive to identify and negotiate with existing/potential distributed generation owners to provide alternatives.	Bushnell for Trustpower
57	The Authority should take into account why the DGPPs were introduced.	Infratil

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58	The Authority should take into account why the DGPPs were introduced. The DGPPs have facilitated distributed generators and distributors to resolve most of the following issues, which existed prior to the introduction of the DGPPs (and continue to exist in other international markets): • the relative impact of deeper connection charges being passed on to distributed generators; • the cost of safety measures being shifted to distributed generators or other grid users in a non-transparent manner; • lack of transparency as to the actual cost of connection in the absence of standard cost allocation rules; • the low priority of distributed generation connection for grid operators, as this is not their core business; • lack of reflection of the benefits of distributed generation in connection charges; • a general lack of price signals in relation to distributed generation connection; • distribution system operator incentives towards distributed generation connection arising from price regulation; and • coordination of spatial planning, network planning and resource availability, and the allocation of the costs of these.	Nova Energy
59	The Authority should take into account why the DGPPs were introduced. The DGPPs were primarily implemented to address barriers to entry for distributed generators.	Nova Energy
60	The Authority's interpretation of its statutory objective has created an environment where it pursues ongoing substantive change to regulatory settings. Market participants must think about whether an arrangement makes commercial sense, and must also consider whether that arrangement best maximises total welfare. This creates considerable uncertainty for participants making long-term investments. For instance, after Transpower/distributors negotiate acceptable agreements with distributed generators there is an ongoing risk that if the Authority retrospectively determines that those arrangements are not welfare-maximising, it might unwind or further regulate those arrangements.	Trustpower
61	The Authority's position that it will eliminate any inefficiencies it identifies leaves industry participants at risk that the Authority may unwind or re-regulate the new agreements that they make, if the Authority later determines that those arrangements are not welfare-maximising. Parties therefore need to anticipate whether their arrangements best maximise total economic welfare, which is difficult without guidance from the Authority.	Baldwin for Trustpower
62	The Authority's statement that the level and basis of ACOT payments is not a "settled" area of policy is incorrect. ACOT payments predate the 2007 Regulations - signals to reduce peak demand through distributed generation have existed since the 1950s.	HoustonKemp for Trustpower
63	The consultation paper appears to have identified a consumer connection issue which has nothing to do with pricing principles relating to distributed generators. As such, the problem should be dealt with as a consumer issue.	Pioneer Energy
64	The current state of demand-side management in New Zealand is unsatisfactory. If the market recognised the high cost of meeting additional demand, it would have mechanisms that pass this cost to consumers and also reward those who provided demand-side management. This would provide additional income for generators who are able to make a significant contribution to meeting maximum demand, without additional inducements. Due to regulations, lines companies have not been able to use ripple control to control peak demand and, as a result, peak demand is higher than it needs to be which has imposed significant additional costs on consumers.	Bryan Leyland

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65	The market for supply of energy is a developing and well functioning competitive market.	Pioneer Energy
66	The problems arising under the status quo are overstated because they relate to the TPM rather than the DGPPs.	Axiom for Transpower
67	The problems identified by the Authority are not problems.	Pioneer Energy
68	The problem with the DGPPs is that the framework hasn’t been properly applied by the industry. This is in part because of (1) an imbalance in bargaining power between monopoly distributors and distributed generators, and (2) the administrative burden of commercial negotiations for small businesses.	Pioneer Energy
69	The rationale for change is unclear.	Inchbonnie Hydro
70	The reason distributors' revenues are falling is because of the Commerce Commission's regulation, which links network tariffs to the volume of electricity carried on a distributor's network. The Authority should, instead of abolishing the DGPPs, seek to revise regulation of the distributors in order to reflect the true cost of carrying peak power.	John Irving
71	There is no process by which the impact distributed generation has had on Transpower's recent transmission investments can be assessed. Transpower has already captured the benefit.	Eastland Generation, New Zealand Wind Energy Association
72	To the extent that load growth triggers lumpy upgrades to transmission infrastructure, nodal prices are insufficient for providing the proper locational signal for distributed generation investment. Similarly, if a distributed generation investment prevents a lumpy upgrade, nodal prices are also insufficient to measure the actual saved costs of investment. The Authority's discussion of the Kaimai scheme reflects this, by making it clear that by reducing peak demand, the Kaimai scheme has provided a benefit. However, the Authority is not clear enough in the discussion paper that a reduction in peak demand does in fact create cost savings.	Bushnell for Trustpower
73	Unless additional work is undertaken on the proposal, the information before the Authority will remain "fundamentally incomplete".	Trustpower

Problem definition: common costs not paid by owners of distributed generation

	Submission	Submitter(s)
74	Agrees that distributors should be able to charge distributed generators for common costs.	Buller Electricity
75	Agrees that distributors should be able to charge distributed generators for common costs. However, in order to ensure that these costs are proportionate, distributors will need to maintain and disclose robust pricing methodologies that explain how costs are allocated between customers, are rigorously reviewed, and align with economic theory (as is presently the case under the Commerce Commission's disclosure regime).	Contact Energy
76	Agrees that distributors should be able to charge distributed generators for common costs because the incremental cost cap is inefficient.	Meridian Energy
77	Agrees that distributors should be able to charge distributed generators for common costs because the incremental cost cap is unlikely to be efficient or durable. As the Authority suggests, distribution pricing principles (including to promote signalling of economic costs) will support the proposed change.	Meridian Energy
78	Agrees that distributors should be able to charge distributed generators for common costs because there is no obvious downside to doing so. If distributors consider that doing so would be inefficient, they could still set charges equal to incremental cost.	Axiom for Transpower
79	All consumers bear business costs to the extent that the business is profitable. Therefore, it is odd that the Authority uses this as a justification for why distributed generators should share common costs.	Pioneer Energy
80	Distributed generators should not pay common costs because the value they provide exceeds the cost that ratepayers contribute. If anything, distributed generators are under compensated.	Pioneer Energy
81	Does not agree that distributed generators are not currently contributing towards common costs.	Energy3, IEGA
82	Does not agree that distributed generators are not currently contributing towards common costs. For example, some distributed generators contribute to connection costs and share ACOT payments with the distributor.	Electra Generation
83	Does not agree that distributed generators are not currently contributing towards common costs. For example, some distributed generators pay for upgrades across the distribution network that they are connected to.	Inchbonnie Hydro
84	Does not agree that distributors should be able to charge distributed generators for common costs.	Unison Networks
85	Does not agree that distributors should be able to charge distributed generators for common costs because 95% of existing distributed generators do not consume network services.	Pioneer Energy
86	Does not agree that distributors should be able to charge distributed generators for common costs because the current arrangements allow distributed generators to compete effectively with grid-connected generators.	ENA, King Country Energy
87	Does not agree that distributors should be able to charge distributed generators for common costs to the extent they reflect transmission charges because distributed generators do not generally use the grid to deliver electricity to consumers like grid-connected generators do.	Pioneer Energy
88	Imposing common costs on distributed generators could inefficiently skew investment towards grid-connected generation that does not pay interconnection charges. Whether the Authority's approach to the connection charges issue represents an improvement on the status quo depends on the TPM reforms.	Axiom for Transpower

	Submission	Submitter(s)
89	It is not inconsistent with the principles of Ramsey Pricing for distributed generators to make little contribution to common costs. This is because distributed generators are more likely to be responsive to charges than many load categories: in the long term, due to investment; and, in the short term, to the extent that the resources are dispatchable.	Bushnell for Trustpower
90	The Authority has misconstrued the incentives on distributors that are exempt from Part 4 of the Commerce Act. The prospects of those distributors being concerned about the imposition of price regulation (in the timeframes relevant to this consultation) are remote.	Trustpower
91	The Authority has not considered why distributed generators should be required to pay for common costs if grid-connected generators are not.	Trustpower
92	The Authority has not established whether distributed generators are more or less price-responsive than other customers, even though it considers that it would likely be efficient for distributed generators to bear some of the common costs.	Trustpower
93	The Authority has not explained why it considers it would be efficient for distributed generation not to pay common costs in some situations.	Trustpower
94	The Authority has oversimplified the incentives on lines companies under Part 4 of the Commerce Act to set reasonable connection charges.	Trustpower
95	The Authority should incorporate the pricing of connection services to distributed generation into the distribution pricing principles review.	Trustpower
96	The Authority should incorporate the pricing of connection services to distributed generation into the distribution pricing principles review because many of the "evolving technologies" being considered in that review relate to or affect distributed generation and because the proposal results in distributed generation being covered by distribution pricing, but this is not mentioned in the distribution pricing paper.	CEC for Trustpower
97	The Authority should take equity into account when designing charges to recover fixed costs, particularly if there is a range of possible options between which economic theory does not clearly distinguish.	Bushnell for Trustpower
98	The Authority should take into account that distributed generation helps reduce local wholesale prices.	Inchbonnie Hydro
99	The Authority should take into account that the level of common costs could be quite low, which is not consistent with the Authority's statements in its consultation paper. Substantial common costs should not arise in the distribution context because distribution networks are typically radial, meaning that each network asset is dedicated to serving a clearly defined set of customers.	CEC for Trustpower
100	The Authority should take into account the original rationale for the incremental cost cap. The 2003 Ministry of Economic Development paper stated that, in order to be competitive against grid-connected generators, distributed generators should pay reasonable incremental costs, but not a full use-of-system fee. The DGPPs exist to promote distributed generation investment by maintaining consistent charging between distributed generation and grid-connected generation. This allows investment decisions to be made on the relative benefits of each generation option.	HoustonKemp for Trustpower
101	The Authority should take into account the original rationale for the incremental cost cap set out in the 2003 Ministry of Economic Development paper.	Trustpower

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102	The Authority should take into account the situation in California, where distributed generation is assigned transmission costs based on its volumetric output (just as distributors' costs are based on volumetric load). This approach is being reviewed because it is claimed that it discourages distributed generation investment, and increases dynamic inefficiency.	Bushnell for Trustpower
103	The Authority states that "around $1 billion per annum of distributor costs would be common costs", but it has not analysed why the level of common cost is so high. The true level is likely to be considerably lower, and so the Authority has overestimated the potential inefficiency arising from the connection services issue.	Trustpower
104	The Commerce Commission cannot monitor connection costs borne by small-scale distributed generators by looking at network companies' marginal profits or asset investments alone. Effectively, network companies (incorrectly) use small-scale distributed generators' connection costs to subsidise others' costs.	David Glass
105	The distribution pricing principles are not appropriate to replace the DGPPs in relation to distributed generation connection services because the service that distributors offer to consumers is materially different to the service that distributors offer to distributed generators. These guidelines do not clearly apply to distributed generators.	CEC for Trustpower
106	The price differences between the services offered by distributors to consumers and to distributed generators are not "distortions" because the services are different.	CEC for Trustpower
107	The price quality-control regime introduces several incentives that may encourage distributors to allocate common costs inefficiently to distributed generation, hence the existence of the DGPPs to prevent this. This is similar to the Authority's opinion that distributors cannot be relied upon to avoid exploiting their monopoly position when pricing lines services - hence the existence of Part 4 of the Commerce Act. (Submitted on the basis that Part 4 does not apply to distributor/distributed generation pricing).	Carvell for Trustpower
108	The proposal is a disproportionate response to the connection services issue.	Trustpower

Problem definition: not signalling true value of distributed generation

	Submission	Submitter(s)
109	ACOT payments have incentivised economically efficient distributed generation investment, which would not have taken place but for the DGPPs.	Nova Energy
110	ACOT payments have increased because of an increase in investment after a substantially long period of under-investment.	New Zealand Wind Energy Association
111	ACOT payments have increased because of the cyclical nature of transmission investments.	AD Harwood
112	ACOT payments need to change to reflect the modern electricity market and to prepare for future energy challenges.	Genesis Energy
113	ACOT payments reflect market forces and locational benefits to consumers of distributed generation.	Pioneer Energy
114	Agrees that ACOT payments are a problem.	Buller Electricity, ENA, Network Tasman, Orion New Zealand, Unison Networks
115	Agrees that ACOT payments are inefficient and have led to perverse incentives, where distributed generators benefit from rising transmission costs.	Contact Energy
116	Agrees that ACOT payments are inefficient and lead to consumers funding a subsidy for distributed generation that over-signals its value.	Meridian Energy
117	Agrees that ACOT payments are not encouraging distributors to use or invest in distributed generation. However, this is because distributors are, in general, unwilling to adapt to new technologies.	John Irving
118	Agrees that ACOT payments are not providing efficiency benefits.	BusinessNZ
119	Agrees that ACOT payments do not reflect actual avoided transmission costs.	Genesis Energy
120	Agrees that ACOT payments should be aligned with the actual benefits that distributed generation provides.	Transpower
121	Agrees that the current DGPPs (when combined with the current TPM) have resulted in inefficient outcomes. ACOT payments are inefficient and do not correlate with actual network cost savings, which results in higher prices for consumers.	Axiom for Transpower
122	Agrees that the DGPPs are not technology neutral, which requires addressing. Simply reforming the TPM would not remove this issue. The issue stems from the fact that ACOT payments are available to distributed generators, but not to grid-connected generators or other non-network solutions that in some cases may deliver greater market benefits. The provision of this additional revenue stream to distributed generators relative to other types of non-network solutions risks distorting investment decisions, and encouraging generators to embed even when this is not the most efficient option. In the long term, this leads to higher prices.	Axiom for Transpower
123	Agrees that the DGPPs do not encourage distributors to identify the value their networks receive from distributed generation.	Genesis Energy

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124	Agrees that the DGPPs over-signal the benefits of distributed generation in reducing transmission costs because of: (1) deficiencies in the RCPD methodology; and (2) the fact that distributors are constrained in their ability to assess grid-level cost savings on an individualised basis and have little incentive to fully scrutinise ACOT payments (due to their ability to recover them in full from consumers).	Meridian Energy
125	Although distributed generation provides network support to distributors and Transpower, very few ACOD payments are currently being made, likely because the institutional arrangements and regulatory frameworks favour ACOT rather than ACOD. The Authority needs to investigate this before implementing the proposal, otherwise it risks aggravating an existing issue.	Trustpower
126	At present, the price signals from Transpower's demand-response initiative are not sufficient to realise the potential longer term benefits of distributed generation. Mechanisms should be put in place to ensure that opportunities are identified and contracted.	Castalia for Genesis Energy
127	Distributed generators are generally being underpaid for the market benefits that they provide. Overseas regulators also recognise this point, for example, the USA's Regulation Assistance Project in October 2013.	IEGA
128	Distributed generators do not contract directly with Transpower for services to reduce transmission costs because they already receive ACOT payments in return for the provision of those services.	Eastland Generation
129	Distributed generators provide benefits that are more closely linked to the LRMC of running the transmission system.	NZ Energy
130	Distributed generators should be rewarded for the reduction in transmission costs that they provide.	Pioneer Energy
131	Distributors and distributed generators appear to have accepted that ACOT payments are an appropriate proxy for all network support benefits. This is an incorrect approach because it does not take into account the appropriate level of ACOD payments.	Trustpower
132	Does not agree that ACOT payments are a market subsidy because ACOT payments allow distributed generators to compete effectively with grid-connected generators. Removing ACOT payments would provide a subsidy to grid-connected generators.	Pioneer Energy
133	Does not agree that ACOT payments are a market subsidy because wholesale spot market benefits to consumers far outweigh economic costs to consumers.	IEGA
134	Does not agree that ACOT payments are a problem. The current ACOT payment system provides an effective pricing signal as evidenced by increased investment in distributed generation.	Electra Generation, Inchbonnie Hydro
135	Does not agree that ACOT payments are a problem. The current ACOT payment system provides an effective pricing signal as evidenced by increased investment in distributed generation. Similar pricing signals are provided by Transpower to DSR or network companies that provide hot water ripple control.	NZ Energy
136	Does not agree that ACOT payments are a problem because distributed generators have reduced transmission costs.	Eastland Generation
137	Does not agree that ACOT payments are a windfall gain. Rather, they recognise the value and benefits provided by distributed generators.	Pioneer Energy

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138	Does not agree that there are inefficiencies in the current arrangements. The Authority can only see "inefficiencies" because, as regulator, it knows that transmission prices are composed of both direct costs and contributions to fixed costs. However, all prices are constituted this way, so under the Authority's view, any time anyone makes a purchase, there is a potential inefficiency because their choice of supplier is based on supplier prices rather than supplier direct costs. In this case, ACOT payments do not increase the total cost to distributors of transmission services. Therefore, these "inefficiencies" are not realistic.	CEC for Trustpower
139	Does not agree with the Authority's assertion that distributed generators are engaging in inefficient rent-seeking behaviour. Instead, investors have acted on the basis of long-standing policy settings and long-term price signals (including bulk supply tariffs, transmission charges, the regulations, and the Code) which were put in place to facilitate efficient investment and provide compensation for services.	Trustpower
140	Does not agree with the Authority's interpretation of the lack of ACOD payments as meaning that distributed generators create little or no benefits for distribution networks. There is no basis for this finding. The most likely reason that ACOD payments are not being paid is that the prevailing institutional arrangements and regulatory frameworks favour ACOT rather than ACOD.	HoustonKemp for Trustpower
141	Efficient generation and network investment decisions require effective signalling of the actual benefits of distributed generation. However, in practice, most distributors have applied the DGPPs by only making ACOT payments; and very few ACOD payments are made to distributed generators. This does not reflect the actual network support benefits provided.	HoustonKemp for Trustpower
142	Generally supports the review of the DGPPs because ACOT payments do not accurately reflect avoided costs and likely result in the overcompensation of distributed generators.	Transpower
143	If the Authority had conducted a market survey and consulted with working groups, it would have identified the risk stemming from the current under-payment of ACOD.	Trustpower
144	It is unclear whether lines companies pass on ACOT or ACOD to distributed generation installations under 10KW. Further, some small-scale distributed generators do not receive ACOT or ACOD, although this could be a network-specific problem.	David Glass
145	Providing ACOT payments for avoided charges (not just costs) was considered and endorsed at the time the DGPPs were created.	Pioneer Energy, Trustpower
146	The Authority appears unclear about the extent to which ACOT payments are important and are therefore a source of regulatory risk.	BusinessNZ
147	The Authority has failed to adequately define the market for the purposes of analysing whether the market is competitive. An earlier definition of the market in the TPM working paper issued on 19 November 2013 isn't adequate because it fails to take into account the fact that distributed generation is not on a level playing field when it comes to the transmission sector. Distributed generators do not use the grid and so no transmission charges should be paid by distributed generators. ACOT payments are not related to whether the distributed generators use the grid but to their ability to help distributors and/or customers meet energy needs without the use of the grid.	Pioneer Energy
148	The Authority has misinterpreted the definition of ACOT payments as literally being avoided transmission charges. Rather, they are a simplified and enduring method of compensating distributed generators for all the benefits that distributed generation provides.	King Country Energy

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149	The Authority is correct that some distributed generation assets create benefits, and some do not. However, it has not adequately addressed why individual analysis of each distributed generation asset (which will occur under the proposal) is preferable to a relatively simple, transparent proxy (such as net peak load and avoided charges). This is particularly so because modelling actual costs/economic benefits can be very difficult and cause long debates (eg, the TPM).	Bushnell for Trustpower
150	The Authority is overly concerned with current surplus transmission capacity and reaches an unwarranted conclusion that distributed generation does not reduce transmission costs. The Authority should take a broader perspective of system development and capacity augmentation. The DGPPs are meant to compensate distributed generators for being part of the deferral process and should not be reset following major system expansion.	Pioneer Energy
151	The Authority's argument that current ACOT payments are inefficient is asymmetric, because it compares the direct/avoidable costs of transmission with the total costs of the distributed generator. However, distributed generators' costs are also a combination of direct and indirect components. The Authority cannot unpack distributed generators' costs any further, so it has made an arbitrary and asymmetric comparison of costs between competitors.	CEC for Trustpower
152	The Authority should investigate publicly monitoring the application of ACOT and ACOD payments.	David Glass
153	The Authority should more explicitly recognise that distributed generation is not just a transmission alternative, but also indirectly changes the underlying forecast and assumptions behind grid investment planning. This is likely to be the way that distributed generation affects network investments in the future, particularly if it continues to become more diffuse and medium/small-scale. Not accounting for this ongoing contribution to reducing peak usage will discourage efficient investment, which is currently the case in California.	Bushnell for Trustpower
154	The Authority's position that distributed generators are being overcompensated when there is spare capacity ignores that distributed generators were undercompensated when capacity was constrained.	King Country Energy
155	The Authority stated that a substantial proportion of distributors did not think that distributed generation reduces their distribution network costs. However, the Authority did not ask distributed generators their view. This raises concerns that the Authority has not undertaken any studies of the efficient levels of ACOD payments.	Trustpower
156	The current practice of making ACOT payments but not ACOD payments is likely to have incentivised investment in distributed generation that maximises transmission benefits but not distribution network benefits. This is not efficient, but the proposal does not fix this issue.	HoustonKemp for Trustpower
157	The current regime is normal for large infrastructure and this approach has worked well in New Zealand.	AD Harwood
158	The DGPPs do not set ACOT payments. Rather, DGPPs provide a process by which parties can contract to recognise benefits provided by distributed generators.	IEGA
159	The DGPPs do not set the amount of ACOT passed through. The amount is determined by the TPM.	Pioneer Energy
160	The pricing issues identified by the Authority are due to the economic sizing of transmission, not because of investment or pricing inefficiency of distributed generation. This point was also acknowledged by Oakley Greenwood in their TPM CBA.	IEGA
161	The pricing issues identified by the Authority are normal economic sizing issues, are cyclical in nature, and have been caused by grid-connected generators and transmission over-building.	Pioneer Energy

	Submission	Submitter(s)
162	The proposal focuses only on ACOT and does not address the fact that economic theory and international evidence suggests that ACOD payments should be significantly higher than they are (HoustonKemp provides specific Australian examples in its submission). This approach does not internalise the full value of network benefits provided by distributed generation, nor will it produce an efficient outcome.	HoustonKemp for Trustpower
163	The proposal is not justified because growth in the distributed generation market is not a recent phenomenon and the growth has not materially changed the market environment.	IEGA
164	There is no principled basis for the current difference in treatment between distributed generation and grid-connected generation, as both can avoid the need for transmission investment. It makes no sense for one to have an entitlement to ACOT while the other does not.	Meridian Energy
165	Transpower appears to take net peak demand into account in its planning, which indicates that net peak demand is an appropriate measure for the burden on transmission infrastructure and therefore the savings that distributed generation investments create (compared to an individual evaluation of each asset).	Bushnell for Trustpower
166	Transpower does not currently have any incentive to assess the value of grid support or asset deferral services from distributed generation.	Genesis Energy
167	Transpower's demand-response initiative does not account for some of the benefits of distributed generation. These include the option value from deferring investment until there is greater certainty of future demand, or potentially the ability to forego an investment altogether.	Castalia for Genesis Energy
168	Transpower's demand-response initiative does not provide a sufficiently durable or long-term price signal for beneficial long-term investments (such as peak generation) to occur. Therefore, there is a need for a signal of longer term value where beneficial projects would otherwise not proceed.	Castalia for Genesis Energy

The proposal: no DGPPs

Agreements to reduce or defer network costs

	Submission	Submitter(s)
169	ACOT payments should remain coupled with electricity transportation costs.	Electra Generation
170	Agrees that ACOT payments should still be made if distributed generation (or new technologies) genuinely reduce or defers transmission costs.	Contact Energy
171	A price signal needs to be available that accounts for the potential long-term benefits of distributed generation. The signal needs to provide information to third parties about the benefits of non-transmission alternatives in order for opportunities to be identified by those parties. There also needs to be a mechanism for contracting these alternatives, that takes into account the short- and long-term benefits and interacts with the TPM. For instance, this mechanism could be through regular tendering. Alternatively, it could be through consultation on intended transmission investments of sufficient detail and frequency that non-transmission alternatives can be identified and contracted. (Genesis and Castalia provide an indicative process for how this might operate and its interaction with the TPM in their submissions.)	Castalia for Genesis Energy
172	Distributors should be consulted as to whether distributors that are no longer able to recover the cost of ACOT payments would cease making such payments.	MEUG
173	Does not agree with the Authority's assumption that distributors have incentives to make ACOD payments without the DGPPs. If the proposal is implemented, it is unlikely that ACOD payments will continue to be made. If they are, it is unlikely that they will be closer to the efficient level than they currently are, and there is a real risk that they will not reflect the actual services provided.	Trustpower
174	Does not support the proposal. The Commerce Commission should be responsible for determining the charges that should be paid to distributed generators for their services.	New Zealand Wind Energy Association
175	Does not support the proposal because distributors will not be able to recover ACOT payments as they currently do under the input methodology.	Alpine Energy
176	Does not support the proposal because the DGPPs ensure that distributors will pay for the benefits received from the services distributed generators provide. Determination of the value of distributed generation should be left to a regulator.	New Zealand Wind Energy Association
177	Does not support the proposal because the DGPPs provide a regulatory framework for ACOD payments that reflects a local reliability benefit and provides more certainty.	Mighty River Power
178	Has no view on whether distributors that are no longer able to recover the cost of making ACOT payments will likely cease making them.	Solarcity

Agreements to reduce or defer network costs

	Submission	Submitter(s)
179	If the proposal is implemented distributors' incentives to make ACOD payments will be low because distributors will continue to favour making capex investments over opex investments for the following reasons: • their incentive to increase RAB and therefore revenue and profit; • their desire to control network performance; • their view that a generation solution is inherently less reliable than a lines-based solution; • they avoid higher-risk and higher-cost generation solutions, because lower-cost lines-based solutions are assumed to benefit consumers; • their view that ACOD is not a recoverable cost, but is an ordinary element of operating costs to be recovered within regulated revenue; and • their view that, once an asset is in the RAB, it delivers a certain regulated income stream, whereas additional operating costs may exceed the forecast cost level used to established their regulated revenue path.	Carvell for Trustpower
180	If the proposal is implemented distributors that are no longer able to recover the cost of making ACOT payments will likely cease making them.	Buller Electricity, Carvell for Trustpower, Eastland Generation, Electra Generation, Inchbonnie Hydro, King Country Energy, Meridian Energy, Orion New Zealand, PowerCo, Trustpower
181	Instead of the proposal the Authority should ensure that distributed generation is valued using a standardised model incorporating LRMC. This would be a reliable and predictable way to value distributed generation without complicated negotiations and would put the onus of proof on the monopolies.	King Country Energy
182	Instead of the proposal the Commerce Commission should be in charge of regulating a price path to pay distributed generators. The DGPPs could be amended according to the Commerce Commission's regulation in setting the price path.	IEGA
183	It is difficult to say at this stage whether there might be barriers that prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs.	PowerCo
184	It is just as impractical to negotiate individually with small distributed generators as it would be to negotiate with individual commercial or residential customers. Instead, prices should be used to provide incentives to utilise the existing network efficiently and to influence the pattern and level of future network investment.	Bushnell for Trustpower
185	It is unclear why the Authority considers that distributed generators providing transmission and distribution substitution services do not need default agreements. This is inconsistent with the Authority's view that transmission and distribution customers need to have default agreements available: for instance, the default agreements for designated transmission customers in Part 12 of the Code; and the Authority's Default Distributor Agreement proposal.	Trustpower
186	Recent large transmission investments mean that there is unlikely to be a strong correlation between ACOT payments and avoided transmission costs at present. This means that the proposal could result in: fewer instances of distributed generators being overcompensated for the benefit they provide; and some risk that distributed generators will be undercompensated for the benefit they provide (or could provide).	Axiom for Transpower

Agreements to reduce or defer network costs

	Submission	Submitter(s)
187	The Authority should provide clear, user-friendly guidance to distributed generators and distributors to assist them to reach agreement. The Authority should also keep the operation of these processes under review, to ensure additional improvements can be made if required.	Meridian Energy
188	The Authority should provide detailed mechanisms to prescribe how distributors should negotiate and come to agreement with distributed generators.	Pioneer Energy
189	The Authority should take into account that if the proposal is implemented, there are incentives in the regulatory regime for distributors that should favour saving capex and incurring the additional opex (in the form of payments to distributed generators). Carvell provides a detailed example of the considerations for distributors in this submission.	Carvell for Trustpower
190	The Authority should take into account that it is not clear the extent to which distributors have the allowable operating expenditure to recover ACOD payments, in light of the Commerce Commission's input methodology.	BusinessNZ
191	The Authority should take into account that the current low level of ACOD payments is likely indicative of the outcomes that can be expected for ACOT payments if the DGPPs are removed.	HoustonKemp for Trustpower
192	The Authority should take into account that the DDGPs were put in place to ensure a fair and transparent system that recognises the value provided by distributed generation in a monopolistic environment.	AD Harwood, Eastland Generation, Electra Generation, IEGA, Inchbonnie Hydro, Karaponga Hydro, Kawatiri Energy, New Zealand Wind Energy Association, NZ Energy, Omanawa Falls Hydro, Pioneer Energy, Solarcity, Southern Generation Limited Partnership
193	The Authority should take into account the arrangements to incentivise network businesses to assess non-network alternatives in Australia. These arrangements include: Regulatory Investment Tests (CBAs that require transparent consideration of non-network alternatives and an open process of assessment and ranking of alternatives); proposals to extend the current arrangements to replacement expenditure as well as augmentation expenditure; a Rule change providing for the development of a new demand management incentive scheme; and the regulator's current consideration of a request to introduce local generation network credits into the Rules. HoustonKemp sets out the Australian position extensively in its submission.	HoustonKemp for Trustpower
194	The Authority should take into account the Australian Energy Market Commission's approach in relation to a regulated service-based payment by distributors to distributed generators.	New Zealand Wind Energy Association
195	The Authority should take into account the incentives for distributors covered by Part 4 of the Commerce Act to seek unregulated revenues and to leverage off the regulated cost-base wherever possible - that is, distributors are incentivised to undertake behaviours outside of the ambit of Part 4. Implementing the proposal will strengthen these incentives to the detriment of consumers, and will result in a wealth transfer from distributed generators to distributors (rather than a wealth transfer from distributed generators to consumers, as the Authority anticipates) (submitted on the basis that Part 4 does not apply to distributor/distributed generator pricing).	Carvell for Trustpower
196	The institutional incentives for distributors to seek non-network solutions are currently quite weak even with the DGPPs (especially when compared to Australia). The removal of DGPPs will result in insufficient incentives remaining for distributors to seek non-network solutions.	HoustonKemp for Trustpower

Agreements to reduce or defer network costs

	Submission	Submitter(s)
197	The proposal is undesirable because it does not recognise the fact that the LRMC of load reduction does not drop to zero after a transmission investment, however, the payment that replaces current ACOT payments will likely drop to zero after a transmission investment.	ASEC for King Country Energy
198	The proposal is undesirable because it removes distributed generators' bargaining power.	Electra Generation, Energy3, Inchbonnie Hydro
199	The proposal is undesirable because it removes distributed generators' bargaining power. Moving to a bilateral negotiation approach would leave existing distributed generators at the mercy of monopolist distribution companies - this constitutes a "classic hold-up problem". The solution to such problems is either long-term agreements or stronger regulatory oversight.	Bushnell for Trustpower
200	The proposal is undesirable because it removes distributed generators' bargaining power. This is inefficient because it amounts to inequitable treatment of existing distributed generation investors. Further, it will make future investors wary of investment, which would inhibit the development of efficient new resources.	Bushnell for Trustpower
201	The proposal is undesirable because it requires distributed generators to meet a stringent availability test in order to be eligible for ACOT payments.	New Zealand Wind Energy Association
202	The proposal may have inefficient outcomes (by discouraging efficient investment) if distributed generators are not able to receive payments from networks that reflect the value of the net cost savings they can deliver. However, amendments to the TPM may also address this issue.	Axiom for Transpower
203	There is little incentive for distributors to identify small network alternatives because: (1) these companies may not be in the best position to identify these options; (2) they may view them as a threat to other aspects of their business; and (3) they may be viewed as unnecessary complications to reliability and planning.	Bushnell for Trustpower
204	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs.	Buller Electricity, Orion New Zealand
205	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors are incentivised to act opportunistically because most distributed generation cannot relocate.	ASEC for King Country Energy
206	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors are not incentivised to contract with distributed generation compared to Transpower because: (1) their investment decisions are not subject to oversight and review by the Commerce Commission; (2) the distribution pricing principles are voluntary (evidence shows that they can be and are ignored); and (3) distributors' charges in connecting distributed generation cannot be constrained by Part 4 of the Commerce Act (since Part 4 does not apply).	Carvell for Trustpower
207	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors are not incentivised to negotiate because distributed generation will likely run regardless of any financial incentives from distributors.	King Country Energy
208	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors are unlikely to adhere to voluntary guidelines according to the 2013 Castalia review.	Solarcity

Agreements to reduce or defer network costs

	Submission	Submitter(s)
209	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors do not have the right incentives.	King Country Energy, New Zealand Wind Energy Association, Pioneer Energy
210	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors have a conflict of interest as direct competitors.	Energy3, IEGA, Pioneer Energy, Thomas Cameron
211	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors lack appetite for modern systems and technology and so are not properly incentivised (for example, Unison's solar tax).	Solarcity
212	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors will be biased towards network solutions (particularly in the context of smaller projects). This is because they are perceived as having lower risks and lower transaction costs. Axiom provides further reasons in its submission. Axiom also details the Australian situation, in which most network investments by networks in non-network solutions have arisen when they have been explicitly required to consider such options as part of formal regulatory investment test processes (which is not the case in New Zealand).	Axiom for Transpower
213	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors will be difficult to negotiate with.	Energy3, IEGA, Pioneer Energy, Thomas Cameron, Unison Networks
214	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors will be unable to pass the cost of acquiring services from distributed generators to their customers.	New Zealand Wind Energy Association
215	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that distributors will protect their own interests.	Solarcity
216	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that it is difficult to negotiate commercial contracts with monopolies.	Karaponga Hydro, Kawatiri Energy, Omanawa Falls Hydro, Pioneer Energy, Solarcity, Thomas Cameron
217	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that it will be difficult to agree the value that distributed generation provides.	King Country Energy
218	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that it will be difficult to agree the value that distributed generation provides because there is no appropriate locational pricing mechanism.	IEGA
219	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that the Code is complex.	Inchbonnie Hydro

Agreements to reduce or defer network costs

	Submission	Submitter(s)
220	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that the current input methodology disincentivises the use of distributed generators and incentivises the building of more infrastructure.	Solarcity
221	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that the negotiating parties have imbalanced information and resources.	ENA, Inchbonnie Hydro
222	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that the negotiating parties have imbalanced information and resources. This imbalance in bargaining power would give rise to a wealth transfer from distributed generators to networks and would increase the likelihood of inefficient outcomes.	HoustonKemp for Trustpower
223	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that the negotiating parties have imbalanced negotiating power.	David Glass, Eastland Generation, IEGA
224	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that the proposal creates uncertainty.	Karaponga Hydro, Kawatiri Energy, Omanawa Falls Hydro
225	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that the proposal would give distributors unconstrained monopsony buying power in dealing with distributed generators. They would only have to pay the distributed generator a price marginally above the incremental cost, which may be much less than the marginal benefit.	Axiom for Transpower
226	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that there is no framework for them to negotiate within.	ASEC for King Country Energy
227	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that there will be high transaction costs.	Electra Generation, Energy3
228	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include that there will be no dispute resolution process.	IEGA, King Country Energy
229	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. These include the short timeframe for implementation.	IEGA, Karaponga Hydro, Kawatiri Energy, Omanawa Falls Hydro
230	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs. To address this, the Authority should develop mandatory default distribution services terms and conditions, including processes for managing pricing disputes.	MEUG

Agreements to reduce or defer network costs

	Submission	Submitter(s)
231	There will be barriers that might prevent agreement being reached between distributors and distributed generators to efficiently reduce or defer distribution costs these include that distributors will be biased towards capital expenditure.	Trustpower
232	Under the proposal (or under any TPM reform that decreases ACOT payments), it is likely that some distributed generators would be "held up", because: • networks would know that they do not have to pay anything to continue to receive benefits from sunk generation investments; and • some distributed generators would not be providing network support benefits now, but may have done so in the past, and not have been fully compensated through ACOT payments (Axiom provides further reasoning in its submission).	Axiom for Transpower
233	Without a requirement in the Code, distributors are unlikely to make ACOT or ACOD payments to distributed generators.	Nova Energy

CBA

	Submission	Submitter(s)
234	Does not support the proposal because, if calculated correctly, its net benefits (outside of those that relate to the AoB TPM) are likely to be negative, given the costs of implementation and the costs incurred during consultation.	HoustonKemp for Trustpower
235	Does not support the proposal because it is not a proportionate response to the ACOT issue in light of the quality of the CBA and issues surrounding the proposal's implementation.	BusinessNZ
236	Does not support the proposal because the Authority has measured its expected efficiency gains in addressing the connection services issue, which are immaterial.	CEC for Trustpower
237	Supports the goals of the DGPP review, however, the Authority's solution relies on assumptions. If these assumptions are inaccurate, the Authority will create as many problems as it fixes.	Bushnell for Trustpower
238	The Authority has not adequately analysed the costs imposed on industry participants as a result of both the substance and the process of the proposal.	Baldwin for Trustpower
239	The Authority has not recognised or given weight to the undesirable effects of wealth transfers from existing generators to consumers in the CBA. These wealth transfers create real costs, have undesirable chilling effects on future investments, and hurt consumers.	Infratil
240	The Authority should have considered the following costs of the proposal in more depth: capital; implementation, transition and adaptive; process; over-inclusiveness; market responsiveness; competition effects; and sanctioning. (Baldwin submits on some of these costs in more detail in relation to the proposal).	Baldwin for Trustpower
241	The Authority should review the CBA and ensure more transparency in the assumptions used and the benefits gained. This could be achieved through an advisory group.	King Country Energy
242	The Authority should take into account costs related to renegotiating contracts with direct billed customers.	Alpine Energy

CBA

	Submission	Submitter(s)
243	The Authority should take into account that a proper assessment of the costs of negotiating with distributors would result in a negative CBA.	Trustpower
244	The Authority should take into account that the increased transaction costs from the proposal will outweigh any efficiency gains from the proposal. The Authority has made no serious attempt to estimate the transaction costs.	CEC for Trustpower
245	The Authority should take into account that the proposal will have a significant financial impact on some distributed generators, which could pass through to consumers. For example, removing ACOT payments may encourage uneconomic dispatch behaviour from distributed generators.	Genesis Energy
246	The Authority should take into account that the proposal will increase costs. For example, distributed generators will need to reopen and renegotiate contracts with distributors, suppliers, banks, etc, and will also need to negotiate with Transpower.	CEC for Trustpower
247	The Authority should take into account that the proposal will increase costs. For example, extra costs through lower than efficient levels of distributed generation (including closure of existing distributed generation and deferral of efficient new distributed generation) and significant additional resource requirements on market participants (including negotiation costs for new/replacement agreements).	HoustonKemp for Trustpower
248	The Authority should take into account that the proposal will increase costs. For example, transaction costs for distributors and distributed generators.	Unison Networks
249	The Authority should take into account the following costs: • the large number of distributor and Transpower agreements to be negotiated before the proposal is phased in; • negotiations are likely to be problematic because distributors are yet to assess an appropriate method of allocating common costs to distributed generators; • negotiations are likely to be problematic because neither distributors nor Transpower have had to assess the services provided by distributed generation; • all involved parties will need to devote considerable resource to consultation and renegotiation (including the engaging of consultants, revising pricing and dispatch strategies); • distributors will have to develop capability and strategies to respond to the new regulatory framework (including what is permissible under price/revenue-quality regulation); and • the changing of price signals will upset current relationships between market participants.	Baldwin for Trustpower
250	The CBA adequately considered distributed generator investor confidence, changes in investment behaviour, and incentives to innovate.	MEUG
251	The CBA does not support the proposal.	Trustpower
252	The CBA does not support the proposal because the benefits are far too small.	HoustonKemp for Trustpower
253	The CBA does not support the proposal because the NPV would be negative if transaction costs for all parties were taken into account.	ENA
254	The CBA does not support the proposal because the price change to end consumers is not large enough to generate incentives.	ENA

CBA

	Submission	Submitter(s)
255	The CBA does not support the proposal because the small NPV suggests that only small changes to assumptions could give rise to a negative NPV.	ENA
256	The CBA is flawed. The Authority should investigate the cost of distributed generation value being destroyed as part of its CBA.	Pioneer Energy
257	The CBA is flawed because: (1) not all new distributed generation will be diesel or cost $1,000 /MWh; (2) the modelling does not take into account that higher losses, higher wholesale prices, and higher peaks will occur under the proposal; (3) the future transmission cost allocation is different between the TPM and DGPP CBAs; (4) there is no counterfactual scenario that models existing distributed generation as efficient; (5) it does not take sufficient account of the increased transaction costs under the proposal.	King Country Energy
258	The CBA is flawed because distributed generators are more renewable than grid connected generation and the system as a whole. The CBA compares distributed-renewable against grid-renewable MW capacity but it should have compared actual energy production. The comparison distorts the CBA.	IEGA
259	The CBA is flawed because it contains many errors, and will likely result in a large net loss for consumers.	Pioneer Energy
260	The CBA is flawed because it does not account for the cost of disruption to the industry or impact on distributed generators and the entire transmission system.	Thomas Cameron
261	The CBA is flawed because it does not account for the factors raised in Axiom/Transpower's submissions and is driven by a large number of unsubstantiated assumptions.	Axiom for Transpower
262	The CBA is flawed because it does not account for the impact increased connection costs will have on the financial viability of existing distributed generators.	New Zealand Wind Energy Association
263	The CBA is flawed because it does not account for the position and impact on small distributed generators such as small embedded residential generators.	John Irving
264	The CBA is flawed because it does not account for transaction costs or the cost of disruption to the industry. An annual cost to the entire distributed generation sector of $206,000 would easily change the NPV to negative.	New Zealand Wind Energy Association
265	The CBA is flawed because it does not account for why the Authority considers distributed generators are inefficient.	New Zealand Wind Energy Association
266	The CBA is flawed because it does not account for why the Authority considers distributed generators are inefficient and does not account for the full value and consumer benefit distributed generators provide.	IEGA
267	The CBA is flawed because it does not adequately account for transaction costs, which include costs to prove that distributed generators avoid transmission costs, costs to quantify ACOT payments, and costs to negotiate new ACOT payments. If these costs are more than $206,000 p.a., the NPV of the proposal will be negative.	Energy3
268	The CBA is flawed because it does not take account of the costs of establishing agreements with Transpower and distributors. If these costs are more than $206,000 p.a., the NPV of the proposal will be negative.	IEGA
269	The CBA is flawed because it is highly assumption-driven. Almost all of the inputs in the CBA are estimated average values.	BusinessNZ
270	The CBA is flawed because not all new distributed generation will be diesel.	Energy3, NZ Energy

CBA

	Submission	Submitter(s)
271	The CBA is flawed because the Authority has determined the outcome of the CBA it commissioned by specifying inputs and selecting outputs to demonstrate the Authority's desired outcome.	King Country Energy
272	The CBA is flawed because the Authority has drawn regulatory conclusions in the absence of information. The Authority has stated that there is no way to engage in a quantitative assessment of the benefits and instead has made a qualitative assessment. However, the courts (Telecom v Commerce Commission) have recognised the importance of a quantified CBA as part of the operation of regulatory bodies' decision-making processes.	BusinessNZ
273	The CBA is flawed because the input assumptions are incorrect.	Pioneer Energy
274	The CBA is flawed because the pricing assumptions are outdated.	John Irving
275	The CBA is flawed because there are many unquantified assumptions, which means that the CBA may be negative.	Eastland Generation, NZ Energy
276	The CBA is flawed because there is no basis for the variables in the CBA. Therefore, there is no support for the benefits the Authority estimates. The CBA is effectively guesswork and should be treated with great caution.	HoustonKemp for Trustpower
277	The CBA is flawed because the review of distributed generators comes at a point in the investment cycle after a significant increase in transmission investment.	New Zealand Wind Energy Association
278	The CBA quantifies the benefits of the proposal without the use of a market study. This is inconsistent with the Authority's legal requirements. For instance, the Authority's consultation charter recognises the importance of quantitative analysis; and case law (Godfrey Hirst v Commerce Commission) states that, to the extent practicable, CBAs must be quantitative as well as qualitative.	Trustpower
279	The proposal has a negligible positive NPV and it is not durable.	Southern Generation Limited Partnership
280	The proposal has a negligible positive NPV and it is not supported because the trade-off would be significantly reduced investment.	New Zealand Wind Energy Association
281	The proposal is not justified because it has a very modest forecast for long-term benefit to consumers. The proposal has a negative NPV and is not durable.	Southern Generation Limited Partnership
282	The proposal is not justified by sufficient evidence.	Pioneer Energy
283	The proposal is not supported by a sound CBA, credible analysis, or modelling of outcomes for the industry as a whole.	AD Harwood
284	The proposal is not well justified or supported by a quantified CBA.	Transpower
285	The proposal should not be implemented in its current form. It is unclear that the proposal will deliver net benefits.	Axiom for Transpower
286	There are no feasible scenarios in which the NPV of the proposal will be less than zero.	MEUG

CBA

	Submission	Submitter(s)
287	There are serious issues with the CBA and the data the Authority has presented. Either the Authority has not gathered good enough data (in which case it needs to gather better data); or it has not provided in its consultation paper all of the data that it has (which could be provided without risk to commercial sensitivities). For instance, the qualitative methods used for the basis of decision-making have not been described enough, and no qualitative evidence of the methodology has been given.	David Glass
288	The variability in the range of net benefits (from zero to just under $22M in NPV) in the CBA raises questions as to whether the Authority can justify an unequivocal cause of action. The Authority's Wholesale Advisory Group has suggested less dramatic courses of action, even in situations with larger net benefits and narrower differentials between costs and benefits. In such cases, the Authority should err on the side of greater transparency or information disclosure.	BusinessNZ

Equal treatment of generators

	Submission	Submitter(s)
289	Distributed generation is similar to grid-connected generation, and the same principles should be applied equally to both types of generation.	AD Harwood, Eastland Generation, NZ Energy
290	Does not agree that the connection services issue justifies the proposal. Common costs should be borne by non-distributed generators as they are the main beneficiaries of network investments. The cost of determining the allocation of common costs to distributed generators could outweigh the benefits of doing so.	Mighty River Power
291	Does not agree with the Authority's response to the connection services issue. Both grid-connected generators and distributed generators must be exposed to common costs. Imposing charges on distributed generators but not grid-connected generators is arbitrary and discriminatory.	Bryan Leyland
292	Instead of the proposal the Authority should encourage Transpower through the DGPPs to enhance the market-like nature of generation competition, eliminate explicit and implicit subsidies to grid connected generation, and secure and maintain a level playing field for all industry participants.	Pioneer Energy
293	Instead of the proposal the avoided costs should be transferred to transmission-reliant generators to directly expose those generators to the competitive pressures created by distributed generation. This could be achieved by reallocating foregone transmission revenue to distributed generators rather than to consumers (via distributors). Established wholesale market nodal pricing signals provide the necessary data for this alternative approach.	ETNZ
294	The proposal ensures consistent treatment between distributed generators, other distribution network customers, and grid-connected generators.	Meridian Energy
295	The proposal is undesirable because distributed generators will be required to pay the common costs of both the distribution network and the national grid.	King Country Energy
296	The proposal is undesirable because distributed generators will be subsidising power imported by grid-connected generators through grid exit points.	Thomas Cameron
297	The proposal is undesirable because it will put distributed generation at a competitive disadvantage to distributed generation owned by distributors.	Thomas Cameron

Equal treatment of generators

	Submission	Submitter(s)
298	The proposal is undesirable because it will put distributed generation at a competitive disadvantage to grid-connected generation. This competitive disadvantage reduces incentives to invest and reduces the potential benefit that distributed generation provides.	HoustonKemp for Trustpower
299	The proposal is undesirable because it will put distributed generation at a competitive disadvantage to grid-connected generation. This is because, for example, grid-connected generation does not pay for common costs of the grid.	AD Harwood, ASEC for King Country Energy, Electra Generation, ENA, Energy3, HydroWorks, Inchbonnie Hydro, John Irving, King Country Energy, New Zealand Wind Energy Association, Nova Energy, NZ Energy, Pioneer Energy, Thomas Cameron, Unison Networks
300	The proposal is undesirable because it will put distributed generators at a competitive disadvantage to distributed generators owned by distributors. Distributed generators owned by distributors have no regulatory control of the connection charges, are allocated common costs from the arm's length distributor which is unlikely to be transparent, have easy negotiations with an arm's length entity, lack disputes with an arm's length entity, and have access to more information about the network and how the distributed generator is assisting the distributor defer or avoid investment.	IEGA
301	The proposal is undesirable because it will put distributed generators at a competitive disadvantage to distributed generators that sit behind loads. Distributed generators that sit behind loads have no connection cost from the network company, no payments to the network company of any charges, consideration of the distributed generator as part of "load" in the proposed TPM, no payment of transmission charges, and likely recovery of increased charges.	IEGA
302	The proposal is undesirable because it will put distributed generators at a competitive disadvantage to grid connected generators. This is because grid connected generators: will pay connection charges that are subject to regulated methodology, are not required to pay common costs, have access to benchmark agreements, have access to the dispute resolution process in relation to any disputes with Transpower, pay wholesale market offer prices for volume charges for the use of the transmission grid, and potentially recovery any increase in transmission charges.	IEGA
303	The proposal is undesirable because it will put distribution connected wind farms at a competitive disadvantage to distributed generators owned by distributors. Distributed generators owned by distributors have no regulatory control of the connection charges, are allocated of common costs from the arm's length distributor which is unlikely to be transparent, have easy negotiations with an arm's length entity, lack disputes with an arm's length entity, and have access to more information about the network and how the distributed generator is assisting the distributor defer or avoid investment.	New Zealand Wind Energy Association
304	The proposal is undesirable because it will put distribution connected windfarms at a competitive disadvantage to grid connected generators. This is because grid connected generators: will pay connection charges that are subject to a regulated methodology, are not required to pay common costs, have access to benchmark agreements, have access to the dispute resolution process in relation to any disputes with Transpower, pay wholesale market offer prices for volume charges for the use of the transmission grid, and potentially recover any increase in transmission charges.	New Zealand Wind Energy Association

Equal treatment of generators

	Submission	Submitter(s)
305	The proposal is undesirable because it will put distribution connected windfarms at a competitive disadvantage to grid distributed generators that sit behind loads. Distributed generators that sit behind loads have no connection cost from the network company, no payments to the network company of any charges, consideration of the distributed generator as part of "load" in the proposed TPM, no payment of transmission charges, and likely recovery of increased charges.	New Zealand Wind Energy Association
306	The proposal to deregulate distributed generators is inconsistent with the regulation of grid connected generators.	Electra Generation
307	The proposal will impose lines charges (including overheads) on distributed generators. However, the Authority has stated that grid-connected generation should only pay interconnection charges to the extent that those generators can be shown to benefit. This is an inconsistent approach.	Nova Energy

Existing contractual obligations

	Submission	Submitter(s)
308	If the proposal is implemented distributors may have contractual obligations to pay ACOT without being able to recover those costs from consumers.	Alpine Energy, Buller Electricity, PowerNet, PwC for 14 EDBs
309	If the proposal is implemented distributors may have contractual obligations to pay ACOT without being able to recover those costs from consumers. However, it should be relatively straightforward to amend those contracts.	Meridian Energy
310	If the proposal is implemented distributors may have contractual obligations to pay ACOT without being able to recover those costs from consumers. This issue could be addressed by aligning the implementation of the new TPM and the DGPP proposal or (Unison's preferred option) by amending the Code to override the contractual obligations.	Unison Networks
311	If the proposal is implemented distributors may have contractual obligations to pay ACOT without being able to recover those costs from consumers. This issue could be addressed by amending the Code to override the contractual obligations.	PowerCo
312	If the proposal is implemented distributors may have contractual obligations to pay ACOT without being able to recover those costs from consumers. This issue could be addressed by amending the Code to override the contractual obligations or by grandfathering the old arrangements.	ENA
313	If the proposal is implemented distributors may have contractual obligations to pay ACOT without being able to recover those costs from consumers. This issue could be addressed by amending the relevant input methodology or by amending the Code to override the contractual obligations.	Network Tasman

Regulatory risk and uncertainty

	Submission	Submitter(s)
314	Agrees that investors should have known that ACOT payments may not continue. Meridian owns distributed generation and has never assumed that ACOT payments would continue indefinitely. The proposal will avoid uncertainty because the Authority will be furthering its statutory objective.	Meridian Energy

Regulatory risk and uncertainty

	Submission	Submitter(s)
315	Agrees that the proposal will promote dynamic efficiency by promoting investment in distributed generation that genuinely reduces transmission costs.	MEUG
316	As set out in the NERA report that Trustpower submitted in relation to the ACOT working paper, regulators such as the Authority need to manage regulatory risk through the principles of cost recovery and minimising perceptions of risk.	Trustpower
317	Before it progresses the proposal, the Authority should undertake a study into the impact of the proposal on regulatory certainty (including the impacts of wealth transfers) on cost of capital and future investment in the electricity industry.	Trustpower
318	Distributed generators have a strong expectation that the policy settings under which their investments were made will remain in place - that is, they have an expectation that they will have a reasonable opportunity to recover the cost of their investment, including an appropriate return. The proposal is inconsistent with this expectation.	Trustpower
319	Does not agree that investors should have known that ACOT payments may not continue. Even if investors understood the inefficiencies in ACOT payments, the Authority's assertion that they should have known that payments may not continue is over-simplistic.	Axiom for Transpower
320	Does not agree that investors should have known that ACOT payments may not continue. This rests on an unrealistic assumption that investors would know when ACOT payments represented cost reductions as opposed to windfall gains (which is highly unlikely to reflect how investors actually think).	Axiom for Transpower
321	Does not support the proposal because the DGPPs provide certainty for distributed generators in relation to charges that would otherwise be set by a monopoly service (with whom distributed generators have limited negotiating power).	Mighty River Power
322	Even though there is no explicit obligation for the Authority to not change the DGPPs, there was an expectation by industry participants that regulatory settings would not be changed because: (1) contracts between distributors and distributed generators often refer to payments being in accordance with the legislative framework; (2) the ability to "pass through" ACOT payments under price-quality control regulation depends on payments being made in accordance with the DGPPs; (3) the Code provides for recourse to the Rulings Panel if parties are unable to agree connection terms with reference to the DGPPs; and (4) the legislative and political environment has created an expectation that the DGPPs would continue - for instance, the permanence of the Regulations; and the statement in Contact Energy v Electricity Commission that the TPM guidelines were "permanent".	Baldwin for Trustpower
323	The Authority has not adequately balanced the case for regulatory stability with the case for regulatory change. If it had, it would have seen that the case for change is not made out.	Trustpower
324	The Authority has not adequately considered the secondary regulatory risk of the proposal or ensured that changes are tractable.	Baldwin for Trustpower
325	The Authority has not adequately demonstrated that it recognises the proposal's regulatory risk.	CEC for Trustpower

Regulatory risk and uncertainty

	Submission	Submitter(s)
326	The Authority should take into account that because most distributed generation is relatively new (commissioned after ACOT payments were introduced), these investments are likely to have factored in ACOT payments and still be recovering the initial investment outlays. Such investments will be at risk if the proposal is implemented in its current form.	Castalia for Genesis Energy
327	The Authority should take into account that distributed generators have relied on the stability and longevity of the distributed generation regulatory regime including ACOT (and similar) payments. The proposal disturbs decisions and assumptions based on that reliance.	Trustpower
328	The Authority should take into account that it must give due weight to ensuring investors can have confidence that their returns will not be inappropriately diminished. The court in Contact Energy and Meridian Energy v Electricity Commission stated that in certain circumstances the Commission should take into account whether there have been investment decisions made in circumstances where the investors might reasonably have expected that the current method of charging would remain in place.	BusinessNZ
329	The Authority should take into account that peak demand allocators have provided incentives for distributed generation for a long time (for at least the past four decades and potentially since the 1930s). Such longevity has provided stability (and has reduced the need for specific contractual or legislative assurance that settings would not be changed).	Baldwin for Trustpower
330	The Authority should take into account that product development and innovation are likely to slow due to the risk of future regulatory change, the increase in investment risk, the difficulty in long-term planning, uncertainty over the TPM, and the arrival of affordable disruptive technologies.	Baldwin for Trustpower
331	The Authority should take into account that regardless of whether existing distributed generators have a legitimate expectation that the DGPPs would not be removed from the Code, it is arguable that those parties have a legitimate expectation that the Authority, in order to act consistently with its statutory obligations, must institute regulatory change via procedures that are reasonable and avoid the imposition of unreasonable costs. The Authority's consultation has not satisfied that expectation.	Baldwin for Trustpower
332	The Authority should take into account that removing ACOT payments without a replacement scheme may affect how future investors see investment in New Zealand.	Genesis Energy
333	The Authority should take into account that the proposal could be seen as unpredictable and inconsistent with the legitimate expectations of investors.	Axiom for Transpower
334	The Authority should take into account that the proposal will increase uncertainty for distributed generators.	David Glass
335	The Authority should take into account that there is strong evidence of ongoing Ministerial support for the current distributed generation regulatory settings until 2010, when responsibility was transferred to the Authority. Baldwin provides supplementary material in his submission to support this conclusion.	Baldwin for Trustpower
336	The Authority should take into account that there was a degree of permanence in the Regulations and under the TPM in relation to distributed generation being Government policy. Participants relied on this certainty and did not expect such changes to be introduced without transition.	Baldwin for Trustpower
337	The Authority should take into account the frequency with which it can adjust market settings in order to pursue efficiency, against the uncertainty costs associated with frequent modification of a market.	Baldwin for Trustpower

Regulatory risk and uncertainty

	Submission	Submitter(s)
338	The Authority should take into account the interests of those who have organised their affairs on the basis of the current arrangements because the proposal is a significant change. The proposal creates regulatory risk and is inconsistent with the efficient operation of the industry, regulatory best practice, and the long-term interests of consumers.	Trustpower
339	The costs of the proposal are higher than they need to be. The proposal creates regulatory risk that affects existing and future distributed generation investment decisions/assumptions. The proposal creates regulatory uncertainty for future investments, and limits the ability for distributed generators to gain and retain payments for services on an ongoing basis.	Baldwin for Trustpower
340	The impact of the proposal on investor confidence depends on the extent that ACOT payments formed a key factor in investment decisions. This is unclear.	Axiom for Transpower
341	The proposal addresses an existing wealth transfer to suppliers. It also prevents consumer confidence being eroded, by showing that the Authority will act on existing wealth transfers that can be unwound without any downside to long term economic welfare.	MEUG
342	The proposal creates uncertainty because the replacement for ACOT payments is uncertain and the magnitude of future connection charges is uncertain.	ASEC for King Country Energy
343	The proposal creates uncertainty for investors because discrete agreements will need to be negotiated for each distributed generation project. This will give rise to disputes and the potential that efficient projects will not proceed because of a negotiation failure.	HoustonKemp for Trustpower
344	The proposal creates uncertainty in pricing for consumers.	Southern Generation Limited Partnership
345	The proposal creates uncertainty which is disrupting business operations and investments, and will continue to do so if implemented.	Energy3, IEGA, Inchbonnie Hydro, Southern Generation Limited Partnership
346	The proposal has created unnecessary uncertainty.	Alpine Energy
347	The proposal is inconsistent with regulatory good practice because it will increase regulatory risk and the cost of capital in the electricity market.	HoustonKemp for Trustpower
348	The proposal is inefficient because uncertainty in the market and lack of durability of regulations will result in higher prices for consumers.	Thomas Cameron
349	The proposal is undesirable because distributed generators are entitled to consistency and longer term stability in regulatory decision-making.	ENA
350	The proposal is undesirable because distributed generators have made long-term investments and it is unfair to change the rules so soon after the Bradford reforms.	Tony Banks
351	The proposal is undesirable because existing distributed generators have been encouraged by the Government and distributors to make the initial investment in distributed generation based on current regulations.	Karaponga Hydro, Kawatiri Energy, Omanawa Falls Hydro
352	The proposal is undesirable because if it is implemented, the Government will lose its credibility in regulating the industry because there will be no confidence in the robustness and reliability of regulations.	Inchbonnie Hydro

Regulatory risk and uncertainty

	Submission	Submitter(s)
353	The proposal is undesirable because investment in distributed generation was made based on receiving ACOT payments, and there was no indication that these payments would be removed.	Eastland Generation
354	The proposal is undesirable because it effectively penalises investors for having sunk their costs. Investors had long-term expectations of receiving revenue from ACOT payments and did not anticipate such a significant policy change to be introduced without a transition.	Infratil
355	The proposal is undesirable because it erodes the investor confidence that stems from the longevity of ACOT payments, and because it removes an incentive to invest in distributed generation.	Infratil
356	The proposal is undesirable because it has a material impact on the cost of capital for future investment and the cost of electricity for consumers. This must be accounted for in the CBA.	Infratil
357	The proposal is undesirable because it increases regulatory risk. Such risk increases uncertainty and the cost of capital, which will result in increased operation costs, increased prices, a dampening in the effectiveness of price signals, a reduction in efficiency and a reduction/delay in efficient distributed generation investment. This is inconsistent with the Authority's statutory objective.	HoustonKemp for Trustpower
358	The proposal is undesirable because it is a sudden regulatory shift that cannot easily or quickly be reversed in an industry dependent on long-term investments. An industry being exposed to regulatory risk creates a chilling effect of long duration.	Bryan Leyland
359	The proposal is undesirable because it negatively impacts investments that have been made in reliance on the current regime.	AD Harwood, Eastland Generation, Inchbonnie Hydro, Karaponga Hydro, King Country Energy, New Zealand Wind Energy Association, NZ Energy, Omanawa Falls Hydro, Pioneer Energy, Solarcity, Southern Generation Limited Partnership, Thomas Cameron
360	The proposal is undesirable because it negatively impacts investments that have been made in reliance on the current regime. Further, some distributed generators have relied on government endorsements.	IEGA
361	The proposal is undesirable because it will negatively impact distributed generators' existing investment decisions and will discourage further investment (both for new schemes and refurbishments/upgrades of existing schemes). This is particularly true for hydro schemes, which are expensive, long-term investments.	HydroWorks
362	The proposal is undesirable because removing ACOT payments will reduce dynamic efficiency by undermining investor confidence in the stability of regulatory arrangements.	CEC for Trustpower
363	The proposal will reduce competition because it creates investment uncertainty.	Electra Generation, Inchbonnie Hydro, New Zealand Wind Energy Association, Thomas Cameron
364	The regime set out in the DGPPs appeared permanent because payments for peak demand reduction had been made for several decades prior to regulatory reform. For instance, Trustpower had received an implicit ACOT payment since the development of the Kaimai hydropower scheme in the 1970s. Such revenue was accounted for in the purchase prices paid by Trustpower for many stations even before the Regulations.	Trustpower
365	The regime set out in the DGPPs appeared permanent because pricing for transmission (as opposed to energy) on the basis of peak demand had survived the introduction of the wholesale electricity market in 1996.	Trustpower

Regulatory risk and uncertainty

	Submission	Submitter(s)
366	The regime set out in the DGPPs appeared permanent because the 2007 Regulations required Cabinet approval to be amended, and Government policy statements between 2000 and 2008 had emphasised the importance of facilitating distributed generation connection.	Trustpower
367	The regime set out in the DGPPs appeared permanent because the Authority's industry advisory group on TPM reform considered ACOT payments in 2011 and did not recommend any reform.	Trustpower
368	The regime set out in the DGPPs appeared permanent because the current Government has implicitly endorsed the current distributed generation connection arrangements - for example, in its Government Policy Statement on Electricity Governance (2009) and in the Ministry of Economic Development's Electricity Market Performance Review (2009).	Trustpower
369	The regime set out in the DGPPs appeared permanent because the Electricity Industry Act mandated that the Regulations be included in the initial Code. Further, changes to the DGPPs were not one of the changes that the Authority was required to investigate in its first year under section 42 of the Act.	Trustpower
370	The regime set out in the DGPPs appeared permanent because the TPM guidelines, which provide incentives to reduce peak demand, could not be amended unless the regulatory framework itself was amended (Contact Energy v Electricity Commission).	Trustpower
371	The regime set out in the DGPPs appeared permanent because Transpower, the Electricity Commission and the Commerce Commission all took distributed generation into account in their planning and regulatory decisions. For instance, the input methodology applying to regulated distributors provides for them to recover a "distributed generation allowance" in recovering their economic costs, which refers directly to ACOT payments made under the Code.	Trustpower

Reliability

	Submission	Submitter(s)
372	Although the Authority may think that distributed generators are unnecessary at present, the proposal will mean that, when they are needed sometime in the future, they may not exist.	Bryan Leyland
373	Does not agree that the removal of ACOT payments for sunk assets will have a minimal effect on system reliability. The Authority has presented no evidence for this, and its claim that it is "unlikely that many (if any) distributed generators would shut down" seems to be predicated upon the fact that the assets are sunk and that the plant will continue to operate so long as marginal revenue remains above marginal cost. This borders on condoning regulatory opportunism.	BusinessNZ
374	The Authority should take into account that the proposal could decrease reliability.	ENA
375	The proposal does not improve reliability of supply.	Electra Generation
376	The proposal does not reward reliability of supply.	Inchbonnie Hydro
377	The proposal may reduce reliability of supply because distributed generators affected by the proposal supply 10% of electricity consumed at ICPs.	IEGA

Responding to peaks

	Submission	Submitter(s)
378	Before it progresses the proposal, the Authority should consider, with MBIE and other authorities, studying the extent of current distributed generation and demand response in New Zealand, and the effects of removing incentives for these to operate at times of coincident peak demand.	Trustpower
379	The Authority should take into account that the proposal could increase distribution costs.	ENA
380	The Authority should take into account that the proposal could increase peak demand because the Authority is taking away the incentive for distributors to use distributed generators to lower their peak demand.	AD Harwood
381	The Authority should take into account the market impact of removing the incentive for distributed generators to generate during peak demand periods (and potentially a wider shift in distributed generation patterns that the proposal might cause).	Nova Energy
382	The proposal is inefficient because removing peak demand pricing signals will reduce both transmission and distribution efficiency.	New Zealand Wind Energy Association
383	The proposal is undesirable because it will increase transmission costs because distributed generators will no longer respond to peak demands.	Electra Generation, NZ Energy

Setting connection charges

	Submission	Submitter(s)
384	Distributed generators should only pay for common costs to the extent they consume electricity from the network or require connecting assets. This would be service-based.	Eastland Generation
385	Does not agree that, if the proposal is implemented, distributors would adopt service-based and cost-reflective charging structures and would treat all classes of network user alike. This is because the voluntary distribution pricing principles will not be finalised for many years.	Trustpower
386	Does not agree that the proposal will better allow distributors to adopt service-based pricing structures across all users of distribution networks. Instead, removing the DGPPs would create a new distortion to correct an existing distortion.	ETNZ
387	Does not agree with the Authority's assumption that distributors are incentivised to implement efficient charges for distributed generators because it is not supported by any factual basis.	New Zealand Wind Energy Association
388	Does not support the proposal, however, if there are significant changes in the ability of distributors to recover costs through load, then the proposal could be revisited.	Unison Networks
389	Does not support the proposal. However, if the common costs aspect of the proposal is implemented, the charges should be regulated.	Thomas Cameron
390	Does not support the proposal. The DGPPs should be retained especially in relation to the dispute resolution process and rules relating to charging incremental costs because these rules will ensure competition between distributed generators and distributors/Transpower, reliability of supply, and will address the long-term risks that stranded assets pose for customers.	Solarcity
391	Does not support the proposal because it is not justified by the connection services issue.	BusinessNZ

Setting connection charges

	Submission	Submitter(s)
392	Does not support the proposal because removing the DGPPs from the Code will mean that any distributor or retailer could charge domestic solar users for the use of lines or impose tariffs for exporting power into the grid. Affected users would have no recourse against these punitive charges.	Greenpeace New Zealand
393	Does not support the proposal because shifting away from incremental cost pricing would remove existing consumer and competition protections against monopolies implementing discriminatory pricing.	Mighty River Power
394	If the proposal is implemented it is not clear how the Authority will monitor the efficiency of network charges.	IEGA
395	If the proposal is implemented the Code must continue to regulate distributors to: (1) act in a reasonable manner in terms of facilitating existing and new distributed generation connections; (2) make ACOD payments; and (3) charge no more than the direct/shallow connection costs associated with distributed generation.	Nova Energy
396	The Authority believes that distributors will apply the voluntary distribution pricing principles when negotiating the connection of distributed generation. However, distributors set rather than negotiate prices for distributed generation (one purpose of the DGPPs was to moderate this imbalance in negotiating power, but reliance on the voluntary distribution pricing principles will reinstate the imbalance). If the proposal is implemented, distributors may set prices for distributed generation connection that are higher than economically efficient - at the extreme, at or near standalone cost - which will likely deter otherwise economic investment.	Carvell for Trustpower
397	The Authority has not made the case that the distribution pricing principles are appropriate to replace the DGPPs and to deal with specific issues associated with distributed generation.	Orion New Zealand
398	The Authority should introduce a dispute resolution process in relation to pricing disputes between distributed generators and distributors. This should be further investigated before any changes are implemented.	David Glass
399	The Authority should take into account that giving distributors the power to negotiate connection and utilisation charges on a case by case basis without a Code default creates uncertainty and provides a disincentive to distributed generation.	HydroWorks
400	The Authority should take into account that Part 4 of the Commerce Act does not apply to the pricing of connection and distribution services provided by a distributor to a distributed generator. Instead, the exception in section 54C(2)(b) and (c) of the Commerce Act applies. Therefore if the proposal proceeds, distributors will opportunistically price distributed generation connection services to maximise their revenues.	Carvell for Trustpower
401	The Authority should take into account that the proposal forces distributed generators to negotiate with distributors who have almost complete leverage over the terms of agreements. The Authority's expectation that such circumstances could result in a competitive, market-like outcome are unrealistic.	Bushnell for Trustpower
402	The Authority should take into account that the proposal will reinstate the severe imbalance in negotiating power between distributors and distributed generation owners. This will result in difficult negotiations between these parties in respect of pricing.	Carvell for Trustpower
403	The Authority should take into account that the voluntary distribution pricing principles provide considerable latitude to price above incremental cost, and to do so aggressively wherever possible. Distributed generation owners are a target, because they do not threaten the status of distributors that are exempt from Part 4 of the Commerce Act.	Carvell for Trustpower

Setting connection charges

	Submission	Submitter(s)
404	The proposal does not contain any detail about what common costs would be required to be paid by distributed generators, and so distributed generators have been unable to make a full assessment of the impact of this proposal.	Karaponga Hydro, Kawatiri Energy, New Zealand Wind Energy Association, NZ Energy, Omanawa Falls Hydro
405	The proposal is anticompetitive because it will allow monopolies to abuse the lack of regulation.	Pupu Hydro Society Incorporated
406	The proposal is inconsistent with the original rationale behind the introduction of the DGPPs, which was to create certainty for investors about the likely terms and costs of connection and settle disputes about the same.	HoustonKemp for Trustpower
407	The proposal is undesirable because charging distributed generators for network use will result in the lines companies making a double recovery: once from consumers and once from generators.	Bryan Leyland
408	The proposal is undesirable because distributed generators could be allocated a higher proportion of common costs than is efficient.	IEGA
409	The proposal is undesirable because distributed generators could be over-allocated common costs as it will be more palatable than charging consumers.	King Country Energy
410	The proposal is undesirable because distributed generators need unambiguous regulatory protection from the monopolistic practices of distributors. The DGPPs were introduced specifically for this purpose.	Nova Energy
411	The proposal is undesirable because distributors are incompetent at setting charges according to the 2013 Castalia review.	Solarcity
412	The proposal is undesirable because it results in common costs being shared inefficiently between distributed generators and consumers.	David Glass
413	The proposal is undesirable because it will allow distributors to abuse the lack of regulation by pushing out distributed generators who are in direct competition with distributors.	Thomas Cameron
414	The proposal is undesirable because there will be no framework for calculating common costs.	King Country Energy
415	The proposal will encourage anticompetitive behaviour from distributors towards distributed generators (which would otherwise reduce the required size and cost of the network, lowering distributor revenues and profits), leading to adverse effects on network costs, and downstream effects on the wholesale market.	CEC for Trustpower
416	The proposal will worsen the current situation whereby allocation of common costs by distributors is already inconsistent and not transparent.	New Zealand Wind Energy Association

Technological neutrality

	Submission	Submitter(s)
417	The Authority should take into account that the long-term effect of the proposal on technology neutrality is more complex than the Authority has stated, and is not necessarily positive. Removing ACOT payments may reduce the bias against distributed generation investment. However, under the proposal, the incentives to invest would depend on: • the relative impact of any contribution to common costs that distributors require distributed generators to pay; and • any interconnection cost that transmission-connected generators would be required to pay under the reformed TPM (which could be considerable under the AoB charge).	Axiom for Transpower
418	The proposal is consistent with the Authority's "technology-neutral" stance.	Meridian Energy
419	The proposal will remove the artificial advantage granted to distributed generators by existing ACOT payments which, all other things being equal, would serve to make the arrangements more technology neutral.	Axiom for Transpower

General

	Submission	Submitter(s)
420	Agrees that consumers should pay the minimum amount of connection charge whether or not they remain connected to the grid because consumers should bear a proportionate share of any expected stranding of regulated assets.	Pioneer Energy
421	Agrees that removing ACOT payments makes sense where the distributed generation does not provide transmission benefits. However, the proposal risks losing the broader benefits from distributed generation collectively, and from investments made since the ACOT incentive has been in place.	Castalia for Genesis Energy
422	Agrees that there are efficiency benefits associated with the gross benefits to consumers stemming from the proposal.	MEUG
423	Although the proposal shows the Authority wants to promote rather than suppress consumer demand, it favours the centralised supply system over local supply and therefore shows the Authority's opposition to investment in small-scale energy supply and its protection of incumbent suppliers.	Molly Melhuish
424	Before it progresses the proposal, the Authority should consider additional options to the alternatives set out in the consultation paper. These additional options should address concerns that ACOD is currently being underpaid.	Trustpower
425	Before it progresses the proposal, the Authority should understand the actual incentives for distributors and Transpower to negotiate reasonable connection charges and network support payments with distributed generators. This is because the circumstances faced by distributors and Transpower are very different.	Trustpower
426	Before it progresses the proposal, the Authority should undertake a study into the "NZ Inc" effects of the proposal.	Trustpower
427	Distributors should be required to pay incremental cost (no more, no less) for the services provided to them by small-scale distributed generators. Any ACOT or ACOD arrangements could be arranged as part of the ongoing UoSA/contract.	David Glass
428	Does not agree that future prices will be lower and more cost reflective if the proposal is implemented.	Axiom for Transpower

General

	Submission	Submitter(s)
429	Does not agree that the proposal will not have any negative impacts on the environment.	New Zealand Wind Energy Association
430	Does not support the proposal.	CEC for Trustpower, Eastland Generation, Electra Generation, ETNZ, HydroWorks, Inchbonnie Hydro, Infratil, King Country Energy, Molly Melhuish, Network Waitaki, PowerCo, Tony Banks, Unison Networks
431	Does not support the proposal because: the DGPPs provide a level playing field and therefore enhance competition (especially with grid connected generators); enhance innovation and diversity of generation supply; increase consumer choice as to reliability standards and overall system reliability; drive uptake of more efficient generation and generation supply options therefore minimising long-term costs and maximising long-term efficiency; recognise that optimal supply strategy involves the use of small scale local distribution solutions until sufficient accumulation of demand warrants the next major grid connected investment; increase reliability; are consistent with regulatory principles adopted by other jurisdictions (EU, Australia, USA); and address barriers to investing in efficient technology such as distributed generators' weak negotiating power.	Pioneer Energy
432	Does not support the proposal because it disadvantages small-scale distributed generation.	David Glass
433	Does not support the proposal because it is a wealth transfer from suppliers to consumers.	Pioneer Energy, Southern Generation Limited Partnership
434	Does not support the proposal because it is a wealth transfer that will negatively impact distributed generators.	Southern Generation Limited Partnership
435	Does not support the proposal because it is biased towards distributors.	John Irving
436	Does not support the proposal because it is economically efficient to continue making ACOT payments to distributed generators when considering the long-term investment perspective of distributed generation.	IEGA, New Zealand Wind Energy Association
437	Does not support the proposal because it will create new problems. It is not the best remedy available for the issues.	Transpower
438	Does not support the proposal because it will have negative impacts on regional growth and will negatively impact consumers by raising prices.	Ruapheu District Council
439	Does not support the proposal because the Authority has not adequately considered the implications of the proposal on the efficient level of distributed generation investment.	HoustonKemp for Trustpower
440	Does not support the proposal because the long-term interest of consumers is served by intelligent regulation that supports the ability of the total system to adapt to new technology, reduce marginal costs, and improve allocative efficiency. The proposal does not do any of these.	Pioneer Energy
441	Efficiency in distributed generation will occur through fair regulations, pricing and a contracting regime. The proposal does not provide for any of these.	Pioneer Energy
442	If ACOT payments are removed, they should be removed carefully and deliberately rather than in a manner that could have unintended consequences and send inappropriate signals to investors.	BusinessNZ
443	If the proposal is implemented aspects of the DGPPs (for example consideration of avoidable costs) should be retained or incorporated into the distribution pricing principles.	Unison Networks

General

	Submission	Submitter(s)
444	If the proposal is implemented it is unclear what arrangements would replace ACOT payments. Axiom sets out several options in its submission.	Axiom for Transpower
445	If the proposal is implemented the Authority should compensate existing distributed generators for the returns they would have received under the current arrangements. The cost of such compensation should be factored into the CBA.	HoustonKemp for Trustpower
446	Instead of the proposal ACOT payments should be smoothed out over a ten year period so that payments are based on a long run average and linked to the actual investment in distributed generation.	AD Harwood
447	Instead of the proposal the Authority should acknowledge that its statutory mandate limits its ability to assess the overall intent of Part 6. Part 6 should be reviewed in a different process to ensure all aspects are considered.	King Country Energy
448	Instead of the proposal the Authority should adjust the existing TPM because it may be a more effective way of dealing with this matter than removing the DGPPs from the Code.	Axiom for Transpower
449	Instead of the proposal the Authority should adjust the existing TPM because the inefficiencies in the DGPPs (particularly ACOT) do not necessarily reflect a problem with the DGPPs. Rather, they largely reflect a shortcoming in the price signal being provided by the RCPD-based interconnection charge in the TPM.	Axiom for Transpower
450	Instead of the proposal the Authority should adjust the existing TPM in a principled manner to better meet network pricing objectives.	ENA, PowerCo
451	Instead of the proposal the Authority should adjust the existing TPM to fix the inefficiencies in the DGPPs. Because Transpower disagrees with the imposition of the AoB charge, it considers either of the following options would address the issues with the DGPPs: • retaining the RCPD-based charge, but temporarily weakening the price signal by increasing the number of periods of which contributions to RCPD are measured (e.g. to 1000 or 5000); or • replacing the RCPD charge with an LRMC charge that provided an explicit signal of Transpower's forward-looking costs.	Axiom for Transpower
452	Instead of the proposal the Authority should amend the DGPPs so that Part 6 is more prescriptive and the Authority should consult with distributors and distributed generators on this.	Electra Generation
453	Instead of the proposal the Authority should amend the DGPPs to: (1) align with any TPM changes; (2) protect consumer choice of services; (3) make Transpower responsible for ACOT; (4) avoid any double counting of charges; and (5) align the DGPPs with demand side response.	Pioneer Energy
454	Instead of the proposal the Authority should amend the DGPPs to: (1) align with the distribution pricing principles; (2) expand Part 6 to include all connected parties above a de minimis of 1MW; (3) distinguish the cost of connection that distributed generators would pay and services provided by distributed generators to distributors; (4) clarify that common costs would be borne by both generation and load to the extent they purchase electricity over distribution networks; and (5) introduce an RCPD based LRMC charge (this will address the Authority's concern about poor signalling). Distributors should then make ACOT payments to distributed generators where distributors have avoided costs of transmission.	Eastland Generation
455	Instead of the proposal the Authority should amend the DGPPs to address the issue of distributors under-recovering distributed generation costs.	Alpine Energy

General

	Submission	Submitter(s)
456	Instead of the proposal the Authority should amend the DGPPs to allow distributors to recover from consumers any service-based payments made to distributed generators.	Electra Generation
457	Instead of the proposal the Authority should amend the DGPPs to develop a more suitable set of pricing principles.	ENA, Network Waitaki
458	Instead of the proposal the Authority should amend the DGPPs to ensure a better system for all parties.	Solarcity
459	Instead of the proposal the Authority should amend the DGPPs to more effectively target the Authority's concerns.	CEC for Trustpower
460	Instead of the proposal the Authority should consult further with the industry, and address regulatory governance gaps apparent in the DGGP consultation paper.	Southern Generation Limited Partnership
461	Instead of the proposal the Authority should encourage investment in distributed generation and only consider further amendments to regulation when distributed generation presents a technical problem for system operations.	John Irving
462	Instead of the proposal the Authority should establish a postage stamp process to ensure the benefits of distributed generation are recognised. This could be paid via distributors or Transpower, with a periodic review.	King Country Energy
463	Instead of the proposal the Authority should provide a specific price signal for capacity. Distributed generation provides a capacity service as well as an energy service and the Authority has not justified different pricing rules for capacity provided by transmission and capacity provided by distributed generation.	ASEC for King Country Energy
464	Instead of the proposal the Authority should redesign the market to provide economic and reliable supply at the lowest possible consumer cost in the short and long term, while minimising potential damage to the economy from electricity shortages.	Bryan Leyland
465	Instead of the proposal the Authority should reinstate and expand section 4 of Schedule 6.3 to include disputes with Transpower. The Code should also provide a framework for addressing ACOD and ACOT payments.	King Country Energy
466	Instead of the proposal the Authority should rethink the objectives of the review with a broader frame of reference and engage in more detailed consultation with distributed generators.	HydroWorks
467	Instead of the proposal the Authority should review the DGPPs under its widest possible mandate, recognise that DGPPs are consistent with the Authority's statutory objectives, and recognise that the environment and sustainable future of New Zealand are important factors when considering the long-term benefit of consumers. Transpower should be requested to include in the next TPM update a review of the benefits DGPPs and ACOT provide, recognition that Government regulation is a credible investment tool, and recognition that there is a moral obligation to act fairly in relation to existing distributed generators.	Inchbonnie Hydro
468	Instead of the proposal the Authority should undertake a review of Part 6, to be completed by 1 April 2019, that takes into account: the wider rationale for Part 6 and the role of distributed generation; the EEA's "guideline for the connection of small scale inverter based distributed generation"; and whether the DGPPs should be amended instead of removed.	Orion New Zealand
469	Instead of the proposal there should be a wholesale reconsideration of regulation to encourage business strategies that integrate distributed energy investment with business planning for centralised supply.	Molly Melhuish

General

	Submission	Submitter(s)
470	Removing the DGPPs risks under-investment in distributed generation. Networks are incentivised to contract for distributed generation, however networks are unlikely to pay for historic benefits provided or when investments are sunk. Also, Transpower must only explicitly consider network alternatives over $20 million.	PwC for 14 EDBs
471	Short-term inducements are not an efficient way to manage the electricity industry, which is characterised by long-life assets that take a long time to build.	Bryan Leyland
472	Supports the proposal.	MEUG, Winstone Pulp International
473	Supports the proposal because ACOT payments are inefficient.	Contact Energy, Genesis Energy, Meridian Energy
474	The Authority and/or the Commerce Commission have sufficient regulatory tools to undo any unforeseen risks associated with the proposal.	MEUG
475	The Authority clearly does not understand the impact of the proposal because it has not set out what it means by the terms ACOT, ACOD and common costs.	King Country Energy
476	The Authority has discarded its decision making and economic framework by creating a reform that is not market-like, without adequately considering why a market-like approach is impractical or ineffective. The Authority's failure to follow its DME framework is particularly notable because: (1) the proposal only negatively affects the distributed generation sector; and (2) it has followed the DME framework for the TPM reform.	CEC for Trustpower
477	The Authority has not adequately considered whether any changes to distribution pricing following the current review will lessen incentives to invest in distributed generation.	HoustonKemp for Trustpower
478	The Authority has not adequately explained its changed view of the DGPPs since 2013 (for example, at the 2013 TPM conference, the Authority Chair stated that the problem with ACOT was not the Code but its application).	Trustpower
479	The Authority has not carefully considered the overall impact of the proposal on the entire industry.	HydroWorks
480	The Authority has underestimated the transaction costs and over estimated the practicality of the proposal.	ENA
481	The Authority should consider a change to a service-based model which could allow for more clear separation of asset ownership and service provision, although this would involve a larger discussion.	David Glass
482	The Authority should consider compensating the Fraser Power Scheme because: • the proposal will affect the viability of that scheme and will therefore affect irrigation companies, irrigators and the Central Otago District in general; and • the proposal will reduce the agreed value of the Fraser Power Scheme as negotiated when it was purchased from the Crown.	Tony Banks
483	The Authority should focus on the "change in horizontal movement across distributed generation". Pricing principles, set on incremental cost, would add to the rebalance.	David Glass
484	The Authority should not assume that distributed generators provide no transmission benefits in the lower South Island and lower North Island.	Orion New Zealand

General

	Submission	Submitter(s)
485	The Authority should provide more targeted price signals through the TPM because this would address the Authority's primary concern with the price signal provided by the TPM. This would allow efficient signals for the operation of load control in distributed generation, and this may obviate the need for major change to the DGPPs.	Transpower
486	The Authority should reinforce in its decision paper its opinion that transmission costs can be avoided not just for reduction in the levels of required transmission capacity, but also through the provision of voltage and reactive support.	Meridian Energy
487	The Authority should take into account a broader consideration of efficiency, the relevant literature, and that the proposal contains logical contradictions.	ASEC for King Country Energy
488	The Authority should take into account current market trends and industry changes in New Zealand as well as globally.	Pioneer Energy
489	The Authority should take into account how the financial impact on distributed generators should be managed while the proposal is transitioned in.	Genesis Energy
490	The Authority should take into account other transmission and distribution pricing principles when considering changes to the DGPPs to ensure consistency.	Alpine Energy
491	The Authority should take into account significant changes in the industry caused by technology as well as future technological advancements.	NZ Energy
492	The Authority should take into account small distributed generators, such as small embedded residential generators, and how they reduce consumption of electricity.	Electra Generation
493	The Authority should take into account that ACOT payments are recognised not just in the Code, but also in the definition of "distributed generation allowance" in the regulated distributor input methodology. This is unacceptable in terms of the Authority's obligation not to change regulatory settings.	Baldwin for Trustpower
494	The Authority should take into account that ACOT payments to distributed generators in the Far North could increase substantially when all transmission benefits are considered, given the minimal investment in Northland's transmission infrastructure.	Top Energy Group
495	The Authority should take into account that even though the short run marginal costs may be small for existing distributed generation, significant capital investment may be needed for them to continue to run. The investment required is understated in the PwC report.	King Country Energy
496	The Authority should take into account that if ACOT payments are removed and distributed generators are also required to pay common costs at a level of $20/MWh then the EBITDA of the distributed generators in PwC's analysis reduces on average by 82% and net debt/EBITDA increases on average to eight times. See further PwC for Pioneer Energy on behalf of IEGA.	PwC for Pioneer Energy on behalf of IEGA

General

	Submission	Submitter(s)
497	The Authority should take into account that if the proposal is implemented and a distributor is permitted to apply the avoidable cost allocation methodology, the expected transfer of wealth from distributed generation owners to consumers will not eventuate. Instead there will be a transfer of wealth from distributed generation owners to distributors. This is because there is a clear potential revenue gain to distributors (increasing distributed generation connection costs) without a mandatory reduction in consumers' regulated lines charges. This is not a wealth transfer to consumers; but to distributors. This would still exist (to a lesser extent) under the accounting-based allocation approach (submitted on the basis that Part 4 of the Commerce Act does not apply to distributor/distributed generation pricing).	Carvell for Trustpower
498	The Authority should take into account that removing ACOT payments is a factor that makes the proposed changes to the TPM affordable for some distributors, where they wouldn't be otherwise.	ENA
499	The Authority should take into account that removing the Rulings Panel in relation to pricing disputes between distributed generators and distributors will mean that the Courts will be reliant on experts from the parties in conflict. This disadvantages small-scale distributed generators.	David Glass
500	The Authority should take into account that small-scale distributed generators do not trade over the wholesale market. Therefore, it is better to use location-specific retail market prices for those distributed generators. The market is a bigger signal, and the savings could be so small so as not to affect the price signal.	David Glass
501	The Authority should take into account that the DGPPs are an important guide for small players when negotiating with Transpower on potential pricing arrangements.	Alpine Energy
502	The Authority should take into account that the DGPPs are more efficient than the equivalent methodology used in the United Kingdom.	ASEC for King Country Energy
503	The Authority should take into account that the DGPPs were put in place to enable distributed generation and to recognise the many benefits of distributed generation. In proposing to remove them, the Authority is limited to only recognising the benefits within its narrow mandate.	King Country Energy
504	The Authority should take into account that the proposal could increase disputes to the Rulings Panel.	Electra Generation
505	The Authority should take into account that the proposal will trigger a re-opening of contracts that parties otherwise thought were settled, and removes the regulatory back-stop behind those contracts.	Baldwin for Trustpower
506	The Authority should take into account that the revenue of the distributed generators in PwC's analysis is approximately 20% of total distributed generation sector revenues. If the impact on the value of eliminating ACOT revenue and paying network common costs on the distributed generators in PwC's analysis is representative of these changes on the sector as a whole, then the total sector value impacts could be between $0.5 billion and $1.5 billion. See further PwC's analysis attached to Pioneer Energy's submission.	IEGA, PwC for Pioneer Energy on behalf of IEGA
507	The Authority should take into account the effects distributed generators have had on competition, energy efficiency, the electricity market, and the reliability of supply.	Inchbonnie Hydro
508	The Authority should take into account the following points: (1) how will distributors treat distributed generation owned by its arms-length associate in a related party transaction?; and (2) the DGPPs only apply when a distributed generator is constructing and connecting new generation to a distribution network, and after signing an agreement the relationship between distributor and distributed generator is governed by a bilateral contract.	IEGA

General

	Submission	Submitter(s)
509	The Authority should take into account the importance of distributed generators across markets worldwide and their value in realising long-term consumer benefits.	Karaponga Hydro, Kawatiri Energy, Omanawa Falls Hydro
510	The Authority should take into account the potential role of Distribution System Operators. In the United States, considerations of this role have been framed around five attributes: non-discrimination (between different types of distributed generation); transparency; market power; oversight (regulation both effective in ensuring industry compliance and capable of overseeing the DSO); and timing of major decisions (that is, the point at which the previous four concerns take on greater urgency).	Bushnell for Trustpower
511	The benefits of the proposal are limited to the interim years between now and the implementation of the new TPM. It is not sensible to propose major regulatory changes with such a short shelf life.	CEC for Trustpower
512	The costs of the proposal are higher than they need to be because: (1) most of the benefits of the proposal could have been obtained by grandfathering the proposal, which would not have created the same level of risk and uncertainty: (2) the proposal particularly harms small distributed generators who do not have the resources to engage as the Authority envisages: and (3) distributors are incentivised to make network investments rather than engage with distributed generators.	Baldwin for Trustpower
513	The Electricity and Gas Complaints Authority is not an appropriate body to handle complaints of the type that would arise between distributed generators and distributors/Transpower.	Thomas Cameron
514	The proposal complies with section 32(1) of the Act and the Code amendment principles.	Buller Electricity, Meridian Energy, MEUG, Winstone Pulp International
515	The proposal disadvantages "run of the river" distributed generation schemes that have high generation for short periods of the year based on river flow.	AD Harwood
516	The proposal does not comply with Principle 4 of the Authority's consultation charter.	New Zealand Wind Energy Association
517	The proposal does not comply with Principle 4 of the Authority's consultation charter because it involves a large wealth transfer from distributed generators for a minimal economic benefit.	Energy3
518	The proposal does not comply with Principle 4 of the Authority's consultation charter because it involves a radical change.	IEGA
519	The proposal does not comply with section 32(1) of the Act.	AD Harwood, Energy3, Southern Generation Limited Partnership
520	The proposal does not comply with section 32(1) of the Act or the Code amendment principles, because it does not promote overall efficiency. Instead, it further distorts production and investment decisions.	David Glass
521	The proposal does not comply with section 32(1) of the Act or the Code amendment principles.	Eastland Generation, Electra Generation, IEGA, Inchbonnie Hydro, Karaponga Hydro, Kawatiri Energy, King Country Energy, New Zealand Wind Energy Association, NZ Energy, Omanawa Falls Hydro, Thomas Cameron
522	The proposal does not comply with section 32(1) of the Act or the Code amendment principles. In particular, the proposal is inconsistent with the principles because it creates uncertainty and is a radical change.	Solarcity

General

	Submission	Submitter(s)
523	The proposal does not comply with section 32(1) of the Act or the Code amendment principles. This is because: (1) there is no legitimate basis to interfere with market-based locational competition as established by current arrangements; (2) the proposal would decrease competition in favour of grid connected generators; and (3) it is unreasonable to abandon existing regulations that were implemented to increase competition.	Pioneer Energy
524	The proposal does not comply with section 32(1) of the Act or with the Code amendment principles and should therefore not proceed.	Trustpower
525	The proposal does not comply with the Authority's consultation charter.	Pioneer Energy
526	The proposal incentivises disconnection from the grid, because consumers will be required to pay for transmission systems that they will not benefit from. This is counter to the Authority's stated objective of the proposal.	Ruapheu District Council
527	The proposal inhibits inevitable technological changes to the industry.	NZ Energy
528	The proposal is a disproportionate response to the problem considering that distributed generators do not consume a large amount of electricity from distribution networks.	Eastland Generation
529	The proposal is a major change to existing arrangements to bring miniscule and transitory efficiency gains. This is not satisfactory.	CEC for Trustpower
530	The proposal is contrary to the Authority's statutory objective because it would force the closure of efficient distributed generation.	King Country Energy
531	The proposal is inconsistent with regulatory good practice and effective market reforms.	Trustpower
532	The proposal is inconsistent with regulatory good practice because it radically changes regulatory settings without clear, demonstrable and material benefits.	Infratil
533	The proposal is inconsistent with regulatory good practice because the Authority has failed to undertake an even-handed, disinterested approach. Its consultation paper does not present a balanced argument for/against the proposal, and appears to be solution-driven rather than attempting to define and fix a problem.	CEC for Trustpower
534	The proposal is inconsistent with regulatory good practice because the Authority has not used an independent advisor/expert to review or develop the CBA. This lowers industry confidence in the CBA. Concept's assistance with the CBA included both development and review of the proposal, which means its assessment is not independent.	Trustpower
535	The proposal is inconsistent with the Government's wider policy objectives.	NZ Energy, Southern Generation Limited Partnership
536	The proposal is inconsistent with the purpose of Part 6.	ENA, Unison Networks
537	The proposal is inconsistent with the purpose of Part 6 because, although the Authority proposes to remove the default pricing terms, the other regulated terms would remain in the Code. The practical effect of this is that a distributor that does not wish to connect/continue the connection of a distributed generator for any reason will simply find itself unable to agree on pricing access terms.	Trustpower

General

	Submission	Submitter(s)
538	The proposal is not in the long-term interest of consumers. This is because: some distributed generators will go out of business and so the whole distribution charge will fall back to the customers; and distributed generators are incentivised to embed load behind their ICPs which will result in higher distribution costs for customers.	NZ Energy
539	The proposal is not in the long-term interest of consumers because it stifles innovation, hinders investment and uptake in new technology that is efficient, cost-effective, and environmentally sustainable.	IEGA, Thomas Cameron
540	The proposal is not justified because it involves the transfer of wealth from small to medium business owners to electricity consumers for no assumed impact on electricity prices.	IEGA
541	The proposal is not justified by the inefficiencies and other issues with ACOT payments.	Nova Energy
542	The proposal is not legal and it provides an incomplete analysis of distributed generators.	Pioneer Energy
543	The proposal is not supported by advisory group input as required by section 21 of the Act.	Trustpower
544	The proposal is only partly preferable to the status quo.	Orion New Zealand
545	The proposal is preferable to the status quo and to the alternatives described in the DGPP paper, however, the outcomes of the proposal need to be clearer.	Buller Electricity
546	The proposal is prejudiced against small local distributed generators.	Southern Generation Limited Partnership
547	The proposal is too complex.	Alpine Energy
548	The proposal is undesirable because Central Lakes Trust provides benefits to ratepayers (calculated at $350 per ratepayer per year) as a result of its ownership of Pioneer Energy and the proposal puts this at risk.	Tony Banks
549	The proposal is undesirable because current payments to distributed generators are much better value for money than payments to consumers for ripple control.	King Country Energy
550	The proposal is undesirable because distributed generators should be rewarded for the measurable benefits they provide to consumers.	Inchbonnie Hydro
551	The proposal is undesirable because it could have wider ramifications for the electricity market that the Authority has not considered.	Bryan Leyland
552	The proposal is undesirable because it does not provide distributed generators with a dispute resolution process.	Energy3, IEGA, New Zealand Wind Energy Association, Solarcity
553	The proposal is undesirable because it especially disadvantages small local distributed generators.	Inchbonnie Hydro
554	The proposal is undesirable because it especially disadvantages windfarms.	New Zealand Wind Energy Association
555	The proposal is undesirable because it inhibits competition (especially at the distributor level), inhibits innovation and investment in new technology in the electricity industry, and does not address how stranded assets could be minimised to lessen the impact it might have on customers in the long-term.	Solarcity
556	The proposal is undesirable because it inhibits competition by interfering with consumers' private investment in small distributed generation.	John Irving

General

	Submission	Submitter(s)
557	The proposal is undesirable because it inhibits the competition posed by consumers and distributors (through emerging technologies) to transmission and generation providers. This is unsatisfactory because there is an alternative approach that would have no impact on competition.	ETNZ
558	The proposal is undesirable because it interferes with how consumers spend their own money.	John Irving
559	The proposal is undesirable because it is an ex-post wealth transfer away from distributed generation.	HoustonKemp for Trustpower
560	The proposal is undesirable because it is a short-term fix and will condemn consumers to an endless cycle of fluctuating demand changes. Making a massive reduction in the Transpower demand charge is against common sense and sound economics.	Bryan Leyland
561	The proposal is undesirable because it is contrary to Government policy. For example, supporting distributed generation and renewable generation.	King Country Energy
562	The proposal is undesirable because it is contrary to Government policy to meet climate change obligations. For example, it favours non-renewable generators.	Energy3
563	The proposal is undesirable because it is contrary to wider distributed generation policy and strategy. While this is outside the Authority's jurisdiction, it should consider alternative and perhaps more appropriate mechanisms.	Buller Electricity
564	The proposal is undesirable because it is inconsistent with the Authority's promotion of regulatory default agreements in other areas (for example, the benchmark agreement between Transpower and distributors, and the proposed Default Distribution Agreement between distributors and retailers).	Bushnell for Trustpower
565	The proposal is undesirable because it may have negative consequences for investments in small-medium enterprises in other parts of the economy.	IEGA
566	The proposal is undesirable because it will greatly reduce distributed generation sector earnings and cost the industry a large value input.	Energy3
567	The proposal is undesirable because it will have negative long-term effects on distributed generation. This is not satisfactory, given the existence of emerging technologies.	ETNZ
568	The proposal is undesirable because it will increase costs for distributed generators without increasing their income.	AD Harwood, Electra Generation, Energy3, NZ Energy, Pupu Hydro Society Incorporated, Thomas Cameron
569	The proposal is undesirable because it will increase transmission costs and increase wholesale electricity prices.	PwC for 14 EDBs
570	The proposal is undesirable because it will lead to distributed generation bypassing distributors, and supplying consumers directly via embedded networks.	Nova Energy
571	The proposal is undesirable because it will lead to larger distributed generators creating embedded networks rather than connecting at full load on the network.	David Glass
572	The proposal is undesirable because it will limit a small power scheme's access to distribution networks.	Inchbonnie Hydro
573	The proposal is undesirable because it will put distributed generation at a competitive disadvantage to distributors in relation to distribution services.	Inchbonnie Hydro, Southern Generation Limited Partnership

General

	Submission	Submitter(s)
574	The proposal is undesirable because it will remove an incentive to invest in distributed generation.	Electra Generation, Energy3, Southern Generation Limited Partnership
575	The proposal is undesirable because it will replace ACOT payments with short term contracts. This will result in under-investment in distributed generation.	ASEC for King Country Energy
576	The proposal is undesirable because it will undermine dynamic efficiency, increase transmission costs, and increase wholesale electricity prices.	Top Energy Group
577	The proposal is undesirable because once the TPM is changed there are no benefits to the proposal.	IEGA
578	The proposal is undesirable because the current DGPPs efficiently adopt causer pays pricing.	ASEC for King Country Energy
579	The proposal is undesirable because there is a significant risk of unanticipated consequences.	ASEC for King Country Energy
580	The proposal is undesirable because the status quo is efficient and reliable.	King Country Energy
581	The proposal may have inefficient outcomes. For example, a distributed generator may be forced into using local distribution and system bypass in order to seek a return on investment.	AD Harwood, NZ Energy
582	The proposal may have inefficient outcomes. For example, a distributed generator may be forced to investigate the costs of bypassing the distributor in order to be in an informed position when bargaining with a distributor. This would not be an efficient use of resources.	IEGA
583	The proposal may result in less efficient methods of dealing with ACOD and ACOT payments.	Electra Generation
584	The proposal may worsen an existing problem in the electricity system as identified in Transpower's July 2016 consultation document.	Electra Generation
585	The proposal reduces the size of the pricing "fault line" at the transmission-distribution boundary, but it does not affect behind-the-meter generation. In this respect it is "kicking the can down the road" - shifting the location of a pricing anomaly (and associated inefficiency) from the grid exit point to the customer's meter rather than solving the issue. However, it would be infeasible to extend the DGPP reforms to cover behind-the-meter generation, which means that, despite the proposal, this pricing fault-line will remain and inefficiency will increase over time.	CEC for Trustpower
586	The proposal shows that the Authority has not taken into account significant changes in the industry caused by technology as well as future technological advancements.	Pioneer Energy
587	The proposal to allow distributors to charge distributed generators for common costs could create additional incentive to put these resources behind-the-meter, rather than directly connecting them to the distribution system. This is not satisfactory, and is a problem with distributed resources internationally, for example in California.	Bushnell for Trustpower
588	The proposal to allow distributors to charge distributed generators for common costs will exacerbate the negative impact of the proposal to make Transpower responsible for ACOT payments. The combination of the two proposals means that not only will there be uncertainty whether distributed generators will be paid for the benefits they provide, there will also be an increase in costs to connect to the distribution network. The combination of the two proposals greatly disincentivises the efficient connection of distributed generation.	HoustonKemp for Trustpower

General

	Submission	Submitter(s)
589	The proposal to remove ACOT payments could result in a reduction in enterprise value for the distributed generators in PwC's analysis of approximately $106 million. The value reduction could be up to approximately $374 million if the distributed generators in the analysis lose ACOT revenue and are also required to pay common costs at $40/MWh. See further PwC analysis attached to Pioneer Energy's submission.	IEGA, PwC for Pioneer Energy on behalf of IEGA
590	The proposal to remove ACOT payments is undesirable because it may hinder the Government's attempt to achieve 90% renewable generation by 2025. This is because new distributed generation will be renewable and new grid-connected generation will be incentivised to locate close to load (and away from renewable fuel sources).	Top Energy Group
591	The proposal to remove ACOT payments is undesirable because it transfers the benefits created by distributed generators to load customers.	Electra Generation
592	The proposal transfers costs from grid-connected generation to distributed generators by making distributed generators contribute to both grid and network costs. This is an unacceptable wealth transfer from low income communities to large, wealthy corporates.	Ruapheu District Council
593	The proposal will address the issue that the RCPD charges may incentivise inefficient use of distributed generation.	Northland Inc
594	The proposal will cause uncertainty in pricing which may lead to reduced consumption.	Electra Generation
595	The proposal will create inequity between generators and load customers.	Electra Generation
596	The proposal will create two market prices for consumers and a transmission subsidy for grid connected generators.	Pioneer Energy
597	The proposal will deprive distributed generators who provide demand-side management of a large portion of the benefit that they confer.	Bryan Leyland
598	The proposal will have a negative impact on small rural communities that are dependent on distributed generators and on distribution networks that are supported in large part by distributed generators.	NZ Energy
599	The proposal will have inefficient outcomes because load customers will rely more on transmission instead of distributed generators for services.	Electra Generation
600	The proposal will hinder regional growth and create inequalities for rural New Zealand and the regions, which are already struggling because many distributed generators are based regionally and the benefits from them come back to the regions.	Ruapheu District Council
601	The proposal will increase energy charges because distributed generators will try to recover the common cost they are required to pay.	NZ Energy
602	The proposal will reduce distributed generation market values by 30% due to the TPM and as much as 100% of shareholder equity if the DGPPs are removed. See further analysis by PwC for Pioneer Energy on behalf of IEGA.	Pioneer Energy
603	The status quo is preferable to the proposal.	IEGA, Karaponga Hydro, Kawatiri Energy, NZ Energy, PwC for 14 EDBs

General

	Submission	Submitter(s)
604	The status quo is preferable to the proposal because the outcomes of the proposal are unclear and there is a real risk of reduced efficiency.	ENA
605	The status quo is preferable to the proposal because the proposal does not provide the greatest long-term benefit to consumers.	Inchbonnie Hydro, Omanawa Falls Hydro
606	The status quo is preferable to the proposal because the proposal reduces competition, reliability and efficiency.	King Country Energy
607	Without the existence of an extensive and multifaceted framework for Transpower and distributors to consider non-network options, removal of the DGPPs only serves to undermine existing distributed generation investment.	HoustonKemp for Trustpower

The proposal: shifting ACOT to Transpower

	Submission	Submitter(s)
608	Agrees that if an existing or prospective distributed generation investment reduces transmission costs then the owner of that distributed generation will seek a contract with Transpower (who is incentivised to enter into such contracts).	MEUG
609	Because distributed generation competes with networks at both the transmission and distribution levels, a regulatory framework is necessary to protect against monopoly power. Shifting ACOT to Transpower will stymie competition by reducing the ability for distributed generation to act as a substitute for a service provided by a monopoly.	CEC for Trustpower
610	Contracting between Transpower and distributed generators is not the most appropriate solution for all distributed generation owners or transmission deferral opportunities.	Genesis Energy
611	Contracts between Transpower and distributed generators should be generic and transparent. The value of these contracts could be determined as part of Transpower's annual pricing process.	Buller Electricity
612	Does not agree that Transpower's demand-response trials show its capability to contract for distributed generation. This is because: (1) the Authority has not requested comment from the relevant distributed generators; (2) the demand-response trials were small-scale and are unlikely to reflect the situation if the proposal were implemented; and (3) Transpower had an incentive to see the demand-response trials succeed, which it may not have in relation to ACOT payments.	Carvell for Trustpower
613	Does not agree with the Authority's assumption that Transpower has incentives to make ACOT payments without the DGPPs. If the proposal is implemented, it is unlikely that ACOT payments will continue to be made. If they are, it is unlikely that they will be closer to the efficient level than they currently are, and there is a real risk that they will not reflect the actual services provided.	Trustpower
614	Does not support the proposal to make Transpower responsible for ACOT payments, but submits on the basis that the proposal will occur in its current form.	Axiom for Transpower
615	Does not support the proposal to make Transpower responsible for ACOT payments.	David Glass, HoustonKemp for Trustpower, HydroWorks, Infratil, Molly Melhuish, Ruapheu District Council, Trustpower
616	Does not support the proposal to make Transpower responsible for ACOT payments because distributed generators are not currently artificially advantaged compared to grid-connected generators.	Network Waitaki
617	Does not support the proposal to make Transpower responsible for ACOT payments because it would be anticompetitive. It would give Transpower a monopoly right to recover its regulated revenues from all parties, and would remove consumer choice between paying Transpower's charges and choosing an alternative supplier.	Nova Energy
618	Does not support the proposal to make Transpower responsible for ACOT payments because the RCPD charge can provide adequate price signals.	Network Waitaki

	Submission	Submitter(s)
619	If the proposal is implemented, Transpower is in a better position than distributors to make ACOT payments for new distributed generation, because it is likely to impact Transpower's base capex and opex allowances; and because Transpower is permitted to recover the costs of approved transmission alternatives in its prices after the beginning of a regulatory control period.	Carvell for Trustpower
620	If the proposal is implemented all existing ACOT payments should be moved across to Transpower at a cost to be allocated as part of a residual postage stamp charge.	NZ Energy
621	If the proposal is implemented Transpower should pay distributed generators' ACOT payments based on distributed generators' previous three year average ACOT payments. An industry working party should then be established to create a robust set of rules by which distributed generation is valued. Once the rules are ratified by the Commerce Commission, the interim distributed generator payments will transfer over to a new policy.	NZ Energy
622	If there are unforeseen barriers that prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission investment, either the Authority or the Commerce Commission should modify the regulatory regime to remove these.	MEUG
623	Making Transpower responsible for ACOT payments may not increase efficiency because Transpower is not incentivised to pay distributed generators on the basis of economic cost.	ENA
624	Supports the proposal to make Transpower responsible for ACOT payments, but there are still issues that need addressing.	BusinessNZ, ENA
625	Supports the proposal to make Transpower responsible for ACOT payments.	Buller Electricity, Contact Energy, Genesis Energy, Meridian Energy, MEUG, Mighty River Power, Unison Networks, Winstone Pulp International
626	Supports the proposal to make Transpower responsible for ACOT payments because it will ensure that payments are proportional to the transmission benefits received, rather than through a less targeted price signal like currently.	Castalia for Genesis Energy
627	The Authority has not explained why it considers that Transpower can get ACOT payments right for distributed generators (its competitors) when, for example, the Authority is not confident that Transpower can be trusted to get transmission prices right for its customers.	CEC for Trustpower
628	The Authority may need to consider, at a later date, the need for further measures to ensure the negotiation of agreements between Transpower and distributed generators. For example, a requirement for the disclosure of concluded agreements and/or the provision of a default benchmark agreement.	Meridian Energy
629	The Authority's assumption that Transpower has incentives to make efficient choices between non-transmission and transmission solutions is incorrect because it assumes that the WACC matches Transpower's actual cost of capital. However, it is likely that the regulatory WACC may be higher or lower than Transpower's actual cost of capital. If it is higher, Transpower will be biased against the purchase of distributed generation; if it is lower, Transpower will be biased towards the purchase of distributed generation.	HoustonKemp for Trustpower
630	The Authority should develop a generic framework to be used by Transpower in its contracting arrangements with distributed generators. This consultation should be undertaken in an open and transparent manner to identify all relevant issues.	BusinessNZ
631	The Authority should publish targeted timeframes for consideration/approval of arrangements between Transpower and distributed generators.	Meridian Energy

	Submission	Submitter(s)
632	The Authority should take into account that if the proposal is implemented, there are incentives in the regulatory regimes for Transpower that should favour saving capex and incurring the additional opex (in the form of payments to distributed generation). However, the price quality regime in the Commerce Act means that Transpower is likely to favour a capex investment. Carvell provides a detailed example of the considerations for Transpower in his submission.	Carvell for Trustpower
633	The Authority should take into account that the proposal forces distributed generators to negotiate with Transpower who has almost complete leverage over the terms of agreements. The Authority's expectation that such circumstances could result in a competitive market-like outcome are unrealistic.	Bushnell for Trustpower
634	The Authority should take into account that there is evidence that Transpower has taken distributed generation (particularly its potential growth) into account in its planning.	Baldwin for Trustpower
635	The Authority should take into account that the transition to Transpower being responsible for ACOT payments could increase transmission costs.	ENA
636	The current ACOT arrangements are market-like in that they create competitive tension in an otherwise monopolised market. However, the proposal to make Transpower responsible for ACOT payments will eliminate this, despite the fact that the Authority's decision-making and economic framework favours market-like arrangements.	CEC for Trustpower
637	The DGPPs must be retained because they ensure that Transpower will pay for the benefits received from the services distributed generators provide.	New Zealand Wind Energy Association
638	The DGPPs should be consistent with Part 4 treatment of transmission alternatives in Transpower's revenue price path.	Pioneer Energy
639	The DGPPs should continue to provide for ACOT payments but only where they relate to avoided costs rather than charges. The process for determining whether costs are avoided will require Transpower input but should have independent oversight by the Authority. This will ensure that all ACOT payments that should be made will be made.	PwC for 14 EDBs
640	The ideal endpoint of the proposal is that Transpower will have a suite of contracts that actually reflect the value of distributed generation in deferring or avoiding transmission costs and provide a revenue stream of sufficient certainty to allow investment to proceed where this maximises net benefits.	Castalia for Genesis Energy
641	The institutional incentives for Transpower to seek non-network solutions are currently quite weak even with the DGPPs (especially when compared to Australia). The removal of the DGPPs will result in insufficient incentives remaining for Transpower to seek non-network solutions.	HoustonKemp for Trustpower
642	The proposal is undesirable because it will put distributed generation at a competitive disadvantage to Transpower in relation to transmission services.	Energy3
643	The proposal is undesirable because it will put distributed generators at a competitive disadvantage to Transpower in relation to transmission services.	Inchbonnie Hydro, Southern Generation Limited Partnership

	Submission	Submitter(s)
644	The proposal requires Transpower to contract with distributed generators. It may do so on a case-by-case basis, which is likely to produce efficient outcomes if applied to larger distributed generators with countervailing bargaining power (for instance, those bigger than 5MW). Or, it could define criteria that would determine if distributed generators were eligible for payment, and the size of that payment, without having to enter into a bespoke contract (which would produce better outcomes for smaller distributed generators). (Axiom provides further details in its submission.)	Axiom for Transpower
645	The proposal requires Transpower to engage with existing distributed generators. This would involve considering whether its network costs would increase if a payment was not made to an existing distributed generator that has sunk costs (ie to apply a "with or without a network support payment" test). This leads to the risk of distributed generation being "held up" (as explained elsewhere), and there is little that Transpower can do to mitigate this risk.	Axiom for Transpower
646	The proposal should allow for ACOT contracts to be relocated from distributors to Transpower immediately after implementation.	Electra Generation
647	The proposal to make Transpower responsible for ACOT payments is a "top down" approach for the benefit of established transmission and generation providers. This is out of step with the trend towards demand-side options.	ETNZ
648	The proposal to make Transpower responsible for ACOT payments is regulatory overreach. It attempts to address a transmission problem (that transmission prices are "inefficient") by placing restrictions on the distribution sector.	CEC for Trustpower
649	The proposal to make Transpower responsible for ACOT payments is simple and will lower costs for distributed generators dealing with Transpower as opposed to distributors individually. Transpower is best placed to determine where distributed generation would benefit the wider grid and has incentives to provide a deferred level of transmission service at the lowest possible cost.	Mighty River Power
650	The proposal to make Transpower responsible for ACOT payments is undesirable because distributors without distributed generation on their networks would be disadvantaged. This is because ACOT payments from Transpower would result in distributors with distributed generation on their networks paying significantly less transmission charges.	King Country Energy
651	The proposal to make Transpower responsible for ACOT payments will not disadvantage small distributed generation because aggregators will assist any negotiations.	ENA, Unison Networks
652	The proposal will lead to a windfall gain to distributors, who will be able to keep the benefit of their avoided transmission charges without making the corresponding ACOT payments.	CEC for Trustpower
653	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs.	Thomas Cameron
654	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include an imbalance of information and resources between the negotiating parties.	ENA

	Submission	Submitter(s)
655	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include an imbalance of information and resources between the negotiating parties. This imbalance in bargaining power would give rise to a wealth transfer from distributed generators to networks and would increase the likelihood of inefficient outcomes.	HoustonKemp for Trustpower
656	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include an imbalance of power between the negotiating parties.	Molly Melhuish, Orion New Zealand, PowerCo
657	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include an imbalance of resources between negotiating parties.	Nova Energy
658	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that changes to the TPM are uncertain and therefore it is uncertain how charges can be reflected in service payments to distributed generators.	IEGA
659	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that currently there are no practical lines of communication between small-scale distributed generators and Transpower. However, technology could change this.	David Glass
660	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that distributed generators have weak bargaining power and are not appropriately resourced.	Inchbonnie Hydro
661	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that distributed generators have weak bargaining power because the proposal will lower their value.	Pioneer Energy
662	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that distributed generators will not be able to negotiate effectively with Transpower who is a competitor.	Network Waitaki
663	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that existing distributed generation is unlikely to be able to withhold its services, so these distributed generators' negotiations with Transpower will be one-sided.	Carvell for Trustpower
664	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it is difficult to negotiate commercial contracts with a monopoly.	BusinessNZ, Eastland Generation, Karaponga Hydro, Kawatiri Energy, New Zealand Wind Energy Association, NZ Energy, Omanawa Falls Hydro, Pioneer Energy
665	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it will be difficult for distributed generators to compete with non-transmission solutions initiated by Transpower (for example, Transpower's Demand Response Programme).	IEGA

	Submission	Submitter(s)
666	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it will be difficult for distributed generators to determine their historical benefit, and Transpower has an incentive to understate the historical benefit in order to minimise future payments it has to make.	Carvell for Trustpower
667	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it will be difficult to agree the value of services that distributed generation provides.	Buller Electricity, King Country Energy
668	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it will be difficult to agree the value of services that distributed generation provides because the proposed TPM does not have an effective economic price signal for transmission alternatives.	ENA
669	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it will be difficult to agree the value of services that distributed generation provides because there are no resources to identify the value.	IEGA
670	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it will be difficult to agree the value of services that distributed generation provides because there is no framework for calculating the value.	ASEC for King Country Energy
671	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it will be difficult to agree the value of services that distributed generation provides because there will be no pricing principles to use as guidance.	ENA
672	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that it will likely be seen as a distraction from Transpower's core business.	BusinessNZ
673	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that most distributed generators are too small to effectively negotiate.	ASEC for King Country Energy
674	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that removing the DGPPs from the Code will give Transpower unconstrained monopsony buying power in dealing with distributed generators. Transpower would only have to pay the distributed generator a price marginally above the incremental cost, which may be much less than the marginal benefit.	Axiom for Transpower
675	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that the Code is complex.	Inchbonnie Hydro
676	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that the proposal creates uncertainty.	Karaponga Hydro, Kawatiri Energy, New Zealand Wind Energy Association, Omanawa Falls Hydro

	Submission	Submitter(s)
677	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that the proposal will continue the current imbalance in power and disinterest in small-scale distributed generation.	David Glass
678	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that the proposal would test Transpower's existing planning and investment frameworks for transmission and would increase the readership of these documents. For example, distributed generators may want access to information on future network constraints and future spending. Transpower would need to establish whether its planning documents would be adequate (particularly for prospective investors in small distributed generation). Comparison with the situation in Australia indicates that this information may not be adequate.	Axiom for Transpower
679	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that there could be delays in Transpower implementing the proposal, particularly in the case of existing distributed generation assets.	BusinessNZ
680	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that there is no current process or mechanism to levy customers served by a non-grid solution.	Pioneer Energy
681	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that there is no detail about how Transpower will oversee ACOT payments, and Transpower has stated that it does not know how it would implement the proposal.	Inchbonnie Hydro
682	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that there is no detail about how Transpower will oversee ACOT payments.	Energy3
683	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that there is no dispute resolution process.	AD Harwood, King Country Energy
684	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that there is no framework for negotiation.	ASEC for King Country Energy
685	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that there will be significant transaction costs for Transpower and distributed generators.	ENA
686	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower does not have sufficient revenue to make ACOT payments.	Pioneer Energy
687	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower does not have the right incentives.	AD Harwood, ASEC for King Country Energy, IEGA, Inchbonnie Hydro, King Country Energy, New Zealand Wind Energy Association, NZ Energy, Pioneer Energy

	Submission	Submitter(s)
688	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower has a conflict of interest in making ACOT payments.	ASEC for King Country Energy, ENA
689	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower has no experience with ACOT payments and is not set up to deal with ACOT payments.	AD Harwood
690	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower has no experience with ACOT payments and is not set up to deal with ACOT payments. Distributors and retailers are better resourced at implementing bespoke allocation principles across the supply chain.	Electra Generation
691	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower is not resourced to deal with a large number of applications.	Axiom for Transpower, David Glass, IEGA, King Country Energy
692	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower may become inundated with complex consultations, negotiations and potential litigation.	Electra Generation
693	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower's default position will be that it will not make ACOT payments to distributed generators.	AD Harwood
694	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower's revenue needs to be approved by the Commerce Commission.	IEGA, Karaponga Hydro, Kawatiri Energy, New Zealand Wind Energy Association, Omanawa Falls Hydro
695	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will be biased toward network solutions (even if this would be a higher cost option).	CEC for Trustpower
696	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will be biased towards capital expenditure.	Trustpower
697	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will be biased towards network solutions (particularly in the context of smaller projects). This is because networks perceive network solutions as having lower risks and lower transaction costs. Axiom provides further reasons in its submission. Axiom also details the Australian situation, in which most network investment in non-network solutions has occurred when there has been an explicit requirement to consider such options as part of formal regulatory investment test procedures (which is not the case in New Zealand).	Axiom for Transpower
698	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will be biased towards network solutions.	Orion New Zealand

	Submission	Submitter(s)
699	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will be biased towards network solutions because Transpower faces the same incentives as distributors to prioritise capex over opex, because capex increases its RAB revenue and profit, and more readily assists it to control network performance.	Carvell for Trustpower
700	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will be biased towards network solutions for large network alternatives, particularly if Transpower has options for developing projects internally, or if the project risks the stranding of existing assets.	Bushnell for Trustpower
701	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will be biased towards network solutions particularly in areas with load growth, as distributed generation in those areas would only temporarily defer investment.	BusinessNZ
702	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will be unable to engage effectively with small distributed generators.	Electra Generation
703	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will have minimal guidance and this could result in a lengthy process that is materially worse than existing arrangements.	ENA
704	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will have no incentive to make ACOT payments to distributed generators who are connected to transmission assets with sunk costs.	Alpine Energy
705	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will have no incentive to pay for distributed generation investments that are sunk.	ENA
706	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will need to be clear and transparent with its pricing signals to ensure that consumers can respond accordingly.	Solarcity
707	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will need to develop analytical tools, processes and systems to deal with these agreements.	Orion New Zealand
708	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that Transpower will not purchase an efficient level of distributed generation because of the likely difference between the distributed generators' private cost of capital and Transpower's regulatory WACC. HoustonKemp provides a detailed example in its submission comparing Transpower's hypothetical investment in network solutions and distributed generated solutions.	HoustonKemp for Trustpower

	Submission	Submitter(s)
709	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include that unless the Commerce Commission exercises its power under Section 52P of the Commerce Act, Transpower cannot recover costs, which includes benefits of reduced transmission costs provided by distributed generators.	Eastland Generation
710	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include the scale of transmission investments.	IEGA
711	There will be barriers that might prevent agreement being reached between Transpower and distributed generators to efficiently reduce or defer transmission costs. These include the short timeframe for implementation.	IEGA, Karaponga Hydro, Kawatiri Energy, Omanawa Falls Hydro
712	There will be non-trivial costs involved in implementing the new regime for which Transpower is not currently funded. The Authority needs to resolve with the Commerce Commission how Transpower will be compensated for these costs (for instance, under section 54V of the Commerce Act) before it reaches a decision. It will be difficult for Transpower to commit significant resources to the proposal until it has clarity on funding.	Transpower
713	The transaction costs associated with the proposal to make Transpower responsible for ACOT payments are likely to be larger than anticipated by the Authority, particularly for small distributed generators.	BusinessNZ
714	To the extent that the proposal recognises that some distributed generators are efficient and will be able to negotiate with Transpower, the DGPPs must remain to protect those distributed generators.	NZ Energy
715	Transpower already engages with distributed generators in two ways. First, it must consider non-network alternatives for all $20m+ capex developments. Second, through its demand response programme.	Axiom for Transpower
716	Transpower currently has the opportunity to contract with distributed generators but has not done so. It is unlikely that, without regulation, Transpower will be incentivised to contract with distributed generators for any services.	New Zealand Wind Energy Association
717	Transpower has undertaken some preliminary analysis in relation to distributed generation. (See Scientia report attached to Transpower's DGPP submission. See also Transpower's submission on the TPM.) However, Transpower considers that it would need to complete a system-wide planning assessment before being able to implement the proposal, which is an exercise potentially similar in scope and scale to Transpower's annual planning process.	Transpower
718	Transpower is more likely to allocate overheads to distributed generators on an appropriate basis, given its higher visibility and transparency.	Nova Energy
719	Transpower is well placed to design and develop a simple approval process for agreements with distributed generators that takes into account the different circumstances of those parties.	Meridian Energy
720	Transpower should have the obligation to ensure that any new distributed generation solution is provided at least cost through a competitive process.	Contact Energy

Transition

	Submission	Submitter(s)
721	If the Authority does not transition the proposal together with a transition to the new TPM, it should still consider grandfathering ACOT payments.	Castalia for Genesis Energy
722	If the DGPPs are removed, they should be grandfathered.	Inchbonnie Hydro, Northland Inc, Top Energy Group
723	If the DGPPs are removed, they should be grandfathered. Trustpower quotes Trebilcock's Dealing With Losers, which states that grandfathering as well as phased/postponed implementation of policy are normal considerations in mitigating the costs associated with policy changes.	Trustpower
724	If the DGPPs are removed, they should be grandfathered because: (1) 77% of the benefit estimated by the Authority under its best case scenario is attributable to avoided new investment; (2) the Authority should be cautious in reversing regulatory settings for sunk investment; and (3) it would remove the significant cost to existing distributed generators in renegotiating agreements.	HoustonKemp for Trustpower
725	If the DGPPs are removed, they should be grandfathered because it would address the issue of distributors being contractually obliged to continue making ACOT payments to distributed generators.	PwC for 14 EDBs
726	If the DGPPs are removed, they should be grandfathered because it would address the issue of the proposal causing dynamic inefficiencies.	BusinessNZ, PowerNet, PwC for 14 EDBs
727	If the DGPPs are removed, they should be grandfathered because it would address the issue of the proposal reducing reliability.	PowerCo
728	If the DGPPs are removed, they should be grandfathered because it would address the issue of the proposal undermining distributed generation.	ENA
729	If the DGPPs are removed, they should be grandfathered because the Authority has stated that grandfathering would only have a very small impact on the effectiveness of the reform, and because existing ACOT arrangements would not have to change.	CEC for Trustpower
730	If the DGPPs are removed, they should be grandfathered to investments commissioned after October 2012 (the date of the first TPM issues paper, which was the first to cast doubt over the future level of ACOT payments). The Authority appears to agree that grandfathering the transition in this way will have only a very small impact on the overall effectiveness of the reform since the majority of the efficiencies are associated with future investments.	BusinessNZ
731	If the DGPPs are removed, they should be grandfathered until at least 1 April 2019.	Orion New Zealand
732	If the DGPPs are removed, they should be grandfathered with regard to ACOT payments.	Alpine Energy, Pioneer Energy
733	If the proposal is implemented distributed generators should continue to have a right of access to the Rulings Panel in relation to existing connection arrangements.	Energy3
734	If the proposal is implemented the Authority needs to undertake a proper consideration of transition options.	Trustpower
735	Regulatory best practice and section 39(2)(c) of the Act require the Authority to consider alternative transition mechanisms to limit the costs for participants and the market of coming to terms with changes in the regulatory regime. The Authority has not done so.	Baldwin for Trustpower

	Submission	Submitter(s)
736	The amendments to Part 17 appear to generally align with the RCPD boundaries.	King Country Energy
737	The Authority has not justified its phased transition approach (either the timings or the regions used).	Orion New Zealand
738	The Authority lacks a suitable regulatory change process for this proposal. This is a serious concern given that the proposal is likely to have significant adverse financial effects for distributed generators. Baldwin's submission sets out the regulatory change management process that the Authority should have followed.	Trustpower
739	The Authority should engage in more work to establish an appropriate transition mechanism. For example, the Authority could engage in a separate consultation following its decision. Such consultation would need to consider the incentives and impacts created by the proposal on distributed generators.	Genesis Energy
740	The Authority should have better considered flexible approaches to introducing change, such as alternative transition options, developing a model approach to ACOT payments, allowing parties to choose to retain ACOT, or restructuring ACOT in light of the new TPM. This is because the competitive distributed generation environment makes giving concessions or compensation difficult when managing change.	Baldwin for Trustpower
741	The Authority should provide guidance about whether its proposal will be retroactive. This is because, for example, there is uncertainty in the sector as to whether current dispatch will receive ACOT payments when these come to be calculated next year.	Baldwin for Trustpower
742	The Authority should reconsider its proposed treatment of assets built before 2012. The Authority has been willing to do this in relation to the TPM in regards to transmission assets built before 2004. A similar approach should be taken in this case.	BusinessNZ
743	The current transition timeframe is inappropriate and may incentivise uneconomic and undesirable behaviours from distributed generators.	Genesis Energy
744	The proposal should be phased in, however the transition period should be longer to enable distributed generators to contract effectively with Transpower.	Eastland Generation
745	The proposal should be phased in.	Inchbonnie Hydro, Unison Networks
746	The proposal should be phased in. Supports the proposed transition provisions.	Contact Energy
747	The proposal should be phased in. The proposed transition provisions are manageable and will allow early benefits to be obtained.	Meridian Energy
748	The proposal should not be grandfathered because it will allow significant inefficiencies to persist, and is inconsistent with general New Zealand regulatory practice.	Meridian Energy
749	The proposal should not be phased in.	Electra Generation, Genesis Energy, King Country Energy, Winstone Pulp International
750	The proposal should not be phased in. However, if it is, supports the Authority's regional approach.	MEUG
751	The proposed phase in period is not likely to be achievable and, in any event, is not satisfactory because the April 2017 LNI/LSI transition will invalidate actions taken by distributors and distributed generators, under the current rules, during the capacity measurement period ending 31 August 2016. Phasing in should take place from 1 April 2018 at the very earliest for all New Zealand.	Mighty River Power
752	The proposed phase in period is too short.	Inchbonnie Hydro

	Submission	Submitter(s)
753	The proposed transition provisions are inadequate because the Authority has not set out genuine transition options for stakeholders to submit on, nor has it suggested that it will follow up its consultation paper with a review of the transition process. This lack of genuinely considered options for transition is inconsistent with other recent proposals, for instance, the transition options in the TPM options working paper.	Baldwin for Trustpower
754	The proposed transition provisions are inadequate because the Authority has only considered the impacts of the phased implementation of the proposal on Transpower, rather than on the industry generally.	Baldwin for Trustpower
755	The proposed transition provisions are inadequate because they do not take into account the number of contracts being negotiated or the length of time each one takes to negotiate.	Trustpower
756	The proposed transition provisions would partially rectify any delay in Transpower's implementation of the proposal.	BusinessNZ
757	The TPM and DGPP proposals should be considered in the same review. However, if the DGPP proposal is implemented first, it should be phased in, but not before the TPM is finalised.	Buller Electricity
758	The transition process must take into account that negotiating power will be with the larger entities, that some distributed generation will cease to be viable, and that the relative competitiveness between distributed generation and grid-connected generation will change.	ENA

Miscellaneous

	Submission	Submitter(s)
759	All of ASEC's previous submissions made in response to the ACOT issue in the context of the TPM are also relevant to the consultation on the DGPP paper.	ASEC for King Country Energy
760	Aspects of King Country Energy's submission relate to the TPM paper.	King Country Energy
761	Because the Authority's statutory objective is narrow, it is difficult for submitters to present alternative options for reform.	Trustpower
762	Compliance with section 32(1) of the Act and the Code amendment principles is not in itself a sufficient reason for the proposal to proceed.	Orion New Zealand
763	If there is an efficiency advantage in relation to distributed generation, then the distributor should be required through regulation to adapt their business models to cater for a new type of customer providing that efficiency advantage.	John Irving
764	It is at least arguable that Trustpower (and other existing distributed generators) has a legitimate expectation that existing arrangements would continue unchanged. If this is so, then the Authority has breached this expectation. The NERA report for Trustpower, Regulatory Change Management (2014), argued this, citing the EWCA decision in Secretary of State for Energy and Climate Change v Friends of the Earth as authority. However, the Authority might argue in response that: changes to Part 6 of the Code are not an interference with a payments regime that has promised security under statutory authority for a stipulated period of time; the DGPPs were only ever a fall-back for parties who could not contract; and there was no period of regulatory stability because distributors and distributed generators could enter into a contract at any time.	Baldwin for Trustpower
765	It is not acceptable that information regarding distributors' approach to connection charges will not be available for some years.	Energy3
766	Orion's submissions on the DGPP and TPM proposals should be read together.	Orion New Zealand
767	Stakeholders will seek legal recourse or request Ministerial review under the Act if the proposal goes ahead.	Southern Generation Limited Partnership
768	Supports solutions suggested by IEGA, Pioneer Energy, and Trustpower.	Electra Generation
769	The Authority does not appear to have a cohesive vision for the future of the industry as there are a number of conflicting statements in the TPM guidelines, the DGPP paper, and the distribution pricing review.	Network Waitaki
770	The Authority has largely ignored the issues raised in previous consultations.	King Country Energy
771	The Authority has not complied with section 21 of the Act because the proposal is not supported by Advisory Group input.	Southern Generation Limited Partnership
772	The Authority has not complied with section 21 of the Act because the proposal is not supported by a Market Study or Advisory Group input.	IEGA, Pioneer Energy
773	The Authority has only provided a narrow range of options, all of which effectively amount to a ban on most current ACOT payments. This suggests that the substance of the proposal is a fait accompli.	Baldwin for Trustpower

	Submission	Submitter(s)
774	The Authority has predetermined its decision. It has failed to demonstrate its impartiality by, for example: (1) using advisory groups; (2) using independent expert reports to verify and support the problem definition, regulatory objectives, alternatives, and the CBA; (3) providing regular feedback, decisions, and reasons to submitters throughout the policy development process; or (4) providing adequate time for consultation.	Trustpower
775	The Authority has predetermined its desired outcome in the DGPP paper.	AD Harwood, NZ Energy
776	The Authority has predetermined that distributed generators will not be paid ACOT payments as they are unlikely to be providing services that will avoid transmission costs.	IEGA
777	The Authority has predetermined that small scale generators will not receive ACOT payments.	Energy3
778	The Authority has taken into consideration a wider range of factors than it is able to under its statutory objective.	NZ Energy
779	The Authority indicated in a letter to the IEGA that its reform of distribution pricing principles is unlikely to be settled for "some years". This is unsatisfactory, given that these principles will apply to distributed generation under the proposal.	Trustpower
780	The Authority is inconsistent in the approach it takes in the proposal and the approach it takes to the relationship between retailers and distributors.	IEGA, New Zealand Wind Energy Association
781	The Authority is inconsistent in the DGPP and TPM papers because the TPM proposal takes into account factors outside the Authority's statutory objectives.	Energy3
782	The Authority is inconsistent in the DGPP and TPM papers regarding distributed generation.	Southern Generation Limited Partnership
783	The Authority is inconsistent in the DGPP and TPM papers regarding distributed generation. For example, the CBA in the TPM stated that distributed generators are efficient, are an effective way to reduce peak demand levels, and also contribute economic benefits.	IEGA
784	The Authority is inconsistent in the DGPP and TPM papers regarding distributed generation. For example, the TPM paper stated that distributed generators are efficient.	Pioneer Energy
785	The Authority is inconsistent in the DGPP and TPM papers regarding distributed generation. The proposed CBA assumes that benefits will arise from discontinuing the operation of embedded diesel generators. However, the Oakley Greenwood CBA for the TPM estimates that there is a net benefit of continuing to operate the existing fleet of embedded diesel generators of $18.5 million over 20 years. This inconsistency is unsatisfactory.	HoustonKemp for Trustpower
786	The Authority is inconsistent in the DGPP and TPM papers regarding the role of distributed generation as a transmission alternative.	Orion New Zealand
787	The Authority lacks effective oversight systems because it operates at arm's length to Government and its decisions are not subject to merits appeal: its only accountability mechanisms are general administrative law, its annual review before a Select Committee, and Ministerial appointment of its Board. Therefore, it must make use of other regulatory change management processes to reduce regulatory risk. This is particularly important because the courts are unlikely to interfere with the Authority's decisions except in cases of bad faith, material misapplication of the law or non-compliance with its statutory purpose (see Unison Networks v Commerce Commission).	Baldwin for Trustpower

	Submission	Submitter(s)
788	The Authority must be careful not to predetermine its own decisions by suggesting that distributed generators "should have known" that the Authority was likely to change the DGPPs.	Genesis Energy
789	The Authority needs to focus on what the electricity system of the future may look like and what the Authority's role should be in facilitating change in the current system. For example, solar generation, batteries, and controllable loads are examples of changes towards a clean, smart electricity system that will challenge all companies involved in the electricity and energy sectors and result in major changes to the system.	Greenpeace New Zealand
790	The Authority should keep the exclusions in B.9.8 because the types of disputes excluded materially impact distributors' businesses. [Note to Authority: it is not clear what Powerco is referring to in this submission. You should consider clarifying it with Powerco.]	PowerCo
791	The Authority should prioritise security of supply.	Advanced Networks Group
792	The Authority should seek further clarification regarding the Commerce Commission's treatment of ACOT as a pass-through cost, as this could create ambiguity as to a distributor's obligations to make ACOT payments to a distributed generator.	Mighty River Power
793	The Authority should take into account a wider range of factors than it is able to under its statutory objective, including by widening the interpretation of its statutory objectives.	PowerNet
794	The Authority should take into account a wider range of factors than it is able to under its statutory objective, including efficiency objectives.	John Irving
795	The Authority should take into account a wider range of factors than it is able to under its statutory objective, including environmental issues.	ASEC for King Country Energy
796	The Authority should take into account a wider range of factors than it is able to under its statutory objective, including environmental issues and other Government policy objectives. If necessary, the Authority's statutory framework should be changed to allow the Authority to do so.	Greenpeace New Zealand
797	The Authority should take into account a wider range of factors than it is able to under its statutory objective, including other Government policy objectives.	PowerNet
798	The Authority should take into account a wider range of factors than it is able to under its statutory objective, including the proposal's impact on the New Zealand Energy Strategy and the Energy Efficiency and Conservation Strategy.	New Zealand Wind Energy Association
799	The Authority should take into account a wider range of factors than it is able to under its statutory objective, including the treatment of distributed generation in other jurisdictions.	PowerNet
800	The Authority should take into account a wider range of factors than it is able to under its statutory objective, including the wider implications to New Zealand as a stable investment environment.	PowerNet
801	The Authority should take into account a wider range of factors than it is able to under its statutory objective because wider benefits were considered when the DGPPs were first introduced in 2007.	Energy3
802	The Authority should take into account that it is a higher priority issue for Transpower and distributors to improve the efficiency of their respective pricing methodologies.	BusinessNZ

	Submission	Submitter(s)
803	The Authority should take into account that the proposal is inconsistent with other Government policy objectives, for example increasing renewable energy to 90% by 2025. Small embedded generation assets have great potential to contribute to the growth in renewable energy production, but the proposal will act as a major impediment to this sector's growth.	HydroWorks
804	The Authority should take into account that the proposal is inconsistent with other Government policy objectives, for example the National Policy Statement for Renewable Generation, which states that renewable generation is nationally significant no matter its size.	Ruapheu District Council
805	The Authority should take into account the Australian Energy Market Commission's approach in relation to a regulated service-based payment by network companies to distributed generators.	IEGA
806	The Authority should take into account the international literature on distributed generation as cited in Pioneer Energy's submission.	Pioneer Energy
807	The DGPP paper is complex, confusing, and not accessible to small businesses with few resources to engage with the process.	NZ Energy
808	The DGPPs should be removed from the Code regardless of whether changes are made to the TPM.	Contact Energy
809	The grid investment challenges for Transpower (for example, the Transmission Tomorrow scenarios) are a future opportunity for distributed generation that the Authority must be careful to avoid closing out through the proposal. Distributed generation services (or scale battery technology) are likely to become relevant to grid and local network investments.	Genesis Energy
810	The proposal focuses on larger distributed generation (that is, greater than 1MV). These parties have access to resources that are not available to small-scale distributed generators, who are large in number but a weak group. Similarly, network companies are monopolies with greater resources.	David Glass
811	The proposal is sufficiently important to cause a change in voting patterns in Central Otago.	Tony Banks
812	The proposal may contravene the Commerce Act 1986.	Inchbonnie Hydro
813	The proposal would diminish the ability of local trust boards to structure their services.	Ruapheu District Council
814	There is no reason for TPM reform to be delayed or affected by any changes to ACOT payments.	Meridian Energy

Alternative approaches

	Submission	Submitter(s)
815	Does not prefer the Authority's alternative 2 to address the ACOT issue (ban on ACOT payments by distributors) because it is a disproportionate response.	Meridian Energy
816	Does not prefer the Authority's alternative 3 to address the ACOT issue (Transpower approves ACOT payments by distributors) because it does not permit the use of an AoB method of cost allocation and recovery.	Meridian Energy
817	Does not prefer the Authority's alternative to address the connection services issue because the region between the minimum (incremental cost) and maximum (standalone cost) connection charges could be so wide as to be an impractical guideline for developing charges. Standalone cost is likely to create an unreasonably high boundary for charges.	Mighty River Power
818	None of the Authority's alternatives to address the ACOT issue address the issues raised by Trustpower in its submission.	Trustpower
819	Prefers the Authority's alternative 1 to address the ACOT issue (amend the definition of "incremental cost").	Unison Networks
820	Prefers the Authority's alternative 1 to address the ACOT issue (amend the definition of "incremental cost"). However, it is still inadequate because it would increase the cost barrier for small-scale distributed generators, it would not signal the true economic cost of service to all users, it would not facilitate or encourage the workable, competitive and efficient market required by the Authority, and it would favour grid-connected generation and larger network-connected distributed generation.	David Glass
821	Prefers the Authority's alternative 1 to address the ACOT issue (amend the definition of "incremental cost") because it would address the ACOT issue, but would also preserve some certainty of charges for distributors and ACOD payments through a regulatory regime (rather than leaving these to contract).	Mighty River Power
822	Prefers the Authority's alternative 3 to address the ACOT issue (Transpower approves ACOT payments by distributors).	Electra Generation
823	Prefers the proposal to all of the Authority's alternatives, as it is the simplest to implement and captures the vast majority of the benefits of the alternatives.	Contact Energy
824	Prefers the status quo to all of the Authority's alternatives.	Pioneer Energy
825	The Authority assumes that distributed generators are on a "preferred" basis when network companies set charges for distribution services. However, because they are part of an open network, they are on a "must deal with" basis. The Authority's alternative 1 to address the ACOT issue (amend the definition of "incremental cost") would create a "preferred" basis and a "not preferred" basis.	David Glass
826	The Authority's alternative 1 to address the ACOT issue (amend the definition of "incremental cost") and alternative 2 to address the ACOT issue (ban on ACOT payments by distributors) involve wealth transfers and do not recognise that distributed generators consume additional resources in order to deliver their services.	Electra Generation
827	The Authority's alternative to address the connection services issue fails to take into account the fact that distributors provide a different service to distributed generators than they do to load. This justifies "special rules" for distributed generation.	Trustpower

	Submission	Submitter(s)
828	The Authority should take into account that under the Authority's alternative 1 to address the ACOT issue (amend the definition of "incremental cost") there would be fewer "incentives to create prosumers rather than standalone systems".	David Glass
829	The Authority's incomplete analysis of alternative options raises questions about whether the proposal complies with section 39(2) of the Act.	Trustpower

Interaction with TPM

	Submission	Submitter(s)
830	As part of the proposal the Authority should redefine RCPD to include the coincident output from distributed generation. Otherwise, distributors and distributed generators will still be incentivised to reduce RCPD at the expense of other grid users and voluntary (but inefficient) ACOT arrangements between distributors and distributed generators that fall outside the Code may remain in place. This is not satisfactory.	Winstone Pulp International
831	Does not agree with the Authority's suggestion that removing ACOT payments could benefit consumers by softening the impact of changes to the TPM, because (depending on what the TPM actually looks like) this may simply be shifting costs from one party to another.	Genesis Energy
832	If there are transmission constraints and Transpower is not incentivised to resolve them, distributed generation will have to be used to ensure supply. In such a case the distributor will be charged the residual charge that includes a distributed generation component. The distributor will also face the actual cost of the distributed generation if Transpower has not contracted the distributed generation. All these costs will be passed on to consumers.	Network Waitaki
833	The Authority, Transpower and Trustpower (see Strata report filed with Trustpower's submission on the 2013 ACOT working paper) agree that, generally, pricing signals based on peak demand should endure. For example, the Authority's CBA on the N=100 component concluded that reducing the strength of the peak demand signal would effectively eliminate the probability of new investment in diesel distributed generation capacity whilst retaining the benefits of peak demand suppression provided by existing distributed generation.	Trustpower
834	The Authority has not considered the effect that the TPM review may have on technology neutrality.	Axiom for Transpower
835	The Authority has not considered the impact of the AoB charge on competition in the wholesale market, in the context of the proposal. This is inconsistent with the Authority's core objective to promote competition.	Trustpower
836	The Authority should take into account that the proposed move to an AoB charge for new investments should provide an additional incentive for transmission customers benefiting from investments to identify cheaper non-transmission alternatives in order to minimise the costs to be recovered. However, the incentive for distributors to propose alternatives may be less than for direct-connect customers or generators, as distributors are able to pass on the cost.	Castalia for Genesis Energy
837	The Authority should take into account that the TPM proposal to remove RCPD will impact distributed generation, because it will remove the incentives that distributors currently have to contract with distributed generation to reduce their peak demand.	Trustpower
838	The Authority should take into account whether the proposed TPM changes will affect incentives to invest in efficient distributed generation.	HoustonKemp for Trustpower
839	The Authority should take lessons from the TPM review (its process and its success/failure), and apply those lessons to this review. Because both proposals are complex and un-market-like pricing arrangements to eliminate minor inefficiencies, a rejection of the TPM proposal is also a rejection of the underlying basis of this proposal.	CEC for Trustpower

	Submission	Submitter(s)
840	The proposal is inconsistent with the proposed TPM where the prudent discount policy is available to load network businesses that may be subject to financial difficulties or wealth transfers under the proposed TPM.	Electra Generation, Energy3, IEGA, Karaponga Hydro, Kawatiri Energy, New Zealand Wind Energy Association, NZ Energy, Omanawa Falls Hydro, Pioneer Energy, Southern Generation Limited Partnership, Thomas Cameron
841	The proposal is undesirable because distributors with a high proportion of distributed generation on their network would be disadvantaged. This is because the TPM proposal will require distributors to pay charges based on capacity, which includes distributed generation capacity.	IEGA
842	The proposal to allow distributors to charge distributed generators for common costs results in different treatment between grid-connected and distributed generation. However, without further information as to how the AoB charge will be implemented (particularly how the benefits of assets will be identified and allocated) it is not possible to accurately compare the treatment of grid-connected and distributed generation under the TPM and DGPP proposals.	HoustonKemp for Trustpower
843	The proposed TPM is expected to allocate interconnection charges appropriately to grid users (rather than basing charges on RCPD peaks). In this case, removing the DGPPs would be unnecessary and would create perverse incentives to directly connect distributed generation to consumers, bypassing distributors.	Nova Energy
844	There is a strong link between the proposed changes to the TPM, and distributed generation grid support or deferral services. Some of these areas require more detailed analysis. For example, how will distributed generators capture the difference between the indicative and final AoB charge? Ultimately, there will not be a one size fits all solution for deferral services. However, avoiding transmission investment will require a clearer and more long-term price signal to investors, who will require contractual certainty to invest.	Genesis Energy
845	Where there is an LRMC charge applied to load or generation, Transpower should be required to apply LRMC credits for distributed generators where appropriate, reflecting the inverse of LRMC charges on load.	Nova Energy

Process

	Submission	Submitter(s)
846	Agrees that some parties may require time to prepare for and implement the proposed changes.	Contact Energy
847	Agrees that there is urgency for change because some current payments are inconsistent with the original purpose of the scheme.	Contact Energy
848	Agrees that there is urgency for change because some users are paying interconnection costs that are materially higher than they should be, which impacts those users' ability to remain internationally competitive.	Winstone Pulp International
849	Agrees that there is urgency for change to avoid high-cost arrangements for consumers persisting.	Meridian Energy
850	Any decision to implement the proposal should wait until a decision has been reached on the reform of the TPM.	Axiom for Transpower
851	Any decision to implement the proposal should wait until after Transpower's new TPM is approved.	Genesis Energy
852	Any decision to implement the proposal should wait until the Authority's and the Commerce Commission's reviews of pricing issues to promote new technologies are settled.	John Irving
853	Coinciding the DGPP and TPM papers and the Commerce Commission's input methodology consultation is undesirable because distributors may not have had enough time to engage with distributed generators.	IEGA, New Zealand Wind Energy Association
854	Coinciding the DGPP and TPM papers and the Commerce Commission's input methodology consultation is undesirable because it has limited participants' ability to focus on the matter. For example, Transpower has prioritised its consideration of the TPM over the DGPPs. The Authority should coordinate with the Commerce Commission to avoid this situation occurring again.	Transpower
855	Coinciding the DGPP and TPM papers is appreciated because it allows the industry to consider the two proposals together.	Unison Networks
856	Coinciding the DGPP and TPM papers is undesirable because it has resulted in inadequate consultation on both proposals (even though parties devoted considerable resource to submissions).	Trustpower
857	Coinciding the DGPP and TPM papers is undesirable because parties cannot meaningfully engage with the DGPP paper if they do not know what the TPM regime will look like in the future.	Baldwin for Trustpower
858	Coinciding the DGPP and TPM papers is undesirable because this has introduced considerable complexity into both reforms and has limited stakeholders' ability to effectively participate in either consultation.	CEC for Trustpower
859	Consultation on the proposal should be delayed until after the TPM review because the outcome of the TPM review could have a material impact on current ACOT payments.	ETNZ
860	Despite the significant work done by submitters in preparing submissions, a significant amount of further work needs to be done in order to properly analyse and assess the full consequences, costs, and benefits of the proposal. The Authority should have commissioned this work itself instead of leaving participants in a situation where they had to undertake this work themselves without providing them with an adequate opportunity to do so.	Trustpower
861	Does not agree that there is urgency for change.	ETNZ, Orion New Zealand
862	Does not agree that there is urgency for change. The proposal is being unnecessarily rushed through.	HydroWorks

	Submission	Submitter(s)
863	Does not agree that there is urgency for change. There could be significant lost opportunities if the proposal is rushed through in its current form.	Genesis Energy
864	In general, a process to "review" a section of the Code is deficient if the only public part of that review is a proposal to remove the entire section.	Trustpower
865	The amount of money at stake suggests the Authority should proceed more cautiously.	Orion New Zealand
866	The Authority has combined its problem definition with its analysis of options and it is therefore difficult for submitters to respond with clear options when the extent of the problem definition is still open to debate. The Authority should instead have engaged in a two-part process, asking for input on the problem definition, and then moving to options analysis once the shape of its TPM proposal was known.	Baldwin for Trustpower
867	The Authority has not acted in good faith in its consultation. It has attempted to hide the fact that the proposal will severely damage small-scale rooftop solar users who will, in the future, have to negotiate pricing schedules with power companies.	Greenpeace New Zealand
868	The Authority has predetermined that the existing distributed generation connection rules are inefficient. For instance, statements made by the Chair of the Authority about ACOT at the TPM conference in 2013, statements in the ACOT working paper, statements in the TPM working paper, and statements in the DGPP consultation paper create a sequence of views giving the impression that the Authority had already made up its mind.	Trustpower
869	The Authority has provided no feedback on the submissions made on the ACOT working paper in 2013, and these submissions are not mentioned in the DGPP consultation paper. This is inconsistent with Treasury's Regulatory Impact Analysis guidelines, which state that stakeholders should understand how feedback was incorporated in policy development. This also makes it difficult for stakeholders to anticipate the Authority's viewpoints and to anticipate subsequent developments.	Trustpower
870	The Authority's accelerated timeframe for the proposal may be because it thinks that a delay would reduce the benefits of the proposal. This is poor regulatory practice, which is likely to have an adverse effect on the credibility of, and market confidence in, the regulatory regime.	Trustpower
871	The Authority's advance notice of the consultation period allowed interested parties to engage consultants before the consultation period began. This assisted parties in preparing submissions.	Trustpower
872	The Authority's failure to use an advisory group is compounded by its failure to discuss the DGPP reform at its workshops (the workshops Trustpower attended were solely focused on the TPM proposal). Both advisory groups and workshops are a necessary part of the Authority's consultation obligations.	Trustpower
873	The Authority should adopt the following process: (1) receive submissions by 26 July; (2) ensure an appropriate length of time to consider submissions and issue a paper setting out reasons for the decision; (3) inform the Commerce Commission under section 54V of the Act as soon as practicable following a change in the Code that will result in increased cost to Transpower or to distributors; (4) Transpower will need to apply to the Commerce Commission for additional funding in order to pay for services provided by distributed generators; (5) negotiations with distributed generators and Transpower can begin after the Commerce Commission has issued sufficient funds to Transpower; (6) Transpower will need to develop an economic, commercial and legal framework before commencing negotiations to ensure a fair process and approach; and (7) Transpower will need to prioritise development of TPM guidelines.	IEGA, New Zealand Wind Energy Association

	Submission	Submitter(s)
874	The Authority should delay the current review until after the TPM is introduced and set up an advisory group to investigate if any changes need to be made to the DGPPs.	King Country Energy
875	The Authority should have conducted a study of the feasibility of industry participants negotiating contracts in the proposed timeframes.	Baldwin for Trustpower
876	The Authority should have extended the consultation period for the proposal because it would have allowed parties to provide more detailed feedback on the TPM proposal as well.	Trustpower
877	The Authority should have held workshops to explain the DGPP paper to stakeholders. Although it has offered one-on-one discussions, it should also have held workshops.	Baldwin for Trustpower
878	The Authority should have published feedback in relation to the submissions on the 2013 ACOT working paper, and acknowledged the industry concerns raised in relation to that paper.	Baldwin for Trustpower
879	The Authority should have undertaken a market review and appointed an advisory group to fill in apparent knowledge gaps evident in the consultation paper.	IEGA
880	The Authority should have used an advisory group for this proposal because: (1) the proposal is a significant change to a regulatory framework - the type of Code development that Parliament contemplated when it legislated for the use of advisory groups in section 21 of the Act; and (2) stakeholder involvement in policy development is important, because stakeholders often have better access to empirical information on the size of a problem, day-to-day experience of the nature of the issues, can help identify potential unintended effects not considered by policy-makers, and may also suggest more practical solutions to achieve the policy objectives.	Trustpower
881	The Authority should have used industry working groups or advisory groups for this proposal. This is because the Authority's consultation charter sets out that advisory groups are the primary means for developing significant/non-urgent Code amendments and the mention of advisory groups in the Act suggests that they are an important consultation and signalling device. The development of the DGPPs in the Regulations was proceeded by an industry working paper and working group.	Baldwin for Trustpower
882	The Authority should hold hearings at the conclusion of the full consultation period, at which those who wish to may speak to their written submissions.	Trustpower
883	The Authority should not have refused to provide extensions to the submission deadline. This is because: (1) even though the Authority claims that this is not a "final" proposal, it is not required to re-consult before amending the Code. Although it may choose to re-consult, it may not, so submitters must submit on the basis that the proposal is final; and (2) the proposed changes to the Code are of a fundamental nature, and there is a significant amount of further work that needs to be done in order to properly analyse and assess the full consequences, costs, and benefits of the proposal.	Trustpower
884	The Authority should provide interested parties with the opportunity to make cross submissions at the conclusion of the full consultation period.	Trustpower
885	The Authority should provide substantive or practical guidance to Transpower or distributors as to what future contracts should look like. This would decrease uncertainty, risk, and transaction costs.	Baldwin for Trustpower
886	The Authority's review of the DGPPs was well advertised, however the process of the review has created uncertainty for distributed generators.	Genesis Energy

	Submission	Submitter(s)
887	The Authority's signalling of the DGPP reforms is better categorised as a series of regulatory shocks to affected market participants.	Baldwin for Trustpower
888	The connection services issue is new and has not been the subject of rigorous debate.	King Country Energy
889	The consultation period is too short. If the Authority had granted a 12 week extension, Trustpower would have addressed a number of other matters in its submission, including: other alternatives, the impact on peak demand response, incentives for network owners, the effect on "NZ inc"; and the effect on dynamic efficiency.	Trustpower
890	The consultation period is too short. More time is needed for robust consultation.	NZ Energy
891	The consultation period is too short. The Authority is missing the opportunity to create a whole of value chain solution.	Electra Generation
892	The consultation period is too short for parties to make adequate submissions. This is not acceptable because: (1) the Authority has had a significant amount of time to develop the proposal (30 months since the 2013 ACOT working paper and 27 months since it received submissions on that paper); and (2) the significant, currently unquantifiable, adverse impact of the proposal on distributed generation requires considerable work to address.	Trustpower
893	The consultation process has been inadequate.	PowerNet
894	The consultation process has been inadequate. In particular, publishing the speculative expected financial impact on Transpower's customers is irresponsible as it damages investor and business confidence.	Top Energy Group
895	The consultation process has been inadequate. It should have canvassed stakeholders on the reasons the DGPPs were introduced in the first place, the problems they were intended to address, whether those problems have been adequately dealt with, and whether they were likely to arise again if the DGPPs were removed.	Trustpower
896	The consultation process has been inadequate. The Authority should have undertaken a more considered and inclusive approach to give it a more complete understanding of the likely effects of this proposal, and it should have canvassed a range of different options and solutions rather than going straight to the most radical proposal (removing a section of the Code).	Trustpower
897	The consultation process has been inadequate. The proposal should not have been raised at this late stage of the Authority's consultation process.	AD Harwood, Southern Generation Limited Partnership
898	The consultation process has been inadequate and amounts to poor regulatory practice.	Energy3
899	The consultation process has been inadequate because distributors have not been consulted on the proposal.	NZ Energy
900	The consultation process has been inadequate because reasonable information about the proposal has not been provided either prior to or in the consultation paper. For example, the Authority has not set out case studies or examples of what it expects from Transpower and distributors as to how they will quantify the benefits provided by distributed generation.	Baldwin for Trustpower
901	The consultation process has been inadequate because the consultation paper was the first time the Authority had advised that it viewed the incremental cost cap in the DGPPs as inefficient, which was a surprise to participants.	Trustpower
902	The consultation process has been inadequate because the current consultation is the only opportunity for stakeholder participation. This is not satisfactory for a regulatory change of this type.	Baldwin for Trustpower

	Submission	Submitter(s)
903	The consultation process has been inadequate because the DGPP consultation is technically a different process to the ACOT and TPM consultations, so the Authority cannot rely on the process of those consultations to fix the issues with this process.	Baldwin for Trustpower
904	The consultation process has been inadequate because the DGPP paper is the first and, potentially, only opportunity any industry participants have had to comment on the Authority's substantive proposal to remove the DGPPs from the Code. Since the proposal is a major change, this is not satisfactory.	Trustpower
905	The consultation process has been inadequate because the DGPP paper was the first time the Authority announced its intention to remove the DGPPs from the Code. Although the Authority had indicated that amendments might be made to the ACOT regime (for example, in the TPM options working papers and the 2013 ACOT working paper), at no point did the Authority mention that the DGPPs may be removed from the Code in their entirety.	Trustpower
906	The consultation process has been inadequate because the shape and content of the proposed reforms have not been reasonably signalled to industry participants. For example, the 2014 ACOT working paper only signalled that the DGPPs should be reviewed, and the Authority did not provide any feedback to submitters on this paper. Similarly, in the 2015 TPM options working paper the Authority again only signalled its intention to review ACOT. The Authority's decision appears sudden compared to the Regulations, which (only eight years ago) took seven years, three consultation rounds, and two working groups to be introduced.	Baldwin for Trustpower
907	The consultation process has been inadequate because Transpower was not consulted on the proposal and good regulatory practice has not been properly followed.	Energy3
908	The consultation process has been inadequate in comparison to the previous Government's nine-year process in developing the existing rules (1999-2008), which involved informal work pre-consultation where it invited industry to develop rules (including the use of two separate advisory groups), and three formal submission rounds (including feedback to submitters).	Trustpower
909	The consultation process has been inadequate when measured against the following metrics: term assurance (the obligation not to change regulatory settings unless certain factors are satisfied); notice and information; negotiations and consultations; transition programmes, timescales and reviews; oversight systems; flexibilities, parallel concessions and compensation; and advice, guidance and assurance. (Baldwin submits on each of these in relation to process and transition).	Baldwin for Trustpower
910	The consultation process has not fulfilled the goals of consultation, which are to assist the Authority to develop the best proposal to meet its regulatory objectives, and to promote the tractability of the regulatory change.	Trustpower
911	The DGPP proposal should be considered in the same review as the TPM.	Network Waitaki
912	The DGPP proposal should be considered in the same review as the TPM or distribution pricing reviews.	CEC for Trustpower
913	The Government should investigate the Authority's conduct in relation to the consultation process. This is because the DDA consultation acknowledged that Part 6 provided a dispute resolution process for distributed generators who could not agree connection terms with distributors. However, the DGPP proposal proposes to abolish the dispute resolution process, and the Authority must have known this during the DDA consultation.	Greenpeace New Zealand
914	The proposal (or at least a replacement for ACOT payments) should be implemented in alignment with the new TPM.	Genesis Energy
915	The proposal should be delayed until a system for compensating distributed generators has been developed.	King Country Energy

	Submission	Submitter(s)
916	The proposal should be delayed until both the TPM review and the Authority's review of distribution pricing are settled because it will not be possible to assess the impact of the proposal before then.	Trustpower
917	The proposal should be delayed until the Authority has finished consulting on the distribution pricing principles. This is because it will be difficult to allocate the appropriate share of common costs to distributed generators in the absence of a framework or pricing methodology, and a framework or pricing methodology cannot be established until the distribution pricing principles review has finished.	Mighty River Power
918	The proposal should be delayed until the new TPM guidelines are released.	King Country Energy
919	The proposal should be delayed until the new TPM is settled because 80% of the estimated benefit from the proposed changes to the DGPPs are expected to be achieved under the proposed changes to the TPM.	HoustonKemp for Trustpower
920	The proposal should be delayed until the new TPM is settled because it will determine how Transpower and distributors will make service-based payments to distributed generators.	Electra Generation, Pioneer Energy
921	The proposal should be delayed until the TPM review has been finalised, Transpower has developed a new TPM, and the Authority has completed its consultation on distribution pricing.	HoustonKemp for Trustpower
922	The proposal should be implemented at the earliest possible date.	Winstone Pulp International
923	The proposal should be implemented in alignment with the new TPM.	Orion New Zealand
924	The proposal should be implemented in alignment with the new TPM. This is the simplest approach, is consistent with the changes made to the HVDC charges, minimises the potential for consumer detriments, and gives sufficient time for participants to manage the impact on them.	Castalia for Genesis Energy
925	The proposal should be implemented in alignment with the new TPM and distribution pricing principles.	BusinessNZ
926	The proposal should be implemented in alignment with the new TPM because it would address the issue regarding distributors being contractually obliged to continue making ACOT payments to distributed generators.	Mighty River Power
927	The proposal should be implemented in alignment with the new TPM to ensure fair bargaining principles are applied and that any payments to be made to distributed generators are supported by the Commerce Commission through approved price path revenue adjustments.	IEGA
928	The proposal to make Transpower responsible for ACOT payments should be delayed until after the completion of the TPM review, so as to better be able to compare Transpower's prices with distributed generators' prices.	CEC for Trustpower
929	There has not been an adequate opportunity to comment on the new ACOT scheme because there is not enough detail about the new ACOT scheme.	Energy3
930	The timeframe for implementing the proposal is inconsistent with the TPM timeframe.	New Zealand Wind Energy Association
931	The timeframe for implementing the proposal is too short.	ENA, IEGA, Network Waitaki, Thomas Cameron
932	The timeframe for implementing the proposal is too short. More time is needed for proper processes and regulatory procedures to be followed.	Inchbonnie Hydro
933	The timeframe for implementing the proposal is too short. More time is needed to negotiate with Transpower and distributors.	New Zealand Wind Energy Association

	Submission	Submitter(s)
934	The timeframe for implementing the proposal is too short. Neither Transpower nor distributors will have the necessary resources to devote to the proposal.	BusinessNZ
935	The timeframe for implementing the proposal is too short. There is not enough time for distributed generators to position and prepare themselves for such a change that will severely impact their financial viability.	Pioneer Energy
936	The timeframe for implementing the proposal is too short. The timeframe should be developed with Transpower.	Top Energy Group
937	The timeframe for implementing the proposal is too short. The timeframe should be extended by at least one year.	PowerCo
938	The timeframe for implementing the proposal is too short. Transpower should be fully set up and equipped before implementing the proposal. This will include the Commerce Commission approving revenue budgets, resourcing Transpower to correctly assess each individual distributed generation asset fairly, and ensuring the potential cost of ACOT payments are included in Transpower's revenue price path.	AD Harwood
939	The timeframe for implementing the proposal is too short and ignores appropriate transition arrangements.	Energy3
940	The timeframe for implementing the proposal is too short because ACOT payments are paid in arrears and the proposal will affect generation decisions this year.	Energy3, King Country Energy
941	The timeframe for implementing the proposal is too short because it is unrealistic and it is already having an impact on the behaviour of market participants and their generation decisions. Since the TPM reforms are not expected to occur until 1 April 2019, an additional year to implement the proposal is possible, but the Authority has not considered this.	Baldwin for Trustpower
942	The timeframe for implementing the proposal is too short because the proposal anticipates a non-trivial new role for Transpower, and Transpower would need to develop new or extend existing planning, economic, commercial, and legal frameworks to support this new role.	Transpower
943	The timeframe for implementing the proposal is too short because Transpower needs more time to develop policies and negotiate with relevant parties including the Commerce Commission.	Orion New Zealand
944	The timeframe for implementing the proposal is too short because Transpower needs more time to discuss ACOT arrangements with affected distributed generators.	Mighty River Power
945	The timeframe for implementing the proposal is too short because Transpower needs more time to implement the proposal. The proposal could be aligned with Transpower's thinking on the future use of an LRMC (or similar) investment signal.	Genesis Energy
946	The timeframe for implementing the proposal is too short because Transpower will be unable to meet the required deadlines. The timeframe should be developed with Transpower.	King Country Energy
947	The timeframe for implementing the proposal is too short for the industry to adjust to the changes. 5 years is more reasonable.	Electra Generation
948	The timeframe for implementing the proposal should be developed with Transpower.	Unison Networks
949	Where a regulator has strong views on a point that is being consulted on, as is the case here, it should follow processes which assure market participants that it has an open mind, carefully balanced regulatory stability and change, and that its preferred solution is appropriate and proportionate to the issue identified. The Authority has not done this.	Trustpower