19 April 2016

Electricity Authority
PO Box 10041
WELLINGTON

Dear Authority

Consultation Paper - Default Agreement for Distribution Services

Thank you for the opportunity to provide feedback on the Default Agreement for Distribution Services (DDA). Our specific comments can be found from page two.

While we believe some refinement is still required, Contact strongly supports the Electricity Authority's proposal to create a DDA for retailers and electricity distribution businesses (EDBs). We believe there are clear benefits in advancing this proposal, including a reduction in transaction costs and a smoother process for the negotiation of distribution services which will ultimately benefit consumers. However we think existing agreements should be allowed to remain in place if both parties are happy with them.

Given the effect any changes will have, we encourage the Authority to work carefully through submitters comments, in particular whether the time frames being proposed are realistic and whether there are additional operational terms which should be included in the DDA.

Should you have any questions on matters raised in this submission please do not hesitate to contact me.

Yours sincerely

Louise Griffin
Head of Regulatory Affairs and Government Relations

Section A.1 Responses to questions in paper		
Question No.	**General comments in regards to the:**	**Response**
1	What is your view of the Authority's assessment of the arrangements that are currently in place governing the way Distributors and Retailers develop, negotiate, and agree UoSAs, and of the issues that the Authority has identified? Please provide your reasons.	Contact agrees with the Authority's assessment that distributors and retailers face higher than necessary transaction costs from developing, negotiating and agreeing Use of System Agreements (UoSAs) under the current arrangements. In Contact's view higher transaction costs are not in the best interests of customers. In terms of the Authority's analysis, it appears to largely draw on the Vector pan-Auckland UoSA experience, which was a relatively complex commercial and operational change rather than the wider industry experience, and it does not appear the analysis takes into account progress since September 2012 (we refer to clause 4.4.12). For context, Contact has now completed the negotiation of new UoSAs with 10 local distributors, 8 of which have been executed, and a further 7 have new UoSAs in progress. The key to this progress has been the willingness of distributors to materially align with the 2012 Model UoSA (MuoSA), to use a transparent process, and to negotiate in good faith changes that reflect a fair and reasonable balance between the legitimate interests of distributors, retailers and consumers. From our perspective the main issue now is with legacy UoSAs and failure on the part of local distributors to progress replacement of these UoSAs. We have seen no evidence of distributors offering non-equivalent terms to retailers as suggested by the Authority.

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2	What feedback do you have on the information in section 3, which describes the Authority's proposed new Part 12A of the Code, which includes a DDA template, requirements to develop a DDA, and provisions that provide that each Distributor's DDA is a tailored benchmark agreement?	1. In principle we are comfortable with the proposed Code provisions for default core terms and requirements which local distributors with interposed arrangements will have to comply with when drafting operational terms, and which traders will have to comply with when trading or contemplating trading on local distributor networks with interposed arrangements. However, we have some concerns which require addressing and these are set out below: a. The following time frames are unrealistic: • 60 or 120 business days for 27 distributors to negotiate operational terms with all traders and to publish DDAs. • 8 business days for any trader to appeal to the Rulings Panel on an operational term in the published DDA. • 20 business days to negotiate an alternative agreement or two months for transitional provisions for existing agreements. b. As proposed the provisions only allow for distributors to propose amended operational terms after the DDA is published (12A.11) and not traders. The process to amend the default core terms via a Code change (if appropriate) is likely to be too slow. Our experience has been that where a Code change process has been proposed by a participant, achieving a Code change is a lengthy process. For example the proposal to cease ICP-days scaling in 2012 which was supported by traders has not been progressed. 2. We are opposed to the proposed obligation in Part 12A clause 12A.14 of Subpart 2 and Part 11 clause 11.16 which would require a trader trading on an embedded network to have a distribution agreement when there is no intention to prescribe the contents of a DDA appropriate to embedded networks. The current Code requirement on traders trading on both local networks and embedded networks is to have in place the "necessary arrangements for the

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		provision of line function services in relation to an ICP" (Part 11 clause 11.16). A valid arrangement would be an email or letter that acknowledges the trader can trade without a signed UoSA. We agree it will be appropriate (as set out in clause 12A.8 of Subpart 1) that a trader trading on a local distributor's network with interposed arrangements will have to have a distributor's agreement as the requirement to publish a DDA will include prescribed core terms and operational terms that meet requirements specified in the Code. However, we don't agree that in the absence of a prescribed DDA for embedded networks, it will be appropriate to place an equivalent obligation on traders trading on embedded networks as proposed in the draft clause 12A.14 of Subpart 2. With the significant growth of embedded networks (now requiring around 40 UoSAs), negotiating fit for purpose UoSAs has in many cases been problematic. Many of the embedded networks with unacceptable UoSAs were established long before the MUoSA was finalised in 2012, and since 2012 there has been limited or no progress towards embedded network owners offering amended UoSAs materially aligned with the MUoSA embedded networks example. The two primary embedded network agents have been engaging with retailers to finalise two standard UoSAs for the embedded networks where they act as agent. While the Authority is focussing the Part 12A changes on DDAs for local networks with interposed arrangements, and we are comfortable with that, we consider the Authority needs to issue a clear expectation (outside Part 12A) that it expects embedded network owners to align their UoSAs with the default core terms and operational terms consistent with the requirements specified in the DDA template, as applicable to embedded networks, within a reasonable time frame (for example two years) for existing embedded networks and when notice is provided for new embedded networks.

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		While we agree in principle with restricting DDAs to "distribution services" terms, we are concerned that the exclusion of additional services (clause 12A.4(1)(b)) from DDAs or alternative agreements will be a backward step for establishing consistent terms between retailers and distributors, for example where distributors apply network rebates, discounts or dividends via credits on customers' bills. We note that the Authority states the proposal does not affect additional services in that they can still be agreed, however it will require additional negotiations outside the standard process. While we note the Authority's comments regarding the potential synergies from distributors cooperating, or leveraging contractual terms that have already been negotiated since 2012, we consider the timelines for developing and publishing DDAs, and negotiating alternative agreements is unrealistic. In particular: a. The process does not appear to contemplate traders suggesting amendments to operational terms, or additional operational terms, only that traders have an opportunity to respond to distributors' amendments to the example operational terms. b. Contact's experience of negotiating 7 new UoSAs where the starting point was material alignment with the 2012 MUoSA is that a transparent process takes many months and several consultation rounds. c. Retailers are not to resourced respond in the time proposed to such a large group of distributors who will all be consulting on operational terms at the same time. Firstly four Group 1 distributors within three months of the Code amendment, and secondly (and potentially overlapping) 23 Group two distributors within six months of the Code change. d. For alternative distribution agreements there does not appear to be any reason why the time frame needs to be specified. It may be appropriate to have a process that results in the initial default position being the published DDA, and if either party indicates it prefers an alternative

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		agreement then the process can allow an open time frame to find common ground and if agreed to sign the alternative agreement, otherwise the DDA remains the basis for the trader trading on the network. It is natural to assume distributors and traders will also want to test the water on the practicality or otherwise of alternative agreements at the same time, reflecting the negotiated terms that have been agreed since the 2012 MUoSA was finalised. 3. We agree that it is appropriate to make the Rulings Panel the party responsible for resolving disputed operational terms. 4. Clauses 3.6.30 – 3.6.32 state that equal access and even-handed treatment of competing traders is more appropriately addressed in the Code, and has therefore deleted clause 3 of the MUoSA. This reasoning fails to recognise that it is the application of terms in the agreement that clause 3.1 was intended to cover, not just offering each new agreement to traders that have signed an existing agreement which is contemplated in clauses 3.2-3.6 of the MUoSA. Contact considers clause 3.1 should be reinstated as a default core term unless the Code change obligates distributors to treat all traders equally.
3	What are your views of the Authority's assessment of the likely levels of demand for new and replacement UoSAs in coming years? Please support your response to this question with reasons and your alternative quantified assessment, if any?	The assessment seems reasonable in terms of likely demand.

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4	What are your views on the regulatory statement set out in section 4?	No comment.
5	What are your views on the detailed drafting of the Code amendment provided in Appendix B and Appendix C?	In general most of the draft Code amendment is sensible, however there are some matters of principle and detail that need to be addressed. These are set out below. Subpart 1 title should reflect that this Subpart is only relevant to local networks that use interposed arrangements. 12A.4(1)(b) is ambiguous and would exclude a DDA including some additional operational terms that relate to distribution services not considered by the Authority because of its primary reference point being the Vector UoSA. For example, the provisions in 7 of 8 new local Distributor UoSAs executed by Contact, but not the Vector UoSA, include a section in Schedule 8 Load Management covering (1) Distributor Load Management Service – Priority and Use"; (2) Instructing Retailer; and (3) Retailer Load Management Service. These clauses are all in the long term interests of customers and all relate to distribution services. In our view the sub-clause should be amended to allow for additional operational terms, related to distribution services, in order to avoid the need to negotiate such provisions in alternative agreements. Based on Contact's experience of negotiating new UoSAs where the starting point has been material alignment with the MUoSA, the time frames proposed for developing, negotiating and finalising DDAs before publishing are unrealistic. There are 27 DDAs to be consulted on, and our experience is the process typically takes two to three cycles before an agreement is finalised. Traders don't have the resources that will enable them to respond immediately and meaningfully on the scale and in the time frames proposed under the draft Code change.

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		We consider the time allowed for the appeal process is unrealistic, as it will require traders to consider whether or not to appeal, draft the appeal in the correct form, provide content that will enable the Rulings Panel to make an informed decision and get legal signoff. In our experience doing this all within 8 days following receipt of notice that the DDA has been published is not realistic and is unlikely to produce the best outcomes. For transitional provisions in respect of existing agreements (and the opportunity to negotiate alternative agreements) Contact considers two months to be an unreasonable time frame to force a default to the published DDA, particularly given the time it has taken to work with local Distributors to negotiate new UoSAs materially aligned with the 2012 MUoSA. In our experience the time frame should be extended to six months given there is already an existing agreement in place. As outlined earlier Contact is strongly opposed to obligating Traders to have a distribution agreement with embedded network owners when there is no equivalent proposal requiring embedded network owners to develop, negotiate and publish DDAs along similar lines to local networks with interposed arrangements.

Section A.2 Comments on detailed drafting of Code amendment		
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Part 12A	Distribution Agreements and Arrangements	Subpart 1 title – should be amended for clarity by adding the words “that use interposed arrangements”.

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		12A.2(a)(ii) – On many networks the distributor will have a distribution services contract with 1 or more [large] consumers, so it is unclear whether this clause provides the appropriate context. 12A.4(1)(b) is ambiguous and would exclude a DDA including some additional operational terms that relate to distribution services not considered by the Authority because of its primary reference point being the Vector UoSA. 12A.4(4) (a) & (b) should extend the time periods to a more realistic 120 business days for group 1, and 180 business days for group 2, particularly as two of the four group 1 distributors and 15 of the 23 group 2 distributors have yet to offer new UoSAs to Contact based on the 2012 MUoSA. 12A.5(1) should extend the time period for appeals to 20 business days, which in effect would mean 18 business days after advice the DDA is on the distributor's website, to allow sufficient time for the appeal to be presented in a form that would enable the Rulings Panel to make an informed decision. 12A.12(5) for transitional provisions in respect of existing agreements (and the opportunity to negotiate alternative agreements) Contact considers two months is an unreasonable time frame to force a default to the published DDA, particularly given the time it has taken working with local Distributors to negotiate new UoSAs materially aligned with the 2012 MUoSA. The time frame should be extended to six months given there is already an existing agreement. 12A.14 – As outlined above Contact is strongly opposed to obligating traders to have a distribution agreement with embedded network owners when there is no equivalent proposal requiring embedded network owners to develop, negotiate and publish DDAs along similar lines to local networks with interposed arrangements. Our comments above provide more background, however the key point is that the current

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		Code requirement on traders trading on embedded networks (and local networks) is to have in place the "necessary arrangements for the provision of line function services in relation to an ICP" (Part 11 clause 11.16) and a valid arrangement is an email or letter that acknowledges the trader can trade without a signed UoSA. In the absence of extending the DDA provisions to embedded networks, Part 12A clause 12A.14 and Part 11 clauses 11.5 and 11.16 must reflect the status quo. We suggest 12A.14(1)-(3) be replaced with the following: "(1) A **Trader** trading on a **Distributor's network** must have an arrangement for the provision of **distribution** services with the **Distributor** in relation to an **ICP**. (2) A **Trader** that wishes to trade on a **Distributor's network** must give notice to the **Distributor** of that fact at least 20 **business days** before the **Trader** proposes to commence trading on the **Distributor's network**, and must have an arrangement for the provision of **distribution** services with the **Distributor** in relation to an **ICP** before it commences trading." Part 11 clauses 11.5 and 11.16 must have similar provisions for embedded networks. Our suggested amendments are outlined below with our comments on Part 11. 12A.21(a)(ii) – On many networks the distributor will have a distribution services contract with 1 or more consumers, so it is unclear whether this clause provides the appropriate context. 12A.22(3)(d) – For consistency "tariff rate" should be replaced with "pricing".
Part 1	Preliminary Provisions	No comment.

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Part 11	Registry information management	Clause 11.5 - As per our comments above, in the absence of extending the DDA provisions to embedded networks, Part 12A clause 12A.14 and Part 11 clauses 11.5 and 11.16 must reflect the status quo. We suggest clause 11.5(2)(a) be split into two sub-clauses for subpart 1 (local networks with interposed arrangements) and subpart 2 (embedded networks), and (b) be changed to (c). We suggest the following: "(a) in the case of a **Trader** to whom subpart 1 applies, a **distribution agreement** with the **Distributor** in accordance with clause 11.16; (b) in the case of a **Trader** to whom subpart 2 applies, a **distribution agreement** or arrangement for the provision of **distribution** services with the **Distributor** in accordance with clause 11.16; or" Clause 11.16 – We suggest clause 11.16(a)(i) be split into two sub-clauses for subpart 1 (local networks with interposed arrangements) and subpart 2 (embedded networks), and (ii) be changed to (iii). We suggest the following: "(i) if a **Trader** is a **Trader** to whom subpart 1 of Part 12A applies, a **distribution agreement** with the **Distributor** on whose **network** the **ICP** is located; or (ii) if a **Trader** is a **Trader** to whom subpart 2 of Part 12A applies, a **distribution agreement** or arrangement for the provision of **distribution** services with the **Distributor** on whose **network** the **ICP** is located; or"

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2.2(f)	Allocating Price Categories and Price Options	The Distributor only allocates Price Categories, while the Trader selects Price Options. This is consistent with 8.3.
2.3(e)	Provide information about loss factors	The Retailer provides information to enable the Distributor to calculate loss factors, it does not provide information **about** loss factors.
2.3(i)	Provide ….Customer details…	Clause 31 is about more than customer details, it is about customer information. Please also refer to our comments on and suggested amendments to 31.2.
3.2(b)(i)	Updating the registry direct billing field	It is important the Distributor update the registry in all cases, accordingly it should be "and" not "or" at the end of 3.2(b)(i).
3.4	Acting consistently with a Valid Direct Customer Agreement	Typo - "Valid" should be lower case.
MUoSA 3.1	Equal access and even handed treatment in MUoSA deleted from draft DDA	Contact considers it is important to retain clause 3.1 of the MUoSA. As noted above in the context of the commentary in clauses 3.6.30 – 3.6.32, it is stated that equal access and even-handed treatment of competing Traders is more appropriately addressed in the Code and has therefore deleted clause 3 of the MUoSA. Contact considers clause 3.1 should be reinstated as a default core term unless the Code changes obligate Distributors to treat all Traders even-handedly (currently does not appear in the proposed amendments to Part 12A).
4	Planned service interruptions	Similar to 4.5 the Planned Service Interruptions section should include a clause "**Party responsible for notifying Customers of Planned Service Interruptions**" and words such as "The party responsible for notifying Customers of Planned Service Interruptions is identified in Schedule 5." This

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		reflects current arrangements where either the Distributor or Trader may be responsible.
6.6	Distributor to investigate adverse trends in losses	Contact considers this clause should replace “Losses” with Unaccounted for Energy (UFE), and that UFE should be defined in clause 33.2. The most transparent losses information available is UFE ex the settlement process (GR-060, GR-260). The current drafting of clause 6 was before 2008 when reconciliation by difference preceded global reconciliation, and the incumbent Retailer was allocated 100% of UFE. While the loss factor guidelines attempt to differentiate between technical and non-technical losses, it is Contact’s view that the calculation of technical losses is somewhat imprecise and that the best measure to trigger clause 6.6 and potentially clause 6.7 is the UFE published in the GR-060/GR-260 reports. Accordingly Contact considers UFE should be defined and clause 6.6 should refer to UFE instead of “Losses”.
7	Distribution Services prices and process for changing prices	We consider the terminology used for pricing terms differs across the industry. It would be useful if the Authority and industry landed on common terminology for pricing and charge terms. This should be read in conjunction with clause 33.2 and Schedule 7, and any other clauses that use similar terms. In our view: • We agree “price” is more appropriate than “tariff” or “tariff rate” or “line charge”, noting “tariff rate” was introduced by the Authority with its Standard Tariff Rates initiative. We are pleased to see the Authority has reverted to “price” as has ENA. • We agree “price option” is more appropriate than “tariff option”. • We consider the most important documents a Distributor needs to provide to Traders to enable the prices to be implemented are:

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		○ **Price schedule** – must be a compact document that summarises price category codes and descriptions, price codes and descriptions, register contents codes and period of availability for each variable price, prices and units. We also expect the price schedule to include the loss codes and loss factors (see also below) for the network as these are required for retail billing and pricing. ▪ We have a strong preference that Distributors prepare a separate document for information disclosure purposes which requires additional information not relevant to Traders. ▪ **Distribution** prices/pricing tends to imply it is only the distribution component of total delivery prices. ○ **Pricing policy** – this is a critical document for Traders to be provided at the same time as the Price schedule and must include all the information reasonably required by Traders to apply the prices, including the processes and methods (formulas) to set chargeable quantities and apply prices, describe eligibility criteria for price categories and price options, and set out the Distributor's billing methodology. ○ **Pricing methodology** – Traders primarily have an interest in the **pricing structure**, not pricing methodology which is required for information disclosure purposes as set out in the Electricity Information Disclosure Determination 2012 in clause 2.4 "**Disclosure of pricing methodologies**". ▪ In this context the **pricing methodology** is required to set out the Distributor's approach to cost allocation and derivation of prices, and demonstrate alignment or otherwise with the distribution pricing principles, and is primarily of interest to the Authority and Commerce Commission. While it is a useful reference document for Traders, it should not contain information not included in the **price schedule** and **pricing policy** that is required by Traders to implement the prices.

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		▪ On the other hand Distributors are expected to consult on proposed changes to **pricing structure** – adding a price category, removing a price category, amending price options within an existing price category, or changing the eligibility criteria for a price category or prices. Ultimately when the decisions are made after consultation, it is the confirmation of the **pricing structure**, final **price schedule** and **pricing policy** that are important to Traders, and for transparency a mark-up of the pricing policy document. ○ **Loss factors** – To ensure Trader pricing analysts have all the information reasonably required to implement the network prices and set retail prices, Contact considers that the price schedule notified to Traders must include loss codes and loss factors, notwithstanding they may not be changing. For embedded networks, Traders need both the embedded network loss codes and loss factors, and the local network gateway/LE ICP ICP(s), loss code(s) and loss factors, and overall loss factors being the product of the embedded network and local network loss factors. This is essential information as loss factors are used for pricing and customer billing. So we consider clauses 7, 33.2, and Schedule 7 (and related definitions) should focus on the term **[network/delivery] price schedule**, **prices**, and **pricing policy** as being the key documents required by Traders, and consider the term **pricing structure** rather than **pricing methodology** in the context of consulting on and implementing **pricing structure** changes.
7.5(b)	Mapping table	Should also include the existing price category to ensure there is no confusion.
8	Allocating price categories and price options	8.1 – should use the term “two or more …….Distributor’s pricing schedule” not “…..Distributor’s Pricing Methodology”.

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		8.2 and 8.3 – These clauses do not reflect industry practice and need to be amended. • 8.2 - For price category changes the retailer uses the EIEP8 file to request a change from the distributor. If the distributor agrees it changes the price category code in the registry and the loop is closed with the trader receiving the registry notification file. If the distributor disagrees it communicates via email. • 8.3 – For price option changes (whether or not as a consequence of a change to the meter register configuration) the trader does not notify the distributor of the change within 10 working days, rather the distributor learns of the change via the trader's EIEP1 file provided to support billing of network charges. Omission in clause 8 – There is no provision in clause 8 for the scenario where an upgrade or downgrade is not initiated by the trader but results in a change in price category. In such circumstances the trader receives notification of the change via the registry notification file. Should a new clause be added to cover this scenario? 8.10(a) – "for" should be "from", this has been corrected in most UoSAs negotiated with Contact.
9	Payment due date	9.4 & 9.5(d) – Most of the UoSAs negotiated by Contact since the 2012 MUoSA include an additional sentence which clarifies payment obligations when a local anniversary day falls on the 20th of the month. It would be useful to have this common across all DDAs. The clause we have agreed is inserted after the first sentence. "In the event the 20th day of the month falls on a local anniversary day in the city specified for the Trader's street address at the start of this Agreement, the

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		settlement date will be the 20th day of the month or the last Working Day preceding the 20th day of the month."
10.3(b)	Acceptable credit rating	It is not clear why the first part of 10.3(b) has been deleted. Negative credit watch only means there is a 50% chance the credit rating will be reduced in the next 3 months, but even if reduced may still comply with (a). The original words were appropriate and should be retained.
17.6	Unmetered load	17.6(b)(iii) – appears that "Customers" is a typo and should be "ICPs".
25	Indemnity	25.1-25.3 Given the wording of section 46A of the Consumer Guarantees Act, it would seem this clause could be simplified to just state that: "Notwithstanding any other provision of this Agreement, the Trader is entitled to be indemnified by the Distributor in accordance with, but subject to the terms of, section 46A ("*Indemnification of gas and electricity Retailers*") of the Consumer Guarantees Act 1993". Contact has signed several UoSAs that have adopted this short form approach.
26	Claims under the Distributor's indemnity	Contact disagrees with the inclusion of clause 26 as a default core term. It removes any flexibility from the parties being able to agree what is essentially operational and administrative processes to deal with claims, including such that the customer has a right to determine whether the distributor or retailer should take primary responsibility for managing and resolving any particular claim. While clause 26 appears to be largely based on Vector's UoSA that does not mean Vector's approach is the only valid approach to claims.

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		In all the other UoSAs which Contact has executed since the 2012 MUoSA, and since other distributors became aware of Vector's approach and preference, the distributors and Contact have agreed to either: (1) not specify the operational and administrative processes in detail (preferring the status quo) – i.e. MUoSA 26.8(d) and existing unwritten processes are regarded as sufficient; or (2) have agreed much simpler operational and administrative processes which been recorded in Schedule 1, most importantly giving the customer the right to agree or disagree with the distributor assuming management and defence of the claim. Accordingly we consider the operational and administrative processes for claims for which the trader wishes to be indemnified should be an operational term that is negotiated as part of each distributor's DDA establishment process. In terms of the latter, of the above options agreed with several distributors, the following is the clause which has replaced MUoSA clause 26.8(d) in each of the UoSAs which refers to the operational and administrative process set out in Schedule 1: "**26.9 Claims for which the Retailer wishes to be indemnified under the Distributor's Indemnity**: If a Consumer makes a claim against the Retailer in relation to which the Retailer wishes to be indemnified by the Distributor under the Distributor's indemnity under clause 26.8 the parties will follow the process outlined in schedule 1."
29	Customer agreements	29.1(a)(ii)(A) – needs to have the words underlined below inserted to ensure consistency with 27.1(a)(i) and reflect that in reality the provisions in the distribution services agreement and Customer Agreement are not expected to

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		be identical, but rather to have substantially the same effect. This is in all UoSAs signed by Contact since 2012, wording changed to reflect DDA terminology. ".....enter into a variation of the Customer Agreement to include provisions that have substantially the same effect as the provisions required..... 29.1(b) – needs an additional sentence as underlined below to reflect reality that the trader cannot be expected to have two standard Customer Agreements, one for new and another for existing customers, and secondly that if changes are required it requires several months. We think 12 months is appropriate. This is in all UoSAs signed by Contact since 2012. "……. section 4 of the Contracts (Privity) Act 1982. However, to the extent that the Trader's standard Customer Agreement does not comply with this clause 29.1(b) as at the Commencement Date, the Trader will not be obliged to remedy that non-compliance until the date that is 12 months after the Commencement Date."
31		Title – we suggest the title be amended to "Electricity Information Exchange" as the clause covers more than Electricity Information Exchange Protocols (EIEPs). 31.2 Customer information - Appendix D clauses D.71-D.76 comments on this clause and Vector's UoSA clause 6.10 "Access to demand and energy information". It may be useful for the Authority to be aware of a related clause in Vector's UoSA S1.7 which outlines in more detail what the Distributor can use Customer information for. In terms of D.71-D.76: • We agree that Vector's clause 6.10 is out of place in clause 6 (load management);

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		• We are comfortable that the information can be provided to distributors if it complies with the Privacy Act obligations in customer agreements. We consider clause 31.2 should be amended to provide for all three clauses, and have already shared our initial drafting with Vector (in the context of development of their UoSA v1.7) and Alpine Energy (negotiation of new UoSA in progress and almost complete). Given there are distributors who are shareholders in retailers or who are actively retailing electricity the DDA needs to ensure clarity regarding what customer information can be used for. Our suggested drafting is as follows (words changed to reflect DDA terminology): "**Customer information**: The Trader must on reasonable written request from the Distributor, and within a reasonable time frame, provide the Distributor with such Customer information, as is reasonably available to the Trader and necessary to enable the Distributor to fulfil its obligations in accordance with this Agreement. The information must be treated by the Distributor as Confidential Information and the Distributor expressly acknowledges and agrees that it is not authorised to, and must not, use such information in any way or form other than as permitted by this clause 31.2. For the avoidance of doubt: (a) The Trader must comply with such requests as soon as practicable, subject to its obligations under the Privacy Act 1993 and under the terms and conditions of its Customer Agreements; (b) The format for Customer information will be the relevant regulated or agreed EIEP, or otherwise agreed between the Distributor and Trader;

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		(c) The Distributor may only use the Customer information it holds or obtains from the Trader (or from a third party authorised by the Trader) for carrying out Customer surveys (but only in relation to the provision of Distribution Services), communicating with Customers in relation to Planned Service Interruptions, Unplanned Service Interruptions, engagement regarding construction of new assets and network configuration (excluding those relating to solar, batteries and other competitive products), network complaints, tree trimming requirements, safety concerns, or for reasons otherwise mutually agreed between the Distributor and Trader; (d) The Distributor must not use Customer information for the purpose or any other non-Network service offering; (e) The Distributor must not transfer Customer information to any other business operations that are not in the business of electricity distribution; and (f) The Distributor will pay the Trader's (or third party authorised by the Trader) reasonable costs in providing Customers' demand or consumption information."
33.2		"Direct Customer Agreement" – we suggest amending "lines charges" to the more common industry term "network charges". "Distributed Generator" – we are unclear how the definition can include a person who "intends to own or operate" Distributed Generation. Owning or operating Distributed Generation appears more appropriate.

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		"EIEP" – the amendment "published in accordance with the Code" implies that only the regulated EIEPs are EIEPs, whereas there are a number of EIEPs that have been developed and found on the Authority's website, but are not regulated or agreed/used. We recommend the original MUoSA words be retained. "Electricity Supply Agreement" – to avoid confusion, given Retailers typically use the term "electricity supply agreement" to cover all customer supply agreement/contracts, whether for electricity only or delivered electricity, we suggest change to "Electricity Only Supply Agreement", and make consequential changes in the DDA. "Load Management Service" – it is not clear why this definition has been deleted, but in any event our comments above and below regarding the Load Management schedule and additional provisions that have been agreed between Contact and all Distributors who have signed UoSAs with Contact (except Vector) require retention of this definition. The additional clauses in Schedule 7 - "Distributor Load Management Service – Priority and Use", "Instructing Retailer", and "Retailer Load Management Service" – which the Authority is obviously not aware of, make use of the defined term. "Pricing Methodology" – as per our comments above the use of this term in the DDA adds unnecessary confusion, and instead we recommend using and defining "pricing policy" and "pricing structure" as more appropriate terms which are commonly used in industry. "Service Guarantee Payment" – need to amend "Service Standard" to "Service Level" to ensure relevance, and improve the language by amending "not be" to "is not".

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		Add definition of "Unaccounted for Electricity" as suggested in our comments on clause 6.6 relating to Losses and Loss Factors.
Schedule 1	Service Standards	S1.6 – As is well known in the industry several of the example service standards in the MUoSA are inappropriate, and others would add value. The UoSAs Contact has agreed since the 2012 MUoSA reflect a more appropriate set of service standards, noting also that the Retailers Forum has provided a common set of service standards to Distributors when commencing the process to develop and negotiate new UoSAs. Clause S1.6 wrongly assumes the example Service Standards are all required, and that no others are appropriate. Comments: i. S1.6(a) - the service standards relating to prices must be covered in the **pricing policy**, not the service standards, so (a) should be deleted. ii. S1.6(e) - is set out in schedule 5. Accordingly there is no need to repeat it in the service standards, so (e) should be deleted. iii. "Pricing information" - all UoSAs that Contact has signed since the 2012 MUoSA have included a service standard setting out expectations reflecting ongoing challenges to get some Distributors to provide transparency of changes and complete information to support processing. We also now ask for loss factor codes and loss factors (together with the effective date) to be included with all price schedules and/or policy documents. It is possible that some amendments to clause 7.5 of the DDA could remove the need for this service standard.
Schedule 2	Billing information	S2.4 (replacement normalised) and clause 9.3 - Contact has identified that some Distributors who receive and process replacement normalised EIEP1 files are not fully replacing the previous replacement normalised data, and we

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		consider it is important to make this requirement clear either in Schedule 2, clause S2.4, clause 9.3, or both. By way of an example, if an ICP is in the initial file but a subsequent backdated switch occurs which means it is not included in the next revision (replacement) file, then the Distributor must not charge for it in the revision invoice. However it appears this is not necessarily happening, such that replacement files are in part being treated as incremental. We note also that there is an error in the regulated EIEP1 with respect to replacement normalised which Contact has brought to the Authority's attention and provided a mark-up of the changes required. Contact's mark-up covers the above point, consistent with the construct of the EIEP1 for incremental normalised.
Schedule 3	EIEPs	S3.4 - Contact notes that the EIEPs agreed in all the UoSAs signed by Contact are: • EIEP4 • EIEP5A Planned Service Interruptions • EIEP7 • EIEP8 • EIEP9 As none of the other non-regulated protocols have been agreed or developed, Contact suggests S3.4 be restricted to those commonly in use in the industry.
Schedule 6	Connection policies	S6.9 – typo "Trader's" should be "Trader" S6.20 – Amend "must" to "should". This amendment has been made in every UoSA Contact has signed since the 2012 MUoSA, and reflects common sense

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		that while it is important to manage vacant consumption risk, it is not a variable charge revenue risk to the Distributor if the Trader continues to read meters and report any vacant consumption. It is also noted that the Distributor continues to bill the Trader for vacant-energised fixed charges. Traders need to weigh up the unrecoverable cost of a vacant disconnection versus the cost of continuing to read meters and/or monitor smart meter reads and risk of unauthorised consumption.
Schedule 7	Pricing	It is not clear what Schedule 7 is intended to deliver, but from Contact's perspective the key information to be provided by email at the time of the notification of price changes must be set out in clause 7.5 and this schedule 7, being: • **Price schedule**, which must include price category codes and descriptions, price codes and descriptions, register contents codes and period of availability for each variable price, prices and units. • **Loss codes and loss factors** • **Pricing policy**, marked up if includes any changes to pricing structure • **EIEP12** • Mapping table of existing and new price categories if the notification includes any changes to pricing structure • Mapping table by ICP of changes to price category if initiated by the Distributor (e.g. the Unison annual NDH-NDL changes) Furthermore a change in pricing structure will invariably trigger a change in price category for each ICP affected, and the Distributor will set out a process to be followed between the Trader to nominate and Distributor to confirm the appropriate new price category. Once confirmed the Distributor must provide a

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		mapping table by ICP of the existing and new price category ahead of making the changes on the Registry. In addition the price schedule and pricing policy must be loaded on the Distributor's website. The information disclosure determination requires the pricing methodology to be disclosed and published on the Distributor's website so does not need to be covered in this schedule.

Schedule 8	Load management	All the UoSAs signed by Contact since the 2012 MUoSA (except Vector's UoSA) include additional sections in this schedule covering:
		
		• "Distributor Load Management Service – Priority and Use" which sets out
		  ○ **Priorities** for use of the Load Control System which aligns with S8.1(a) being first ranking priority, (b) second ranking priority, and (c) third ranking priority (market participation or otherwise referred to as non-Network related purposes);
		  ○ **Instructing Retailer** which requires the Distributor to load control for non-Network related purposes if requested/supported by a Retailer or combination of Retailers supplying more than 50% of the ICPs, subject to compliance with the minimum period of availability relevant to each Controlled Load Option;
		  ○ **Retailer Load Management Service** which sets out the matters to be agreed in a protocol between the Retailer and Distributor in the event the Retailer has capability to manage load independently of the Distributor. For example, load control using AMI.
		
		Contact considers these additional provisions fit the criteria for operational terms that can be negotiated for inclusion in DDAs, and optimise the use of the consumers' controllable load in the long term interests of consumers. It is noted

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		that Contact's customer agreements contemplate the instructing Retailer concept. If requested Contact will provide the drafting to the Authority.