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Electricity Authority
Level 7 AON Centre
1 Willis Street
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By email: policyconsult@ea.govt.nz

Horizon Energy Distribution Limited (Horizon Networks) submission on Code Amendment Omnibus three

1. Thank you for providing us the opportunity to submit on *Code Amendment Omnibus three*.
2. Horizon Networks is a small trust-owned Electricity Distribution Business (EDB) serving over 25,000 consumers in the Eastern Bay of Plenty region. As a trust-owned EDB, we have a strong consumer focus and seek to benefit both our Shareholder Trust Horizon and the communities we serve.

Horizon Networks supports the proposed changes

3. Horizon Networks supports the two changes being considered in Code Amendment Omnibus three, specifically an interim change to the prescribed maximum fees for the connection of distributed generation (DG) and expanding distributed generation information in the registry.
4. We appreciate the Electricity Authority taking the time to address these historical issues. We look forward to the Electricity Authority implementing an enduring solution and encourage the Electricity Authority to regularly maintain the Electricity Industry Participation Code (Code) so that existing obligations, such as the obligations covered by this consultation remain relevant and fit for purpose.

Horizon Networks has identified improvements that will better achieve the Electricity Authority's statutory objective

5. While the proposed changes are supported by Horizon Networks, there is an opportunity to enhance the proposal to:
 - **Apply the Labour Cost Index from 2007 to all maximum fees** – reflecting that the 2015 Part 1A fees did not look to quantify actual costs, but instead were simply set relative to the fees set in 2007 on the assumption that the 2007 fees were appropriate.¹
 - **Introduce transitional provisions for the population of distributed generation information on the registry** – to address the current gap that would permit EDBs to not populate information for generators that applied before 1 April 2025, but were connected after 1 April 2025.
 - **Clarify the wording in the Code** – to address areas of ambiguity in the proposed amendment.
 - **Recognise that Generators hold this information** – EDBs only populate the registry with the information once it is provided by generators.
6. These improvements will:
 - More efficiently allocate processing costs to connect DGs by inflating all maximum prescribed fees consistently.
 - Facilitate more accessible and visible DG information by:
 - i. supporting a smooth and clear transition from the current to the proposed requirements
 - ii. having clear obligations regarding what information EDBs need to populate on the registry.

¹ Paragraph 3.3.38 of the 2013 consultation paper "*An operational review of Part 6 of the Code - second consultation*"

The Electricity Authority should apply the Labour Cost Index from 2007 to all maximum fees

7. Clause 2 of Schedule 6.5 sets out the maximum fee for certain activities required to be undertaken when connecting distributed generation.
8. These fees were set in 2007 and have not changed since this date.
9. In 2015 the Electricity Authority introduced the Part 1A process, which was designed to reduce the time and effort required to connect small-scale distributed generation when connecting small scale DG to the network using an approved inverter.
10. This new process introduced three new fees to Clause 2 of Schedule 6.5:
 - Application fee under clause 9B(2)(c)
 - Fee for inspection under clause 9C(3)
 - Deficiency fee under clause 9E(4)
11. The fees were set relative to the 2007 fees, on the assumption that the 2007 were appropriate.²
12. Specifically:
 - The 2015 *Application fee under clause 9B(2)(c)* was set to be 50% of the 2007 application fee under the Part 1 process, reflecting the reduced handling time for the Part 1A process.
 - The 2015 *Fee for inspection under clause 9C(3)* was set to be 100% of the 2007 inspection fee under the Part 1 process, reflecting that this activity is substantively similar.
 - It is not clear how the 2015 *Deficiency fee under clause 9E(4)* was determined, but from the 2013 consultation paper³ and 2014 decision paper⁴ is likely relative to the 2007 fees.
13. Because all fees were set in terms of the costs EDBs faced in 2007, it is reasonable to apply the 2007 – 2024 Labour Cost Index (LCI) inflator to all fees.
14. **Horizon Networks Recommends:** The Electricity Authority apply an LCI of 45% to all fees. This would set the *Application fee under clause 9B(2)(c)* to be \$145, the *Fee for inspection under clause 9C(3)* to be \$90 and the *Deficiency fee under clause 9E(4)* to be \$120.⁵

The Electricity Authority should introduce transitional provisions for the population of distributed generation information on the registry

15. Under the proposed wording of the Code, the population of the new fields is not required for an ICP that existed before 1 April 2025 unless the EDB has observed testing or there has been an application to connect DG at the ICP under Part 6 of the Code.
16. If an application is received before 1 April 2025, but is connected after 1 April 2025 then arguably there is no obligation to populate any information in the registry.
17. It is reasonable to not expect additional information to be provided for DG applications made before the new Code comes into force, as it would create a retrospective obligation for the EDB to have been collecting this additional information before knowing that they were required to do so.
18. To address this gap, there should be a transitional provision for EDBs to populate the pre-1 April 2025 DG fields, (fuel type and nameplate capacity) for applications that were made before 1 April 2025 but connected after 1 April 2025.
19. **Horizon Networks Recommends:** The Electricity Authority include a transitional provision that allows EDBs to populate the historic information for historic DG connections.

² The Electricity Authority 2013 consultation paper: *An operational review of Part 6 of the Code - second consultation*

³ The Electricity Authority 2013 consultation paper: *An operational review of Part 6 of the Code - second consultation*

⁴ The Electricity Authority 2014 decision paper: *Operational review of Part 6 of the Code Decisions and reasons paper*

⁵ As per paragraph 2.10 of the [Code Amendment Omnibus three consultation](#) this is rounded to the nearest \$10.

The wording in the Code could be clearer

20. The Code drafting includes placing two obligations on EDBs within one paragraph. This creates ambiguity and uncertainty regarding compliance, which could be addressed through clearer Code drafting.
21. Specifically the following clauses could be clearer.

7 Distributors to provide ICP information to registry manager

(1) A distributor must, for each ICP on the distributor's network, provide the following information to the registry manager:

...

(o) if the ICP connects the distributor's network to distributed generation,—

(i) the maximum amount of electricity that can be injected into the distributor's network from distributed generation connected to the ICP, which is the sum of the maximum amount of electricity each generating unit connected to the ICP can inject into the distributor's network, in kW; and the nameplate capacity of the distributed generation; and

22. This clause could mean:

- The EDB needs to populate the maximum amount of electricity that can be injected. This is the sum of:
 - i. maximum amount of electricity each generating unit can inject; and
 - ii. the nameplate capacity; or
- The EDB needs to populate the maximum amount of electricity that can be injected. This is the sum of each generating unit. The EDB also needs to populate the nameplate capacity.

23. Horizon Networks believes this clause combines two obligations. To improve clarity, these should be clearly separated within the Code.

7 Distributors to provide ICP information to registry manager

(1) A distributor must, for each ICP on the distributor's network, provide the following information to the registry manager:

...

(o) if the ICP connects the distributor's network to distributed generation,—

(ii) the number of individual items comprising each generating unit connected to the ICP (including, as separate items, any batteries and inverters which form part of a generating unit); and the generation fuel type of the distributed generation:

24. Horizon Networks believes this clause contains two obligations. An obligation to populate the number of 'items', and a second obligation to populate the fuel type. These obligations should be clearly separated within the Code.

25. Additionally, it is not clear what an 'item' and 'generating unit' is. The Code would be clearer if these were defined and there was a hierarchy within the Code and registry to clarify that a generating unit comprises of one or more 'items'. This would mean EDBs need to populate the number of generating units, and within each generating unit populate the items within the unit. This is consistent with how metering information is handled on the registry where an ICP can have one or more metering installations, and each metering installation has one or more meters.

26. **Horizon Networks Recommends:** The Electricity Authority clarify the Code requirements by separating out each obligation into its own sub-clause or point within the clause. This could be achieved by simplifying Clause 7(1)(o) and setting out the relationship between generating units and items. For example, it could be phrased as:

7 Distributors to provide ICP information to registry manager

(1) A distributor must, for each ICP on the distributor's network, provide the following information to the registry manager:

...

(o) if the ICP connects the distributor's network to distributed generation,—

(i) the maximum amount of electricity that can be injected into the distributor's network from distributed generation connected to the ICP

(ii) the number of generating units

(iii) for each generating unit the number of individual **items** comprising each generating unit

(iv) for each item within the generating unit

- A. Fuel type
- B. Export rate / nameplate capacity
- C. Accredited performance standard and release date [if applicable]
- D. Maximum charge rate [if applicable]
- E. Maximum storage capacity [if applicable]

Recognise that EDBs do not hold DG information

27. EDBs are required to populate DG information on the registry, but do not own or control the generation. As a result, EDBs are simply a conduit for the population of DG information on the registry and have no direct control over how existing ICPs connect DG 'behind the meter'.
28. It is unrealistic to expect EDBs to be able to provide complete and accurate information in a timely manner for established connections EDBs have no control over.
29. EDBs have limited remedies available for generators that do not provide the information within the timeframes required by the Code. When and what a generator provides the EDB directly affects the accuracy and timeliness of the population of registry information by EDBs.
30. If the Electricity Authority is expanding EDB's obligations regarding the provision of DG information on the registry, EDBs need greater enforcement powers to require generators to supply accurate information regarding the connection in a timely manner.
31. Until EDBs are receiving complete accurate and timely information from generators, we will continue to face challenges in populating the registry within the timeframes the Electricity Authority requires.
32. **Horizon Networks Recommends:** The Electricity Authority amend the Code to only require the population of information where it has been provided by the generator as part of an application to connect under Part 6 of the Code. Failure by the generator to provide information to the EDB under Part 6 of the Code should not put the EDB in breach of Part 11 of the Code.

In conclusion, Horizon Networks supports the proposal and recommends improvements

33. Horizon Networks supports the Authority's proposal to amend the Code to 'reset' the fees set under Clause 2 of Schedule 6.5 and to improve the registry information regarding DG. We have suggested improvements that will improve outcomes by ensuring the Code is clear and consistent.
34. We also note these changes are interim solutions to long-standing problems. We would welcome the Electricity Authority progressing enduring solutions to these issues.

Yours Sincerely



Jonathon Staite
Regulatory Manager

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HORIZON ENERGY DISTRIBUTION LIMITED