

**31 July 2024**

**Submissions  
Electricity Authority  
PO Box 10041  
Wellington 6143**

**E-mail: [dda@ea.govt.nz](mailto:dda@ea.govt.nz)**

**CONSULTATION - DDA**

Network Waitaki welcomes the opportunity to provide our comments to the “*Follow-up consultation – proposed changes to the default distributor agreement*”. We also generally support and agree with the submission by the Electricity Networks Association (ENA).

We appreciate the intent of the Authority to improve the DDA, but we do not agree that the proposed changes contained in the follow-up consultation will be for the most part to the long-term benefit of consumers from whom all administrative and resourcing cost will need to be recovered.

Our responses to the questions are contained in Appendix 1.

For any questions or clarifications on our responses please contact Cornel van Basten, Regulatory Manager ( [cornelb@networkwaitaki.co.nz](mailto:cornelb@networkwaitaki.co.nz) )

Yours sincerely



Tricia Rands  
Chief Financial Officer

## Appendix 1

### **PART 12A clause 9.10 (refund of charges)**

#### **Q2.1 Do you consider the revised proposed approach in 9.10 is workable, efficient, and effective? Would you propose any alternative approaches? Please describe these approaches in your answer**

Network Waitaki agrees with the ENA that the proposed amendments to 9.10 are inconsistent with the Authority's statutory objective. We do not consider the proposed approach to be workable, efficient and effective.

Network Waitaki's DDA currently includes 9.10 as follows:

#### *9.10 Refund of charges: If:*

- a) *as a consequence of a fault on the Network (not being a Force Majeure Event) there is a continuous interruption affecting a Customer's Point of Connection for 24 hours or longer; and*
- b) *the Trader within 60 days of the interruption, in writing:*
  - i) *requests the Distributor to refund the charges paid by the Trader to the Distributor in respect of the ICP or ICPs for that Customer for the number of complete days during which the loss of supply by the Customer continued;*
  - ii) *provides evidence to the Distributor's satisfaction (acting reasonably) that such ICP or ICPs suffered a loss of supply for the period claimed; and*
  - iii) *undertakes to the Distributor that the refund of such charges will be passed on in full by the Trader to the relevant Customer as soon as reasonably practicable following receipt by the Trader of the refund from the Distributor, the Distributor must, within 10 Working Days of receipt of the request, information and undertaking required by clause 9.10(b), issue a Credit Note and refund for the relevant charges paid by the Trader in respect of the ICP or ICPs for that Customer for the number of complete days that the Trader evidences (to the Distributor's satisfaction) that supply was lost.*

#### **Network Waitaki's experience:**

In the years since the DDA coming into effect and before we have not received a request from a retailer for a refund.

Instead, after a big outage event in 2020, we initiated and worked with retailers to waive network fixed charges to the affected ICPs of each retailer to support consumers.

#### **Network Waitaki's position:**

We disagree with the proposed revision to place the responsibility with the distributor to advise the retailer of ICPs that are affected by an electricity supply interruption for the purpose of 9.10 for the following reasons:

- No long-term benefit for consumers of putting in place systems and processes at a cost to ensure this provision is always complied with, i.e. to identify the length of any interruption at every single ICP and notify the relevant retailer.
- Increased cost to administer this requirement will be recovered from consumers for no apparent benefit.
- We can demonstrate that where significant events caused outages in the past Network Waitaki has been pro-active to work with retailers on supporting affected consumers.

We agree with the ENA that the definition of an extended continuous outage for clauses 9.10 and 9.11 should be "complete days" rather than equivalent hours to better align the operation of the registry and market reconciliation and settlement systems.

#### **Q2.2 Do you consider it would incentivise distributors to restore electricity supply to consumers more quickly if they did not need to reduce charges for a longer outage period than 24 hours**

No, it would not.

Network Waitaki's focus and core objective remain on providing a safe and reliable supply of electricity to our customers.

In this regard we strive to perform well against our key reliability measures and our performance against our SAIDI and SAIFI targets are continuously monitored. We view our response to outages crucial to achieving our goal of supplying a reliable supply of electricity.

As 9.10 has already been in place in our DDA this proposal will not incentivise quicker restoration of electricity supply. Instead, it will add to cost (of putting a system in place) that will be passed on to customers.

**Q2.3 If so, what time limit would you consider reasonable before charges should be reduced (eg, a maximum of 48 hours interruption)?**

Agree with the ENA submission.

**Q2.4 How would this longer period incentivise quick restoration of electricity supply and balance the disruption to the consumer and the consumer's right to receive the electricity they are paying for?**

The proposed changes would not incentivise Network Waitaki to more quickly restore electricity supply to customers. We are already restoring electricity supply where there is an interruption at the fastest rate possible.

**NEW PART 12A clause 9.11 (Reduction of charges due to state of emergency)**

**Q3.1 Do you consider new clause 9.11 effectively addresses the identified problem? Would you propose any alternative approaches? If so, please describe these approaches in your answer.**

Agree with the ENA submission.

**NEW CODE CLAUSE 12A.6 (retailers must pass-through reduction in distribution charges)**

**Q4.1 Do you consider new clause 12A.6 is practical to implement and will deliver benefit to consumers? Please explain why or why not.**

Agree with the ENA submission that 12A.6(2) be removed in its entirety. No party should be allowed to retain any amount, the full amount should be refunded to the customer and clearly identified.

**Q4.2 Do you see any issues or have alternative ideas? If so, please explain what these are.**

Agree with the ENA submission.

**CODE CLAUSE 33.2 (definition of 'use of money adjustment')**

**Q5.1 Is the revised approach to clause 33.2 appropriate and practical to implement without the need for significant system changes? Please explain your views.**

Agree with the ENA submission that this should be an operational term rather than a core term. We agree that the administration cost will outweigh the value of adjustments.

#### **Our experience**

During the DDA consultation process in 2020/2021 with retailers on Network Waitaki's network we received retailer comment on whether we view the UoMA a significant issue and whether it warrants the administrative burden. Hence, we agreed to set the UoMA at 0%.

**Our concern**

We are concerned about the administration and cost involved to implementing (with our customers having to pay for is) this measure for the sake of very small “over/under recoveries” that for the most part balance each other out.

Retailers are responsible for the data used for billing, i.e. they are in control of the estimates used for invoicing. Hence, it is not clear why retailers are concerned about over/under recovery if they are in control of the data.

**Q5.2 Does the revised approach to clause 33.2 reduce potential implementation costs?  
Please explain your views.**

Agree with ENA submission.

**REGULATORY STATEMENT**

**Q6.1 Do you agree with the analysis presented in this Regulatory Statement? If not, why not?**

Agree with ENA submission