

Submission

Submitter/ Organisation	Axos Systems
Part 12A Clause 9.10 (refund of charges)	
Questions	Comment
<p>Q2.1</p> <p>Do you consider the revised proposed approach in 9.10 is workable, efficient, and effective?</p> <p>Would you propose any alternative approaches?</p> <p>Please describe these approaches in your answer.</p>	<p>While we generally support the goals of the proposed Code amendment, assuming that the benefits justify the cost, we believe that practical issues need to be resolved before moving forward with the amendment, as this will affect the structure of the Code amendment.</p> <p>We recognise that it is unfair for consumers to pay for a service they do not receive. However, it is essential to define the industry process before finalising any Code amendments. Including this framework in the consultation process would have addressed several concerns raised by distributors in their initial submissions.</p> <p>Industry processes are highly interdependent and underpin accurate electricity market settlement including wholesale settlement, network settlement, customer invoicing and market reporting.</p> <p>Code changes such as proposed must account for the interdependent nature of market processes that flow through the whole electricity value chain. Additionally, the amendments should avoid duplicating existing obligations within the Code and data exchange protocols.</p> <p>We suggest that the cost-benefit analysis should be reassessed based on a mutually agreed-upon industry process that includes implementation considerations.</p> <p>We consider that the proposed amendment:</p> <ol style="list-style-type: none"> 1) Is difficult to understand as the proposed amendment will change industry processes, and those processes have not been defined and workshopped with the industry; 2) Does not take account of ICPs contracted by the distributor under a non-secure connection option. If these contract options are not excluded within the Code drafting, distributors will be prevented from tailoring (lower cost) non-secure services to access seekers; 3) Does not allow for instances where a distributor provides a lower standard of service, e.g. if capacity limits are imposed so that electric water heating is not available;

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<p>Q2.1</p> <p>Do you consider the revised proposed approach in 9.10 is workable, efficient, and effective?</p> <p>Would you propose any alternative approaches?</p> <p>Please describe these approaches in your answer</p>	<p>4) The term “customer” includes distributed generators who will have no revenue when an unplanned outage occurs. Currently, the Code does not define “customer,” so it defaults to a common English interpretation. We recommend specifying in the Code that "customer" includes both consumers and generators. This clarification would help prevent creating an incentive to prioritise reconnecting consumers over distributed generators;</p> <p>5) Fails to take account of existing business rules in the mandated EIEP1.</p> <p>There are various ways to implement an industry process that meets the intent of the proposed amendment. We believe that the approach outlined below represents the most effective and cost-efficient implementation. We propose an alternative approach that will deliver:</p> <ul style="list-style-type: none"> a) The lowest interruption and transactional cost to the industry, benefitting industry participants and consumers; b) Provide additional reporting benefits to emergency services; c) Provide additional information that could be extracted and published that could encourage non-network alternative offers. <p>The approach we propose utilises the registry in a similar manner to the EIEP5A planned outage information, but with specific differences as set out below:</p> <p>Proposed industry process that should provide the lowest industry cost:</p> <ul style="list-style-type: none"> 1) The Code needs to be made clear that ICPs contracted under a non-secure connection option are specifically excluded so that distributors are not prevented from tailoring (lower cost) services to access seekers. The distributors price category code in the registry will indicate ICPs with this arrangement, and flagging could be added to the price category code table. 2) Regulate EIEP5B and require distributors to provide EIEP5B to the registry. 3) Modify the registry to provide EIEP5B functionality similar to EIEP5A where the registry will on send an EIEP5B to the relevant trader. 4) Modify the registry so that the receipt of an EIEP5B triggers the following: <ul style="list-style-type: none"> a. Status event change to inactive (even if the ICP is currently inactive, using a new status reason code of (Unplanned outage”, using the “Interruption start date” of the outage in EIEP5B (the point at which network charges would not apply could be calculated from this date-time).

Questions	Comment
<p>Q2.1</p> <p>Do you consider the</p>	<ul style="list-style-type: none"> b. Status event change back to original ICP status from the original or subsequent EIEP5B using the Interruption restore date-time”.

<p>revised proposed approach in 9.10 is workable, efficient, and effective?</p> <p>Would you propose any alternative approaches?</p> <p>Please describe these approaches in your answer.</p>	<ul style="list-style-type: none"> c. Notifications of ICP status change to the distributor, MEP and trader that “owns” the ICP during the unplanned outage. d. The process can be after an event and is automatically subject to washup/correction as is any registry functionality. e. Include a “non-secure” contract identifier on the price category code in the registry, and automatically exclude ICPs with a non-secure pricing option from EIEP5B ICP status change update. <ul style="list-style-type: none"> 5) Require traders to use the updated status events from the registry in their submissions, EIEP1, and customer invoices. 6) Note that business rules in EIEP1 currently require traders to take account of the registry status, so it should be expected that all retailers already have invoicing functionality to meet this requirement. 7) It is essential that the industry is co-ordinated in its implementation of the new process. Examples of whole of market implementation that could be considered include Part 10 of the Code, EIEPs, etc.
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Questions	Comment
<p>Q2.2</p> <p>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?</p>	<p>We recognize that most networks aim to restore electricity supply to consumers as quickly as possible, though outages can sometimes be prolonged, particularly in cases of severe damage. Often, networks face constraints due to limitations in staff and equipment availability.</p> <p>The proposed Code amendment is designed to encourage distributors to expedite supply restoration. However, we also acknowledge that the SAIDI and SAIFI metrics, along with the Commerce Commission’s power quality monitoring, already provide significant incentives for networks restoring supply where the fault is at a higher voltage than 400 volt. We understand that reported SAIDI and SAIFI does not necessarily include faults that occur on 400-volt consumer lines. This amendment will provide additional motivation for distributors to restore supply more swiftly on these lower voltage sections, when feasible.</p> <p>Ultimately, we believe the Code amendment addresses "fairness" for consumers, particularly those who experience unplanned outages lasting more than 24 hours, as they are paying for a service they are not receiving.</p>

New Part 12A Clause 9.11 (reduction of charges due to state of emergency)	
Questions	Comment
<p>Q3.1</p> <p>Do you consider new</p>	<p>We consider that there are some logistical issues with this clause, and it will require changes to distributors invoicing systems to provide the necessary flagging.</p>

<p>clause 9.11 effectively addresses the identified problem?</p> <p>Would you propose any alternative approaches?</p> <p>If so, please describe these approaches in your answer.</p>	<p>We also consider that the Code amendment may not have gone far enough, as traders are required under the Code to provide submission information to the reconciliation manager unless the status of the ICP in the registry is “Inactive”. So, consumers would be receiving an energy bill regardless of not receiving network charges.</p> <p>We think the process outlined in response to Q2.1 would resolve the reconciliation and invoicing issue for traders, and that any electricity consumed through the ICP would then appear as UFE spread across all retailers purchases within the same balancing area.</p> <p>To add clarity to the reason why electricity is not being reconciled, a new inactive status reason code could be added to the registry so that anyone viewing the registry was aware that the ICP was still live. We suggest something like “ICP is live but submission information is not required”.</p>
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<p>New Code clause 12A.6 (retailers must pass-through reduction in distribution charges)</p>	
<p>Questions</p>	<p>Comment</p>
<p>Q4.1</p> <p>Do you consider new clause 12A.6 is practical to implement and will deliver benefit to consumers?</p> <p>Please explain why or why not.</p>	<p>Clause 12A.6(1) can be implemented by retailers using the suggested process in the response to Q2.1. That is provided that retailers invoicing engines replicates the ICP inactive status in the registry populated by the distributor. In their monthly registry reconciliations, retailers should pick up that discrepancy, but retailers could also choose to automate updates in their own systems based on the registry notifications.</p> <p>There will be a cost to retailers to implement necessary functionality to meet Clause 12A.6.</p>

<p>Code clause 33.2 (definition of ‘use of money adjustment’)</p>	
<p>Questions</p>	<p>Comment</p>
<p>Q5.1</p> <p>Is the revised approach to</p>	<p>We agree with the change.</p>

<p>clause 33.2 appropriate and practical to implement without the need for significant system changes? Please explain your views.</p>	
<p>Q5.2</p> <p>Does the revised approach to clause 33.2 reduce potential implementation costs? Please explain your views.</p>	<p>No comment.</p>

<p>Code clause 33.2 (definition of ‘use of money adjustment’)</p>	
<p>Questions</p>	<p>Comment</p>
<p>Q6.1</p> <p>Do you agree with the analysis presented in this Regulatory Statement?</p> <p>If not, why not?</p>	<p>We disagree with the regulatory statement because the industry costs for implementing these changes cannot be fully assessed until an industry-wide process is established. We are open to helping define this process in an industry workshop.</p> <p>While the proposed changes will benefit individual consumers (but not consumers as a whole), a revised Cost-Benefit Analysis (CBA) is needed to evaluate the industry costs, the effectiveness of the proposed Code changes, and the overall benefits to consumers. We recommend working through the proposed process with industry and consumer representatives before proceeding with the Code amendments, considering that consumers ultimately bear all industry costs.</p>

Consultation - DDA

29 July 2024

Dear Electricity Authority,

Re: Submission on Proposed Changes to the Default Distributor Agreement

We appreciate the opportunity to provide feedback on the proposed changes to the Default Distributor Agreement (DDA). Our submission is attached for your consideration.

While we generally support the intent behind these amendments, we urge the Authority to exercise caution and carefully develop implementation plans before proceeding. Our primary concerns are:

- 1. Complexity and Cost:** The proposed changes may significantly increase complexity in industry processes. This complexity could lead to higher costs for all participants, which may ultimately be passed on to consumers.
- 2. Redistribution vs. Reduction:** The proposed amendments primarily result in a redistribution of network charges rather than an overall reduction. As such, the aggregate benefit to consumers may be relatively minor compared to the potential implementation costs.
- 3. Need for Industry-Wide Process:** We strongly recommend establishing an agreed-upon industry-wide process before finalizing any Code amendments. This approach would address many concerns raised by distributors in their initial submissions and ensure a more efficient implementation.
- 4. Cost-Benefit Analysis:** We suggest reassessing the cost-benefit analysis based on a mutually agreed-upon industry process that includes implementation considerations. This will provide a more accurate picture of the true impact of these changes.
- 5. Unintended Consequences:** The proposed amendments may have unintended consequences, such as impacting non-secure connection options or creating misaligned incentives for reconnecting different types of customers.

We have provided detailed responses to the consultation questions, including alternative approaches that we believe could achieve the Authority's objectives more efficiently and effectively. We respectfully request that the Authority consider our feedback carefully and engage in further industry consultation to refine these proposals. Our goal is to ensure that any changes made truly benefit consumers while minimizing unnecessary costs and complexity for the industry.

Thank you for your consideration. We look forward to further discussion on these important matters.

Sincerely,

Geoff Gale
Group Chief Operations Officer