

5 March 2018

Submissions

Electricity Authority
PO Box 10041
Wellington 6143

by email: submissions@ea.govt.nz

Submission on consultation paper—Code review programme 2018

1. Orion New Zealand Limited (Orion) welcomes the opportunity to comment on the Electricity Authority's (the Authority) consultation paper (the paper) on the 2018 Code review programme.
2. Our submission is in two parts:
 - a. our response to general issues;
 - b. our response to specific questions.
3. We have responded only to certain Code change reference numbers: 02, 07, 14, 17 and 22.

General Issues

4. While many of the Code changes present as minor in nature there are changes that have the potential to add complexity rather than reduce complexity. There are also potential opportunities to implement further simplification.

Concluding remarks

5. Thank you for the opportunity to make this submission. We do not consider that any part of this submission is confidential. If you have any questions please contact Dayle Parris (Regulatory Manager), DDI 03 363 9874, email dayle.parris@oriongroup.co.nz.

Yours sincerely



Dayle Parris
Regulatory Manager

Appendix I Format for submissions

Submitter	Orion New Zealand Limited
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Reference	2018 - 02 Timeframe for distributors to give written notice of ICP decommissioning
Question 1: Do you agree with the Authority's problem definition? If not, why not?	
Yes we agree	
Question 2: Do you agree with the Authority's proposed solution? If not, why not?	
Yes we agree	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
No comments.	

Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?

Yes we agree with the objectives.

Question 5: Do you agree the benefits of the proposed amendment outweigh its costs? If not, why not?

Yes we agree the benefits of the proposal outweigh its costs.

Question 6: Do you agree the proposed amendment is preferable to the other options? If not, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.

N/A- no other options were outlined and we offer no other alternative.

Reference	2018 - 07 Clarifying Code requirements for ICP information relating to chargeable capacity
Question 1: Do you agree with the Authority's problem definition? If not, why not?	
Yes we agree	
Question 2: Do you agree with the Authority's proposed solution? If not, why not?	
<p>No.</p> <p>(1) The proposed solution does not cater for the situation where a pricing category has more than one chargeable capacity component. For example Orion has four chargeable capacity components for its major customer category. It is more appropriate for retailers to contact us to find out the details of pricing for these customers i.e. 'price on application'. Populating only one of the chargeable capacity components will lead to incorrect charging and pricing by traders.</p> <p>(2) The solution proposed may not be adaptable for future arrangements. As you are aware distributors are currently reviewing pricing arrangements to deliver more cost reflective pricing signals. This may lead to more situations where pricing incorporates more than one chargeable capacity component.</p> <p>(3) We suggest that this code change is not minor in nature and should be subject to a wider review as pricing structures evolve.</p>	

Question 3: Do you have any comments on the Authority's proposed Code drafting?

Yes. We suggest that there should be opportunity to add 'price on application' to the chargeable capacity field where the chargeable capacity arrangements are more complex. This would require the chargeable capacity field to accept text. To allow this the Code drafting would need to be altered. We suggest the following;

- (h) if the **price category** code assigned under paragraph (g) requires a value for the capacity of the **ICP**, the **chargeable capacity** of the **ICP**, as follows:
 - (i) if the **chargeable capacity** cannot be determined before **electricity** is traded at the **ICP**, a placeholder **chargeable capacity**:
 - (ii) if the capacity value can be determined for a **billing period** from the **metering information** collected for that **billing period** or where the capacity charging is complex, no **chargeable capacity**:
 - (iii) in any other case, the actual **chargeable capacity**:

Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?

Yes we agree in principal with the objectives subject to our answers to question 2 and 3.

Question 5: Do you agree the benefits of the proposed amendment outweigh its costs? If not, why not?

Yes we agree the benefits of the proposal outweigh its costs.

Question 6: Do you agree the proposed amendment is preferable to the other options? If not, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.

N/A- no other options were outlined. We offer the alternative suggested in our answer to question 3.

Reference	2018 - 14 Clarifying requirement for distributors to give written notice of change to network supply point identifier
Question 1: Do you agree with the Authority's problem definition? If not, why not?	
Yes we agree	
Question 2: Do you agree with the Authority's proposed solution? If not, why not?	
No- the initial problem definition cites that the problem is to ensure that the date notified for an NSP is the date when the original change occurred and not the date when the 15 th day is reached and the change is considered permanent. The proposed solution goes further by reducing the compliance timeframe for distributors to make the notification and introducing complexity by changing to business days from days for Clause (3) and (4).	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
<p>(1) We are concerned that the change to remove the mix of days and business days has resulted in a business day approach that makes it difficult to implement changes to existing software coding that distributors may have in place to monitor the existing 14 day window. Moving to business days introduces a number of exceptions due to statutory and anniversary holidays that are difficult to code for.</p> <p>(2) Our interpretation of Clause 8(2)(a) is that where a distributor knows a change will be permanent from the date of that change then the notification of that change date should occur no later than 8 business days after the change takes effect. Is there merit in aligning Clause 8(2)(a) with Clause 8(3) given that the effect of Clause 8(3) will be to create a backdating of the change date or should Clause 8(2)(a) be removed aside from moving the qualification around NSP commissioning or decommissioning to Clause 8(2)(b). The Authority itself states that “If a change to an ICP’s NSP identifier applies for 10 business days or more, a distributor should not need a further 8 business days after a period of 10 business days, to give written notice to the registry manager.”</p> <p>Accordingly we suggest that removing the 8 business day requirement will further reduce complexity and provide clarity of expectations.</p>	

Suggested rewording:

8 Distributors to change ICP information provided to registry manager

(1)....

(2) The *distributor* must give the notice-

(a) ~~in the case of a change to the information referred to in clause 7(1)(b) (other than a change that is the result of the commissioning or decommissioning of an NSP), no later than 8 business days after the change takes effect; and~~

(a) ~~(b) in every other case,~~ no later than 3 *business days* after the change takes effect (other than a change that is the result of the *commissioning or decommissioning of an NSP*).

Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?

Yes we agree with the objectives subject to the impact on Trader administration of backdating NSP change dates where this hasn't occurred before (i.e. where distributors have used the 15th day as the change date).

Question 5: Do you agree the benefits of the proposed amendment outweigh its costs? If not, why not?

No there may be cost impact of coding and process changes required by some distributors due to the change from 14 days to 10 business days for monitoring of NSP changes.

Question 6: Do you agree the proposed amendment is preferable to the other options? If not, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.

N/A- no other options were outlined by the Authority. See our answer to question 3.

Reference	2018 - 17 Removing the defined term “customer” from Part 1
<p>Question 1: Do you agree with the Authority's problem definition? If not, why not?</p>	
<p>Yes we agree however the extent of the problem, that would initiate a change, is unclear from the information provided</p>	
<p>Question 2: Do you agree with the Authority's proposed solution? If not, why not?</p>	
<p>Yes we agree subject to question 1. In addition we are uncertain whether the removal of the definition of customer may result in a broadening of the meaning of customer to include electricity customers who buy and sell electricity from traders (i.e. not just retailers). We’re not sure what implications this may have. For instance many of the clauses where the defined term customer is to be replaced also refer to embedded generators however if the ordinary meaning of customer includes sellers of electricity then does embedded generator require its own mention? There may be opportunity for further simplification.</p>	
<p>Question 3: Do you have any comments on the Authority's proposed Code drafting?</p>	
<p>Yes see answer to question 2.</p>	
<p>Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?</p>	
<p>Yes we agree with the objectives.</p>	

Question 5: Do you agree the benefits of the proposed amendment outweigh its costs? If not, why not?

Yes we agree the benefits of the proposal outweigh its costs.

Question 6: Do you agree the proposed amendment is preferable to the other options? If not, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.

N/A- no other options were outlined and we offer no other alternative.

Reference	2018 - 22 Clarifying when a reconciliation participant may connect or electrically connect certain points of connection
Question 1: Do you agree with the Authority's problem definition? If not, why not?	
Yes we agree	
Question 2: Do you agree with the Authority's proposed solution? If not, why not?	
<p>No. In relation to shared unmetered load and proposed changes to clause 10.33(1)(b) is the Code change intent that electrical connection and temporary electrical connection as a result of maintenance activity and emergency repairs be subject to the notification requirement? Where a shared unmetered load is a light there is normally no impact on reconciliation where maintenance or repairs are carried out in the daytime. However if the light is compromised at night say by a car accident, and given the materiality of the consumption, is it proportionate that every trader be notified of a temporary electrical connection at the completion of the repairs? GIS tracking provides connectivity between the transformer and the UML ICP but provides no direct trace to the ICPs sharing the UML ICP consumption for notification. We do not believe that the benefit of being notified that the shared unmetered load has been connected following repairs outweighs the cost of implementing notification processes.</p>	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
Yes see answer to question 2.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes we agree with the objectives.	

Question 5: Do you agree the benefits of the proposed amendment outweigh its costs? If not, why not?

Yes we agree the benefits of the proposal outweigh its costs.

Question 6: Do you agree the proposed amendment is preferable to the other options? If not, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.

N/A- no other options were outlined and we offer no other alternative.