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Submission on the EA's Improving retail market monitoring: clause 2.16 information notice consultation paper

Introduction

1. This is Vector Limited's (Vector) submission on the Electricity Authority's (the Authority) consultation paper, *Improving retail market monitoring: clause 2.16 information notice consultation paper* (the Consultation Paper), published on 5 December 2023.
2. We are supportive of any improvements in monitoring the retail market and consider the proposed amendment can only be positive for enhancing trust and confidence in the retail market. In the long term, it will benefit domestic and small business consumers and support New Zealand's transition to a sustainable electricity system.
3. The current mechanisms for retail market monitoring are inconsistent and ad hoc and overall inadequate, particularly for a sustainable and renewable energy future. The transition to such a renewable power system must enable and encourage consumer participation with their distributed energy resources (DER). This can only happen if consumers understand and are suitably incentivised to participate in demand side management. Consumer interests must also be adequately protected if we are to maintain their trust, confidence and continued involvement. By taking the proposed steps to better monitor the retail market, the Authority will go some way to restoring that confidence and further have the evidence base from which to make policy decisions that benefit both consumers and the changing industry.
4. We agree that, amongst other things, there is limited reliable information currently available about retail pricing or retailer offerings, the extent of controllable offtake and injection that a retailer acquires and limited transparency about other aspects¹. In addition to this and the further information gaps identified at Table one, paragraph 3.5, which we agree with, we ask that the Authority also gather from retailers the following further information:
 - a. Retailer assessment of what the "optimal" tariff offered by the retailer would be for each ICP, and the potential annual cost saving if the customer were to switch to that tariff.
 - b. managed ICPs – scope and scale of ICPs under DER management by the retailer, including location and DER type and output etc
 - c. ICPs for which a load management protocol or other coordination arrangements exist with the host distributor for that ICP.
 - d. Any known information about third parties also managing one or more of the customer's DER at that ICP.
 - e. Half hourly consumption metering by customer type of tariff plan

¹ Paragraph 2.14 of the Consultation Paper

- f. Plan terms and contract length.
 - g. The amount exported (kWh) at an ICP level and prices paid for exported electricity (\$/kWh).
5. The Authority should also seek some of this information from non-retailer aggregators involved in demand management, namely (b) to (d) above. Aggregators ought to also be included in the Code as participants, although we note that this may shortly be under consideration in the Authority's "Proposals for Improving Distributor Visibility of and Coordination with Flexibility Providers" Consultation Paper to be released in April 2024.
6. We also support and agree with the Authority's comments at paragraph 6.5, clause 2.19(1)(b) of the Consultation Paper that:
- "Tracking the use of distributed energy resources and their interaction with the local distribution network would increase understanding of how these mechanisms can support the national's transition to a fully renewable power system.*
- Consumption and pricing data can be used for identifying the penetration of TOU pricing plans, specifically time condition plans (TCPs), on peak electricity demand. This is a retail product the Authority has identified could be a cost-effective method to ensuring grid security during a time of limited generation capacity and higher generation intermittency, which would improve system resilience and efficiency."*
7. Relatedly, the Authority's new function to 'undertake measures aimed at protecting the interest of consumers in relation to supply of electricity', suggests the Authority ought to consider an oversight role in nascent or emerging markets. We suggest the Authority should keep an oversight of load management or coordination protocols between distributors and retailer and non-retailer aggregators that ultimately seek to protect electricity supply to consumers. Again, we note this may be covered by the forthcoming Consultation Paper referred to at paragraph 5 above. Vector would welcome an oversight role from the Authority in the interim.
8. We set out our responses to the consultation questions in Appendix A below. No part of this submission is confidential, and we are happy for the Authority to publish it in its entirety.
9. We are happy to discuss any aspects of this submission with the Authority. Please contact Monica Choy (Senior Regulatory and Pricing Partner) at monica.choy@vector.co.nz in the first instance.

Yours sincerely
For and on behalf of Vector Limited

A handwritten signature in blue ink, appearing to read 'Monica Choy'.

Monica Choy
Senior Regulatory & Pricing Partner

Appendix A – Response to consultation questions

Question	Comment
Q1. What are your views on the Authority's description of the current issues with its monitoring of the retail market? Are there any additional issues we have not included?	<p>Vector broadly agrees with the Authority's description of the current issues with retail market monitoring which has led to issues around transparency and reliability of information provided.</p> <p>The Authority's intent to implement a more structured and comprehensive approach to the monitoring of retail market conditions is supported.</p>
Q2. The Authority is proposing that retail market monitoring should be through one consolidated, mandatory request, collected on a consistent basis, that is proactively published, cost- effective, and fills identified information gaps. What are your thoughts on this proposal?	<p>We agree with the proposal which will be positive for consumers and is likely to be more efficient and cost-effective for retailers.</p> <p>The proactive publication of relevant information will also help enhance trust and confidence in the retail market and increase consumer participation with respect to DER.</p> <p>We also encourage the Authority to extend appropriate information requests to non-retailer aggregators, as this has an important bearing on mass market consumers if we are to enable and optimise participation of DER.</p>
Q3. What are your views on the Authority's proposal that a new Clause 2.16 notice is the correct tool to improve retail market monitoring?	We consider a clause 2.16 notice is the right tool to enable the collection of data to support improved retail market monitoring.
Q4. What are your views on the ICPs the proposed notice applies to, and do you believe the proposed notice should apply to any other group of ICPs?	<p>We consider it is appropriate to include all mass market customers in the clause 2.16 notice. This section of consumers accounts for more than 95% of all connections and is therefore appropriate.</p> <p>Commercial and industrial users are more able to negotiate bespoke arrangements with their retailers and in some cases are billed directly for distribution services. There is no need to include this group of ICPs at this time.</p>
Q5. (For retailers) What is your definition of mass market? Will the request for account managed small businesses capture all the small businesses that fall outside your definition of mass market?	No comment
Q6. (For retailers) What method would you prefer to use to submit your data?	No comment

<p>Q7. Do you have any feedback on the proposed notice (Appendix A)?</p>	<p>We would like to see the inclusion of an additional field to indicate whether each ICP is reconciled using actual HHR data by 30-minute intervals, aggregated peak/off-peak kWh or a deemed profile.</p> <p>This will increase transparency around those retailers who continue to avoid reconciling with smart meter data even when it is available and hopefully provide the necessary push to increase half hour reconciliation.</p>
<p>Q8. (For retailers) Would you be able to provide the information requested in the proposed notice backdated to 1 January 2018? If not, what is the earliest date from which you could provide the requested information?</p>	<p>No comment</p>
<p>Q9. What are your views on how the information requested in the proposed notice would meet the Authority's statutory monitoring of competition, reliability, and efficiency in the retail market, and domestic and small business consumers' outcomes? What information do you think is needed to meet the Authority's statutory monitoring requirements?</p>	<p>The information requested would enable the Authority to better achieve its statutory objective. We would also encourage the Authority to consistently and actively analyse and utilise the data, including by publishing trends etc.</p>
<p>Q10. Do you believe the benefits of the Authority having this information outweigh the costs? If not, why?</p>	<p>We consider the benefits from the proposal are likely to exceed the costs.</p>
<p>Q11. (For retailers) Do you currently provide the Authority with any of the data requested in the proposed notice through any other mechanism that would not be replaced by a new notice (ie, not the RFS notice, or voluntary information provided annually and quarterly).</p>	<p>No comment</p>

Q12. (For retailers) What is the time and cost for you to put the processes in place to provide the data requested in the proposed notice initially and on an ongoing basis (noting the proposed two month implementation period)? What resources would this take? Please provide evidence to support any estimates where possible.	No comment
Q13. (For retailers) Do you collect customer or ICP level information on EV chargers? If so, what are the details of this information eg, whether the charger is a smart charger?	No comment
Q14. What are your views on the information the Authority intends to initially publish from the proposed notice, including the proposed level of detail?	<p>The proposed publication of aggregated data by region, customer type and retailers is supported by Vector.</p> <p>The use of Statistics New Zealand Mesh block is an appropriate level of detail to begin with, and it will allow for better understanding of load profiles and DER penetration on low voltage networks.</p>
Q15. What information do you believe the Authority should or should not publish? What level of detail do you consider appropriate for publication, and why?	<p>Individual ICP consumption or revenue data should not be published for obvious reasons.</p> <p>Disaggregated data at a Statistics New Zealand Mesh block level including consumption profiles, the proportion of ICPs on time contingent pricing and export volumes would be helpful. The publication of data on Primary residence would also be helpful and will support better understanding of seasonal load profiles and/or regions with a high prevalence of holidays homes.</p>
Q16. (For retailers) What information requested through the proposed draft notice would you expect to mark as confidential under clause 2.21 of the Code?	No comment
Q17. What are your views on the privacy implications of this clause 2.16 notice and the methods we have outlined to manage these?	We support the ENA's call to seek and publish advice from the Privacy Commissioner on whether each of the proposed data items would be considered personal information under the Privacy Act.

Q18. (For retailers) Do you foresee this notice creating any new issues or costs for you from a privacy perspective?

No comment