

28 February 2023

Tim Sparks
Electricity Authority
By email to distribution.feedback@ea.govt.nz

Dear Tim

Issues Paper—Updating the Regulatory Settings for Distribution Networks

1. This is a submission from the Major Electricity Users' Group (MEUG) on the Electricity Authority issues paper "*Updating the Regulatory Settings for Distribution Networks*," published 19 December 2022.¹
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Members may lodge separate submissions.
3. MEUG:
 - **Commends** the Authority for a comprehensive report bringing together multiple workstreams within the Authority and work by external parties, using an approach, set out in paragraph 2.25, that is in the view of MEUG consistent with the Authority's statutory purpose. The full text of that paragraph follows, as it is a good guide to the approach in the paper and future decisions:

“Where the need for regulatory change is uncertain, interventions should be outcome-focused rather than prescriptive. The Authority wants to manage risk, remove barriers to market development, and create an enabling environment, rather than predetermine who should or should not do what. The Authority wants to stimulate the uptake and best use of DER. We should like to preserve optionality and adopt measures that are likely to have positive outcomes, regardless of how the markets for flexibility services develop (so-called ‘least-regrets’ measures).”
 - **Commends** the collaborative work by suppliers and distributors to find agreed actions, such as the ENA / ERANZ proposed change to the Data Template agreement [refer paragraph 4.83].
 - **Agrees** with the proposed four priority work themes required in the next 12 months set out in paragraph 2.60:

¹ Document URL <https://www.ea.govt.nz/assets/dms-assets/31/Issues-paper-Updating-the-regulatory-settings-for-distribution-networks.pdf> at <https://www.ea.govt.nz/development/work-programme/evolving-tech-business/updating-regulatory-settings-for-distribution-networks/consultations/#c19303>.

- Regulating how and what kind of data MEPs provide to distributors and flexibility traders.
- The threshold that when crossed will lead the Authority to extend the current arm's length rules.
- The scope of a Part 6 review including amending Part 6 of the Code to explicitly include DER.
- Mandate AS/NZS 4777.2:2020 Standard for inverters in New Zealand.
- **Recommends**, in addition to the proposed two work separate studies to investigate the merit and practicalities of implementing the recommendations of the UK's Energy Data Taskforce (paragraph 4.46 to 4.52), an immediate priority this year should be to monitor and facilitate progress on development of flexibility agreements (paragraph 7.3]):

“The Authority will monitor progress between Transpower and the distributors more generally to agree a standard offer form for procuring flexibility as a NNS.”

The issues paper downplays the importance of this because of other higher priority work and an assumption that Transpower and Aurora will work together, as recommended by IPAG, to agree a standard offer form for procuring flexibility as a NNS (paragraph 7.35). MEUG suggests this is too important to leave to the discretion of Transpower and Aurora to prioritise and implement. Hence the Authority should actively facilitate that work. The first sentence of paragraph 7.35 tasks Transpower, Aurora and other distributors to agree a standard offer form. MEUG recommends that the task be widened to include flexibility traders. MEUG assumes reference to flexibility traders in the paper, where relevant, also applies to large stand-alone commercial and industrial consumers with existing or potential DER.

- **Notes** MEUG has an interest in further work on the issue of first mover advantage discussed in paragraph 8.80, a topic in the section titled “Part 6 pricing principles,” following on from our interest in that topic in implementing the new Transmission Pricing Methodology that takes effect April 2023.

Yours sincerely



Karen Boyes
Major Electricity Users' Group

