

TrustPower Proposed Amendments to parts E and J September 2009

Rule	Objective	Other Options	Benefits	Costs	TRUS COMMENTS
Clause 4 of schedule E1	<p>6.2.1 It is proposed that clause 4 of schedule E1 be amended by inserting a new clause 4.6A.</p> <p>6.2.2 Clause 4.6A provides that a distributor must advise the market administrator if it becomes aware that an ICP that it has created has been electrically connected, but the registry still shows the status of the ICP as being "Ready" (rather than "Active").</p> <p>6.2.3 The objective of the rule amendment is to ensure that the status of an ICP is accurately reflected in the registry and that all livened ICPs have a trader attached to them.</p>	6.2.5 The other option that the Commission has identified is not to add clause 4.6A to schedule E1, thereby maintaining the status quo.	This would minimise the risk of there being un-reconciled ICPs in the electricity market, and ensure that settlement is more accurate. The average total cost of an unreconciled domestic ICP is estimated as \$1,480/year, and a small commercial ICP is estimated as \$16,000/year.	<p>There is a minor cost to distributors in performing this check. However, the Commission believes that distributors should have already been monitoring ICPs as part of good revenue management practice.</p> <p>STATUS QUO</p> <p>No costs to distributors. If distributors are not currently monitoring ICPs regularly, there is financial risk to traders on that network as, through global reconciliation, all traders will share the unreconciled volume of consumption as unaccounted for electricity.</p>	<p>This could be a useful extra tool but we have a concern that the market administrators role in this process is not clear e.g. if the market administrator just runs some reports it will have minimal or no value. There needs to be a process outlining how these are to be investigated so that the problems are corrected.</p> <p>Where the proposed retailer is known, we would also like to see that proposed retailer notified at the same time notification is sent to the market administrator to allow the retailer to investigate and correct the problem immediately.</p>
Clauses 5.4 and 6.4 of schedule E1	<p>6.3.1 It is proposed that clauses 5.4 and 6.4 of schedule E1 be amended to provide that loss category codes must begin with the letter L, and price category codes must begin with the letter P.</p> <p>6.3.2 The objective of the rule amendment is to ensure that loss category codes and price category codes are 'read' as text by software programs (e.g.: Excel).</p>	6.3.4 The other option that the Commission has identified is not to add clauses 5.4 and 6.4 to schedule E1, thereby maintaining the status quo.	There would be a benefit to traders and consumers as the potential for errors in settlement is decreased. Potential and current reconciliation allocation and invoicing errors known are in the order of \$1million/year.	<p>There would be a cost to distributors. However, the Commission believes it would only be a few hours of work to update the static data tables in the registry. There is no cost estimated to traders.</p> <p>STATUS QUO</p> <p>No costs to distributors, potential cost to traders and consumers where incorrect loss factors are applied.</p>	This would cause a lot of traffic through the Registry and retailers systems to update changes. The reconciliation system could also be compromised dependant on whether the changes were backdated. We consider it would be more feasible to correct the existing problems (of which there are few although the impact was large). And when new loss factors or price categories are created or existing ones being reviewed to include the L or P at that point.
Clause 13 of schedule E1	<p>6.4.1 It is proposed that a new clause 13 be added to schedule E1 to provide that a network owner must notify affected participants, the reconciliation manager, and the market administrator if the network owner acquires all or part of an existing network, no later than 3 business days before the acquisition.</p> <p>6.4.2 The objective of the rule amendment is to ensure that affected participants have enough time to ensure that contracts are in place that allow them to trade on the newly acquired network.</p>	6.4.4 The other option that the Commission has identified is not to add the new clause 13 to schedule E1, thereby maintaining the status quo.	There would be a benefit to traders as traders will have sufficient amount of time to ensure their commercial contracts are in place, and agreements with customers have been obtained. Continuance of supply to the customers on the network.	<p>No cost or minimal cost estimated to network owners, as the majority of network owners already do this as part of negotiations with traders for supply on the newly acquired network. No cost estimated for traders</p> <p>STATUS QUO:</p> <p>No cost to network owners. Potential costs to traders in processing notifications more rapidly they than otherwise may do, and a risk that traders may breach the Rules or commercial contract requirements and incur further costs</p>	<p>3 business days does not allow time for:</p> <ul style="list-style-type: none"> The 5 day notification rule System changes that may be required Use of systems agreements Notification to customers regards potential price changes etc. <p>The time frame should be consistent with other notified changes e.g. loss factor and pricing changes.</p>

TrustPower Proposed Amendments to parts E and J September 2009

<p>Schedule E1A</p>	<p>6.5.1 It is proposed that a new schedule E1A be added to part E that sets out the process for the transfer of ICPs between distributors. The rules would apply if a distributor acquired a network or an embedded network was created or dis-established. 6.5.2 The objective of the rule amendment is to ensure that distributors follow a process that will ensure an auditable record of the transfer of ICPs, and that all parties affected by the transfer are consulted in a timely manner.</p>	<p>6.5.4 The other option that the Commission has identified is not to add the new schedule to part E, thereby maintaining the status quo.</p>	<p>The error-free transfer of ICPs between distributors will be an auditable process that takes into account all affected participants. The inability to transfer ICPs correctly can cost the industry significant sums of money, because participants have to invest time and money in tracing errors and discrepancies. Continuance of supply to the customers on the network. STATUS QUO No benefits, as the Commission will only transfer the ICPs when certain conditions are met (schedule E1A is based on these conditions)</p>	<p>The additional cost to distributors is estimated as nil, as the Commission already requires the information that will be required by schedule E1A when distributors want to transfer ICPs. No cost to other participants. Approximately \$50,000 to implement in the registry, and possibly an ongoing cost of \$5,000 per year for the Commission. STATUS QUO: No cost to distributors.</p>	<p>Agree</p>
<p>Clause 1.2A of schedule E2</p>	<p>6.6.1 It is proposed that a new clause 1.2A be inserted in schedule E2, which provides that 80% of all customer switches must be completed within 3 business days of notification from the registry of the switch request. 6.6.2 The objective of the rule amendment is to facilitate a faster transition for customers between retailers.</p>	<p>6.6.4 The Commission has also identified two other options: (a) not to add the new clause 1.2A, thereby maintaining status quo; and (b) to implement guidelines which request that traders implement specific timeframes when switching customers.</p>	<p>Benefit to the customer, as the customer will be able to switch to a lower cost retailer more quickly and efficiently. A reduction in average switch times by five days to a lower cost retailer is estimated as a maximum consumer benefit of approx \$1.30/switch, or on average approx \$20k/month. Traders will gain customers more efficiently and cost effectively. STATUS QUO No benefits to the customer as the Rules allow a maximum of 23 business days to switch retailers. IMPLEMENT GUIDELINES No benefits to the customer as the Rules allow a maximum of 23 business days to switch retailers, and the guidelines would not be enforceable.</p>	<p>Minor cost to traders as they will only need to implement quicker processing times, which may involve the use of advanced meter readings, customer reads, or estimates for the switch event meter read at the time of switch. The additional cost of a switch event meter read is considered minimal as retailers already have this obligation under the Rules. The cost to the Commission will be approximately \$5,000 per year for monitoring. STATUS QUO No costs to participants or the Commission. Traders are able to take the maximum time allotted to switch the customer which may impose purchase costs on consumers wanting to switch to a lower cost retailer. IMPLEMENT GUIDELINES No costs to participants or the Commission. Traders are able to take the maximum time allotted to switch the customer which may impose purchase costs on consumers wanting to switch to a lower cost retailer.</p>	<p>We disagree strongly with a three day 80% rule. New Zealand still has a majority of installations that would require an estimated final read to achieve a 3 day switch. It is TrustPowers experience that customers are more dissatisfied with inaccurate estimates that they are with the speed of switching. We agree that 23 days is too long, however after looking at statistics a compromise between move in and transfer time frames would seem more realistic. We have not received any complaints about the switching process Therefore we propose that 15 business days would be more appropriate than 3. Note: This would also apply to Rules 1.2, 1.3, 2.2, 2.3 and 3.3 of Schedule E2.</p>

TrustPower Proposed Amendments to parts E and J September 2009

<p>Rules 3 and 4 of part J</p>	<p>6.7.1 It is proposed that rule 3 and rule 4 of part J be amended, and a new rule 4A be inserted, to change the process whereby traders, direct purchasers, and generators give notice to the reconciliation manager when commencing or ceasing to trade at points of connection. 6.7.2 The objective of this rule is to streamline when and what trading notifications must be given to the reconciliation manager by traders, direct purchasers, or generators.</p>	<p>6.7.3 The Commission has presented two options in the proposed amendments to part J of the Rules for the provision of trading notifications to the reconciliation manager by traders, direct purchasers, and generators. That is because the Commission would like to give interested parties a chance to comment on both of the options. 6.7.4 The two options are: (a) Option 1: amending the rules to change when and what trading notifications traders, direct purchasers, and generators give to the reconciliation manager; and (b) Option 2: the status quo, but re-drafting the rule for clarity.</p>	<p>Participants will only need to submit trading notifications for non-standard profiles, thus making the process more efficient. STATUS QUO Participants will not need to change their processes.</p>	<p>Participants should receive significant management savings. Cost to Commission is approximately \$20,000 for a one-off update to the reconciliation manager's and registry's systems. STATUS QUO No cost to participants, however participants are exposed to a rule breach if they cannot comply with the notification requirements.</p>	<p>Would like clarification on what are considered non- standard profiles? Option 1 would be preferred "if" non -standard profiles are limited to direct connects and direct generators where the profile information is not available on the Registry.</p>
<p>Rules 10, 11, and 12 of part J, and rules 10 and 11 of part H</p>	<p>6.8.1 It is proposed that rules 10, 11, and 12 of part J, and rules 10 and 11 of part H be amended to clarify that the reconciliation manager and clearing manager may, if directed by the Commission, correct errors in information and invoices up to two years after the issue of the invoice. 6.8.2 The objective of these rule amendments is to ensure that material errors in the settlement process are, and can be, corrected.</p>	<p>6.8.4 The other option that the Commission has identified is not to proceed with the rule amendments, thereby maintaining the status quo.</p>	<p>Material errors can be corrected to ensure that volumes of electricity allocated to participants in the reconciliation process do not financially disadvantage or, in the worst instance, bankrupt a participant with an error caused either by themselves or by another participant. Current mis-allocation is estimated as approx \$900k/year STATUS QUO: Benefit would be to the participant who financially gained from the other participant's error.</p>	<p>No cost to participants to implement. Cost to Commission is estimated as an ongoing annual cost of approximately \$30,000. STATUS QUO: Cost to participants to settle outside of the market (e.g.: legal fees) where they can, or absorb the cost.</p>	<p>Agree with the recommended option, providing it is made clear that there has to be a dispute within three months of receiving the clearing and settlement invoice, for errors to be corrected. This is in conflict with the 10.7 of Part H which allows 2 years. We believe that 3 months from date of invoice is enough time to check and raise any disputes. We also understand from the new rule 10.7 in Part J that unless the affected parties can agree to a re-running of reconciliation data, it is the rulings panel that makes the determination that corrected information should be processed by the RM and CM. We believe the rulings panel, and not the commission, are the correct party to make this determination.</p>

TrustPower Proposed Amendments to parts E and J September 2009

Issue	Definition	Rule or part to which the proposed amendment relates	Description and objective of proposed changes	Response
17. PART E	Rule 15	Rule 15 Part E	<p>There is some confusion as to the meaning of the words “enters into an agreement” in rule 15.</p> <p>That is because it is common for new retailers to enter into conditional agreements with customers. It is not clear whether the date a retailer and customer “enter into an agreement” is the date the conditional agreement is entered into, or the date that agreement becomes unconditional, for the purposes of rule 15.</p> <p>Rule 15 is therefore amended to clarify that traders must comply with schedule E2 if a gaining trader (previously referred to as a “new retailer”) has an <u>unconditional</u> agreement with a customer for the purchase or sale of electricity.</p> <p>Rule 15 is also redrafted for clarity. The language used in the redrafted rule 15 is consistent with the language used in clauses 1 and 2 of schedule E2, which have also been redrafted.</p>	<p>TrustPower believe the term “Enters into an agreement” is still subjective. Some parties may consider the issuing of a contract an agreement, some the signing of the contract, some will consider the final credit check of a customer to be the agreement date.</p> <p>If possible TrustPower would like to see some defined actions listed as being equivalent to an agreement. This list could include but not be restricted to</p> <ul style="list-style-type: none"> ○ signed contracts ○ completed credit checks
30. PART E	Clause 3 of Schedule E1	Rule 11 of part E and rule 3 of schedule E1	<p>Clause 3 is amended for clarity by:</p> <ul style="list-style-type: none"> • specifying that traders must provide information for each ICP at which the trader trades electricity; • providing in clauses 3.1.1 and 3.1.3 that the participant’s participant identifier is required (rules 3.1 and 3.3 of the current Rules incorrectly refer to the participant code rather than the participant identifier); and • adding a reference to part J of the rules in clause 3.1.2, for clarity. <p>A new clause 3.2 is also added to clause 3. Clause 3.2 is based on rule 11 of the current Rules, and clarifies the timeframes in which the information described in clause 3.1 must be provided (being no later than 3 business days <u>before</u> the trader commences trading at the ICP).</p>	<p>TrustPower believe that there are circumstances beyond its control where we could be unable to comply with this rule proposal.</p> <p>For new connections, part of the information required to be supplied to the registry includes number of registers, unmetered load figures etc. This information is often not know until paperwork is received on the new connection, which is after the date of liveness and therefore after the commencement of trade.</p> <p>We believe the rule should state that this information be made available to the registry no later that 5 business days after commencement of trade.</p>
34. PART E	Clause 4.9 of Schedule E1	None	<p>A new clause 4.9 is added to schedule E1. Clause 4.9 provides that an ICP must not be kept in the “New” or “Ready” status for more than 24 calendar months. This is proposed to ensure that an ICP does not remain in the “New” or “Ready” state for long periods of time, as this may indicate that the ICP is active.</p>	<p>TrustPower do not believe this rule is required. We have had legitimate situations where a site in ready status has sat at the new or ready status more that 24 months before work begins to build the connection. We also questions the comparative risk between having an ICP in ready or new status for 24 months as opposed to decommissioning an ICP only to have to recreate a new ICP for the same proposed connection point sometime later, potentially having two ICP’s for the same connection.</p>

TrustPower Proposed Amendments to parts E and J September 2009

56. PART E	Clause 4A and Clause 4 of schedule E2	Rule 4 of schedule E2	<p>Rule 4 of the current Rules sets out a process for withdrawing a switch request. However, it is not clear from rule 4 who may withdraw a switch request.</p> <p>Accordingly, a new clause 4A is added that provides that either a losing trader or gaining trader may withdraw a switch request before the event date of the switch.</p> <p>Clause 4 sets out the process that must be followed if a trader requests the withdrawal of a switch request under clause 4.1A.</p>	<p>The rules indicate that either Gaining or Losing Retailer can withdraw. What's not clear is the time period in which a withdrawal can occur (How long after the event date).</p> <p>TrusPower strongly disagree with the new Clause 4A, as this would mean re-registering customers. These would then be for a move-in not a transfer switch as sites would now be vacant. The Registry would therefore not reflect correctly. This impacts start read adjustments as site is now a move in request not a transfer switch. This will only impede the switching process for both retailers and customers.</p>
18. PART J	Rule 12.6	Rule 12.6 Part J	<p>Rule 12.6 of the current Rules provides that submission information is deemed to be final and conclusive 17 months after the consumption period to which the submission information relates.</p> <p>Rule 12.6 has caused some confusion because it does not appear to be entirely consistent with rule 10 of part H, which provides that the timeframe for correcting invoices (which are based on submission information) is 2 years.</p> <p>Because a new rule 10.9 is added to part J that clarifies that information errors can be corrected up to 2 years after the last invoice to which the information relates, rule 12 is no longer necessary.</p> <p>Accordingly, rule 12.6 is revoked.</p>	<p>While TrustPower agree that this rule can be removed because it is a duplicate of disputes date defined in part H, we do believe that 3 months following the date of invoice is the period of time in which a trader can dispute an invoice and this should not be left open for up to 2 years.</p> <p>This rule was also conflicting with part H in the sense that 3 months after a date of invoice and 17 months after the period to which data relates, were themselves not the same period.</p>