

4 June 2024

Electricity Authority
Via email: policyconsult@ea.govt.nz

Tēnā koe,

Code Amendment Omnibus #3 – keeping the Code fit for purpose

We appreciate the Authority's work on Code Amendments and the approach to packaging together amendments in an omnibus consultation. We support the proposed amendments as it is a great step forward in ensuring an increase in the visibility of data. However, we have concerns with the implementation of it due to the complexity of changes to the registry. We have commented on the consultation paper topics in the attached table. Our summary views are:

- Future-proofing fee increases**
- We support the proposed amendment to maximum fees for DG in Part 6 and also support a broader review of fees for Part 6
 - We encourage the Authority to consider incorporating an approach to fee changes in the Code to future-proof it, for example, indexing maximum fee amounts.
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- Registry updates require significant system change**
- We agree that expanding the registry is the preferable option however this amendment is not straightforward and is not a quick gain
 - We are not supportive of the 6-month transition period. We suggest an 18-month transition period, or a 12-month (minimum), is required for implementing these changes following their confirmation
 - The changes are complex and would require a significant upgrade of our ICP and DG systems, or potentially a new ICP management system.

If you have any questions regarding this submission or would like to talk further on the points we have raised, please contact Jeremy Smith (Jeremy.Smith@powerco.co.nz). No part of this submission is confidential and can be published in full.

Nāku noa, nā,



Emma Wilson
Head of Policy, Regulatory and Markets
POWERCO

Response to consultation paper

Table 1 Summary of Powerco responses

| Topic | Powerco response |
|---|--|
| General comments | We support the submission of ENA |
| Inflation adjustment of the prescribed maximum fees for distributed generation applications (Part 6) | <p>We support an update to the prescribed maximum fees. DG applications have increased significantly and we expect this will continue and become more complex. The scope of fees chargeable needs to reflect the work involved in assessing and completing these applications.</p> <p>As well as an inflation adjustment, we encourage the Authority to consider an approach to fee changes in the Code to future-proof it. For example, an amendment to include an automatic adjustment mechanism linked to CPI on an annual basis, or to set fees for DG projects at a per MW rate rather than a fixed maximum. This second approach is already familiar to the Authority as it is used in other parts of the Code. The indexation of maximum DG application fees would acknowledge the relative costs incurred by Powerco in assessing applications, and how this changes over time.</p> <p>We support the proposed amendment to maximum fees for DG in Part 6 in this Omnibus #3 as an interim fix but also support a broader review of fees as part of other workstreams underway for Part 6.</p> |
| Expanding the registry to include more detail on the distributed generation installed at an ICP (Part 11) | <p>We acknowledge the need for the registry fields to evolve and capture more detail on DG installed at an ICP, which will enable greater visibility and flexibility. We support expanding the DG fields in principle, but there are implementation issues, both technical and timing the Authority needs to consider.</p> <p>We note the Authority proposes a staged approach and sees stage 1 amendment as an initial quick win, to be followed by further registry expansion and dynamic information. However, this amendment is not straightforward and risks us having to make multiple changes to our systems and registries as opposed to doing all changes at once all amendments are finalised.</p> <p>The proposed timing for the changes to be finalised later in 2024 and have effect from 1 April 2025 is not workable for Powerco’s ICP management system and DG workflow system. The proposed changes are complex due to the need for the systems to interact with the registry, and it is not equivalent to adding a simple field or two to an existing database. It would require a significant upgrade of our ICP and DG systems, or potentially a new ICP management system as the additional information fields, level approach, and the ability to export and import the information, may not be possible with our existing system.</p> <p>We understand that it does not apply retrospectively, and while this may help manage the implementation workload (and we do not have this retrospective information in any case), we still need a system with the necessary functionality in place by 1 April 2025.</p> |

| Topic | Powerco response |
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| | <p>We do not support a 6-month transition period. A 12-month (minimum) or preferably 18-month transition period is required for implementing these changes following their confirmation.</p> <p>We are concerned that any workarounds to meet a shorter transition time would be very manual and resource-intensive. This is not considered efficient when we have many other Code requirements to also meet. Seeing confirmation of expected changes well in advance will enable us to develop a robust system-based method of maintaining the DG fields, and future DER information fields, for accuracy in the registry.</p> <p>For this reason, we suggest that stage 1 and stage 2 proposals be combined for implementation later in 2025. Making decisions on this stage 1 by late 2024 will be required to signal the system changes involved. If the possible stage 2 changes are also indicated by late 2024 for implementation later in 2025, this will help inform required system changes.</p> <p>We do not agree with the analysis provided in the regulatory statement. The costs identified in the consultation paper do not appear to have sourced information from EDBs on the likely system changes required and associated costs, or where these costs would fall.</p> <p>We agree that expanding the registry is the preferable option (compared to alternative options provided) to improve the visibility of DG and DER data. We recommend working with EDBs and other key stakeholders on the practical and technical functionality of the registry options (both short and long-term).</p> |