

2 March 2012

Submissions
Electricity Authority
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SUBMISSION ON ELECTRICITY INFORMATION EXCHANGE PROTOCOLS PROPOSED AMENDMENTS

- 1 Orion New Zealand Limited (**Orion**) welcomes the opportunity to comment on the “Electricity information exchange protocols amendments” consultation paper (the **paper**) released by the Authority in January 2012.
- 2 This submission is in two parts:
 - comments on relevant parts of the paper; and
 - responses to the Authority’s questions.

General comments

- 3 We understand that the paper is not actually proposing further mandating of EIEPs, but is seeking feedback from participants to inform the Electricity Authority’s view on this topic (paragraph 1.2.1).
- 4 On this issue we are concerned that mandating the use of Electricity information exchange protocols (EIEPs) could take a range of different forms, and could prove very costly and disruptive for our industry. Furthermore, mandating the use of EIEPs may result in information flows that do not meet differing business requirements.
- 5 Mandating the use of standardised formats in situations where the data is not required would add unnecessary cost (for example, mandating the provision of EIEP1 where a distributor uses a GXP billing approach).
- 6 If mandating is limited to specifying that, where a standard format is used, it must be the latest version (which we understand has been suggested) may have some merit, but will have very little impact on current practices.

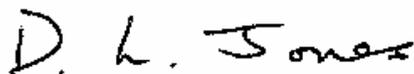


- 7 It is also worth noting that, in addition to the cost to change systems, we have observed considerable errors and “teething” problems whenever a retailer has implemented a new approach, and this should be factored in to cost/benefit analysis when considering a mandated change (in addition to the direct cost of making the change).
- 8 The suggestion that any one of our counter-parties could require us to provide information in a standard EIEP format could impose significant cost on us, for very little benefit. In Orion’s situation, we have retailers with as few as one connection, and an “unless otherwise mutually agreed” approach would undoubtedly force us into universal adoption of the standard, even if it is not cost effective for us or the retailers responsible for the other 99.99% of our connections.
- 9 If the Electricity Authority does decide to pursue a mandated approach, rather than “unless otherwise mutually agreed” approach, we consider that the most appropriate mechanism would be to specify that where relevant data is provided between parties:
- the receiving party has the right to request that it be provided in EIEP format, and
 - the sending party has the right to provide the data in EIEP format (and the receiving party must accept that format).
- 10 Orion supports the continued development of standard formats for adoption on a voluntary basis. We consider that voluntary standard file formats will be adopted when it is appropriate and cost effective to do so. Observing that a particular standard format is not being adopted should not be taken as grounds to mandate the adoption. Quite the opposite; it may be viewed as an indication that there is no commercial advantage in adopting the standard.

Concluding remarks

- 11 Thank you for the opportunity to make this submission. Orion does not consider that any part of this submission is confidential. If you have any questions please contact Dennis Jones, DDI 03 363 9526, email dennis.jones@oriongroup.co.nz.

Yours sincerely



Dennis Jones
Industry Developments Manager

Appendix: Responses to the Authority's questions

Question No.	Question detail	Submitter Response
1	What is your general view of the relative merits of voluntary vs mandatory approaches as they apply to the uptake of new or revised EIEPs over time?	<p>Mandating the use of standardised file formats that may not meet differing business requirements will be very disruptive and costly for our industry.</p> <p>Mandating the use of standardised formats in situations where the data is not required will add unnecessary cost (for example, mandating the provision of EIEP1 where a distributor uses a GXP billing approach).</p> <p>If mandating is limited to specifying that, where a standard format is used, it must be the latest version (which we understand has been suggested) may have some merit, but will have very little impact on current practices.</p> <p>We consider that voluntary standard file formats will be adopted when it is appropriate and cost effective to do so. Observing that a particular standard format is not being adopted should not be taken as grounds to mandate the adoption. Quite the opposite; it may be viewed as an indication that there is no commercial advantage in adopting the standard.</p>
2	Do you think that providing an “unless otherwise mutually agreed” provision within otherwise mandated protocols would be a workable mechanism?	<p>No. Distributors and retailers must deal with multiple parties, and this provision would allow a single counter-party to dictate the basis of business processes that can be expensive to develop and maintain. In Orion's situation, we have retailers with as few as one connection, and an “unless otherwise mutually agreed” approach would undoubtedly force us into universal adoption of the standard, even if it is not cost effective for us or the retailers responsible for the other 99.99% of our connections.</p>
3	Do you agree with allowing the EIEPs to become a default arrangement when the distributor or trader does not agree? Please give reasons.	<p>No. This is essentially the same as the “unless otherwise mutually agreed” suggestion above.</p>

4	Are there specific EIEPs that you consider should be regulated? Please give reasons.	None of the EIEPs should be regulated for the reasons given above.
5	Do you agree with the issues noted with the EIEPs? Are there additional issues that should be listed? Please provide discussion on problems that you have identified or experienced.	<p>We do not agree with the “issue” suggesting standardisation of tariff structures “is a good idea”. In many situations, the different tariff structures reflect real differences in distribution cost drivers, metering control equipment that is installed, and the size and type of appliances used.</p> <p>Standardisation will drive uneconomic outcomes where legitimate cost differences are not reflected. For example, with our significant water heating and night storage space heating load, standardising a “night only” option to mean 11pm to 7am would cause unnecessary night peaks on our urban network, driving the cost up for night rates and lead to people changing to alternative heating means. It also has the potential to cause transmission system instability due to the large load being switched (potentially creating a Code breach), high spot prices and unnecessary reserves to be required.</p> <p>However, we observe that the EA has attempted to draw up a schedule covering all different tariff options. Not wishing to state the obvious, but any approach that aims to cover all options will not provide any standardisation what-so-ever. This approach simply creates a costly administrative burden of getting the master schedule changed and augmented to cover all options.</p> <p>We are concerned that the EA’s view may have been informed by the people within organisations that are exposed to the cost and effort of processing this information, and if so, the wider industry picture may have been overlooked.</p> <p>In terms of the other issues noted, we have experienced many of them but consider that mandating the use of standard formats will not necessarily resolve the issues. For example, one retailer continues to provide data with missing address fields – there is a clear acknowledgement that the data is available, and no dispute that the data is missing from the file; further, there is no misunderstanding relating to terminology of what is required in the data. We don’t consider that being able to reference a code requirement will produce a different outcome in our efforts to resolve this issue.</p>

6	Do you support the need for the Glossary of Standard Terms?	<p>No. Any system development we undertake will focus on the definitions in the relevant data file protocols, rather than any separate glossary.</p> <p>Standardisation of terms across different protocols <i>is</i> an advantage. But this can be achieved via a glossary of standard terms that is developed and used as an <u>internal</u> tool within the EA and its working groups. An internal glossary would ensure consistency between protocols as they are developed without exposing the industry to the cost and effort of consultation.</p>
7	Are there aspects of the draft Glossary of Standard terms that you'd like to bring to the Authority's attention?	As noted above, an externally published glossary is not necessary.
8	Are there any other terms that you would like considered for inclusion in the Glossary of Standard Terms?	As noted above, an externally published glossary is not necessary.
9	Would changed field sizes pose problems for you (in general – please also provide specific feedback where field size changes are proposed in the discussion of each EIEP later in the paper)?	No. The advantages in achieving consistency across different uses of the same data generally outweigh the cost involved in altering our systems for changes in field sizes.
10	Do you agree with incorporation of the proposed global amendments outlined in this section?	Yes, although as noted above, standardisation of definitions and terminology does not require that a separate glossary be published.

11	Do you agree with the revised definitions and reporting methods for the purposes of creating EIEP1 files? If you disagree, please provide your reasons and alternatives.	Yes. The proposed revised definitions provide a clearer basis for the various methods of providing <i>volume based</i> EIEP1 information. We note however that the defined formats should not be taken to imply that this is the only information that is available, as some arrangements require different information (for example, the distributor may require additional information where a trader re-bundles a tariff for billing purposes, or for things like peak demand information, where these methods are not relevant).
12	Are the consumption volume reporting methods appropriately described, including within the draft business requirements section of EIEP1?	There are some inconsistencies in the text. For example, an “advantage” for the “Incremental Replacement Normalised” method is given as aligning with reconciled market volumes, when clearly this method does not (because prior period wash ups are expressed as current month consumption).
13	Are there any other matters relating to standardisation of the consumption volume reporting methods that should be considered?	In EIEP1, the “Meter read status” field should not be mandatory, as it is not applicable to fixed charge entries.
14	If the billing methodology requirements are updated as indicated, do you consider that one of the methodologies should be mandated as the default method that must be used if the distributor and trader cannot agree on the methodology to be used? Please provide reasons for your view. If you agree, which methodology do you consider should become the default method.	We do not agree that mandating will provide efficient outcomes, as noted above. We also consider that the term “billing methodology” is not appropriate in this context. The functional specifications define “information formats”, which are then used in various billing methodologies. It is not the billing methodology that we are looking to define or mandate, it is the file format.
15	Would the adoption of the revised definitions above require you to make system or process changes? If so, please outline what would be needed and provide estimated costs. (You may prefer to mark these confidential.)	Yes. But in terms of receiving EIEP1 files, our costs to change would not be significant. In terms of providing EIEP1 files, we operate a mainly GXP based billing approach, and none of our ICP based charges are volume based, so the EIEP1 format is not very appropriate and the complex volume reporting methods are irrelevant.

16	Do you agree with the proposal to set all revised EIEPs to version 10? If you disagree, please provide your reasons and alternatives.	Inconsequential.
17	Do you agree with the proposal to remove XML tags from the proposed version 10 of the EIEPs?	Yes
18	Is your company ready to use XML or are you considering this possible step? If so, please indicate possible time frames.	No
19	Have you developed an XML schema that you consider would assist the Authority to consult further on web services and that you'd be prepared to share with the Authority and potentially other participants?	No
20	What other considerations relating to the technical aspects of the EIEP formats should be considered?	XML may not provide an efficient method for transferring large data files (EIEP3 for example) which can run into the many millions of records. This is because the XML format must carry a tag for every data-point, and this tag must be interpreted when the data is parsed. This will result in significantly larger files and slower processing times when compared with a fixed file structure, where the position in the file indicates the meaning of the data-point.
21	Do you see any issues with the proposed prohibition of commas in EIEP data fields, as outlined above?	No issue – we agree that the prohibition will avoid some of the problems we have experienced.

22	What indicative cost would this change require to implement in your system?	Insignificant
23	Would the modifications to the CSV format outlined here raise any concerns for you? If so, please indicate what these are and provide alternatives.	The data file formats are consistent with what we currently use and receive.
24	Do you consider that the retailer types have been defined correctly?	We have previously advised the Authority that we did not support the proposed change from 'retailer' to 'trader' throughout Part E of the rules as we considered the proposed change was flawed and may have unanticipated consequences in the application of the rules ¹ .
25	Do you agree with the proposed substitution of the defined term "retailer" with "trader"?	Given that the Authority has chosen to introduce the term Trader we agree with the paper that the term Trader should be used in the proposed EIEP functional specifications.
26	Are there other considerations where the change from "retailer" to "trader" could present problems? What are these?	We would caution that the term type 1 retailer, type 2 retailer and type 3 retailer are not defined terms as far as we are aware, We believe that these terms were referred to in an Electricity Commission guideline and are referred to in an Electricity Authority Guideline that is under development. As such, by definition, all retailers are part of the defined term trader regardless of type. This could have implications if the Authority were to mandate the requirements (which we do not support)
27	Do you support the proposed definition of the status reason code?	Yes

¹ Orion's submission on proposed amendments to part E and J of the rules 16 October 2009

28	Are the proposed status reason codes sufficient to record practical information for current conditions or should additional codes be considered?	No comment
29	If the Authority does implement the use of an expanded status reason code, what costs would be involved and how long would it take you to prepare for this change? Responses may be marked as confidential.	Minimal costs (as a distributor)
30	Are there other considerations for reason codes?	No comment
31	Do you consider that there is a need for critical disconnection alert codes?	<p>No. The Authority has produced a guideline on arrangements to assist vulnerable customers that applies to retailers (including distributors that direct bill their customer) which we think gives adequate guidance.</p> <p>We consider that vulnerable customers should cater for unplanned outages (and many maintain systems and standby generation for this purpose which, for connections like hospitals mentioned in the consultation paper, can make them less-vulnerable than other customers), and we provide notification for planned outages. We cannot provide a guaranteed supply, and each customer is in the best position to assess their own exposure to risk and invest or plan appropriately against that. This differing relative risk for vulnerable customers cannot be captured by a simple code, and any attempt to impose an enhanced quality of supply across broad groups of customers to try and meet the needs of a very few will not provide an efficient outcome. Moreover vulnerability is a customer attribute, not a connection attribute.</p>

32	If the Authority does implement this change, what costs and benefits would apply to your business and how long would it take you to prepare for this change? Responses may be marked as confidential.	None – we would not use the information.
33	If you believe these codes are warranted, is the suggested table appropriate? If not, what would your recommendation be?	No, we consider that customers should make choices about alternatives in the event of power failures. See above.
34	Are there other considerations for use of critical disconnection alert codes in other EIEPs?	No, critical disconnection codes should not be used. See above.
35	Do you agree with the addition of agent information in the header of a file?	Yes, this information is already in the header of many of the EIEP protocols.
36	If the Authority does implement this change, what costs would be involved and how long would it take you to prepare for this change? Responses may be marked as confidential.	No significant cost
37	Does the use of the “F” and the “FL” code cause issues for your business? Please provide reasons.	We do not use this data-point
38	Do you agree with the removal of the “VA” code?	No objection to its removal
39	Are there other codes or fields that you think require clarification as to their appropriate use or meaning?	No comment

40	What EIEPs do you use and for what purposes?	<p>EIEP1 - to receive mass market consumption information to monitor volumes across the network, carry out loading analysis in specific areas and to support regulatory reporting requirements.</p> <p>EIEP2 - some retailers provide this summary volume information to us but we do not currently use the information.</p> <p>EIEP3 (V5) - to receive half hour loading information for delivery invoicing, assessing chargeable quantities (including control period loading for major customers), and analysing loading on specific network assets.</p> <p>EIEP4 - to receive customer information which we use:</p> <ul style="list-style-type: none"> • when responding to consumer queries, • to send out network related material (such as audit notices and delivery consultation material), • to issue instructions for remedial work (trees regulations, safety issues), • to contact customers affected by longer unplanned outages or planned outages that run over-time. <p>We also use EIEP7 and EIEP9.</p>
41	What changes, if any, do you make to data contained in a received EIEP file? If you do make changes to the received formats, please provide details.	None
42	Where relevant, how do you manage billing data revisions?	<p>As an input to our billing, we only use EIEP3 files – we ask submitting retailers to provide corrected files where issues are found.</p> <p>We do not provide EIEP files as an output from our billing process (we instead provide a range of customised reports supporting our ICP and GXP charges).</p>

43	Where relevant, how do you manage billing data wash-ups?	Wash-ups are managed on a re-billing approach. The previously invoiced amount is reversed, and a new amount, together with a complete replacement set of supporting information, is invoiced.
44	Do you agree with the proposed changes to the EIEPs? Where you disagree, please provide details for each EIEP that you disagree with.	We do not object to the changes proposed.
45	Are there any other changes to EIEPs that the Authority should consider?	No comment
46	What costs would you incur to implement the changes proposed in the draft version 10 EIEPs?	<p>In terms of the EIEP files we currently use, we could implement the changes proposed without any significant additional cost.</p> <p>To implement the use of EIEP files where they are not currently used would represent a significant cost, but the proposed changes will not materially alter this cost barrier.</p>
47	What benefits would you see from implementing the changes proposed in the draft version 10 EIEPs?	Minimal. The clearer definitions will ultimately lead to more compliant files, but we already have systems in place to process the range of variations that we receive.
48	Is the proposed draft EIEP1 and EIEP2 specification sufficient to implement the four consumption volume reporting methods described and to incorporate the needs of GXP-priced networks?	<p>We do not use the EIEP1 or EIEP2 files as an input to our billing process, but the proposed specifications are sufficient for our other information needs.</p> <p>In terms of the output of our billing process, it would be possible for us (at a cost) to provide support information for our delivery invoicing in EIEP1 and EIEP2 format (for our largely GXP based pricing approach).</p>

49	Do you think the addition of a loss category code field in EIEP2 would be a benefit? Please provide details.	No. Our GXP based charges amalgamate volumes from customers across multiple loss categories. Also, we are aware that some GXP based pricing operates at a loss adjusted level and others at an “as metered” level (where the loss adjustment applied for the reconciliation process is removed). The addition of a loss category code will not provide any useful clarification of approach.
50	Is the proposed draft EIEP3 specification sufficient to report half hourly consumption volume information?	The draft specification appears unchanged, except that the flow direction has been modified from L/G to X/I. The specification is sufficient for reporting half-hour interval metered volumes.
51	Do you currently use EIEP4 and, if so, what specifically are you using it for?	<p>Yes, as noted above, we receive customer information in EIEP4 format which we use:</p> <ul style="list-style-type: none"> • when responding to consumer queries (for example, quality of electricity supply issues), • to send out network related material (such as audit notices and delivery price/quality consultation material), • to issue instructions for remedial work (trees regulations, safety issues), • to contact customers affected by longer unplanned outages or planned outages that run over-time.
52	For the purpose of supporting network rebate payments, do you favour making further modifications to EIEP4 as discussed or alternatively creating a new EIEP13?	NA

53	Do you think that the creation of two separate but related protocols for outage notifications from EIEP5 better serves the purpose of providing the information required in respect of service interruptions?	Yes
54	While it is not being proposed at this time, do you consider that use of EIEP5A should be mandatory by distributors?	No, see comments above regarding mandating the use of standard protocols.
55	Do you think that creating two separate but related protocols in place of the current EIEP6 better serves the purpose of providing the information required in respect of fault and non-fault related service requests?	Yes
56	As all the information contained in EIEP 7 can be obtained directly from the registry, is there an ongoing need for EIEP7?	No. We often receive no-power-fault calls following a disconnection (for example, a credit disconnection). In some situations we may identify that the meter is the cause of the fault when, in actual fact, a deliberate disconnection has occurred. The registry is not updated sufficiently quickly for us to check this, and this file provides a mechanism for retailers to notify us of disconnections as they occur.
57	Do you favour retention of EIEP8?	No. We don't use and have not been asked to use EIEP8 to notify price category changes. The information is loaded on the registry and changes are automatically notified in registry update files.

58	Do you agree with the Authority's proposal that a standardised format for EIEP10 is not provided? Please give reasons and details of a proposed EIEP10 if you consider that the format should be standardised.	Yes, we agree that a standard format should not be developed. This has been consulted on numerous times. It may be more appropriate to delete the EIEP, rather than returning to the issue time and again.
59	Do you use EIEP11 and, if so, for what purpose?	No.
60	Do you consider there is a need to retain EIEP11?	We are aware that the new connection process is quite different in different areas, and that many of these differences are engrained in the local electrical contracting community. It may be worth accepting that a standardised format for data exchange is not actually going to create a standardised process for new connections. We would not object to this EIEP being removed.
61	Assuming you consider there are grounds for its retention, are there any other changes to the current EIEP11 that the Authority should consider?	NA
62	Do you agree to the changes proposed here that seek to keep EIEP12 globally consistent with the other EIEP formats?	Yes.
63	What other EIEPs should be considered by the Authority?	We have not identified any other areas, or information flows, that we consider would benefit from standardisation.
64	If you haven't previously provided your views regarding the possible withdrawal of individual EIEP formats, are there any EIEPs that you consider should be removed?	Only as noted above

65	Are there other considerations in respect of EIEPs in general that should be considered at this time?	No.
66	Do you agree with the views, as outlined in this section? Please provide your reasons.	<p>No. As noted above, a lack of “wide adoption” does not necessarily mean that benefits are not being maximised. In some situations it can simply show that underlying situations differ, and it can be an indication that the cost to change exceeds the benefits available.</p> <p>Standardised file formats should be voluntarily adopted by the parties where they provide a benefit to one or both of the parties, and negotiating the use of particular file formats is a contractual issue between the parties. Mandating the use of standardised files may result in unnecessary development and administration work in some circumstances.</p>
67	Which are the highest priority EIEPs for consideration in respect of attaining more universal adoption?	“Universal adoption” may provide an indication of how suitable a protocol is, but universal adoption should not, in itself, be an aim. No EIEP should be given priority for universal adoption.
68	What costs would you incur should the protocol and version of EIEPs 1, 2 and 3 be mandated?	Some reasonably significant costs, depending on the degree to which the protocols are mandated. We have previously estimated these costs to be in the order of \$40,000 up front (but with no additional ongoing costs once the changes are made).
69	What benefit would you see should the protocol and version of EIEPs 1, 2 and 3 be mandated?	None – we already cater for receipt of a range of different formats.
70	Do you favour mandatory use requirements being set by the Authority and, if so, of which EIEPs? If not, what alternatives might deliver greater net benefits and what are these benefits?	As noted above, we <u>do not</u> favour mandating the use of EIEP file formats. We consider that the existing voluntary formats should continue to be improved and evolved to meet current and changing circumstances and allow voluntary adoption to continue.