1. Format for submissions: More standardisation of use-of-system agreements

Name:

|  |  |  |
| --- | --- | --- |
| Question No. | General comments in regards to the: | Response |
| 1 | Do you have feedback that would update the issues outlined in this section? |  |
| 2 | If you are a distributor, are you actively developing and negotiating UoSAs with retailers? If you are a retailer, are you actively engaged with any distributors in relation to UoSAs? Please provide information relating to your approach, experiences, successes and concerns. |  |
| 3 | Are you aware of any new issues that have arisen since the Authority undertook monitoring and communication with participants relating to UoSAs in early 2013? |  |
| 4 | Are you aware of any new developments that would provide additional information or update the situation presented in section 4? If so, please provide relevant details. |  |
| 5 | Do you agree that the Authority is unlikely to achieve its objectives for UoSAs within a reasonable timeframe by persevering with largely voluntary measures? Please state the reasons for your view. |  |
| 6 | What other options can you suggest that would be worth considering alongside the options identified in section 5.2 and explained in more detail in section 5.3? Please explain the key advantages of your suggested option(s). |  |
| 7 | What feedback do you have on the design detail discussed in this section? What options amongst the design detail do you think would best meet the Authority’s objective? |  |
| 8 | Are you aware of any issues relating to the variation of network connection standards between distributors that the Authority should consider? Are there opportunities to provide greater standardisation of network connection standards? Why would network connection standards not be suitable for greater standardisation across distribution network areas? |  |
| 9 | Do you agree that the extended options described in section 6.4 reasonably represent the range of options available to the Authority in seeking to meet its objectives for more standardised, efficient and pro-competitive UoSAs? If you disagree, please describe what other options should be considered and what advantages these options would provide? |  |
| 10 | Do you agree with the Authority’s initial assessment that option 4 (require reset of all existing interposed agreements and introduce a default agreement for distribution service into the Code) is the best approach to meet its objectives? |  |
| 11 | What other Code design details should be considered if option 4 were subsequently adopted for development? |  |
| 12 | What information do you have that a problem exists in the way that distributors that adopt the conveyance approach establish contracts with retailers and consumers? Should standardisation of conveyance UoSAs be pursued as well? |  |
| 13 | What information do you have that a problem exists in the way that embedded network owners establish contracts with retailers? Should standardisation of embedded network UoSAs be treated the same as local networks? |  |
| 14 | Based on your experience negotiating UoSAs, what is the average time and cost for a retailer and a distributor to negotiate and thereafter administer a UoSA on a local distribution network that the retailer is entering for the first time? |  |
| 15 | Based on your experience adopting the UoSA clauses contained in Part 12A of the Code, what do you estimate the cost to be of adopting the default terms approach? |  |
| 16 | Based on your experience with electricity retail competition, and with reference to **Error! Reference source not found.**, over the next two to five years on average what number of retailers (being retailers likely to enter into UoSAs) would you expect to see entering regions with less than 10 retail brands, under the following two scenarios:a) *without* a default terms arrangement in place, andb) *with* a default terms arrangement in place? |  |
| 17(included in Appendix B) | The column headed “Suitable for inclusion in core terms?” in Appendix B provides the Authority’s initial view of the parts of the interposed MUoSA that would be suitable for direct transfer into a default or mandatory agreement, if such an approach were adopted. Do you agree with the assessments provided here for each clause and schedule? Please reference your responses to specific clauses and schedules and provide reasons if you disagree. |  |

1. Assessment of core terms
	1. Table 1 provides detail of the assessment of whether interposed MUoSA terms are suitable as core terms.

Table 1: Assessment of core terms

| Interposed MUoSA clause | Content | Suitable for inclusion in core terms? |
| --- | --- | --- |
| **Introduction** |
| A, B & C | Introductory citations and purpose of the agreement. | Yes but would need to be redrafted to establish the default agreement within the Code. |
| **Agreement** |
| 1. Term of Agreement | Commencement and termination dates. | Yes but commencement and termination need to be referenced to the Code.  |
| 2. Services | 2.1 Distributor’s services and obligations | Yes, for 2.1(a) – (I). 2.1(j) relating to Additional Services would not be appropriate for core terms. |
| 2.2 Retailer’s services and obligations | Yes, for 2.2(a) – (b) and (e) – (h). 2.2(c) – delete, since in a basic default agreement, the retailer does not provide any services to the distributor.2.2(d) – remove the square bracketed part relating to providing service interruption service but retain the remainder of the clause.2.2(i) – per 2.1(j), remove this provision relating to Additional Services. |
| 3. Conveyance only | Provides for some Consumers to be provided with Distribution Services under a Distributor’s Agreement. | Yes. It is common for distributors to directly contract with large end-consumers. This section provides the flexibility to allow this to occur within an otherwise interposed model.3.2(b) – select the relevant option. |
| 4. Equal access and even-handed treatment | Requires equal access to Distribution Services for all retailers and for the Distributor to treat all retailers even-handedly. | Current view is that this would not be included in a default or mandatory agreement, rather the relevant provisions would be carried directly into the Code. This section provides the fundamental underpinnings for retail competition on an equal access basis under the voluntary MUoSA approach.  |
| 5. Service Interruptions | 5.1 – 5.4 General section  | 5.1 – yes, parts of schedule 5 are suitable as core terms5.2, 5.4 yes5.3 – to improve clarity, redraft this clause to require inclusion of this policy at agreement formation as a schedule, rather than after the commencement date. |
| 5.5 – 5.7 Unplanned Service Interruptions | 5.5 –The choice of party to receive Unplanned Service Interruption calls is an operational term, to be decided prior to agreement formation.5.6 – yes, parts of schedule 5 are suitable as core terms5.7 – yes |
| 5.8 – 5.10 Planned Service Interruptions | 5.8 – yes5.9 – yes, parts of schedule 5 are suitable as core terms5.10 – costs of communication. The choice of party to undertake Planned Service Interruption notifications is an operational term, to be decided prior to agreement formation.  |
| 5.11 – 5.12 Restoration of Distribution Services | Yes |
| 6. Load management | Sets requirements relating to load management, which can be carried out by either party | Yes. Review to see if some of schedule 8 is suitable to be transferred into clause 6. |
| 7. Losses and loss factors | Sets requirements relating to loss factors | Yes |
| 8. Service performance reporting | Sets requirements relating to service performance reporting | Yes but amend clauses to reflect that there are no retailer services in the default agreement. |
| 9. Distribution services prices and process for changing prices | Processes for setting and changing prices | Yes9.5 Note that the requirement to use standard tariff codes is under review and consequentially, this clause may require amendment commensurate with the outcome. |
| 10. Allocating price categories and tariff options to ICPs | Processes for allocating and changing ICP tariffs from eligible options and for dealing with credit following corrections  | Yes |
| 11. Billing information and payment | Calculating invoices | 11.1 – this clause requires the retailer to provide the distributor with the consumption information needed to calculate a monthly invoice for distribution services. The clause as drafted provides options for two pricing methodologies (ICP-based and GXP-based) and, if ICP-based, three billing information methodologies (as-billed, incremental normalised, replacement normalised and incremental replacement normalised). A method is required for the distributor to elect which billing information methodology(s) applies. This election could be specified in a new schedule 10 and is an operational term.11.2 – 11.10 yes, except 11.5(a)(i), remove the reference to invoices for Additional Services |
| 12. Prudential requirements | Requirements relating to credit security | Yes12.7 – 12.8 Retain these clauses, despite the practice note which explains that these two clauses are optional. This will provide maximum flexibility in respect of Additional Security. |
| 13. Access to the consumer’s premises | Rights of access to consumer’s premises | Yes |
| 14. General operational requirements | Interference and damage by consumers. Connection of distributed generation. Additional metering equipment.  | Yes |
| 15. Network connection standards | Consumers to comply with network connection standards  | Yes |
| 16. Momentary fluctuations | Spikes and surges are not interruptions | Yes |
| 17. Consumer service lines | Consumer responsible for service lines | Yes |
| 18. Tree trimming | Consumers to comply with tree regulations | Yes |
| 19. Connections, disconnections and decommissioning ICPs | Links to detailed processes contained in schedule 6. | Yes |
| 20. Breaches and events of default | Terms relating to breaches of the agreement and events of default | Yes |
| 21. Termination of agreement | Rights of parties to terminate the agreement | As for agreement formation, at least some (possibly all) of the provisions in this clause should be transferred directly into the Code. 21.6 – delete reference to Alternative Contract, which is no longer relevant. |
| 22. Confidentiality | Obligations relating to confidential information. No limit of liability on breach. | Yes |
| 23. Force majeure | Definition of a force majeure event and party’s obligations | Yes |
| 24. Amendments to agreement | Process for amending agreement | No. Default or mandatory terms may not be amended by agreement. Default terms may be replaced with an alternative agreement if the parties agree. The Code should incorporate a process to change the default agreement, otherwise every amendment will require a Code amendment. Remove the provisions relating to Variable Provisions and de minimis changes.24.1(e) and 24.5 yes (retain) – provides for changes to GXPs. |
| 25. Dispute resolution procedure | Processes for resolving disputes | Yes but include both arbitration and court proceedings as options for resolving the dispute. Consider making these provisions more robust – c.f. the transmission benchmark agreement, which is more detailed than the MUoSA provisions in this area. |
| 26. Liability | Limitation of liability, indemnities and warranties. | Yes 26.8 Distributor indemnity – clause 12A.6 of the Code currently applies. Clause 12A.6 (and other relevant parts of Part 12A) would require review if a default or mandatory agreement approach was adopted. |
| 27. Consumer contracts | Requirement for retailer to include certain provisions in consumer contracts for benefit of the distributor | Yes |
| 28. Notices | Process for sending notices | Yes |
| 29. Electricity Information Exchange Protocols | Requirement to use EIEPs | Yes29.1 – possibly some minor rewording needed, as the agreement would now be a default or mandatory agreement. |
| 30. Miscellaneous | Miscellaneous legal clarifications | YesConsider specific drafting in accordance with the Code that would be necessary to establish the Code framework for the agreement. |
| 31. Interpretation | Definitions | YesConsider specific drafting in accordance with the Code that would be necessary to establish the Code framework for the agreement. Also, some definitions would become redundant in a default or mandatory agreement (for example, commencement date). |
| **Schedules** |
| Schedule 1:Service Standards | Details service standards, measures and levels. Provides reporting obligations and any service level guarantees. | Schedule is needed but the content in the tables would be operational terms at the distributor’s discretion. The current draft is generally a good model covering many common service measure categories. |
| Schedule 2:Additional services | Provides terms relating to additional services and draft provisions relating to retailers passing through distributor rebates  | No. Additional Services are discretionary services that should be subject to a separate agreement that is not mandated in the Code. Nevertheless, the MUoSA schedule as drafted remains a useful model for rebate agreements. |
| Schedule 3:EIEPs | Clarifies which EIEPs are to be used by parties | No. The need to agree which explicit EIEPs are in use would still need to be provided for but these are operational terms. Consider replacing the part of this schedule that is simply a copy of the Authority’s existing schedule of currently published EIEPs with a reference to the relevant part of the Authority’s website. |
| Schedule 4:Consumer contracts | Cross references the specific UoSA clauses that are to be included in consumer contracts | Possibly. The purpose of this schedule is as a useful (but not essential) cross-reference of relevant clauses.  |
| Schedule 5:Service interruption communications policies | Process detail for communication about planned and unplanned outages | Yes. With some minor operational details, this schedule is generally suitable as part of a default agreement. The schedule would require review to decide the extent to which the distributor can modify the options provided.  |
| Schedule 6:Connection policies | Detail relating to new, upgraded and decommissioned network connections. Also provides rights and obligations relating to disconnections and reconnections. | The initial view is that this entire schedule is suitable as core terms, even though there is a lot of process detail included.  |
| Schedule 7:Pricing principles | Provides the distributor’s pricing principles (or links to that information) | No. Provide instead a relevant external link. |
| Schedule 8:Load management | Provides detail relating to load management process and services | Yes  |
| Schedule 9:Pricing information | Provides pricing schedules and methodology (or links to that information) | No. Provide instead a relevant external link. |

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