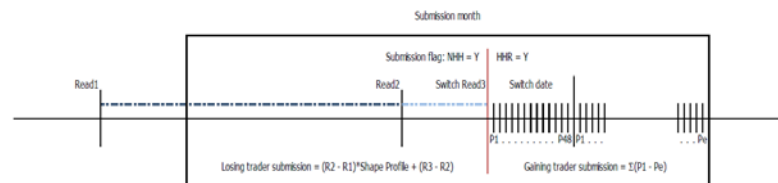**Summary of submissions:**

Consultation on "Proposed amendment to the HHR switching process for AMI switch event meter readings"

Question	Submitting party	Submission comment
General		
General	EMH Trade	We support changes to the Code that facilitate the uptake of technology and more efficient processes within the industry.
General	Genesis	Genesis Energy considers that the Paper has fundamentally misunderstood industry practice relating to 'switch read adjustments'. Genesis Energy is of the view that a simple minor code change will address any problems that might arise when switching between non-half hour to half-hour readings. Given the misunderstanding of industry practice the proposed regulatory changes unfortunately attempt to resolve a problem by introducing an unnecessary layer of complexity which has the real potential to lead to increased confusion, and introduce additional cost into retailer processes.
General	Meridian	As we detail in our comments in Appendix One attached, in principle Meridian supports the Authority's proposal to require AMI switch reads supplied by gaining traders to be adopted. We request that the suggested Code provisions are modified to more accurately describe the instances where the requirement would apply, that is where settlement arrangements are to be changed from half hourly to non-half hourly.
General	Mighty River Power	In summary, we support the Authority's preferred option and agree the Code ought to be amended to provide specifically that the more accurate information derived from the interrogation of an AMI meter, should be used by both the gaining and losing traders. We also suggest that any differing switch event meter reading be provided within the CS file sent to the losing trader, so as to avoid delays in the switching process. We also agree with the remaining aspects of the Authority's consultation paper.
General	Nova	As the market moves to a greater proportion of AMI metering data, systems must gravitate towards the new 'normal'. Nova supports the Authority's Regulatory Statement.
Q1	**Do you agree with the issue identified. If not, please give reasons.**	
Q1	Contact	Contact agrees with the discrepancy (duplicated or missing volume) that will occur if an ICP with a smart meter is switched and the losing trader provides an estimate read or other than midnight read from the

		smart meter as the switch read, and the gaining trader's settlement is based on HHR data.
Q1	Ecotricity	Ecotricity agree with the issues identified in section 2.1.11, which affect Standard and Move In switch types.

Note: 2.1.21 – Traders must use same reading. 2.1.21 talks about Clause 6 of Schedule 11.3 of the Code – referring to "Traders must use same reading" for Standard Switches. There is no specific mention in this part of the consultation about clause 12 (regarding the Move In switch process) despite Section 2.1.11(a) broadly including both the Standard and Switch Move processes ("…in clauses 1 to 12 of Schedule 11.3 of the Code"), Ecotricity notes that the subsequently proposed Code Amendments include both switch types. |
| Q1 | Electric Kiwi | Yes.

The misalignment between the estimated final reads provided by losing traders who choose to settle based on the NHH methodology despite having AMI meter reading being available creates a significant amount of overhead on the part of the gaining trader who uses the HHR methodology for submission, including:
• Obtaining the register read at 12am on the event date of the switch (prior day register reads often require a separate request to the MEP);
• Submission of a switch replacement reading if required;
• Detailed communication with the losing trader in regards to the switch.
• Communication with the customer with regards to consumption which occurred prior to the completion of the switch to the gaining trader. The gaining trader does not have access to actual reads for this period and may not be able to sufficiently respond to a customer's queries in regards to their billing during this period;
• Dealing with general customer dissatisfaction at receiving a "final" invoice twice from the losing trader or receiving a large first invoice from the gaining trader to cover consumption prior to switch completion.

It is our view that this additional overhead not only creates a barrier to entry for those retailers who chose to use actual readings to bill customers, but that it also creates consumer dissatisfaction with the switching process and may lead to the avoidance of switching due to the "hassle factor" in communicating with both the losing and gaining trader.

For example, Electric Kiwi recently switched two customers who received final invoices from their current retailer on the same day that the Switch NT was sent. Both final invoices included, as an estimate of the final read, the same reading as the customer's previous month's invoice. When the switch was completed with these incorrect readings, Electric Kiwi had to submit a replacement reading for each ICP with AMI data. Before accepting the Switch RR, the losing trader contacted Electric Kiwi to determine whether we would want to bill each customer for the additional usage. Given that this additional billing would mean our |

		new customers would receive a very large first invoice which would create a negative impression of our billing practices, we declined and the losing trader had to re-issue a second final invoice to the new Electric Kiwi customers.
		This process required a number of emails and phone calls between ourselves, the losing trader and the customer. Customers should be able to expect that switching is a process which can be solely managed between retailers via the Registry.
Q1	EMH Trade	Yes, but we can identify further issues with the process that will occur in October 2015. The existing amendments that will come into effect from this time will mean that a gaining trader must submit two validated meter readings when they are changing the switch read based on actual data. Currently only one is necessary. The RR file, and Registry Web form, by which the new read is transmitted from gaining trader to losing trader through the registry do not currently support two reads. Thus traders must use less automated and inefficient means such as email to send this data to each other (this is currently the case when basing a switch read change on estimates).
		We suggest that the registry functionality should be updated with urgency to ensure that traders don't have to create manual, inefficient workarounds to comply with the Code.
Q1	Flick	Flick agree with the issues identified in section 2.1.11, which affect Standard and Move In switch types.
		Note: 2.1.21 – Traders must use same reading. 2.1.21 talks about Clause 6 of Schedule 11.3 of the Code – referring to "Traders must use same reading" for Standard Switches. There is no specific mention in this part of the consultation about clause 12 (regarding the Move In switch process) despite Section 2.1.11(a) broadly including both the Standard and Switch Move processes ("…in clauses 1 to 12 of Schedule 11.3 of the Code"), however Flick note that the subsequently proposed Code Amendments include both switch types.
Q1	Genesis	No. We consider the Paper has only presented one aspect of the 'submission change on switch' issues and has overstated its impact.
		To demonstrate, below is a graphic of the volume calculations if an ICP submission method changes from NHH to HHR on a switch:

Submission month

Submission flag: NHH = Y   HHR = Y

Read1   Read2   Switch Read3   Switch date

P1 . . . . P48 P1 . . .   . . . Pe

Losing trader submission = (R2 - R1)*Shape Profile + (R3 - R2)   Gaining trader submission = Σ(P1 - Pe)

In a switch, the losing trader volume calculation is the standard industry practice for NHH submitting traders. The total consumption between 'Read1' and 'Read2' is known (by subtraction), and the amount of that consumption that belongs to the submission month is determined by the application of a published industry shape profile. The switch read is estimated (based on previous reads for the ICP) and supplied in the switch files. The volume for this period is also determined by subtraction.

In the case of the gaining retailer also submitting by NHH, the 'SwitchRead3' supplied in the switch files is what is used as their first read and they use the subtraction/shape profile calculation to determine volumes ongoing. There can be no under/double billing/submissions as the same read is used by both traders.

In the case of the gaining trader submitting HHR volumes, the volumes are determined by summing the consumption in each half hour period. This means the switch read has no bearing on the volumes going forwards.

In this example, if the 'SwitchRead3' estimation is:

· overestimated, then the billing/submission will be overstated for the losing trader; or

· underestimated, then the billing/submission will be understated for the losing trader.

With submission volumes, it is the losing trader who bears the cost of inaccuracy. The gaining trader's submission volumes are independent of the 'SwitchRead3'.

For the customer billing, an issue can occur if the gaining trader is submitting HHR consumption volumes but billing 'read to read' volumes. Here, they may notice a discrepancy between volumes billed (which uses the switch meter read) and volumes submitted (which uses the aggregated volumes). It is this calculation difference that causes the discrepancy, not a misalignment of meter reading dates as stated.

Existing process already in place

Importantly, there is also already an existing gain read adjustment process that addresses inaccurate billing. In this process, the gaining trader presents a new switch read based on, presumably, more accurate data, and if agreed, both traders adjust their billing (and the losing trader their submission) volumes. This process is covered by Rules 6 and 12 of Schedule 11.3 of the Code. We suggest that this process could be easily adapted to allow for use of meter reads sourced from AMI meters.

Related issues

		The Paper does not refer to the far more common scenario of the submission going from HHR to NHH on a switch. Essentially, the issues around the estimated switch read exist in this scenario as well. While market submissions are derived from HHR consumptions, switch read estimates are still determined from customer billing reads. The difference is that after a processing lag, a daily read from the HHR meter is available for the switch date (this read is not available at the time of constructing the switch file) to the losing trader so could be used to resolve any gain read dispute.

The Paper also identifies a further issue (at paragraph 2.2.8 (c) (ii)) that has been recently resolved by a fix to the switching file process. We understand this fix updates the submission type flagging based on the profile supplied by the gaining trader on the switch date, removing the requirement for the gaining trader to maintain both NHH and HHR systems. |
Q1	Giving Energy	Giving Energy agrees with the issues identified in 2.1.11 for both Standard and Move In switch types.
Q1	Meridian	As we've suggested previously [refer page 5 of Meridian's 28 February 2014 submission on "Switch process re-engineering", available http://www.ea.govt.nz/dmsdocument/17846], Meridian agrees it is preferable to have AMI meter reads used in switching ICPs served by AMI meters. Like the paper describes, this will avoid mismatches in the data used by traders who settle on half-hourly information.
Q1	Nova	Yes, we agree with the issue identified.
Q1	Pulse	Pulse Energy (Pulse) agrees that inaccuracies may occur where the gaining trader decides to switch immediately to half hourly settlement from the date they gain an installation.

However, it should be noted that the gaining trader is under no obligation to change the submission profile for a site immediately, particularly where doing so would require a great deal of manual intervention by both the gaining and losing traders to resolve an inaccuracy of less than 200 kWh.

Further, inaccuracies less than 200 kWh are not likely to have a material impact on the market reconciliation processes, when balanced against the cost of administering the Authority's proposed solution. |
| Q1 | Trustpower | 1.1 Not all MEP's (as data Providers) are able to provide a read on a daily basis, and are contractually only providing Monthly Billing reads. To implement the current proposal before all MEP's and agreements with traders are finalised appears premature.

To ensure Traders were reconciling more accurately vacant consumption needs to be accounted for. |

		1.2 This does not solve the current issue of upgrades and downgrades, which have the same issues
Q2		**Do you agree with the Authority's assessment of alternatives available? If not, please give reasons.**
Q2	Contact	In Contact's view there are other alternatives the Authority should consider. The proposed change (enhanced switch read change process) is a step backwards given it would be a reactive process and require increased manual processing. However it would be a valid option where a losing trader is unable to proactively provide an actual midnight read on the switch date. We consider the more efficient and proactive alternative, and one that in our view should have been included in the assessment, is one that targets the source of the problem (point of switch reading being established) rather than constantly revisiting and renegotiating switch readings. Contact considers that the Authority may have overlooked the significant operational and system change costs associated with implementing the proposed solution. Traders will either need to implement major system changes to automate the process, or alternatively make smaller system changes and accept a significant increase in manual processing. Contact does not consider any of the options assessed to be process or cost efficient, however realises that the issue requires attention.
Q2	Ecotricity	Ecotricity agree with the majority of the Authority's assessment of alternatives, and support the general alternative: "**Requiring a losing trader to accept an amended switch event meter reading provided by the gaining trader where the metering installation at an ICP is AMI**", subject to the following essential amendments: a) The change should be restricted only to switches involving AMI where the submission type is being changed by the gaining trader from NHH to HHR. This addresses the intent of the issues highlighted in 2.1.11 without imposing additional costs of applying to all AMI switches. b) The time allowed for the gaining trader to submit a replacement read (RR) should be changed from 5 business days to 10 business days (in all instances of this amendment). In practice, 5 business days would not be sufficient time in order to submit a RR based on a validated reading, and therefore the benefit intended to be derived from this change would be significantly reduced. c) Due to the nature of back-dated switches from either Standard or Move In switch types (but mainly Move Ins), basing the time period allowed for the gaining trader to submit a RR on the "event date" puts undue pressure on the ability of the gaining trader to submit within this time period. For example, if a switch was back-dated 14 days or more, the gaining trader would not get an opportunity to submit a RR as 10 business days from switch event date would have immediately lapsed upon switch completion. Ecotricity propose that this time period should start from the "completed switch event _input_ date" (or "CS event input date") ie. the date the CS was input to the registry, not the effective switch event date.

		Ecotricity believes that these three changes to the proposed amendment are essential and would not support any amendment that did not take at least the intent of these changes into account, as without them the benefits intended to be gained from the amendment will be severely compromised, ultimately to the detriment of consumers. Regarding the below clause in the proposed Code, clause 12(2A), Ecotricity believe the first reference to subclause (1) should be subclause (2), as follows, and as amended in Ecotricity's proposed Code amendment in Section 4B: <u>(2A) Despite subclause (2), subclause (2B) applies if a validated meter reading or permanent estimate provided by the losing trader under subclause (1) has not been obtained from an interrogation of a certified metering installation with an AMI flag of Y in the registry</u>
Q2	Electric Kiwi	Yes. In addition, we do not believe that the disadvantage 2.2.12(a) for the second approach is actually a disadvantage at all. The Authority states: "2.2.12 Disadvantages with this approach (a) The losing trader may delay final invoicing to the switching customer, where the metering at an ICP is solely AMI, until an amended switch event meter reading is provided by the gaining trader". It is our view that a delay to the final invoicing until an accurate actual final meter reading is provided by the gaining trader is an advantage as it will enhance the customers switching experience as they will not receive two final invoices from the losing trader and be required to communicate with them as to the reason for this.
Q2	EMH Trade	Broadly we agree, however we note that in the majority of cases, 5 days would be insufficient time for actual data to reach the gaining trader and so the clause is likely to be ineffectual. We suggest this limitation be increased to 10 days or removed altogether. We note that the Code has provisions ensuring that gaining traders should use this information as soon as it is available. Having a longer period creates additional incentive for traders to avoid rebilling and use the information provided by AMI meters in final reads, rather than making estimates that have a cost of inaccuracy borne by the gaining trader. Creating this incentive for accuracy would be in the long term interests of consumers.
Q2	Flick	Flick agree with the majority of the Authority's assessment of alternatives, and support the general alternative: "Requiring a losing trader to accept an amended switch event meter reading provided by the gaining trader where the metering installation at an ICP is AMI", subject to the following proposed

			amendments:
			a) The change should be restricted only to switches involving AMI where the submission type is being changed by the gaining trader from NHH to HHR. This addresses the intent of the issues highlighted in 2.1.11 without imposing additional costs of applying to all AMI switches.
			b) The time allowed for the gaining trader to submit a replacement read (RR) should be changed from 5 business days to 10 business days (in all instances of this amendment). Flick's experience is that receipt of first data from the MEP for newly switched ICPs can take several business days. In practice, 5 business days would not be sufficient time in order to submit a RR based on a validated reading, and therefore the benefit intended to be derived from this change would be significantly reduced.
			c) Due to the nature of back-dated switches from either Standard or Move In switch types (but mainly Move Ins), basing the time period allowed for the gaining trader to submit a RR on the "event date" puts undue pressure on the ability of the gaining trader to submit within this time period. For example, if a switch was back-dated 14 days or more, the gaining trader would not get an opportunity to submit a RR as 10 business days from switch event date would have immediately lapsed upon switch completion. Flick propose that this time period should start from the "completed switch event _input_ date" (or "CS event input date") ie. the date the CS was input to the registry, not the effective switch event date.
			Flick believes that these three changes to the proposed amendment are essential and would be unlikely to support any amendment that did not take at least the intent of these changes into account, as without them the benefits intended to be gained from the amendment will be severely compromised, ultimately to the detriment of consumers.
			Regarding the below clause in the proposed Code, clause 12(2A), Flick believe the first reference to subclause (1) should be subclause (2), as follows, and as amended in Flick's proposed Code amendment in Section 4B:
			(2A) Despite subclause (2), subclause (2B) applies if a validated meter reading or permanent estimate provided by the losing trader under subclause (1) has not been obtained from an interrogation of a certified metering installation with an AMI flag of Y in the registry
Q2	Genesis		The proposed rule change captures all switches the gaining trader may wish to change the read on, irrespective of the threshold of change. It also removes the ability of the losing trader to dispute any proposed new reads.
			These changes create operational inefficiencies for retailers. For example, the current threshold of 200kWh was arrived at as being the point at which the value of the error was greater than the cost of the effort to correct. The Authority's CBA (paragraph 3.3) even as it stands (excluding comments in Question 3 below) supports this threshold.
			In our view, it is very important that a losing trader has the ability to dispute any proposed alternative switch meter read as there is no unequivocal determination that a proposed read is correct simply because

it has been supplied by the gaining trader. This stands true even for volumes determined from AMI metering.

Alternative solution – changing the registry function

Genesis Energy proposes a simpler and more effective solution to the issues with HHR and NHH switches. Our solution addresses (a) the manual updating of submission flags (if not already operational); and (b) the adjusting of inaccurate gain reads, in all instances where there is AMI metering at the ICP that is being used by either party involved in the switch. There are two parts to our suggested solution:

· Changing the registry functional specification. We understand that this change is being implemented now.

· Allow use of AMI certified reads by either trader. This will require a Code change.

Change to Registry Functional Specification

We suggest the submission flag be altered, along with the Profile code supplied in the Switching notification (NT) file (i.e. Profile = HHR, submission flag = HHR = Y, all others NHH = Y) at the time of the switch completion being processed. While there will be the odd exception to this rule (e.g. ICP with both AMI metering and UNM load that could be submitted on a half hour engineered profile), this change will ensure the vast majority of submission flag changes will occur seamlessly at the switch date.

A change to this effect was originally scheduled for introduction in October 2015. We now understand it has been implemented and we suggest this be reflected in the Authority's consideration of the issues in this Paper.

Allow use of AMI certified metering reads by either trader

In our view any remaining issues not addressed by the change to registry functional specification can be captured by amending Schedule 11.3 of the Code. This amendment would allow the use of AMI certified metering reads sourced by either trader in the resolution of the switch read disputes.

Allowing the use of AMI certified meter reads by either trader has the following advantages over both the status quo and the Paper's proposed changes:

· All participants are currently operating under the gain read process so there is no requirement to adjust systems - only the source of potential new switch reads may change;

· It applies regardless which party to the switch has access to AMI data;

· It maintains the current dispute threshold to ensure industry efficiency; and

· It retains the dispute process should parties be unable to agree on an amended switch meter read.

As an example, we suggest the following amendments to Schedule 11.3 of the Code:

6. Traders must use same reading

(1) The losing trader and the gaining trader must both use the same switch event meter reading as

determined by the following procedure:

(a) if the switch event meter reading provided by the losing trader differs by less than 200 kWh from a value established by the gaining trader, the gaining trader must use the losing trader's switch event meter reading; or

(b) if the switch event meter reading provided by the losing trader differs by 200kWh or more from a value established by the gaining trader, the gaining trader may dispute the switch event meter reading.

(2) If the gaining trader disputes a switch event meter reading under subclause (1)(b), the gaining trader must within 4 calendar months of the actual event date, provide to the losing trader either,-

(i) a changed switch event meter reading supported by 2 validated readings, or

(ii) a switch event meter reading obtained from an interrogation of a certified metering installation with an AMI flag of Y in the registry,

Within 5 business days after receiving the switch event meter reading from the gaining trader, and the losing trader must either, -

(iii) if it does not accept the switch event meter reading, notify the gaining trader (giving all relevant details) and the losing and the gaining trader must use reasonable endeavors to resolve the dispute in accordance with the disputes procedure contained in clause 15.29 (with all necessary amendments); or

(iv) supply a switch event meter reading obtained from an interrogation of a certified metering installation with an AMI flag of Y in the registry; or

(v) if the losing trader notifies its acceptance of the switch event meter reading received from the gaining trader, or does not provide any response, the losing trader must use the switch event meter reading supplied by the gaining trader in accordance with this paragraph.

…

12. Gaining trader may change the switch event meter reading

(1) the gaining trader may use the switched meter reading supplied by the losing trader or may, at its own cost, obtain its own switch event meter reading.

(2) If the gaining trader elects to use the new switch event meter reading, the gaining trader must notify the losing trader of the new switch event meter reading and the actual event date to which it refers as follows;

(a) if the switch event meter reading provided by the gaining trader differs by less than 200 kWh from that provided by the losing trader, both traders must use the switch event meter reading provided by the gaining trader as the switch event meter reading; or

(b) if the switch event meter reading provided by the losing trader differs by 200kWh or more from a value established by the gaining trader, the gaining trader may dispute the switch event meter reading.

(3) If the gaining trader disputes a switch event meter reading under sub-clause (2)(b), the gaining trader must within 4 calendar months of the actual event date, provide to the losing trader either,-

(i) a changed switch event meter reading supported by 2 validated readings, or

(ii) a switch event meter reading obtained from an interrogation of a certified metering installation with an AMI flag of Y in the registry,

Within 5 business days after receiving the switch event meter reading from the gaining trader, and the

		losing trader must either, -
		(iii) if it does not accept the switch event meter reading, notify the gaining trader (giving all relevant details) and the losing and the gaining trader must use reasonable endeavors to resolve the dispute in accordance with the disputes procedure contained in clause 15.29 (with all necessary amendments); or
		(iv) supply a switch event meter reading obtained from an interrogation of a certified metering installation with an AMI flag of Y in the registry; or
		(v) if the losing trader notifies its acceptance of the switch event meter reading received from the gaining trader, or does not provide any response, the losing trader must use the switch event meter reading supplied by the gaining trader in accordance with this paragraph.
		We urge the Authority consult with the sector on this proposed wording. Any change in the switching processes risks increasing retailer costs, and therefore it is important that they are consistent with the industry view overall.
Q2	Giving Energy	Giving Energy broadly agrees with the Authority's assessment of alternatives with the following comment. 2.2.10 (b) 5 days to provide a replacement read may be tight given MEP occasional lag on supplying reads so a slightly longer timeframe may be appropriate.
Q2	Meridian	Yes. The alternative to existing arrangements presented will ensure information is supplied in a timely way. Unlike the Authority's original proposal to make 'losing' retailers responsible for providing the information, it accommodates for traders not always being able to readily obtain an AMI switch read (for instance, because of the trader only being able to access from their own systems, say, monthly AMI data).
Q2	Nova	Yes we agree with the Authority's assessment of alternatives available
Q2	Pulse	Pulse disagrees with the statement: 2.2.11(c) "little changes to existing systems for losing traders as they are already required to have a process to examine proposed changes to switch event meter readings" Under the current rules, losing traders are only managing switch event meter reading changes where the difference is over 200 kWh. The proposed change in the Authority's preferred option would require traders to manage extremely small and immaterial differences. This is likely to result in a material increase of start read changes to the point that additional automated

		systems would be required. This in turn will require traders to invest in expensive changes to their switching systems to manage these requests.
		Pulse would also like to comment on the statement:
		2.2.12(a) "the losing trader may delay final invoicing to the switching customer, where metering at an ICP is solely AMI, until an amended switch event meter reading is provided by the gaining trader"
		Pulse's switching system, which is the default switching system provided by Gentrack (a major software provider in the industry), does not currently allow for a delay in the final invoice. In its current form with respect to switching, the switching file itself is generated by the final invoice event, as it is the final reading from that invoice which is provided to the gaining trader.
		Changes to the system to allow for the delay in final invoicing will be costly, as it would require a redesign to the methodology used to generate a switching file without reliance on a final invoice event.
		The true outcome of this proposed rule change is, without costly system changes, for every switch for an ICP with AMI metering to a trader who reconciles as half hourly, either the losing retailer will have to absorb the cost differences between the original estimated final reading and the inevitable gaining traders reading change, or the trader will have to re-generate the final invoice for the customer every time. This will cause additional confusion and inconvenience for the customer and the losing trader.
		In the event that the system is modified to delay the final invoice until the allowed time for a switch read change request is exhausted, the customer will be delayed in the receipt of their final invoice which is likely to still cause an inconvenience to a customer.
Q2	Trustpower	2.1 Existing data quality and timing of MEP Registry data updates are of a higher priority, it is critical that when an update is made that it is correct (i.e. metering is flagged as AMI capable but this is not).
Q3	**Do you agree with the Authority's preferred option? If not please give reasons**	
Q3	Contact	As outlined above, Contact considers the proposed solution to be inefficient and reactive. Contact would like to propose an alternative option that targets the source of the issue and incentivises traders to make use of actual readings during the switch loss process to avoid having to renegotiate switch readings at a later date. Contact's proposal: Contact would like the Authority to extend one of the switching time frames to allow the losing trader

enough time to either request or wait for a suitable actual reading after the switch is initiated (notice of transfer from the registry/gaining trader). The extension of time will be used to obtain the reading, validate the reading, bill if required and use in the switch loss process.

The mechanism to obtain an actual reading would primarily be aimed at the use of AMI (advanced meter infrastructure) midnight readings or HHR data, but there is nothing stopping the proposal being across all actual meter readings. This would enable any trader to use other mechanisms to obtain actual meter readings where agreements or interfaces aren't in place with appropriate AMI data providers.

The extended time frame would only be eligible to traders that attempt to request or use actual meter readings during the switch loss process. It is noted that this could not be actively monitored via the registry or any other report, but many parts of the Code rely on participants taking the initiative or adhering to the Code without active monitoring. Participant audits can always act as a check point for these particular parts of the Code.

Contact recognises that in a large number of cases complying with the regulatory time frame will be no issue; however as the rule currently stands, losing traders will no doubt be in breach for what we believe to be of significantly lesser priority and impact compared to having an accurate switch reading.

Affected rules

Part 11 – schedule 11.3

Standard switch

5. Losing trader must provide final information

If the losing trader provides information to the registry in accordance with clause 3(a) and

4, then within **3 business days** after the actual event date, the losing trader must—

(a) provide confirmation of the actual event date to the registry; and

(b) provide the actual event date and either the validated meter reading or a permanent estimate as at the actual event date to the gaining trader.

Switch move

11. Losing trader must provide final information

If the losing trader has provided information to the registry in accordance with clause 10(a), then **within 3 business days** after the later of the actual event date or date of receipt of the switch request, the losing trader must—

(a) provide confirmation of the actual event date to the registry; and

(b) provide the actual event date and either the validated meter reading or a permanent estimate as at the actual event date to the gaining trader.

Contact considers the above time frames to be a barrier to attempting to obtain actual meter readings to use in the switch process. This time frame could be increased to 5 business days without impacting the overall aim of making the process efficient and no switch taking longer than 10 business days.

		Contact is aware that some variations in the switching process would require leniency where it may not be possible to obtain a midnight AMI reading. This would primarily occur where a backdated switch move took place for a period greater than the losing trader keeps AMI readings for. For most backdated switch moves (which are reasonably common and high in volume), this would actually work in the favour of the losing trader as they will not have to wait to obtain a midnight AMI reading as a reading should already be available.
Q3	Ecotricity	Yes, Ecotricity agrees with the Authority's preferred option subject to the essential amendments outlined in Ecotricity's response to Question 2.
Q3	Electric Kiwi	Yes. However, we have two amendments we would like to see added: 1. We would ask the Authority to bring forward the implementation date of the Code amendment as we believe that the current situation is creating a barrier to entry for retailers using the HHR methodology and is creating unnecessary issues for customers who wish to switch retailers. We request an implementation date of 1st April 2015. 2. We would also ask the Authority to extend the time period within which a gaining trader must provide the meter reading from an interrogation of a certified metering installation with an AMI Flag of Y. The proposed time period of 5 business days is insufficient in all cases to obtain this reading, as we have noted there can be a delay in switching an ICP to half-hour AMI readings on the part of the MEP. To ensure the gaining trader is not disadvantaged due to internal MEP business processes out of its control, we believe this should be extended to **10** business days.
Q3	EMH Trade	The preferred option is an improvement over the status quo. Subject to the changes suggested above we agree with the proposal.
Q3	Flick	Yes, Flick agrees with the Authority's preferred option subject to the essential amendments outlined in Flick's response to Question 2.
Q3	Genesis	No. We believe our alternative provides a comprehensive and simpler solution than the Paper's preferred option, which does not address HHR to NHH changes. Also, change for traders is minimal as it merely allows for the use of AMI meter reads that may become available after the fact via traders existing processes.
Q3	Giving Energy	Giving Energy strongly agrees with the Authority's preferred option.

Q3	Meridian	In principle, yes. Meridian considers the suggested Code amendments need to be revised, however, to make clear that the requirement to accept the AMI meter read will only apply in instances where a half-hour (HHR) method of settlement is to be followed. Having a more general requirement is contrary to what is suggested in several other parts of the paper.
Q3	Nova	Yes, agree with the Authority's preferred option
Q3	Pulse	Pulse does not agree with the Authority's preferred option, for the reasons outlined below.

i.   The proposed option will add additional cost with little benefit

By mandating that switch read change events must be managed for even small volume differences, which would increase the number of read change events materially, traders will have no choice but to make costly modifications (estimated at $30,000 to $60,000) to automate the management of switch read changes, and to delay customer final invoicing, in order to comply with the requirements.

ii.   The proposed option will add barriers to entry for new participants

Although existing participants may be more capable of building large and expensive systems to manage these requirements, the additional administration of these events will be another barrier to entry for new participants. The Authority will be shifting the burden from those participants who have decided to use alternative reconciliation methodologies immediately after the switch event to that used by the previous participant.

iii.   The previous half hourly switching process already managed this issue

Prior to the Part 10 changes, the gaining trader would populate the final reading for sites being switched to half hourly submissions. Had this process remained in place, an issue would never have materialised.

The Authority's proposal is in effect re-introducing the process of a gaining trader providing a final reading, but in a much more administratively burdening way by using a dispute resolution mechanism for effectively every non-half hourly to half hourly switch, rather than simply setting the AMI data in the first instance.

It should be noted that the reason this change occurred was due to the administratively burdening nature of managing the manual switching events caused by a reconciliation submission change. Re-introduction of effectively the same process will just result in the same manual work.

iv.   The change is unnecessary given the existing movement of the market towards half hourly |

		metering and submissions Most participants are already moving towards the installation of "smart meters" across their customer base. It is inevitable that the vast majority of installations will be smart metered within the next few years. As the bulk of installations become smart metered, Pulse believes that the movement to half hourly submission for these sites also becomes inevitable. Once this occurs, the issue identified by the Authority will for the most part resolve itself. Pulse does not believe it is necessary for the Authority to intervene in the short term given the fact that the market impact is small, the cost to resolve now being large, and the issue self-resolving in the medium to long term.
Q3	Trustpower	3.1 There has not been a full roll out of communicating AMI meters so the current proposal appears premature at this stage. It also appears unnecessary for standard switches, as there should be no gap in the billing, settlement and no disruption to the customer. If a customer has already been finaled, there is a customer impact to rectify any changes and consideration needs to be given to customer impact as well as settlement accuracy.
Q4	**Do you agree with the Authority's Regulatory statement and assessment of costs and benefits? If not, please give reasons.**	
Q4	Contact	Contact considers the assessment to be incorrect and missing critical factors, such as the significant system change (or manual overhead) costs associated with implementing the proposed solution. It is possible that the assessment didn't take into account the way most traders' systems or business processes currently operate and the level of change required to implement the proposal. Contact considers that the proposed changes will significantly increase the overall administrative costs (or, alternatively, significant system changes will need to be made) rather than minimise costs as the paper mentions. The proposed process will result in thousands of bill reversals (most likely a manual process given the variation and complexity to automate) for a very minimal reading discrepancy. Contact considers that the cost benefit analysis may be slightly overstated given that assumptions have been made that all switches that result in submission type change will result in a discrepancy. Contact considers that a large number of switch losses (particularly for AMI) will either have an accurate enough estimate reading (based on actual monthly billed readings) or the difference will be so minimal that the cost to adjust the reading amongst traders far outweighs the costs to the market. Contact understands that the alternative option we have proposed also results in significant costs to implement. However, Contact believes this is closer aligned to where traders are heading in the future (use of AMI data) and targets the source of the issue.

Q4	Ecotricity	Ecotricity strongly agree with the Authority's Regulatory statement.
		Ecotricity would like to note an additional benefit of implementing the Authority's preferred option, in that any improvement in the accuracy of end/start reads for switching customers should improve customer trust in the electricity industry.
		Ecotricity have submitted a proposed Code amendment, to illustrate the proposed further alternative options suggested in Question 2.
		[Ecotricity submission was identical to Flicks, and has not been repeated here]
Q4	Electric Kiwi	Yes.
		The Authority states that:
		"2.1.14 losing traders create estimates for NHH switch event meter readings based on the consumer's past consumption history, regardless of whether an AMI meter reading is available from the metering equipment provider (MEP) or within their own systems."
		It is our view that many retailers are not billing or completing switches based on AMI meter readings due to commercial decisions and/or the limitations of their own billing systems, as they often provide this half-hour information to customers for marketing purposes. If they choose not to use these more accurate AMI readings for switching, this should not negatively impact on the customers switching experience.
		In addition, as this is not a change to any Registry process, any costs are largely related to commercial decisions rather than regulatory requirements.
Q4	EMH Trade	Yes
Q4	Flick	Flick strongly agree with the Authority's Regulatory statement.
		Flick would like to note an additional benefit of implementing the Authority's preferred option, in that any improvement in the accuracy of end/start reads for switching customers should improve customer trust in the electricity industry.
		Regarding section 3.4.2, Flick can confirm from experience that the Replacement Read process does not always result in the losing retailer accepting an amended switch event meter read. Flick do not support the

status quo, which does not consistently allow for successful resolution of those issues that this consultation seeks to address.

Flick have submitted a proposed Code amendment, to illustrate the proposed further alternative options suggested in Question 2.

Proposed Amendment to Schedule 11.3 (current Code)

6 Traders must use same reading

(1) The losing **trader** and the gaining **trader** must both use the same **validated meter reading** or **permanent estimate** as determined by the following procedure:
  (a) if the **validated meter reading** or **permanent estimate** provided by the losing   **trader** differs by less than 200 kWh from a value established by the gaining **trader**, the gaining **trader** must use the losing **trader's validated meter reading** or **permanent estimate**; or
  (b) if the **validated meter reading** or **permanent estimate** provided by the losing **trader** differs by 200 kWh or more from a value established by the gaining **trader**, the gaining **trader** may dispute the **validated meter reading** or **permanent estimate**. In this case, the **gaining trader** must, within 4 calendar months of the actual **event date**, provide to the losing **trader** a changed **validated meter reading** or a **permanent estimate** supported by 2 **validated meter readings**, and the losing **trader** must either,—
 (i) within 5 **business days** after receiving the **validated meter readings** or **permanent estimate** from the gaining **trader**, the losing **trader**, if it does not accept the **validated meter readings** or **permanent estimate**, must **notify** the gaining **trader** (giving all relevant details); or
 (ii) if the losing **trader** notifies its acceptance of the **validated meter readings** or **permanent estimate** received from the gaining **trader**, or does not provide any response, the losing **trader** must use the **validated meter readings** or **permanent estimate** supplied by the gaining **trader** in accordance with this paragraph.

(2) Despite subclause (1), subclause (3) applies if a **validated meter reading** or **permanent estimate** provided by the losing trader under subclause (1) has not been obtained from an **interrogation** of a **certified metering installation** with an AMI flag of Y in the **registry**, and where the gaining trader changes the submission type from NHH to HHR.

(3) No later than 10 business days after the switch completion event input date—
  (a) the gaining trader may provide the losing **trader** with a **meter reading** obtained from an **interrogation** of a **certified metering installation** with an AMI flag of Y in the **registry**; and
  (b) the losing **trader** must use that **meter reading**.

…

12 Gaining trader may change validated meter reading or permanent estimate

  (1) The gaining **trader** may use the **validated meter reading** or **permanent estimate** supplied by the losing **trader** or may, at its own cost, obtain its own **validated meter reading** or **permanent estimate**.

  (2) If the gaining **trader** elects to use the new **validated meter reading** or **permanent estimate**, the gaining **trader** must **notify** the losing **trader** of the new **validated meter reading** or **permanent estimate** and the actual **event date** to which it refers as follows:
 (a) if the **validated meter reading** or **permanent estimate** established by the gaining **trader** differs by less than 200 kWh from that provided by the losing **trader**, both **traders** must use the **validated meter reading** or **permanent estimate** provided by the gaining **trader** as the **validated meter reading** or **permanent estimate**; or
 (b) if the **validated meter reading** or **permanent estimate** provided by the losing **trader** differs by 200 kWh or more from a value established by the gaining **trader**, the gaining **trader** may dispute the **validated meter reading** or **permanent estimate**.

(2A) Despite subclause (2), subclause (2B) applies if a **validated meter reading** or **permanent estimate** provided by the losing **trader** under subclause (1) has not been obtained from an **interrogation** of a **certified metering installation** with an AMI flag of Y in the **registry**, and where the gaining trader changes the submission type from NHH to HHR.

(2B) No later than 10 business days after the switch completion event input date—
  (a) the gaining trader may provide the losing **trader** with a **meter reading** obtained from an **interrogation** of a **certified metering installation** with an AMI flag of Y in the **registry**; and
  (b) the losing **trader** must use that **meter reading**.

(3) If the gaining **trader** disputes a **validated meter reading** or **permanent estimate** under subclause (2)(b), the gaining **trader** must, within 4 calendar months of the actual **event date**, provide to the losing **trader** a changed **validated meter reading** or a **permanent estimate** supported by 2 **validated meter readings**, and the losing **trader** must either,—
  (a) within 5 **business days** after receiving the **validated meter reading** or **permanent estimate** from the gaining **trader**, the losing **trader**, if it does not accept the **validated meter reading** or **permanent estimate**, must **notify** the gaining **trader** (giving all relevant details), and the losing **trader** and the gaining **trader** must use reasonable endeavours to resolve the dispute in accordance with the disputes procedure contained in clause 15.29 (with all necessary amendments); or
  (b) if the losing **trader** notifies its acceptance of the **validated meter reading** or **permanent estimate** received from the gaining **trader**, or does not provide any response, the losing **trader** must use the **validated meter reading** or **permanent estimate** supplied by the gaining **trader** in accordance with this clause.

Proposed wording based on Code as at 09 October 2015

…
6 Traders must use same reading
  (1) The losing **trader** and the gaining **trader** must both use the same **switch event meter reading** for the **event date** as determined by the following procedure:
 (a) if the **switch event meter reading** provided by the losing **trader** differs by less than 200 kWh from a value established by the gaining **trader**, the gaining **trader** must use the losing **trader's switch event meter reading**; or
 (b) if the **switch event meter reading** provided by the losing **trader** differs by 200 kWh or more from a value established by the gaining **trader**, the gaining **trader** may dispute the **switch event meter reading**.

(2) Despite subclause (1), subclause (3) applies if a ~~validated meter reading~~ or ~~permanent estimate~~ **switch event meter reading** provided by the losing trader under subclause (1) has not been obtained from an **interrogation** of a **certified metering installation** with an AMI flag of Y in the **registry**, and where the gaining trader changes the submission type from NHH to HHR.

(3) No later than 10 business days after the switch completion event input date—
 (a) the gaining trader may provide the losing **trader** with a <u>**switch event** meter reading</u> obtained from an **interrogation** of a **certified metering installation** with an AMI flag of Y in the **registry**; and
 (b) the losing **trader** must use that <u>**switch event** meter reading</u>.

6A ~~Losing~~ <u>Gaining</u> trader disputes reading
If a ~~losing~~ <u>gaining</u> **trader** disputes a **switch event meter reading** under clause 6<u>(1)</u>(b), the gaining **trader** must, no later than 4 months after the **event date**, provide to the losing **trader** a changed **switch event meter reading** supported by 2 **validated meter readings**, and the losing **trader** must either,—
 (a) if it does not accept the **switch event meter reading**, advise the gaining **trader** (giving all relevant details) no later than 5 **business days** after receiving the **switch event meter reading** from the gaining **trader**; or
 (b) if it notifies its acceptance of the **switch event meter reading** received from the gaining **trader**, or does not provide any response, the losing **trader** must use the **switch event meter reading** supplied by the gaining **trader**.

…
12 Gaining trader may change switch event meter reading
(1) The gaining **trader** may use the **switch event meter reading** supplied by the losing **trader** or may, at its own cost, obtain its own **switch event meter reading**.

		(2) If the gaining **trader** elects to use the new **switch event meter reading**, the gaining **trader** must **notify** the losing **trader** of the new **switch event meter reading** and the **event date** to which it refers as follows: (a) if the **switch event meter reading** established by the gaining **trader** differs by less than 200 kWh from that provided by the losing **trader**, both **traders** must use the **switch event meter reading** provided by the gaining **trader**; or (b) if the **switch event meter reading** provided by the losing **trader** differs by 200 kWh or more from a value established by the gaining **trader**, the gaining **trader** may dispute the **switch event meter reading**. (2A) Despite subclause (2), subclause (2B) applies if a ~~validated meter reading~~ or ~~permanent estimate~~ **switch event meter reading** provided by the losing **trader** under subclause (1) has not been obtained from an **interrogation** of a **certified metering installation** with an AMI flag of Y in the **registry**, and where the gaining trader changes the submission type from NHH to HHR. (2B) No later than 10 business days after the switch completion event input date— (a) the gaining trader may provide the losing **trader** with a **switch event** meter reading obtained from an **interrogation** of a **certified metering installation** with an AMI flag of Y in the **registry**; and (b) the losing **trader** must use that **switch event** meter reading. (3) If the gaining **trader** disputes a **switch event meter reading** under subclause (2)(b), the gaining **trader** must, no later than 4 months after the actual **event date**, provide to the losing **trader** a changed **switch event meter reading** supported by 2 **validated meter readings**, and the losing **trader** must either,— (a) no later than 5 **business days** after receiving the **switch event meter reading** from the gaining **trader**, the losing **trader**, if it does not accept the **switch event meter reading**, must **notify** the gaining **trader** (giving all relevant details), and the losing **trader** and the gaining **trader** must use reasonable endeavours to resolve the dispute in accordance with the disputes procedure contained in clause 15.29 (with all necessary amendments); or (b) if the losing **trader** notifies its acceptance of the **switch event meter reading** received from the gaining **trader**, or does not provide any response, the losing **trader** must use the **switch event meter reading** supplied by the gaining **trader**.
Q4	Genesis	We disagree. First, paragraph 3.3.2 (a) of the Paper only identifies NHH to HHR changes while missing the common

		HHR to NHH
		Second, paragraph 3.3.2 (b) does not account for the equal cost the losing trader also wears in addressing gain read adjustments. Finally, paragraph 3.3.2 (c) is unsubstantiated by any evidence that debits/credits of gain read adjustments net out. Nor again, does it take into account debits/credits to the losing trader in a gain read adjustment. These tend to be unbalanced towards the debits as the losing trader has less opportunity to adjust billing to the customer.
Q4	Giving Energy	Giving Energy agrees with the Authority's preferred option.
Q4	Meridian	Meridian is for several reasons unsure the scale of attributable net benefits will be as high as the Authority suggests. While costs incurred by gaining traders to process corrections may very well reduce under the change proposed, the Authority's analysis does not account for any cost changes on the losing trader side. Whether numbers of read change requests will remain constant, as is assumed by the Authority's analysis, is also unclear. Meridian considers that the $10,000 cost estimate for process changes involved is too low and that an (industry average) figure in the region of $20,000 would be more reasonable, once design, development and testing costs are taken into account. While not contemplated by the Authority's analysis, it is also possible that self-driven moves by traders to improve their ability to use and access daily AMI data, and adopt NHH settlement may deliver similar benefits.
Q4	Nova	Nova agrees with the Regulatory Statement
Q4	Pulse	Pulse does not agree with the estimation of costs as follows: 3.3.3(b) "there is a maximum one-off process change cost of $10,000 that applies to each trader (though in some cases there may be no cost as the traders may continue to use a manual process" The cost of modifying traders systems to comply with the requirements outlined in this code change is

		likely to be much higher than the Authority has outlined here.

As it will not be practical to manually handle the inevitable increase in the number of switch reading change requests that will result, given the number of customers that Pulse has, Pulse will need to spend at least an estimated $30,000 to $60,000 in order to implement the system changes required (based on experience for similar changes in the past). We expect that other participant's costs will be similar.

Further, the statement that there may be "no cost" where traders use a manual process and have no system changes is not accurate. The Authority has not taken into account the administrative costs of the additional switch reading changes which will need to be managed in the case of a manual process.

Also, given the fact that without a system change a final invoice will be generated, Pulse will either incur administrative costs from the need to manually intervene to prevent the final invoice from being printed until the adjusted reading has come through and been managed (or the time to make such a change exhausted), or need to allow the invoice to be issued and re-generated to reflect the change in readings.

In the case of re-generation, there will be costs resulting from:
1.   Additional printing
2.   Additional enquiries to the contact centre
3.   Other administrative costs (refunds in the case of a downwards adjustment of final invoice volumes for example)

Finally, the Authority does not seem to have balanced the cost of all participants changing their systems, against the cost of only those traders who choose to use the half-hourly submission methodology making system changes to avoid the manual intervention and adjustment of readings. |
| Q4 | Trustpower | 4.1   The proposal will create extra cost due to more manual rework, causing potential delays to the customer.

4.2   CBA focuses on the solely on the gaining retailers cost, where are the costs associated for losing retailers? |