

Question No.	Question	Response
Q1.	Do you consider that the proposed Code amendment described in section 4.1 is preferable to the status quo and the alternatives described in section 4.6? If not, please explain your preferred option(s) in terms consistent with the Authority's statutory objective.	<p>No. DG of &gt;10kW will be disadvantaged. Alternative 1 is preferred but inadequate.</p> <ul style="list-style-type: none"> <li>• A change from incremental connection fees to standalone (next best alternative) increases the cost barrier for SSDGs. The predicted rate of transfer from consumers to distributed generation will artificially slow. Increase incentives for standalone (off-grid) and the loss of consumers will reduce the numbers contributing to common costs/security of supply of the network.</li> <li>• The next best alternative does not meet the goal of signalling the true economic cost of service to all users. This does not facilitate or encourage a workable competitive and efficient market required by NZEA. The shift to next best alternative favours Grid connected generation and larger network connected DG.</li> <li>• Withdrawal of the ruling council will mean other legislative structures will need to be introduced to make decisions. These structures are not mentioned in any preferable alternative. This impact should be further investigated before instigating changes. The shift away from a council, that holds expertise internally, will mean the courts will be reliant on experts from the parties in conflict. SSDGs have restricted access to this expertise.</li> <li>• No public data on lines companies passing on ACOT or ACOD to &gt;10kW installations. Talking to a few SSDG owners, they do not receive ACOT or ACOD. This could be a network specific problem. The addition of monitoring by the EA could see fairer applications of ACOTs and ACODs. This could be brought into the public sphere and monitored. The clarity of ACOT and ACOD will only lead to efficiencies in the market.</li> <li>• Network companies are asset owners and provide services for delivery and connections to the network. Don't need to be a gate keeper for ACOTs. A change in focus to a service based model could allow for clear separation of asset ownership and service provider. Separate Network service providers do exist already. That should be a larger discussion.</li> <li>• DGPP allows known and clear service-based charging structure across all users of distribution networks. Some services are price specified and reassure potential DG owners.</li> <li>• Current DGPPs do not require payment for the services provided to distributors by SSDGs. The range of cost is from zero to incremental. All should pay incremental costs. No less, no more. ACOT and ACOD should be arranged as part of the on-going UoSA or contract.</li> <li>• The PPs do encourage DGs to pay for connection and</li> </ul>

		consumers to pay for the common costs of supply. The proposed alternative will move the sharing of common costs inefficiently to both participants.
Q2.	Do you consider that the proposed Code amendment described in section 4.1 complies with section 32(1) of the Act, and with the Code amendment principles, and should therefore proceed?	<ul style="list-style-type: none"> <li>• No</li> <li>• Promoting overall efficiency. Connection costs are not the source of recovering common costs or upgrading common assets at SSDG expense. Line charges cover COT and COD. SSDG are usually prosumers and thus pay line charges as a consumer, and twice with some networks, as a DG. Connection costs are a tool to allow safe and efficient connection to an open network. The proposed code amendment further distorts production and investment decisions on the network.</li> </ul>
Q3.	Do you have any comments on the drafting of the proposed Code amendment described in section 4.1? (The drafting is included in Appendix B.)	<ul style="list-style-type: none"> <li>• Naive to think that the commerce commission can monitor connection costs borne, by SSDGs, by the network companies' marginal profits or asset investments only. Costs of upgrading common assets can be borne by less liked and easily manipulated (by the network company) when connecting. This allows the under-cost pricing on other competitive service-based contracts. In reality, the SSDG connection costs are incorrectly used to subsidise costs of others.</li> <li>• Better data needs to be gathered.</li> <li>• Better focus on types of DG. The effects of the change to different types of DG need to be carried out.</li> <li>• The shown analysis is not good enough for the preferred alternative or alternatives. The option of qualitative methods used for the basis of decision making is not described enough. . No qualitative evidence of methodology stated. The qualitative has to be shown to be analysed by what electrical/systems/economic expert. The conclusions are oversimplified, unreal, and not specific to SSDG, embedded networks or DG</li> <li>• The alternatives in ACOT, ACOD and incremental cost adjustment seems to be for DG&gt;1MV. A powerful group. SSDG are large in number and a weak group. DG&gt;1MV has access to expert power not available to SSDG, due to the cost and availability. Network companies are an economically monitored monopoly with expert and positional power.</li> <li>• A focus on the change in horizontal movement across DG is needed. Pricing principles, set on the incremental costs, add some of the rebalance. Incentives to create prosumers rather than standalone systems would be less likely with next best alternative costing forced onto network companies. Larger DGs might create embedded networks rather than connect at full load on the network.</li> <li>• No details of a cost benefit analysis that have been used in this discussion paper. Some data has been provided, but more is available and can be provided without risk to</li> </ul>

		<p>commercially sensitive data. Please make accessible.</p> <ul style="list-style-type: none"> <li>• SSDGs do not trade over the wholesale market. Better to use the location-specific retail market prices for indications of some DGs. The market is a bigger signal and the savings could be so small, not to affect the price signal.</li> <li>• Definition of common costs used. Distribution companies distribute power from sources (GXPs, DG) to the customer. On the basis of the definition used: <ul style="list-style-type: none"> <li>○ DGs should bear the cost of connection and any upgrades needed for conveyance of power, thus DGs should bear a share of common costs. This will mean that Transpower and/or Grid connected generation should also bear a share of the common cost of the network.</li> </ul> <p>Consumers are signalled by the common costs, and thus pricing, of the distribution lines. Common cost borne by both DGs and consumers will muddy this signal. ACODs and ACOTs are additional signals to pricing.</p> </li> <li>• DGs are not on a preferred basis when Network companies set charges for distribution services. Assumption. They are part of an 'open' network, therefore a 'must deal with' basis. The setting of next best alternative will create an opportunity to create, through cost, two types, preferred basis and not preferred basis.</li> </ul>
Q4.	Do you consider that the proposed Code amendment should come into force at a single date, or should it be phased in?	<ul style="list-style-type: none"> <li>• No preference</li> </ul>
Q5.	Is the proposed phasing for the Code amendment appropriate? (The phasing is discussed in section 4.3.) If not, what alternative phasing or dates would you propose and why?	<ul style="list-style-type: none"> <li>•</li> </ul>
Q6.	If the proposal were to proceed, do you consider that there would be barriers that might prevent agreements being reached between Transpower and distributed generation	<ul style="list-style-type: none"> <li>• Transpower has few personnel and thus a small capability to negotiate ACOTs for SSDGs. SSDGs don't contribute much incrementally to ACOT and has individual distribution structure issues. Currently there are no practical communication lines between SSDGs and Transpower. That could change with appropriate technology.</li> <li>• There is an imbalance in powers and a disinterest in SSDG, barriers could easily be constructed within this structure.</li> </ul>

	owners to efficiently reduce or defer transmission network costs? If so, what are these barriers? Please consider both existing and proposed new distributed generation.	<p>As has been seen with the current structure.</p> <ul style="list-style-type: none"> <li>• ACOT controlled by Transpower would have little change for SSDGs.</li> </ul>
Q7.	If the proposal were to proceed, do you consider that there would be barriers that might prevent agreements being reached between distributors and distributed generation owners to efficiently reduce or defer distribution network costs? If so, what are these barriers? Please consider both existing and proposed new distributed generation.	<p>Not familiar with the current system. I do know that ACODs are not properly applied to SSDGs by some networks. Barriers will still occur and are likely to increase due to the power imbalance. SSDG are usually price takers without the expertise or position to negotiate agreements. The DGPP allows some rebalance and add clarity. Alternatives could include a rebalancing mechanism.</p>
Q8.	If the proposal were to proceed, do you consider that those distributors that were no longer able to recover the cost of making ACOT payments would cease making such payments?	