

9 October 2018

# Switch Process Review

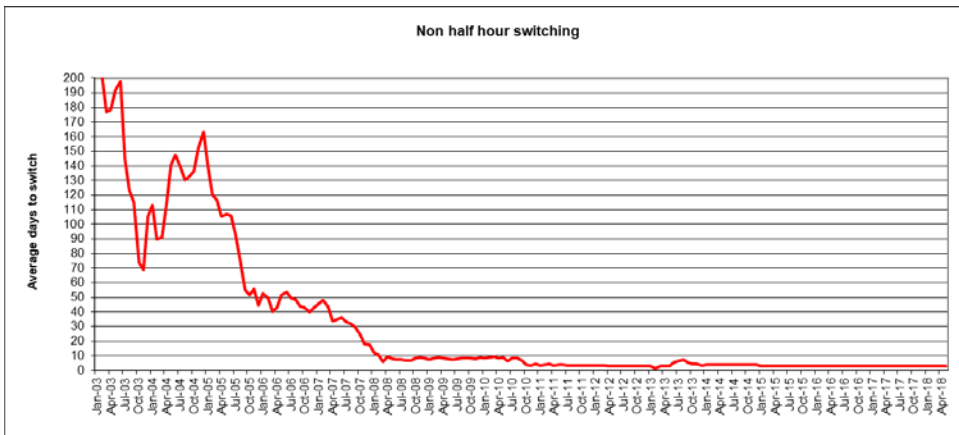
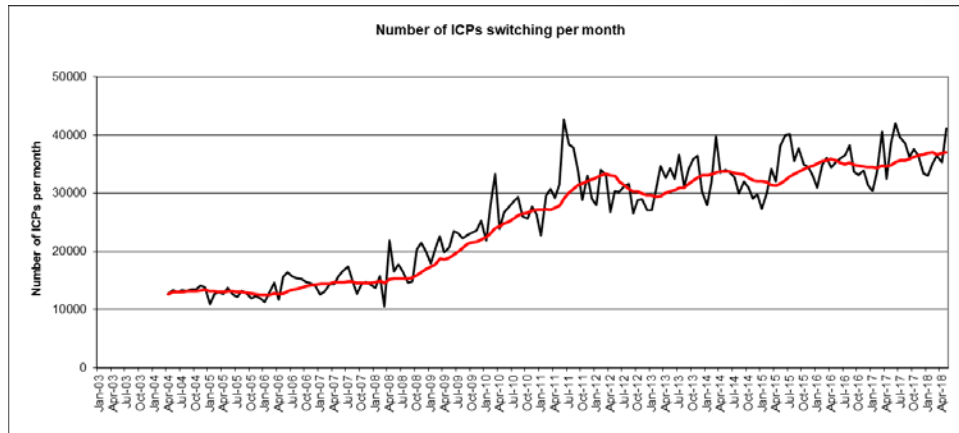
## Omnibus and EIEP Forum

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# Reason for switch process review

- The switching processes have been around in various forms since 1 April 1999
  - Trader ICP switching
  - Distributor ICP switching
  - MEP ICP switching
- Authority considers the current ICP switching processes are
  - starting to cause operational inefficiencies
  - may be limiting competition
  - Although working now, may not be fit for purpose for the next 5-10 years
    - if development continues of multiple traders at an ICP, peer to peer trading
    - the number of retailers continues to increase
    - the number of direct purchasers increases

# Trader ICP switching



- Central registry manages switching process and is the database of reference for connection information, customer invoicing and market settlement
- The NZ trader ICP switch process operates as worlds best practice, however that has not always been the case
- Improvements historically made were due to industry cooperation
- We need to keep that momentum as new technology is adopted

# Timely to review these processes now

- It is timely to review these processes now, because
  - the prevalence of AMI throughout the country
  - the increasing uptake of evolving technologies in the electricity industry
  - industry participants' back-office systems and processes becoming more technically advanced and placing more demands on market systems
  - a general increase in innovation on the part of industry participants and customers
  - issues within the current switching processes that may be hindering the promotion of our statutory objective

# Registry underpins the competitive electricity market

- ICP identifiers at 31 August 2018
  - ICPs Active = 2,124,991
  - Total ICPs Registered = 2,417,466
  - Total NSPs Registered = 569
  - Total NSPs active in reconciliation = 481
  - Switches Completed = 38,318
  - ICPs in Decommissioned State = 237,316
- ICP Enquiries for Jun 2018 = 558,921,900
- Maximum number of concurrent users for Aug 2018 = 1,014
- Number of batch files for Aug 2018 = 97,439, average time = 63.1 seconds
- Registry browser response time for Aug 2018
  - <2 seconds = 99.72% (96% required)
  - <1 second = 94.71 % (90% required)

# Timely to review these processes now

- So the Authority
  - convened a technical group called the Switch Technical Group (STG) to look at issues in the current switching processes
  - produced the issues consultation paper we are discussing today to obtain industry views

# Is the switch process fit for purpose?

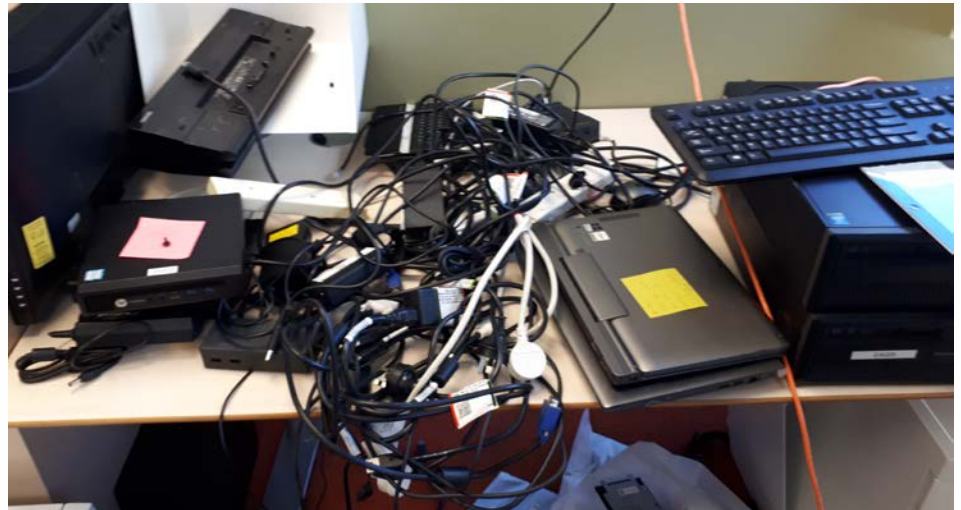


# Is the switch process fit for purpose?





**Do we have a process that works in practice,  
but not in theory?**



# Switch process review consultation

- Consultation released as part of a 4 consultation omnibus and is available at <https://www.ea.govt.nz/development/work-programme/operational-efficiencies/market-enhancement-omnibus/>
- Switch process review consultation paper (issues only) lists
  - 22 issues in total divided into 4 areas
  - Not an exhaustive list, you should add to the list wherever relevant
- Consultation
  - Closes 13 November 2018
  - Warns readers that subject is technical, and requires good industry knowledge

# The process

- The process is likely to be as follows, but will depend on the results of the consultations
  - issues consultation (out now)
  - issues and options consultation
  - preferred options consultation
  - code amendment consultation
  - implementation planning
  - implementation and testing
- When we see the result of the consultation, we can assess what can be added to the project and what we can speed up in those process steps
  - for instance there may be some of the simpler issues that could go straight to a proposed Code amendment, if there was a good level of agreement in the options consultations

# As we go through the issues, please feel free to speak out

- In your response/discussion, consider
  - is the current process is fit for purpose
    - can we fix the existing process, or would it be a band aid fix
    - do we just step out and replace it as that could fix all of the issues raised
    - what do you think that the options are to provide a world best system
  - is the issue raised a problem to you?
  - what options do you consider could fix it? – there will be multiple, what is the best?
  - what are the implications of the issue to your business?
  - is it a regulatory, market system, guideline, training or behavior issue?

# Issues

## Trader ICP switching - 1

- The actual switch event date is delayed or is not as agreed
- Replacing/modifying metering installations on the trader ICP switch event date is difficult
- Gaining traders face difficulties ensuring accurate switch event meter readings
- A trader should not have to issue a switch completion notification for an ICP with only unmetered load

# Issues

## Trader ICP switching - 2

- A gaining trader may face a delay receiving the first AMI meter reading for the ICP it has gained
- AMI switch event meter readings are not necessarily midnight meter readings
- Interpreting trader ICP switching as customer or embedded generator switching may be misleading
- There is no mechanism to identify the sale and transfer of customer or embedded generator accounts between traders

# Issues

## Trader ICP switching - 3

- It is unclear whether an acknowledgment of a switch request notification is required
- Different timeframes for different types of ICP switches add complexity to the ICP switching process
- Switch withdrawals can be delayed because of delayed information from third parties
- Different timeframes for applying a meter reading to a non half-hour (NHH) ICP switch add complexity to the ICP switching process

# Issues

## Trader ICP switching - 4

- Sometimes switch event meter readings cannot be obtained despite best endeavours
- Preventing losing traders from updating an ICP identifier during a switch can mean the gaining trader is unaware the ICP is electrically disconnected
- The Code is ambiguous as to whether a switch event meter reading is required for certain ICPs with a category 3—5 metering installation
- The replacement read process is inefficient



# Issues

## Trader ICP switching - 5

- Delays to a trader being assigned a new ICP may delay installing a metering installation at the ICP and electrically connecting the ICP

# Issues

## DISTRIBUTOR ICP switching - 1

- The process for switching ICPs between distributors is inefficient
- The Code prohibits backdating price category codes

# Issues

## MEP ICP switching - 1

- The provision of initial metering data to a trader is not always timely
- Meter reading file formats are not standardised
- The gaining and losing MEPs cannot use the same MEP event date for an MEP switch