

Electricity Networks Association  
Wellington  
By email: [submissions@electricity.org.nz](mailto:submissions@electricity.org.nz)

22 December 2016

Dear David

### **New Options for Electricity Distributors**

Thank you for the opportunity to submit on the above consultation paper.

Simply Energy applauds the proactive engagement undertaken by the ENA with retailers and the broader industry.

We have not submitted on all the questions asked but have instead focused on the putting this pricing conversation in a broader strategic context of the opportunity for distributors and the industry in general to take advantage of New Zealand's \$600M investment in advanced meters and the half-hour data set that it provides to support innovation and create a long-term benefit for NZ electricity consumers.

We would encourage the ENA include in its industry plan to:

- Set out an aspirational industry road map for all distributors to capture and maintain HHR data that can be used for billing while recognizing that different distributors will need to move at different speeds towards a common industry goal
- Articulate that access to comprehensive, billing quality HHR data underpins that ability to deliver innovative network services that can be used actively manage network costs for the long term benefit of consumers in New Zealand and potentially be commercialized and sold into international markets, and
- Address head on the industry concerns about privacy, enlisting the support of the Electricity Authority, the Privacy Commission and other stakeholders as appropriate.

#### **Strategic Opportunity**

We think NZ has a uniquely positioned to take advantage of its investment in advanced meters because:

- The NZ market is internationally advanced from a regulatory and market operations perspective.
- NZ has the highest country penetration of advanced meters in the world and are systematically capturing consumption data each half-hour
- Our electricity networks are small enough that our engineers will have an ability to get real insights from data that could be codified into algorithms that could be applied to much larger networks

- We have a diverse range of network challenges that could potentially be solved with meter data.

We are already seeing some examples of innovation coming out of network companies like Counties, Unison, Vector and Alpine Energy that are creating value denominated in the \$10Ms from pilot programmes.

### **Comprehensive HHR data solves network problems**

A comprehensive, billing quality HHR data set provides a starting point for solving some high value network problems. Some examples are:

- Rate shock analysis - modelling to an ICP-Day level the impact of new changes in end user cost due to pricing changes
- Pricing behavioural analysis - We don't really understand how consumers or retailers change their behaviour in response to price changes. Data would help
- Billing flexibility - capture and management of advanced meter data maintains network options to price efficiently in the context of changing power flows (solar generation) and storage technologies (batteries)
- Revenue assurance - Electricity in NZ is a \$7B industry. Net energy 'lost' runs at ~ 1% or \$70M per year. Comprehensive, normalised, granular meter data combined with network topology provides a sustainable platform for reducing these losses.
- Network design - Engineers do network design with limited / estimated load flow data. If real measurements are used to support asset sizing decisions there is opportunity to reduce, defer or eliminate capital spend

### **The industry is primed for change – ENA is uniquely positioned to lead**

The NZ Electricity is at point of flux. ENA's consultation is responding in part to the Electricity Authority's requirement that you articulate a plan to move network pricing to a more cost-reflective structure. Retailers are concerned about losing control of their customer relationships so are reluctant to provide hhr data to networks citing privacy issues. Actors external to the industry and actively seeking ways of dis-intermediating retailers e.g. telcos selling electricity, solar installers becoming electricity retailers. Technology like batteries have the capability to blur the lines between network and retail service providers

The current pricing debate provides an opportunity to re-frame the issues of capturing and managing advanced meter data from the narrow context of network pricing to a broader opportunity for networks and innovative NZ service companies to create value added services that can be sold both in NZ and internationally.

We think there is a risk that, as an industry, we will be too unambitious and narrowly focused on our immediate interests to articulate a plan to can take advantage of the lead we have on the world stage for the next few years.

The ENA has a very material leadership role in defining our industry plans and leading through this period of change and opportunity.

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### **Privacy issues can be managed**

We are aware of some of the difficulties that networks are having obtaining advanced meter data from retailers. We think the legitimate concerns of the retailers can be addressed through anonymization of the data (hashing ICPs while retaining relevant dimensions for network purposes).

The ENA is well placed to facilitate, co-ordinate and lead a common approach to addressing privacy issues and we suggest that the ENA proposes an approach for the common capture, anonymization and storage of data on behalf of its members.

Yours Sincerely

**Stephen Peterson**



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