Corporate Office

Powerco Limited
Level 2
NPDC Civic Centre
84 Liardet Street
Private Bag 2061
New Plymouth 4342

0800 769 372
powerco.co.nz

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Submissions
Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington

By email: submissions@ea.govt.nz

Powerco submission on *Default Distributor Agreement proposal*

Powerco appreciates the opportunity to provide feedback on the Electricity Authority's consultation paper *Code amendment proposal*: *Default Distributor Agreement* of 20 August 2019 (the consultation paper).

We recommend a "working meeting" between ENA (and/or Powerco) and the Authority to verify the alignment of DDA principles and practice. The implementation of a Default Distributor Agreement (DDA) is a complex and worthwhile undertaking. The lens we have applied for our submission is how the proposals might work in practice. Translating the Authority's intent to an agreement is a difficult task which will require more than one shot at developing an enduring agreement. We have commented with suggestions that we believe will promote a more neutral, workable and future-proofed DDA. Meeting face to face to confirm the alignment between principles and practice will be a vital next step.

Our high-level position on the DDA proposal is:

We support the concept of a DDA

We agree with the Authority that the DDA will deliver:

- More efficient and easier network access
- Increased levels of retail market competition
- Greater use of innovative technologies and business models

We want to ensure the DDA is neutral, workable and future-proofed

We think achievement of these objectives would be enhanced by:

- Reviewing the balance of risks / costs
- Including more flexibility to adapt to change
- Making sure the approach to data provision meets the intended purpose
- Making minor changes to a number of clauses / requirements

Attachment 1 has a summary of our high priority concerns and Attachment 2 provides more detailed comments on these concerns. We look forward to the next steps in consultation process. If you have any questions on this submission, please contact Nathan Hill (Nathan.Hill@powerco.co.nz).

Yours sincerely

Andrew Kerr
Regulatory and Pricing Strategy Manager

Attachment 1: Summary of Powerco's high priority concerns

The balance of risks / costs	We support the Authority's objective for the DDA to provide a neutral framework for regulating arrangements between distributors and network users. We have applied this lens to the allocation of costs and risks because we think these are important facets to get right for the DDA to achieve neutrality. Our key concerns with the balance of risks / cost are: • There is no ability for a distributor to update recorded terms once agreed (unlike the case for operational terms) and no ability to add or remove appendices as appropriate • The indemnity given by the distributor is too wide and extends to risks the trader or customer is better placed to protect • The agreements remain evergreen, even if no longer required by the Code • Rogue traders cannot be blocked or stood down for a period of time We have included detailed comments on each of these concerns in Attachment 2 below.
Dealing with uncertainty	We think that it is essential that the Authority and distributors have appropriate flexibility to amend the DDA to accommodate changes, insights and problems that arise over time.
Data access	Changes to the data access clauses are needed to ensure customers can benefit from better distributor planning and pricing. In particular, we think the clauses preventing the combining of data and the requirements to destroy or permanently erase data need to be amended.
Repeated Access to distribution networks	We are concerned that rogue traders cannot be blocked or stood down for a period of time.
Regulation-making powers	We are concerned that mandating compliance with guidelines creates inappropriate discretion and regulation-making power. We also think the powers of the Rulings Panel can be improved.
Indemnity and liability clauses	We are concerned that the indemnity provisions in clause 27 of the DDA template are broad and not subject to any monetary limitation. The current drafting also creates little incentive for a trader to make commercially sensible decisions to manage their risk.

Prudential security	Constraints around the use of prudential security mean that the amount of security may quickly become inadequate in circumstances where a trader decides to prolong disputes.
Workability	Minor changes to a number of clauses / requirements would improve the workability of the DDA.

Attachment 2: Commentary on Powerco's high priority issues

1. Dealing with uncertainty

Flexibility to adapt to change

We support the Authority's objective to create a forward-looking and future-proofed DDA that can handle an energy sector that will evolve, and in particular, have more network users.

To achieve this objective in a sector that will see dramatic and ongoing changes we think that it is essential that the Authority has the flexibility to amend the DDA to accommodate changes, insights and problems that arise over time. We also consider that it is very unlikely that the DDA will be perfect first-time round so we want to avoid a 'set and forget' approach.

DDAs could be enforced in perpetuity

Given the need for flexibility, we are concerned that the DDA does not:

- provide any built-in mechanism for the Authority to review and update default core terms
- provide any indication of how future changes made by the Authority to the default core terms would be applied to distribution agreements existing at the time
- include a mechanism that allows distributors to amend, update or terminate the agreement without the trader also agreeing to do so (aside from the ability to update operational terms)
- allow a distributor to update recorded terms once agreed (unlike the case for operational terms) and add or remove appendices as appropriate

Powerco's suggestions:

- **The Authority is obligated to periodically review the DDA to ensure that it remains fit for purpose.** We think a review every 3-4 years would be appropriate
- **Allow distributors to terminate the agreement if there is no longer any obligation under the Code that in substance requires the distributor to enter into an agreement with a person that wishes to trade on, be connected to, or use the Distribution Network**
- **Distributors should be able to vary recorded terms.** This ability is consistent with the distributors' discretion to include recorded terms in the first place
- **We suggest changes should be made to allow a distributor to remove / include Appendices as appropriate.** This ability is consistent with the distributors' discretion to include Appendices in the first place and allows for changes to the nature of the relationship with a trader or in the distributor's own circumstances
- **Distributor can periodically require traders to upgrade to the distributor's latest DDA template.** We think distributors should be able to update existing DDA's periodically to reflect changes in its collateral terms or changes the Authority has permitted

2. Data access: it needs to be workable

Changes are needed to ensure customers can benefit from better planning and pricing

Powerco welcomes the Authority's proposal that would require traders to supply distributors with non-anonymised non-aggregated consumption data. Our read of the intent of the proposal is that

- traders will supply distributors with half-hourly consumption data so they can price, plan, operate, and maintain their networks (as outlined in the Government response to the Electricity Price Review). In DDA-speak, these are "Permitted Purposes" [1].
- In return, distributors will meet reasonable privacy and security requirements (as now) and potentially pay reasonable costs (recovered from consumers).

We agree with this intent. Distributor use of detailed consumption data can generate significant benefits, related to, aiding the development of cost reflective distribution pricing, keeping costs down, and optimising the consumer benefits of emerging technologies as the country decarbonises. This intent applies to all the EIEP data transferred to distributors.

Given New Zealand's high rate of smart meter deployment, the New Zealand electricity industry is in a strong position to leverage better data for the benefit of consumers and the environment. We support the need to address data privacy, data security, and contestability concerns; this includes supporting the specification of 'Permitted Purposes'.

However, the DDA drafting limits the ability of distributors to deliver the benefits from using it for the Permitted Purposes. We don't think this is the Authority's intended outcome eg it doesn't align with Appendix C clause 2 which relates to use of the data for the permitted purposes. Our working assumption is that the drafting has been based on terms that applied to bespoke data requests from distributors where the use of data wasn't business as usual (possibly "Other Purposes"). But that's not the case with use of the data by distributors for Permitted Purposes. So, the drafting needs to be revised to ensure the access to data aligns with the ability to deliver the purposes it is intended for.

We have summarised below the areas which would benefit from revised drafting without any negative consequences.

- **Allow consumption data to be combined for Permitted Purposes: Appendix C, clause 3(4)(d)**

  The current drafting doesn't allow consumption data to be combined with other databases (potentially including other databases of consumption data). This restriction will significantly reduce the value of the data because consumption data in isolation is incomplete. It is only when data is combined with other datasets such as, consumption data from other traders or with a distributor's own asset data that significant value can be extracted. This is because merged data provides a more complete picture that allows the distributor to carry out superior analysis which consequently produces superior results e.g. smarter and more targeted investment decisions and pricing options.

  We assume that the Authority has prohibited the merging of data to mitigate data privacy and data security concerns. We think that any contestability concerns should be fully addressed by

[1] The Permitted Purposes are: 1. developing Distribution Prices; and 2. planning and management of the Network in order to provide distribution services to traders under the Distributor's use-of-system agreements or distributor agreements under Part 12A of the Code, as the case may be.

the inclusion of the Permitted Purposes in 3(4)(a) and requirement to comply with the Privacy Act.

If merging the data generates data privacy and data security concerns, a better and more innovative solution must be found that doesn't constrain the ability to use it for its intended purpose.

- **Apply the requirements to destroy consumption data only when supplied for "Other Purposes": Appendix C clause 16**

  We think this restriction should be removed because the data still has significant value after it has been used for the initial Permitted Purpose. For example;

  - It can be used again – there is significant value in trend and time-series analysis
  - It can be used to validate results
  - Retention of the data will avoid unnecessary duplication of costs – we do not think consumers should pay multiple times for their distributor to access and use the same consumption data

  We can understand that this clause might relate to "Other purposes" which might have a one-off attribute. If the retention of data generates some data privacy and data security concerns over and above what exists under existing arrangements, a more innovative and efficient solution should be found.

- **Set expectations on traders to deliver consumption data of acceptable quality**

  Accurate consumption data will support distributors to deliver improved cost efficiency and customer service outcomes - on the other hand, inaccurate data will threaten these objectives.

  The trader does not control the entire data collection process (they received data from the Metering Equipment Provider (MEP)). They therefore cannot guarantee the accuracy and completeness of Consumption Data. However, given accurate data is important for many purposes, the DDA could be used to raise the data quality bar eg require traders to take reasonable steps to ensure that the data they provide distributors is up to date, complete and accurate.

  Data quality will get more visibility and importance should the Authority pursue the concept of sub-ICP services at the ICP. This will require and rely on accurate metering of within day (maybe within half-hour) meter readings.

- **Remove the requirement to establish a "Data team"**

  Clause 8 of Schedule 12.A.1 Appendix C requires distributors to maintain a register of persons who are permitted to access the Data (known as the "Data Team").

  We think this requirement misunderstands how this information needs to be used within a network business for pricing and asset management purposes. These functions relate to the distribution business as a whole, which means for the data to be useful, it needs to be shared widely across the business.

  We assume that the Authority has restricted data to the Data Team only to mitigate data privacy and data security concerns. We think that any contestability concerns should be fully addressed by the inclusion of the Permitted Purposes in 3(4)(a).

  If more widespread sharing of data within the distribution business generates some data privacy and data security concerns, we think a better and more innovative solution must be found that doesn't constrain the ability to use it for its intended purpose.

Powerco's suggestion:

- **Allow distributors to combine Consumption Data with other data and databases to deliver the Permitted Purposes**
- **Where Consumption Data is provided for a Permitted Purpose, the distributor should be able to use that Data for on an ongoing basis**
- **Where a trader agrees to supply Consumption Data for Other Purposes (purposes beyond a 'Permitted Purpose') the trader should be able to impose a time limit on the distributors use of the data**
- **Require traders to take reasonable steps to ensure that the data they provide is up to date, complete and accurate**
- **Remove the requirement to establish a "Data team"**

3. Other data issues

The scope of the indemnity for loss caused under sch 12 Appendix C needs to be refined

The indemnity given by the distributor to the trader in clause 12 of Appendix C should be limited so that a distributor should not have to indemnify for loss arising due to voluntary representations made by the trader to its customers (including in its contracts and marketing material), or to the extent the trader caused or contributed to the loss.

Sch 12A.1, Appendix C termination provisions

Clauses 14 and 15 of Appendix C allow for termination of the agreement to which Appendix C is attached in circumstances very similar to those in the DDA. This creates the following issue:

- The termination rights are drafted in a way that appears to trigger termination of the whole agreement, and the triggers for termination are not linked to misuse of data. We do not believe this is what was intended and suggest the wording be clarified.

The termination provisions should be replaced by a much simpler clause allowing termination of the Appendix for insolvency, unremedied material breach, or an ongoing pattern of non-trivial breaches. However, even in the event of termination, some provision should be made for a distributor to receive the minimum necessary data to allow for provision of the distribution services.

Removal of EIEP provisions limit access to data

Existing provisions in the Model Use of System Agreement (MUoSA) relating to EIEPs (including data access, audit and confidentiality obligations) have been deleted, other than to provide the parties will comply with EIEPs listed in Schedule 3.

In particular, the trader is no longer obliged to give the distributor access to “such customer information as is reasonably available to the Trader and necessary to enable the Distributor to fulfil its obligations in accordance with this Agreement”.

Because the requirements to supply data in Appendix C maybe less extensive, we think it is sensible to retain this catch-all provision.

Various drafting issues

We also note the following concerns about the drafting of Appendix C:

- Clause 4 refers to reasonable costs and out of pocket expenses – are these intended to be the same thing?
- The obligation to comply with the Privacy Act in clause 5 should apply equally to the trader (for example, to ensure they have customer consent to share Consumption Data)
- The confidentiality obligation in clause 6 is unduly restrictive, applying to disclosure of even the existence of Consumption Data
- Clause 8(4) talks about the names and contact details of Customers, but the Appendix narrowly applies to Consumption Data. Customer names and contact details are essential to allow notification of land access and to fulfil other statutory obligations on distributors and should also be able to be shared under Appendix C.
- While we support most of the provisions in clause 10, subclause (g) referring to locked cupboards is unnecessarily specific and may not align with best practice.

Powerco’s suggestions:

- **The indemnity given by the distributor to the trader in clause 12 of Appendix C should be limited so that a distributor should not have to indemnify for loss arising due to voluntary representations made by the trader to its customers**
- **The Appendix C termination provisions should be replaced by a much simpler clause allowing termination of the Appendix for insolvency, unremedied material breach, or an ongoing pattern of non-trivial breaches**
- **Trader's should be obliged to give the distributor access to "such customer information as is reasonably available to trader and necessary to enable the distributor to fulfil its obligations in accordance with this Agreement"**
- **The Authority seek to remedy the various drafting issues. We are happy to discuss or provide suggested drafting**

4. Access to distribution networks

Rogue traders cannot be blocked or stood down for a period of time

Powerco supports a DDA that streamlines network access and subsequently increases competition in retail and emerging markets.

Our major concern regarding trader entry relates to a distributor's inability to block a previously terminated trader.

In particular, we are concerned that a trader (or a director or related company of that trader) that has an outstanding obligation under a previously terminated agreement could enter a new DDA and access the network under a new name / legal entity. We think that this outcome is unacceptable and needs to be prohibited by the DDA.

Powerco's suggestion:

Our suggested solution is that the DDA is updated to:

- **Prohibit all traders (and directors, owners and related parties of that trader) that have previously had a distribution contract terminated, from entering a new DDA agreement, until all outstanding obligations under the previously terminated distribution agreement are satisfied.[2]**

[2] This includes outstanding obligations to all distributors

5. Regulation-making powers

Mandating compliance with guidelines creates inappropriate discretion and regulation-making power

We are concerned that mandating compliance with guidelines:

- is inappropriate because the guidelines were established with the intention and understanding that adherence with them would be voluntary
- creates an inappropriate quasi-regulation-making power for the Authority because some of the guidelines are not yet defined and because they can be changed without any of the process safeguards for making amendments to the Code

The powers of the Rulings Panel can be improved

The Authority has given traders the ability to appeal and the Rulings Panel wide powers to amend, the operational terms of a distributor's DDA.

Given the Rulings Panel's wide powers to hear appeals, we think its decisions would be significantly improved by adopting the suggestions below.

Powerco's suggestions:

Guidelines:

- **Distributors should be obliged only to have regard to the guidelines**

The Rulings Panel:

- **The body for hearing appeals should be a specially constituted branch of the Rulings Panel**

  As a good principle, decision makers should have the appropriate knowledge and experience to make an informed and proper decision that avoids any unintended and unwanted consequences.

  Applying this principle to appeals against a distributor's operational terms, we think it is vital that the members of the rulings panel, that are making decisions about operational terms, have experience of day-to-day front-line operations of distributors and traders, for example, network planning, management of service interruptions, field service practices and customer communications. The risk is, if the decision makers don't have these qualifications, their decisions could prove to be costly or operationally unworkable for the distributor.

- **The Rulings Panel should only amend an operational term if it is satisfied that the operational term is inconsistent with the principles in Schedule 12A.4 clause 4(2)**

  The onus should be on the trader to show that this is necessary.

- **The operational terms proposed by distributors should only be revised by the Rulings Panel to the extent necessary to correct provisions that are contrary to the principles in Schedule 12A.4 clause 4(2)**

- **Operational terms should only be amended where it would be commercially reasonable to require the distributor to apply the amended term, having regard to the impact and cost to the distributor**

- **The Rulings Panel should be required to consider the standardisation and efficiency impacts of their decisions**

  We think the objectives of workability, standardisation and efficiency would be better promoted by amending the DDA so that:

  - before amending an operational term, the Rulings Panel is expressly required to consider the impact on the distributor of having different operational terms applying across its distribution agreements or of having to apply the same change in each of its other distribution agreements

- **The DDA should make it clear that the Rulings Panel cannot change distributors' pricing structures and price categories**

  Schedule 12 provides that the Ruling's Panel cannot amend an amount that is charged by the distributor.[3] However, schedule 7 of the DDA provides that the distributor's pricing methodology, price categories, price options and prices are part of the operational terms.

  This could be taken to suggest that traders are entitled to appeal distributors' pricing methodologies and price categories.

  We think that this cannot be the Authority's intention, given that it would cut across existing regulatory processes under Part 4 of the Commerce Act, and also the existing price change and consultation provisions in clause 7 of the DDA.

- **The DDA needs to provide clear criteria on which decisions by the Rulings Panel should be made**

[3] Schedule 12A.4, clause 8(4)

6. Indemnity and liability clauses

We are concerned that the indemnity provisions in clause 27 of the DDA template are broad and not subject to any monetary limitation. The current drafting also creates little incentive for a trader to make commercially sensible decisions to manage their risk.

Powerco's suggestions:

- **The indemnity for third party claims should only cover the third party's actual losses, not any liabilities the Trader has voluntarily assumed (such as liquidated damages payments).**
- **The indemnity for network events should not pass through commonly excluded types of losses to the extent they are able to be excluded by contract (loss of profits, indirect loss, loss of data etc.) as the trader will be able to contract out of liability for these (non-Consumer Guarantees Act (CGA)) losses and users of electricity will be able to insure themselves.**
- **The indemnity (for non-CGA claims) should be capped at the same level as the general liability cap. Traders should not be able to enter into contracts with unlimited liability with commercial customers in the expectation that they can pass that liability through to the distributor under the indemnity with no limitation.**

7. Prudential security

Constraints around the use of Prudential Security require reconsideration

Under the proposed DDA a distributor cannot draw down on a prudential security to cover unpaid charges if the amount owing is disputed by the trader, and the trader is not obliged to top up the security by the amount in dispute.

This means that charges placed in dispute are effectively ignored by the prudential regime in calculating the distributor's overall credit exposure to the trader, even though disputed amounts may ultimately be shown to have been due and payable.

The consequence is that the amount of security may quickly become inadequate in circumstances where a trader decides to prolong disputes.

The cost of cash deposits for additional security is unreasonable

We think that a 15% premium on the bank bill yield rate overstates the true cost of debt to most traders. Given that additional security is at the trader's option, an overstated cost of debt could incentivise traders to use the prudential requirements to make a largely risk-free return they would not get elsewhere.

Powerco's suggestions:

- **Amend clauses 10.23 and 10.25, so that the Distributor is entitled to increase the Additional Security to include any amounts disputed and withheld by the Trader, so that the maximum combined security amount is equal to the Distributor's estimate of 2 months' charges plus the amounts disputed and withheld**
- **The Distributor should be able to choose which form of security the Trader uses; and/or**
- **The agreement should state that amounts payable on a cash deposit security must represent the Traders actual costs of acquiring the security on commercially standard terms,**

8. Workability

The timeframe for negotiating an alternative agreement needs to allow flexibility to allow for agreement of alternative and innovative terms

We consider that the short timeframe of 20 business day's maximum for negotiating an alternative agreement is impractical and will curb the use of innovative terms that could benefit consumers.

The DDA is not clear on what obligations apply where an ICP is supplied on a conveyance-only basis

Although clause 3 of the DDA template does contemplate that some ICPs may be supplied on a conveyance-only basis, it is not clear on which provisions drop away while a particular ICP or customer is conveyance-only, and which ones continue to apply.

This may result in the DDA cutting across or doubling up on the arrangements agreed by the distributor and the customer under a Direct Customer Agreement.

In particular:

- There is no clear statement that the obligation to provide "Distribution Services" does not apply at conveyance-only ICPs.
- There is no clear statement that the Service Standards and Service Guarantee Payments do not apply to conveyance-only customers/ICPs.
- There is no clear statement that the pricing consultation provisions in clause 7.4 do not apply to conveyance-only customers/ICPs (this is inconsistent with clause 9 of Schedule 12.A3 of the Code).

Mandatory disclosure of "other agreements" should be limited to those related to distribution services

Clause 11 of Schedule 12A.1 requires a trader who enters into a distribution agreement to provide the Authority with "any other agreement" entered into with the distributor between the time the participant gives notice that it wants to be on the network and the date the parties enter the distribution agreement.

We are concerned that this requirement may capture agreements that are completely unrelated to the distribution services. We are also concerned that there is no ability to redact for commercially sensitive information.

We think this requirement should be removed or limited to agreements directly related to distribution services, as it is too broad and because there appears to be no clear purpose for it.

There are unnecessary limits on the use of Confidential Information

Clause 20.1(b) of the DDA continues to unnecessarily limit use of Confidential Information to the purposes expressly permitted by the agreement, even though the agreement does not include any other provisions explicitly authorising the use of Confidential Information for particular purposes.

We think it would be better to include general authorisations for each party to use Confidential Information for the purpose of performing its obligations and exercising its rights under this Agreement, and any specific purposes for which it was provided.

The timeframe between the date of notice and the agreement taking effect is extremely tight

The DDA applies as a binding contract between the parties with effect from the 5th business day after the date on which the notice is given.

We think this is an extremely tight timeframe when considering practicalities such as the need for billing system setup, outage management and other network operations setup, connections, and prudential security set up.

Correction of pricing errors

Under clause 7.7 of the DDA, if the Trader identifies an error in a distributor's pricing, the distributor may correct the error, including an error that it identifies itself, without following the process under clause 7.4 or giving notice under clause 7.5(a) (as the case may be), provided that the correction of the error must not have a material effect on the Trader or 1 or more Customers.

This clause replaces to previous "manifest error" clause in the Model Use of System Agreement (MUoSA) (s9.5) that provide some protection to the distributor from serious errors that are introduced by accident into pricing schedules.

We do agree with excluding corrections that have a material effect on the trader or 1 or more customers. Instead we think that corrections of 'obvious errors' should be allowed provided the traders agrees that it was an obvious error.

Timeframes for price category changes

We are concerned that the timeframes for advising of a decision for a price category change request, have shortened from 10 working days to only 5 working days.

Traders often process price category changes in bulk which results in 50-150 price category change requests being received in one day. We do not think 5 days is enough time to analyse each one of these requests before responding to the trader.

Price category correction process

Clause 8.7 of the DDA states that if an ICP has a price category incorrectly allocated and the trader requests a price category correction, the distributor is required to issue a Credit Note payable in the next monthly billing cycle, crediting the Trader with the relevant amount.

We think a better and more efficient solution would be to align these credits (if applicable) to the relevant revision cycles rather than being processing a 'one-off' credit.

Aligning the payment of the credit to the relevant revision cycles and incorporating the correction into the revision billing cycle would remove the need for the distributor to produce and process manual credit notes for each and every ICP that is subject to a historical price category correction.

Price category corrections – maximum time period

Clause 8.7 of the DDA states that if an ICP has a price category incorrectly allocated and the trader requests a change, distributors would be required to credit up to 15 months of the difference in charges.

Powerco's billing revision cycles align to the Reconciliation Manger (RM) revision cycles, which occur at 3, 7 and 14 months. Consequently, a credit extended to the 15-month period would require a manual calculation for the 15th month only.

We think it would be more efficient to align the maximum period with the RM revision cycle. This would allow all distributors who process revisions to incorporate these corrections into their standard revision periods and would negate the need for distributors to produce and process manual credit notes for each and every ICP for the single month that falls outside of the 14-month revision period.

Retailer termination of agreement

Clause 19.1 of the DDA allows a trader who is not supplying any consumers on a distribution network to terminate their contract with that distributor with 5 business days' notice. In our experience, such a quick termination may cause issues with revision billing.

The EIEP1 file specification (40(e)) states that revisions relating to revision month 3 (as a minimum) must be processed by distributors. This means the trader still has obligations for at least three months after the date that supply ceases.

This issue may be covered by 'survival of terms' in clause 19.9, meaning the trader would need to keep submitting and paying revision invoices, but we are uncertain about this.

Traders should notify the distributor when their customer takes up a price option for controllable load

Clause 5.2 of the DDA details where a trader can offer a price option for a customer but there is no explicit requirement for the trader to notify the distributor of this.

This could allow the possibility that a customer could offer the same controllable load at the same time to both the distributor and trader.

To avoid this situation the DDA should require the trader to notify the distributor when their customer takes up a price option for controllable load that is likely to affect existing arrangements. This will provide greater clarity/transparency across the industry, and ensures traders and distributors are on a level playing field in regard to controllable load.

Trader should be responsible for enabling or disabling load control equipment

Since signalling for ripple relays and pilot wires cannot discriminate between individual ICPs and their tariff option allocation, the Distributor is reliant on the Trader to ensure that these items of load control equipment are enabled or disabled to reflect whether or not the ICP is allocated to a controlled network tariff option.

For example, where a Trader fails to disable a ripple relay after a customer switches to an uncontrolled tariff, the Distributor should not be held responsible for the fact that the ripple relay continues to respond to load control signals injected into the network by the Distributor.

Powerco's suggestions:

- **Expand the timeframe for negotiating an alternative agreement to 40 business days**
- **Allow distributors and traders the flexibility to agree to an alternative timeframe**
- **Parties to a default distributor agreement can always agree to a negotiated agreement later**
- **The DDA needs to be clear on which provisions drop away while a particular ICP or customer is conveyance-only, and which ones continue to apply**

- **Remove the requirement to disclose "any other agreement" in Clause 11 of Schedule 12A.1 or limit its application**
- **Remove the restriction is Clause 20.1(b) of the DDA template that limits use of Confidential Information to the purposes expressly permitted by the agreement.** Instead, the DDA should include general authorisations for each party to use Confidential Information for the purpose of performing its obligations and exercising its rights under this Agreement
- **Extend the timeframe between the date of notice and the agreement taking effect to account for operational practicalities**
- **Under clause 7.7 of the DDA, corrections of pricing errors should be allowed provided the traders agrees that it was an obvious error**
- **Maintain the existing 10 working days' time frame for advising of a decision for a price category change request that is in the current MUoSA.** A longer time allows for meaningful validation and is consistent with current arrangements in the MUoSA.
- **In clause 8.7, incorporate credits for price category corrections into the revision billing cycle**
- **Limit credits for price category corrections to 14 months to align to the Reconciliation Manager revision cycle**
- **Extend the wording of the survival clause (19.9) to make it clear that traders are still responsible to fulfil their obligations relating to subsequent revision periods post termination**
- **Extend clause 5.2 to require the trader to notify the distributor when their customer takes up a price option for controllable load that is likely to affect existing arrangements**
- **Traders should be responsible for enabling or disabling load control equipment**