

# Regulatory impact statement

Application of electricity legislation to secondary networks

# Agency disclosure statement

This regulatory impact statement has been prepared by the Ministry of Business, Innovation and Employment.

It provides an analysis of options to address ambiguity in how electricity industry legislation applies to secondary networks. It is limited in that the options do not include introducing new policy.

The intention is to implement the existing policy position, which is clear, and is:

- electricity industry regulation should be able to be applied to anyone providing the service of conveying electricity on lines that are not part of the national grid, which includes secondary networks, and
- all electricity consumers (including potential consumers) and owners and occupiers of land are entitled to have access to a dispute resolution scheme.

Secondary networks are not new, but the issue of how electricity legislation applies to them has crystallised recently and is now impacting on the Electricity Authority's work and consumer access to dispute resolution. While the policy position has been clear, the proposed solution has been informed by targeted consultation.

There is an opportunity to include a solution in an existing legislative vehicle, and this has somewhat driven the timing of this proposal. While legislative change is key to resolving this issue, there will need to be further analysis and changes to secondary and/or tertiary legislation to fully address the issue.

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# **List of Acronyms**

Authority Electricity Authority

Code Electricity Industry Participation Code 2010

EGCC Electricity and Gas Complaints Commissioner

EIA Electricity Industry Act 2010

EV Electric Vehicle

MBIE Ministry of Business, Innovation and Employment

# 1 Status quo and problem definition

### We have principles-based electricity industry legislation

- 1. The Electricity Industry Act 2010 (EIA) introduced a principles-based approach to electricity industry regulation. It includes definitions that allow a broad range of activities to be regulated to future-proof the legislation against changes in the market.
- 2. The EIA sets the framework for electricity market regulation, including:
  - providing for, and setting the content of, the Electricity Industry Participation Code 2010 (the Code), which is developed and administered by the Electricity Authority (the Authority)
  - defining electricity industry participants, such as generators, retailers and distributors, that must comply with the Code and other obligations under the EIA
  - providing for the levying of participants, and
  - setting the framework for a dispute resolution scheme, including a membership obligation.
- 3. The principled approach is enabled through the use of exemptions and delegated legislation, such as the Code. The EIA provides for individuals and classes of industry participant to be exempted from the obligation to register as a participant, comply with the Code, and belong to the dispute resolution scheme. The Authority can also design the Code to not place requirements on certain types of industry participants so long as that aligns with its statutory objective.
- 4. The value of this approach is that it provides flexibility. Requirements can be updated more easily to accommodate new activities and services if they are already captured by the legislation it is a matter of amending the Code, or creating exemptions if appropriate, rather than amending legislation.
- 5. This is of particular value in our evolving electricity sector. Traditional electricity industry participant roles are blurring as electricity generators, retailers and distributors get involved in the solar photovoltaics, battery storage and electric vehicle markets, along with new market participants.

## There is ambiguity about how the legislation applies

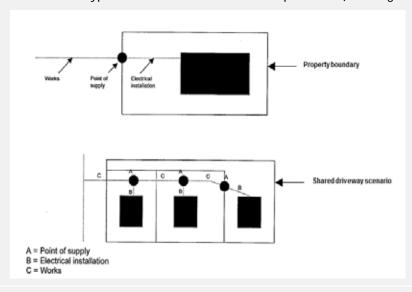
- 6. The problem is that there is ambiguity in the definition of an electricity distributor in the EIA. The ambiguity affects secondary networks, which are electricity networks that are indirectly connected to the national grid (see below for a full description). In particular, it is not clear whether or not secondary network owners are electricity distributors when their network is on a single property. The text box below sets out the issue in more detail.
- 7. A number of legislative and regulatory requirements hinge on the owners of secondary networks being electricity distributors under the EIA. The ambiguity means it is not clear how these requirements apply to secondary networks, which is undermining the principled approach to regulation.

- 8. The ambiguity arises due to the links between the definition of an electricity distributor in the EIA, and definitions in the Electricity Act 1992, which is another key piece of legislation in the electricity sector. The latter Act regulates the supply and use of electricity, including:
  - setting out the rights and obligations of electricity operators (e.g. land access rights for maintenance and repairs)
  - providing for the regulation of electrical workers
  - health and safety protections, and
  - promotion of the prevention of property damage connected with the supply and use of electricity.
- 9. The Electricity (Safety) Regulations 2010 are made under the Electricity Act, so the definitions in it are also crucial to health and safety requirements.

#### How the ambiguity arises

The definition of an **electricity distributor** in the Electricity Industry Act is ultimately dependent on the meaning of **property** (as it applies to the definition of **point of supply**) in the Electricity Act.

The definition of **point of supply** in the Electricity Act is relatively easy to apply and understand in terms of typical residential or commercial premises (see diagram below).



It is not as easily applied to secondary networks, especially where they are supplying electricity to multiple dwellings or units located on a single property.

The ambiguity arises because the definition of **property** in the Electricity Act includes the concept of 'whole of the property', where the property is occupied wholly or partially by tenants or licensees of the owner or occupier, or it has been subdivided under the Unit Titles Act 2010.

This potentially conflicts with provisions in the point of supply definition that apply in situations where there is non-exclusive supply, and means it is not clear whether some secondary networks are **works** or **electrical installations**.

This means that some secondary networks are **electrical installations** (not **works**), and therefore the owners of the network cannot be **electricity distributors** (who, by definition, convey electricity on works).

### What are secondary networks?

- 10. Secondary networks are electricity networks that are indirectly connected to the national grid via one of the 29 local distribution companies. Examples include some multi-tenanted office blocks, residential apartment buildings, retirement villages, shopping centres, airports, industrial/commercial parks, and residential subdivisions.
- 11. While secondary networks are not new, they have been increasing in number and are serving more consumers. The text box below provides a description and examples of the different types of secondary network. It is difficult to know how many consumers are supplied by secondary networks, but it is estimated to be about 100,000<sup>1</sup>.

#### Types of secondary network

**Customer network** – the owner manages the network supplying a number of consumers at a single location. The customer network owner provides the consumers with network services. The owner also provides certain retail products and services (e.g. the owner bills the associated consumers for their electricity consumption).

**Embedded network** – the owner provides network services to a number of consumers at a single location. The consumers obtain retail services from retailers that operate on that embedded network.

**Network extensions** – the owner provides network services relating to connection and provision of a reliable electricity service while the associated local network performs market functions. The consumers obtain retail services from retailers that operate on the associated local network.

Further information, is available at: <a href="https://www.ea.govt.nz/dmsdocument/19146">www.ea.govt.nz/dmsdocument/19146</a>

## The ambiguity is affecting two key areas

12. The key areas that the ambiguity impacts on are access to consumer dispute resolution and electricity industry regulations. Each is described below, along with the associated policy intent.

#### Consumer dispute resolution

- 13. The policy intent is that all consumers, potential consumers and owners and occupiers of land are entitled to have access to the Electricity and Gas Complaints Commissioner (EGCC) scheme (refer text box below). Many consumers on secondary networks may be missing out on access to this free and independent dispute resolution scheme because there is uncertainty about whether their network owner is required to belong to the EGCC.
- 14. Transpower (other than in its capacity as system operator) and every electricity/gas distributor and retailer are required to be members of the EGCC, unless exempt (section 96 of the EIA). This membership requirement was intended to include secondary networks.
- 15. The Minister of Commerce and Consumer Affairs considered the issue of membership exemptions in 2014.

<sup>&</sup>lt;sup>1</sup> The Retail Advisory Group to the Authority sets out more detail about this estimate in its October 2015 Review of secondary networks update at <a href="http://www.ea.govt.nz/dmsdocument/20100">http://www.ea.govt.nz/dmsdocument/20100</a>

- 16. This followed receipt of applications for exemption and subsequent consultation<sup>2</sup> in 2013 seeking views on the basis for exempting individuals or classes from the requirement to be members. As well as proposing an exemption for retailers of LPG sold in cylinders weighing less than 15kg (e.g. barbeque bottles), this consultation also proposed an exemption for secondary network owners supplying 20 or fewer customers for a period of ten years. The Minister of Commerce and Consumer Affairs decided to grant the LPG cylinder exemption<sup>3</sup>.
- 17. One of the key considerations in the decision not to progress any further exemptions was the introduction of an electricity specific guarantee of acceptable quality of supply to the Consumer Guarantees Act 1993, and associated indemnification<sup>4</sup> provisions. The provisions include the ability for the EGCC to consider disputes between retailers and responsible parties relating to the existence or allocation of liability under the indemnity.
- 18. The EGCC subsequently amended its scheme document to include this kind of dispute. Disputes can only be considered by the EGCC if both parties are members.
- 19. Once the above ambiguity was identified, the EGCC advised secondary network owners that they could withdraw their membership. It also discontinued pursuing secondary networks that were not yet members. The EGCC considers it important that the legislation is clarified soon.

#### About the Electricity and Gas Complaints Commissioner (EGCC)

The EGCC Scheme is the energy dispute resolution scheme approved under the EIA and Gas Act 1992. It is an independent body that considers and facilitates the resolution of complaints against its members about the supply of electricity and gas.

Any person (including consumers, potential consumers, and owners and occupiers of land) who has a complaint about a member has access to a scheme for resolving the complaint (section 95 of the EIA).

#### **Electricity industry regulation**

- 20. The policy intent is that there is consistency in the application of electricity industry regulation to secondary network owners where their activities are akin to those of a local distribution network owner. Most industry regulation is undertaken by the Authority (refer text box below). The Authority also develops non-regulatory measures that should also be applied consistently. The four areas of regulation where the ambiguity creates potential inconsistency are:
  - the Electricity Industry Participation Code 2010
  - Part 3 of the Electricity Industry Act 2010
  - the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004,
     and
  - the Electricity Industry (Levy of Industry Participants) Regulations 2010.
- 21. The Authority recently consulted on a review of secondary networks, which included consideration of how its market regulation should apply<sup>5</sup>. Its work in this area continues, but is dependent on the outcome of this proposal.

<sup>&</sup>lt;sup>2</sup> Electricity and Gas Complaints Commissioner Scheme: Membership Exemptions, Discussion Paper, MBIE, 15 July 2013.

<sup>&</sup>lt;sup>3</sup> Under the Gas (Dispute Resolution Scheme Membership) Class Exemption Regulations 2014

<sup>&</sup>lt;sup>4</sup> A retailer that has incurred remedy costs following failure of the acceptable quality guarantee is entitled to be indemnified for those costs by the responsible party or responsible parties (as defined by the Consumer Guarantees Act).

<sup>&</sup>lt;sup>5</sup> It was this consultation that revealed the ambiguity in the definitions.

22. The Authority also considers it important that the legislation is clarified soon as some industry participants and levy payers fall within the area of ambiguity. Once the above ambiguity was identified, the Authority discontinued collecting levies from some secondary networks owners.

#### **About the Electricity Authority**

The Electricity Authority (the Authority) is an independent Crown entity set up on 1 November 2010 to regulate the electricity industry. The Electricity Industry Act 2010 established the Authority and also sets out its objective and functions.

The objective of the Authority is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.

#### The Authority's functions are to:

- Make and administer the Electricity Industry Participation Code 2010 (the Code)
- Undertake market facilitation measures (education, guidelines, information and model arrangements)
- Monitoring, investigation and enforcement of compliance with:
  - The Code and market facilitation measures
  - o The Rulings Panel roles and functions
  - o Sections of the EIA and regulations made under the EIA, including:
  - Part 3: Separation of distribution from certain generation and retailing
  - Part 4, Subpart 1 complaints/dispute resolution (Minister of Consumer Affairs has responsibility in this area).
  - o Part 4, Subpart 2 customer and community trusts
  - o Part 4, Subpart 3 continuance of supply, and
  - Part 5 Regulations at this stage only the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004.
- Monitoring industry and market performance, and carry out and make publicly available reviews, studies, and inquiries into any matter relating to the electricity industry
- Contracting and/or performing market operation services
- Monitoring implementation of security of supply responsibilities of the system operator
- Maintain a register of industry participants, and exempt individual industry participants from compliance with the Code, and
- Promote to consumers the benefits of comparing and switching retailers.

## Costs and benefits of status quo

- 23. The costs and benefits of the existing electricity governance arrangements, and hence industry regulation, were well canvassed in the Ministerial Review of the Electricity Market in 2009 that lead to the introduction of the EIA. The Authority, wherever feasible, estimates costs and benefits to assess proposals to amend the Code.
- 24. In terms of secondary networks, the current ambiguity is reducing the benefits to some consumers, and increasing costs as it creates regulatory uncertainty. It may be inhibiting the Authority from meeting its statutory objective because, for example, there is legal risk in enforcing existing Code requirements that are supposed to apply to embedded networks.

- 25. There are specific benefits and costs related to the service provided by the EGCC that equally apply to customers served by secondary networks. The main benefits relate to the following factors:
  - The EGCC is a bespoke dispute resolution service that has acquired the necessary specialist knowledge, investigative capacity and access to relevant information.
  - It can be difficult for consumers to access and/or understand information about their supply and/or determine who is responsible for any issues regarding their supply where there are multiple suppliers involved.
  - Consumers are likely to be disadvantaged in their ability to resolve complaints or disputes
    with suppliers. Disputes are often complex as the supply of electricity and gas is technical
    in nature and involves multiple suppliers.
  - Consumers cannot always switch from one supplier to another if they are dissatisfied with
    the service they receive. Secondary networks owners can be natural monopoly suppliers of
    distribution services, and where they have set up as 'customer networks' there is no
    choice of retailer.
- 26. The costs of belonging are not material or prohibitive relative to these benefits. The costs to members of the obligation to belong to the EGCC are summarised in the following table.

Cost type	Description			
Annual fixed levy	Currently under \$1 per year for each customer of a distributor or retailer.			
Case-based levy	Variable cost incurred by a member if a complaint reaches 'deadlock' (i.e. is not resolved between the member and customer), and thus requires investigation by the EGCC. There are three levels, and the set rate is determined each year by the EGCC Board. The rates for the 2016/17 year are:			
	<ul> <li>Level 1 – \$500 (after eight hours of conciliator time or 20 working days, the complaint escalates to Level 2)</li> <li>Level 2 – \$500 (after eight hours of conciliator time or 40 working days, the complaint escalates to Level 3)</li> <li>Level 3 – \$1,000 (maximum \$2,000 for any one case).</li> </ul>			
Complaints handling	EGCC Scheme stipulates general requirements for a free, accessible, fair and effective in-house complaints-handling process that members must comply with. Importantly, however, the process is able to be scaled by members so that it is fit for purpose (and not unnecessarily costly), having regard to the number of customers <sup>6</sup> .			
	EGCC advice is that none of the small members have signalled that these requirements or costs are problematic for them.			
Annual compliance report	Enables the EGCC Scheme Board to monitor members' compliance. Members are required to identify the number of complaints received and assess their compliance with the main			

<sup>&</sup>lt;sup>6</sup> The general requirements are that members must: accept a complaint made in any reasonable form, not only in writing; provide written information to customers about the member's complaints-handling process, including information about the EGCC; and have a contact point for the EGCC to call if a complaint is received by the EGCC.

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features of their complaint-handling process, which is then used by the EGCC to provide feedback.

- 27. Successive governments have identified the need for an effective specialised electricity and gas complaints resolution service to be available to consumers (refer text box below).
- 28. The current uncertainty with regards to secondary networks means that some electricity consumers do not have access to this service.

#### Why we have a disputes resolution scheme

The government policy framework for the energy sector promotes competition, while providing for direct regulation of natural monopoly transmission and distribution services. This framework is supported by the Commerce Act, the Fair Trading Act, the Consumer Guarantees Act, and other commercial laws.

The main emphasis for delivering good outcomes for energy consumers is therefore on competition. Provisions in the EIA and Gas Act to improve consumer outcomes and protect consumers recognise that reliance on competitive pressures may not be sufficient, on its own, to ensure good outcomes for consumers.

One area where electricity and gas consumers have a particular disadvantage is their ability to resolve disputes with suppliers. This is because an unequal bargaining power arises from the superior knowledge and resources available to a supplier relative to a consumer. In any dispute it becomes difficult for a consumer to obtain the information necessary and argue the case with a supplier when that supplier has much greater knowledge and resources at its disposal.

Consumers could use the Disputes Tribunal to resolve disputes, but electricity and gas issues can be complex and specialised. It is preferable to have a body that can provide consistent decisions based on a comprehensive knowledge of the industry. In addition, the Disputes Tribunal is not free to consumers.

# 2 Objectives

## The objective is to clarify how the EIA applies to secondary networks

- 29. The ambiguity about how the EIA applies to secondary networks is creating uncertainty and is having an impact on consumer and market outcomes.
- 30. The objective of this proposal is to clarify how the Electricity Industry Act applies to secondary networks.
- 31. The outcome is that it will be clear how the associated obligations and requirements apply to owners of secondary networks. This will result in consistent treatment across businesses providing similar services in the electricity market.
- 32. This includes the requirement to belong to the Electricity and Gas Complaints Commissioner Scheme (EGCC) and the Authority's industry regulation and associated levying of electricity market participants. It will also provide clarity about the scope of the Authority's non-regulatory measures.
- 33. There is a risk in this proposal in that changes could compromise how the legislation applies for other purposes. Options to achieve the objective therefore need to be assessed against this risk.

# 3 Options and impact analysis

### **Options**

- 34. The ambiguity that is to be addressed arises due to the links between the definition of an electricity distributor in the EIA, and definitions in the Electricity Act 1992.
- 35. Both Acts are key pieces of legislation in the electricity sector for different (albeit related) purposes.
- 36. The options to clarify how electricity industry legislation applies to secondary networks therefore include:
  - Option 1: amend the Electricity Act (for example, to make all secondary networks "works", which would mean owners are electricity distributors)
  - Option 2: amend the Electricity Industry Act to reflect the original intent that it applies to secondary networks where the services provided are akin to those of an electricity distributor (for example, by adding a new definition of secondary networks, or unlinking the definition of an electricity distributor from definitions in the Electricity Act)
  - · Option 3: amend both Acts as above, and
  - Option 4: issue guidance (non-regulatory), for example, MBIE could issue guidance to clarify the intention that the EIA applies to owners of secondary networks.
- 37. The option of doing nothing is not assessed as the status quo does not achieve the objective. There is currently ambiguity in the legislation that it is unclear how electricity industry regulation applies to secondary networks.

## Impact analysis

- 38. Options 1, 2 and 3 are assessed as being able to achieve the objective.
- 39. Option 4 will only partially achieve the objective as the Authority has indicated that it requires legislative certainty, particularly for enforcement activities.
- 40. While complicated, the definitions in the Electricity Act appear to be fit-for-purpose and are not creating any significant issues with regards to its application. It can be concluded that these definitions are best left as is. Options including amendments to the Electricity Act (options 1 and 3)have a higher risk of unintended consequence with no additional benefit.
- 41. The benefits of options 1, 2 and 3 are that more (potentially tens of thousands) consumers will have access to the EGCC, and that regulatory requirements will apply consistently to like services. The original intent of the legislation will be implemented.
- 42. In achieving the objective, options 1, 2 and 3 will result in increased compliance costs for secondary network owners that are not currently regulated. However, this will place them on a level playing field with other businesses providing the same service. Also, as noted in the status quo, the cost of belonging to the EGCC is not considered high relative to the benefits of the scheme.
- 43. Option 4 is the only non-regulatory option, but it offers limited benefit as it does not provide the level of certainty needed to fully achieve the objective.

44. The table below summarises the assessment of each option. Each option is rated in terms of the "risk of unintended consequence", which is the risk that changes could compromise how the legislation applies for other purposes (further described in paragraphs 50 and 56).

	Option 1	Option 2	Option 3	Option 4
	Amend the Electricity Act	Amend the Electricity Industry Act	Amend both Acts	Issue guidance
Objective	Achieves	Achieves	Achieves	Partially achieves
Risk of unintended consequence	High	Low	High	Nil

## 4 Consultation

### **Consultation process**

- 45. A consultation paper titled *Electricity legislation: Consultation on the application of electricity legislation to secondary networks and public charging infrastructure for electric vehicles was released on 18 July 2016.* Submissions closed on 5 August.
- 46. The paper set out background information, explained the legislative ambiguity, and discussed the implications in terms of the policy intent. It proposed that the legislation is clarified for secondary networks, and sought comment on whether it should be clarified for electric vehicle (EV) infrastructure. Work on recommendations relating to EV infrastructure is progressing separately to this.
- 47. The paper was published on MBIE's website, and emailed to contacts for all electricity distributors and line owners on the Authority's register, electricity industry associations and regulatory advisors, and some property management/body corporate associations<sup>7</sup>. Recipients were asked to forward it on to anyone they thought would be interested.

#### Submitters views

- 48. Twenty-eight submissions were received from a range of parties, 21 of which submitted on the secondary network issue<sup>8</sup>. A few submitters did not present a particular view, rather provided useful information about secondary networks.
- 49. There was general agreement from submitters that secondary network owners should be treated consistently in terms of EGCC membership and industry regulation. About a quarter of submitters thought that owners of customer networks and/or network extensions should not necessarily be treated the same. The argument is that their activities are not as similar to that of a distributor as the activities of an embedded network owner, and that they would potentially be captured as a retailer anyway.
- 50. Many submitters urged caution because amending definitions could have unintended consequences given the important role they have in the Electricity Act and the EIA. For example, the Electricity Networks Association urged to approach "any consideration of changes to these definitions with trepidation as the consequences could be significant, far reaching and potentially unintended". There was also concern that widening the scope of the EIA could result in obligations and requirements inappropriately being placed on persons and businesses. Orion (an electricity distributor) gave the following example "the definition of a customer networks could capture a very simple form...such as a single domestic dwelling with two people flatting together".
- 51. Some submitters noted that there was a lack of "visibility" in the market regarding secondary networks, and consumers were not always aware of the implications of being served by such a network.

<sup>&</sup>lt;sup>7</sup> It was also sent to electric vehicle associations and industry groups, as well as businesses involved with charging infrastructure.

<sup>&</sup>lt;sup>8</sup> Submissions were from six electricity distributors, five service providers, three electricity industry associations, three interested parties, two electricity retailers, one independent generator, and the EGCC.

52. Further, a number of submitters suggested a wider review of the definitions is timely given the rapid emergence of new technologies that will increasingly blur the boundaries between the roles of electricity industry participants.

#### Response

- 53. The proposal set out in the consultation paper was that the legislation is clarified to reflect the original design intent of the Electricity Industry Act. That is, the definition of a distributor should be broad enough to enable the regulation of anyone providing the service of conveying electricity on lines that are not part of the national grid. The intention was that this covered all types of secondary networks.
- 54. It was noted that there was no intention to cover providers of short-term accommodation such as hotels and motels, and landlords that lease out homes or rooms in boarding houses. Rather, it should encompass businesses providing services similar to those of an electricity distributor.
- 55. This would mean that industry regulations and requirements (including the Code), would apply to secondary network owners unless:
  - they are covered by an exemption granted using one or more of the various exemptions options, or
  - a narrower definition of an electricity distributor is used in the industry regulations and requirements.
- 56. It was also noted that it will be important to ensure that changes in definitions to address one issue do not alter how these definitions apply for other legislative purposes. For example, any changes to the primary legislation will take into account how electrical safety requirements under the Electricity (Safety) Regulations are intended to apply and ensure that they are appropriately applied or preserved.
- 57. We will remain cognisant of implications as the proposed amendments progress and the intention is to preserve all other existing requirements.
- 58. There is some merit in the argument for not necessarily treating owners of customer networks or network extensions as distributors, but this will be able to be dealt with through the proposed amendment as the focus will be on enabling the regulation of anyone *providing the service* of conveying electricity on lines that are not part of the national grid.
- 59. The issue of this creating inappropriate obligations or requirements can be dealt with through exemptions, and/or through amending existing obligations or requirements to ensure they are appropriate. Future obligations and requirements can be developed in the context of the amended legislation regulations and the Code can specify which types of secondary network owner they apply to depending on the relevance.
- 60. This approach provides the Authority with certainty of scope in terms of its regulation, but also a clear indication of scope in terms of its non-regulatory market facilitation measures. This could provide options in terms of addressing the issue of visibility raised by submitters, such as improved consumer advice and information regarding the service they should receive.
- 61. The issues of a wider review of other definitions can be considered in any future review of the legislation as it does not present an immediate issue to be addressed.

# 5 Conclusions and recommendations

- 62. Option 2 is the preferred option as it achieves the objectives while minimising the risk of unintended consequences. It best aligns with feedback from submitters that there should be consistency in the application of the law, but that any changes needed to be confined and cautious.
- 63. While there are potentially wider issues that require legislative change, both the Authority and EGCC want to see the legislation clarified soon with regards to secondary networks. This will provide improved consumer and market outcomes.
- 64. It is therefore recommended that the EIA be amended so that it applies to secondary networks where the services provided are akin to those of an electricity distributor.

# 6 Implementation plan

- 65. The proposed legislative change is within the scope of an existing Bill on the legislative programme the Energy Innovation (Electric Vehicles and Other Matters) Bill.
- 66. The policy behind this Bill is that New Zealand's changing environmental and energy priorities require a greater focus on transport energy and stationary heat<sup>9</sup>, while changes in technology are disrupting existing business models in the electricity sector, testing the boundaries drawn in legislation between activities.
- 67. This raises a number of legislative issues, and this Bill will bring together a set of proposed amendments to address them.
- 68. The main risk is that changes to fix the ambiguity in the EIA have unintended consequences, such as placing inappropriate obligations on persons or businesses, or affecting other legislation. Care will be taken to ensure that the changes result in the appropriate application and/or preservation of requirements.
- 69. Once clarified, obligations on and requirements relevant to secondary network owners will be enforced through the existing framework in the EIA.
- 70. The Authority and EGCC provide relevant parties with information to ensure they are aware of their obligations and responsibilities.

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<sup>&</sup>lt;sup>9</sup> The use of geothermal, gas, wood or coal to create industrial heat (e.g. for milk processing)

# 7 Monitoring, evaluation and review

- 71. The electricity sector is regularly monitored, evaluated and reviewed in a number of ways. Examples include the Authority's monitoring of industry and market performance (much of which is published at <a href="https://www.ea.govt.nz">www.ea.govt.nz</a>), and MBIE's monitoring of the Authority's activities on behalf of the Minister of Energy and Resources. The Authority publishes its register of industry participants.
- 72. The EGCC also publish case studies, six-monthly statistics and annual reports (published at <a href="https://www.egcomplaints.org.nz">www.egcomplaints.org.nz</a>). The information included in these reports provides transparency and accountability to members and consumers. It also provides an insight into the kinds of complaints the EGCC deals with, along with any systemic issues identified. The EGCC publishes a list of members.
- 73. These existing channels will be used to monitor the effectiveness of any legislative change made to clarify the application of electricity industry legislation to secondary networks.