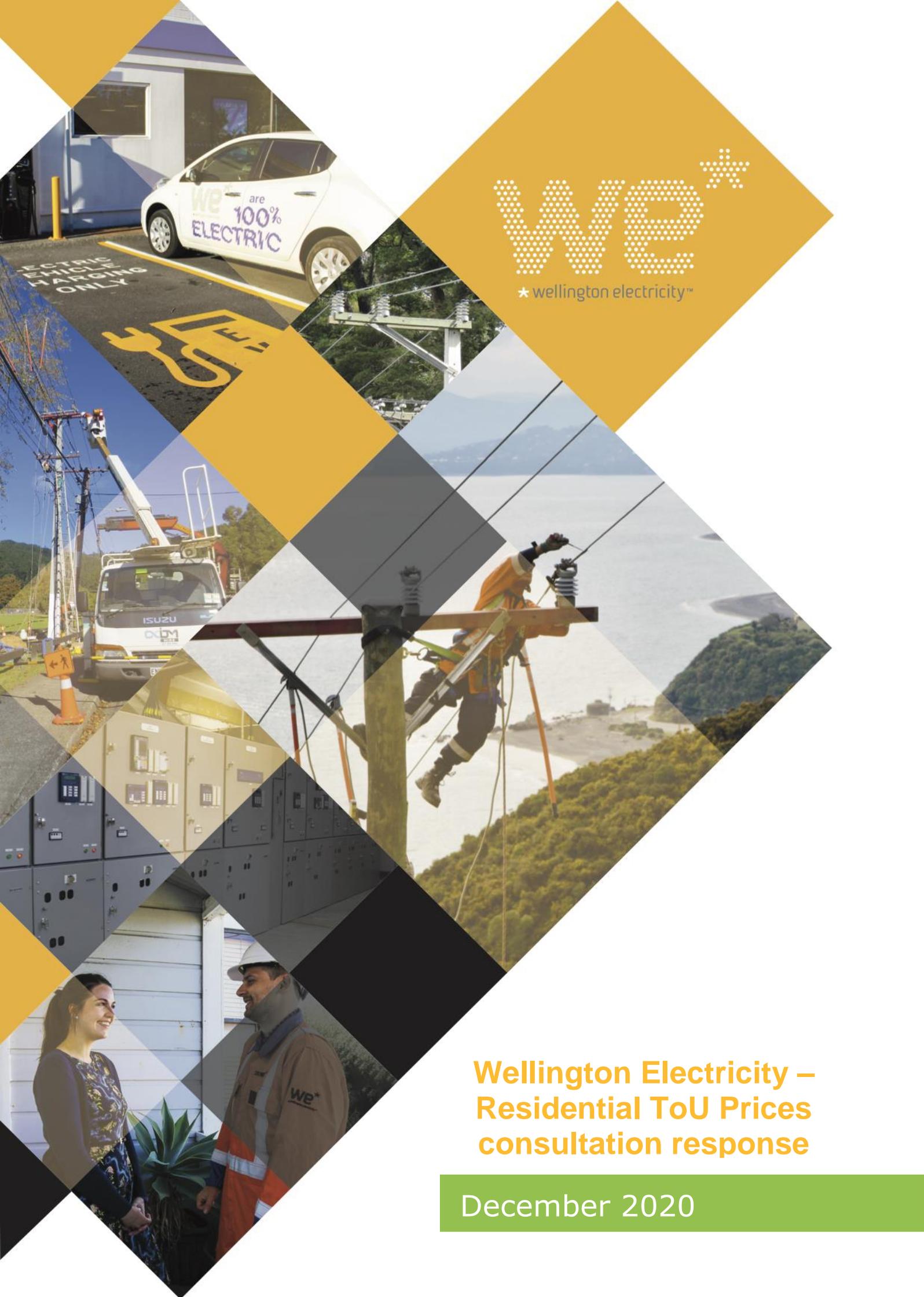




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## Wellington Electricity – Residential ToU Prices consultation response

December 2020

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# 1 Purpose

The Electricity Authority (the **Authority**) has provided guidance on the requirement for Electricity Distribution Businesses (EDBs) to adopt efficient prices for distribution services. The guidance includes pricing principles to support the development of efficient prices and the introduction of a new scorecard framework to report on how cost reflective an EDB's prices are. The Authority also requires EDBs to publish a Pricing Road Map outlining how and when they will transition to cost reflective prices and to publish regular progress updates (WELL's Pricing Roadmap is published at <https://www.welectricity.co.nz/disclosures/pricing/> and progress updates are provided in its Pricing Methodology which can be found at <https://www.welectricity.co.nz/disclosures/pricing/2020/>).

Wellington Electricity Lines Limited (**WELL**) published its Pricing Road Map<sup>1</sup> in 2017. In 2018, WELL completed the first phase of the Pricing Road Map with the introduction of Time of Use (**ToU**) prices for Electric Vehicle (**EV**) and Household Battery System consumers (the prices were called **EVB**).

In 2019 WELL consulted with traders about applying ToU prices to all residential end-consumers (**consumers**) which resulted in ToU being offered as a pricing option. Approximately 12% or 18,000 residential consumers are now on the residential ToU tariff.

In November 2020 WELL consulted on moving all residential consumers to ToU prices that reflect the cost of network congestion on the Wellington network. Signalling the cost of network congestion provides consumers with the opportunity to change their energy use behaviour and to reduce their electricity costs by moving their demand to lower congestion periods. This has the immediate benefit of less expensive lines charges (for those move there energy consumption to off peak periods) and the long term benefits of lower prices through avoiding or delaying network re-enforcement.

The purpose of this consultation response document is to:

1. Summarise Trader submissions;
2. Respond to Trader submissions;
3. Present the final ToU price category, exemption eligibility and migration process.

WELL would like to thank Traders for taking the time to provide feedback to the proposed pricing structure. Your feedback provided important input into the final decision to transition residential consumers to ToU prices.

# 2 Background

WELL published its Pricing Road Map in 2017. Like most electricity distributors, we have been working on a pricing reform programme. Our efforts are motivated and informed by:

- The cost impact of re-enforcing the distribution network to meet growing demand during peak congestion periods. Signalling the cost of re-enforcing the network will let consumers choose to avoid network re-enforcement and have lower long term prices, or to pay more to build a larger network that removes the anticipated restrictions on when energy can be used. The price signal therefore represents a price-quality trade-off for consumers.

<sup>1</sup> The Pricing Road map can be found at: <https://www.welectricity.co.nz/disclosures/pricing/>.

- The risks (e.g., of congestion and cost of providing higher network capacity) and opportunities (e.g., to reduce network investment pressures) of new and maturing technologies – these increase the value of adopting prices that signal congestion periods and costs of increasing network capacity;
- The Electricity Authority's work reviewing pricing principles and monitoring activities – this adds impetus to our focus on pricing efficiency;
- Last year's Electricity Pricing Review considered pricing outcomes and frameworks – this supports pricing efficiency, affordability, fairness and points to the phasing out of low-fixed user charges.

WELL's pricing roadmap initially focused on Electric Vehicle (EV) and household battery storage system (battery) owners and residential consumers. Residential consumers are the main contributors of current peak demand on the Wellington distribution network. WELL also believes that EVs will significantly contribute to future peak network demand.

- WELL introduced ToU prices for Electric Vehicle and battery storage consumers in 2018 after trialling different pricing methods. A study of the impacts of that pricing was conducted in 2018 to better understand the sustainability of shifting load to less congested periods. An important observation from that study was an effective pricing structure balances cost reflectivity with practical considerations. Practical considerations include whether consumers can readily understand and respond to price signals and whether traders can readily implement prices within their overall retail product. For these reasons, we initially favour a ToU pricing structure that aligns with the emerging industry standard design for mass market consumers. WELL continuously reviews its pricing structures and may consider alternative cost reflective structures in the future.
- WELL introduced optional residential ToU prices in 2020. Residential ToU prices were offered as a pricing option (rather than applying ToU to all residential consumers) following trader feedback that more time was needed to develop and change internal processes and to consider how to practically apply the new prices.

Next steps on the Pricing Roadmap (2020 work programme):

- Apply residential ToU prices and default prices (for consumers who can't provide the half hour data needed to calculate ToU prices) to all residential consumers;
- Consider ToU prices for small commercial businesses;
- Consider lower prices for managed distributed energy resources (DERs) such as EV or household batteries, provided consumers meet with the relevant network standards.

## 2.1 April 2021 prices

WELL will be transitioning from its Customised Price Path (CPP) onto the Default Price Path (DPP) from 1 April 2021. The Commerce Commission provided WELL's new regulatory allowances in November 2020. New prices will include the 0.6%<sup>2</sup> reduction in regulatory allowances. WELL will calculate its prices for the regulatory years starting 1 April 2021 in December 2020 once distribution allowances are known and Transpower have confirmed their pass through prices. The new prices will be circulated in January 2021.

<sup>2</sup> The 0.6% reduction is the difference between the last year of WELL's CPP allowance and the first year of WELL's DPP3 allowance.



### 3 Applying ToU prices to all residential consumers

WELL will apply its current ToU pricing structure which is currently offered as a pricing option. The ToU pricing structure and billing requirements were provided in our response to last year's ToU consultation and are described in WELL's pricing disclosures:

- Pricing Methodology
- Electricity Network Pricing Schedule (module 15)

These documents can be found at <https://www.welectricity.co.nz/disclosures/pricing/2020/>

WELL will be applying ToU prices to all consumers from 1 April 2021. Default prices will be available to consumers who cannot provide the half hour data needed to calculate ToU prices. The default prices reflect the current anytime variable price structure. The final price category structure, eligibility for the default prices and migration instructions are provided in this document.

To support the implementation of ToU prices, WELL has provided guidance on our website about how ToU prices work and ideas on how to change energy habits to benefit from lower off-peak prices. WELL will communicate those key messages to Traders before prices are published.

### 4 Trader feedback and our response

WELL thanks Traders for providing feedback to the pricing proposal. WELL issued two consultation documents:

1. The initial consultation document titled '*Wellington Electricity – Residential ToU Prices*' (**Initial Consultation**) which was circulated 8 October 2020.
2. A follow-up email with refinements to the initial proposal. The email was titled '*Wellington Electricity ToU Pricing: Retailer Consultation Update*' (**Follow-up Consultation**) and was circulated 17 November.

Eight submissions were received for each consultation document. WELL has carefully considered all submissions before finalising the changes to residential ToU prices and eligibility.

#### 4.1 Confidentiality

In the past Traders have asked for submissions not to be published as they provide commercial information. WELL will not be publishing submissions and have aggregated and anonymised the feedback in this response.

#### 4.2 'Opt out' eligibility

WELL proposed to move all residential consumers to ToU prices and to have an 'opt out' price for consumers who cannot provide data in the format required to calculate a ToU price. The 'opt out' option would revert to a price structure equivalent to our current anytime variable price category. The Initial Consultation proposed to rely on the Authority's electricity registry for an assessment of ICP's that do not have smart meters. Specifically, WELL proposed using the electricity registry 'half hour' data and 'AMI Comm flags to assess whether to apply residential ToU prices or the 'opt out' pricing option. To address

concerns that the registry smart meter flags may sometimes be incorrect, WELL proposed a process to identify and correct any electricity register Half Hour flag or the AMI Comm flag errors.

Traders' feedback provided a number of situations where the registry AMI and communications flags could not be relied on to indicate that an ICP could provide the data needed to calculate ToU prices. If half hour data is not available to calculate ToU prices a Trader will estimate peak and off peak energy consumption. Consumer bills may no longer reflect their energy use and they may not receive the benefits of changing their energy consumption behavior. Situations where the registry's AMI and communications flags cannot be relied on are:

- 1. Intermittent communications:** The communication of billing data at some ICP's can be intermittent while the electricity registry flag indicates that the meter is communicating correctly.
- 2. Failed communications:** The communication status of a meter can change over time. If communications stop it will take up to 90 days before the registry flag is adjusted and the ICP will be eligible for the 'opt out' price. Reasons for communications stopping include new buildings and physical obstructions, cell phone interference, reduced mesh density and meter box damage.
- 3. Incorrect registry flags:** The electricity registry comms flag can incorrectly show the meter is communicating when it is not. It takes up to 90 days to correct any errors so all of the corrections may not be made before ToU prices are applied 1 April 2021. Feedback also suggested that there are weak incentives for meter providers to correct any errors so it could take longer than 90 days for corrections to be made.
- 4. Data agreements not in place with meter providers:** A Trader will have a data agreement in place with meter providers for the provision of the half hour data. The agreement also ensures that the data is provided to the correct level of quality. Some Traders are still negotiating terms and do not have data agreements in place. Feedback said that negotiations are difficult because Traders have little influence over agreement terms. Terms include providing data that meets the required quality levels.
- 5. Trader billing systems and validation processes can't process half hour data needed for pricing:** Some Trader billing systems can't process all of the half hour data needed to calculate ToU prices. Other Traders data validation processes have been designed for the market settlement process and not for distribution billing.

After reviewing feedback from the Initial Consultation, WELL circulated the Follow-up Consultation which presented refinements to the 'Opt-out' eligibility criteria.

The refined proposal included an exemption from ToU prices based on either the AMI or comms flags within the registry being 'no'. A default price would also be offered for ICP's with intermittent or stopped communications, Traders who are still negotiating data agreements with meter providers and Traders who are still upgrading their billing systems so that they can process half hour data.

#### 4.2.1 Trader feedback and WELL's response

Trader feedback on the refined proposal was generally positive. Some Traders said that they would not need exemptions because they only accept consumers with communicating smart meters. One Trader suggested basing the exemption eligibility of the trader HHR/NHH flag.

WELL will offer the extended exemptions outlined in the Follow-up Consultation. It is important to minimise the need for Traders estimating peak and off peak use so that consumer bills reflect their energy use. Consumers should be confident that they will be rewarded for moving their energy use away from peak demand periods.

The exemptions for Traders who are still negotiating data agreements with meter providers, Traders who are still upgrading their validation and billing systems so that they can process half hour data and for ICP with incorrect communications flags will only be temporary. Once data agreements are in place, validation and billing systems are upgraded and registry flag data is corrected, we will remove the ToU exemptions. Exemptions will still be needed to capture communications which are intermittent or stop and for ICPs without communications or AMI meters.

WELL decided to apply a range of exemptions rather than specific identifiers like the Trader HHR/NHH flag to reflect the wide range of issues that Traders have in providing the time sliced data. The flexible exemptions will allow prices to reflect Trader specific circumstances like validation process and billing system upgrades.

#### 4.3 Price category structure

WELL proposed a simplified structure of price categories and tariff codes that was suggested by a trader in the ToU 2019 consultation. The alternative structure provided 'opt-out' and ToU tariffs under the RSUTOU and RLUTOU price categories. The simplified structure would reduce administration costs by reducing the number of price category changes.

The majority of Traders supported the alternative structure as it would reduce price category change requests and reduce administration time. One trader preferred the current structure as it allowed for easy identification of a consumer's price category before they switch.

A Trader suggested it would still be worth retaining non-TOU price categories for legacy meters while still including 'opt-out' tariffs in the ToU price categories for trader specific reasons for not being able to provide time sliced billing data. As part of the Follow-up Consultation, WELL proposed an alternative Price Category structure in-line with the suggested refinements made by the Trader. WELL proposed to keep the current price categories and add 'default pricing' codes AICO and 24UC tariffs under RSUTOU and RLUTOU price categories. Those with AMI/comms flag exemption remain on RSU and RLU categories and everybody else moves to RSUTOU and RLUTOU. The default pricing codes would be available for ICPs with intermittent or stopped communications, Traders who are still negotiating data agreements with meter providers and Traders who are still upgrading their billing systems so that they can process half hour data.

#### 4.3.1 Trader feedback and WELL's response

Traders generally supported the alternative structure. One trader suggested that eligibility for the default price should be based on the trader HHR/NHH flag and the alternative structure would not be required.

WELL will apply the refined Price Category structure proposed in the Follow-up Consultation. The Price Category structure will:

- Reduce the number of Price Category changes and the associated administration time and reconciliation errors caused by the timing of EIEP 8 submissions.
- Allows a wider range of Trader specific price exemptions to be applied.
- Allows a price differential to be applied between prices for legacy meters and prices for default price codes to encourage Traders to adjust their process to allow more consumers to move to the peak and off peak tariffs (see the next section of this document).

WELL notes that the default codes may not be required in the future after registry errors are corrected, data agreements with MEPs are put in place and billing systems are upgraded.

#### 4.4 Incentivising Traders to transition consumers to ToU

WELL's Initial Consultation said that WELL may apply peak prices to ICPs which are identified as capable of providing data to apply ToU prices but still provide data in the "opt out" format. WELL was considering a price incentive to encourage traders to correct any registry errors and move consumers to ToU prices.

WELL's Follow-up Consultation proposed applying a higher default price in the ToU price category than the non-ToU exempt Price Categories. The price differential could be small initially but increased incrementally over time to provide an incentive to Traders to make the required changes to enable ToU billing for the majority of ICPs. The targeted price incentives:

- Would not penalise consumers without communicating AMI meters;
- Incentives Traders to move consumers to ToU prices;
- Avoids having to operate an ongoing separate ICP level register of exemptions;
- Avoids having to constantly request progress updates on changes to ICP statuses.

##### 4.4.1 Trader feedback and WELL's response

The majority of Traders provided feedback that there were situations when an ICP could be identified as capable of applying ToU but Traders could not provide half hour data needed to calculate ToU prices. These situations were summarised in section 4.2. If a price differential is applied, consumers may be unfairly penalised. Several Traders said that a price differential should not be applied to intermittent or stopped meter communications as this was outside of the control of the Trader. Traders also submitted that no price differential should be applied initially to provide Traders time to change their internal processes.

Another Trader suggested that rather than make ToU mandatory, use a price incentive to make moving to ToU prices more attractive. WELL decided not to keep ToU as a price option and rely on a price incentive to encourage Traders to apply ToU as it would penalise consumers with older, non-AMI meters or those living in remote areas with meter communications.

WELL will not apply a price differential between default prices in the ToU price category and the non-ToU exempt Price Categories. WELL may consider applying a price differential in the future. This will provide

Traders time to put data agreements in place with meter providers, update billing systems and correct any registry AMI and Communication flag errors.

One Trader said that the proposal lacked incentives for Traders to replace old meters and to correct communication errors. WELL believes that the wider advantages provided by AMI meters will incentivise Traders and Meter providers to continue to replace older meters. WELL also notes that the Authority is encouraging the replacement of older meters.

## 4.5 Transfer process

WELL proposed a process and timetable for migrating residential consumers to ToU prices. The process included steps to correct any errors on the electricity registry AMI and communication flags.

### 4.5.1 Trader feedback and WELL's response

Feedback relating to the proposed 'opt-out' approach generally also covered the proposed transfer process. These topics are covered in section 4.2.

The process for migrating ICPs to the ToU Price Categories has been updated to reflect the expanded eligibility criteria and is provided in detail in section 5.3.

## 4.6 Data file requirements

WELL requires billing data for residential prices to be provided in EIEP1 format – this includes both non-half hourly and half hourly ICP meters.

### 4.6.1 Trader feedback and WELL's response

Those Traders that indicated that they could process half hour data for residential consumers into the ToU format, all indicated they could provide the data in the EIEP1 format.

Those Traders that indicated that they cannot provide residential data in the ToU format and require the default prices, already provide data in the EIEP1 format.

WELL will continue to require billing data for residential prices to be provided in EIEP1 format.

## 4.7 Other comments

Feedback addressed a number of other issues.

### 4.7.1 Engaging meter providers

A Trader provided feedback that WELL should be consulting with Meter Providers about ToU data requirements and the change of tariff structure. The submission said that until this was done, ToU prices should continue to be provided as a pricing option.

WELL disagrees with this view. Traders have the working and contractual relationship with Meter Providers and have the support of the Electricity Code for managing and guiding that relationship. Distributors do not. It is also the Traders responsibility to provide billing data in the correct format to apply distributor prices to.



#### 4.7.2 Meter provides not meeting their obligations

A number of Traders commented that they have little influence over Meter Providers meeting their responsibilities to ensure the AMI and Communication flags on the electricity registry are correct. Comments included that any reliance on the communications flag should be moderated due to the flag being under the Meter Providers control. Another submission said that no Meter Provider has achieved the timeframes recommended by the Electricity Authority in a memo dated July 2017 (<https://www.ea.govt.nz/dmsdocument/22379-memo-ami-flag-and-investigation-of-non-communicating-meters>) for communication investigation, manual collection of ToU data and subsequent registry updates.

WELL believes that the extended exemption outlined in section 4.2 will help mitigate the impact that Meter Providers will have on providing billing data and managing the registry flags. WELL will also be writing to the Authority to summarise the concerns relayed to us by Traders’.

#### 4.7.3 Any price change should be via a Trader instigated EIEP8 request

A Trader submitted that any EIEP8 request should be Trader instigated. WELL has updated the ICP migration process to highlight that the EIEP8 request to change price categories to ToU prices is Trader instigated.

#### 4.7.4 Application of ToU to all-inclusive meters

A submission said that it was not appropriate to offer ToU for inclusive control because users may not be able to respond if their load is being controlled. The submission said that all-inclusive prices do not signal the cost of network congestion and do not provide consumers with the ability to change their energy use behaviour and to reduce their electricity costs by moving their demand to lower congestion periods.

WELL disagrees. Inclusive control only impacts a proportion of the load that is equivalent to hot water use. The remainder of the load is uncontrolled and can be influenced by the consumer. WELL’s peak and off-peak structure recognises that only part of the inclusive load can be controlled by:

- Providing a peak and off-peak tariff that provides lower prices for using energy off-peak, for the proportion of load that is not controlled.
- Providing peak and off-peak prices which are lower than uncontrolled prices, recognising that part of the load can be controlled.

#### 4.7.5 Did the pricing analysis include the 2.1% decrease from the draft price decision?

A submission asked if the consumer impact analysis included the 2.1% price reduction indicated in the Commerce Commissions draft DPP3 decision. The consumer impact analysis did **not** include the 2.1% reduction and assumed no price change so the on-going impact of changing to ToU prices could be demonstrated. Actual prices provided in January 2021 will include the 0.6% price reduction confirmed in the Commerce Commission’s final DPP3 decision.

#### 4.7.6 Can prices be published earlier than January?

WELL will not be able to published prices earlier than 31 January 2021. WELL only received the final DPP3 decision late November and will receive Transpower’s price early December. The price calculation,

regulatory disclosure and internal approval processes are time consuming and require December and January to complete.

#### 4.7.7 Retirement of the EVB codes

A Trader asked for more detail about the retirement of EVB prices. WELL has not made a decision about the retirement of EVBs prices. Last year it decided not to combine EVB prices with residential ToU prices until it had developed its managed charging service that EV owners will be eligible for. WELL expects that pricing for the future managed charging service will provide a price benefit greater than the residential ToU prices, reflecting the greater value that managed charging would provide WELL. WELL will consider retiring EVB prices when EV owners have an alternative price with similar price benefits to transition to. WELL will consult with Traders about managed charging prices and the retirement of EVB prices when the new service has been developed.

#### 4.7.8 Provision of non-aggregated half hour data in the future

A submission expressed concern about the comment in the consultation documents that half hour data may be required for all ICPs in the future. At some stage in the future WELL will require detailed consumption data to manage demand on the Wellington network so that it can maintain network security. This will become especially important on the low voltage network as distributed energy resources (DER) that consume large amounts of energy or require two way power flow, become more prevalent.

WELL has not decided on the best way to collect this data and it may be that the billing file is not the most appropriate data source.

#### 4.7.9 Batch processing Price Category changes

A Trader asked for more information about migrating to the new tariffs in batches. WELL initially thought its billing system limited Price Category changes to 10,000 per day so it will need to process EIEP8 requests in batches and over a number of days. This would mean WELL would be non-compliant with the Electricity Code which required all change's to be made within three days of receiving the request.

WELL has now found a solution which will enable it to prices all of the price changes within the three working day limit.

#### 4.7.10 Can WELL provide updates on how effective ToU is at changing behavior?

A Trader asked whether WELL will provide updates on the effectiveness of ToU at changing energy use behavior. WELL is considering how it will monitor the effectiveness of ToU prices, which may involve requests for consumption data from Traders to establish benchmarks. WELL will endeavor to provide Traders with progress updates.

Another submission said that future prices will need to be adjusted to reflect changes in consumer behavior and changes in peak demand. WELL agrees that it will need to monitor consumer behavior to ensure its price signals remain reflective of the cost of providing energy during the peak periods.

The submission added that cost reflective pricing, the Authority's Additional Consumer Choice of Electricity Services project and real time pricing will help to refine price signals and will provide the right environment for Traders to provide appropriate products and services to their consumers. WELL also agrees with this statement and notes that ToU prices are the first step in developing cost reflective prices.

#### 4.7.11 Restrictions in the number of times a price category can change

A Trader asked if the same restrictions on the number of price category changes would continue. No, the restrictions would no longer apply as they will no longer be relevant. The restrictions were originally put in place to restrict the number of times a Trader could switch between ToU and non-ToU prices while ToU was a price option. This is no longer needed now ToU is not a pricing option.

## 5 Price structure, eligibility and migration process

WELL will be moving all consumers who are not exempt from ToU prices, to the ToU Price Categories from 1 April 2020. To support the change WELL is making the following adjustments:

1. **Price structure:** Adding additional tariff codes to the ToU price Category
2. **Eligibility:** Introducing eligibility criteria for exemption from the ToU Price Category and the default price codes in the ToU Price Category.
3. **Migration:** Providing a migration process for moving consumers who are not exempt from the ToU Price Category.

### 5.1 Price Structure

WELL will keep the current Price Categories. Four new tariff codes will be added to the ToU Price Categories - the 'default pricing' codes AICO and 24UC tariffs will be added under the RSUTOU and RLUTOU price categories. The new tariffs are highlighted green in Figure 1 below. Note, the EVB Price categories will not change and are not included in Figure 1 below.

Figure 1: Revised residential Price categories (excluding EVB)

Code	Description	Units
<b>Residential</b>		
RLU-FIXD	Residential Low user daily	\$/con/day
RLU-24UC	Residential Low user uncontrolled	\$/kWh
RLU-AICO	Residential Low user all inclusive	\$/kWh
RLU-CTRL	Residential Low user controlled	\$/kWh
RLU-NITE	Residential Low user night boost	\$/kWh
RSU-FIXD	Residential Standard user daily	\$/con/day
RSU-24UC	Residential Standard user uncontrolled	\$/kWh
RSU-AICO	Residential Standard user all inclusive	\$/kWh
RSU-CTRL	Residential Standard user controlled	\$/kWh
RSU-NITE	Residential Standard user night boost	\$/kWh
<b>Residential Time of Use</b>		
RLUTOU-FIXD	Residential Time of Use low user daily	\$/con/day
RLUTOU-UC	Residential Time of Use Low user uncontrolled	\$/kWh
RLUTOU-AICO	Residential Time of Use Low user all inclusive	\$/kWh



RLUTOU-P-UC	Residential Time of Use low user peak	\$/kWh
RLUTOU-OP-UC	Residential Time of Use low user off-peak	\$/kWh
RLUTOU-P-AI	Residential Time of Use low user all-inclusive peak	\$/kWh
RLUTOU-OP-AI	Residential Time of Use low user all-inclusive off-peak	\$/kWh
RLUTOU-CTRL	Residential Time of Use low user controlled	\$/kWh
RLUTOU-NITE	Residential Time of Use low user night boost	\$/kWh
RSUTOU-FIXD	Residential Time of Use standard user daily	\$/con/day
RSUTOU-UC	Residential Time of Use Standard user uncontrolled	\$/kWh
RSUTOU-AICO	Residential Time of Use Standard user all inclusive	\$/kWh
RSUTOU-P-UC	Residential Time of Use standard user peak	\$/kWh
RSUTOU-OP-UC	Residential Time of Use standard user off-peak	\$/kWh
RSUTOU-P-AI	Residential Time of Use standard user all-inclusive peak	\$/kWh
RSUTOU-OP-AI	Residential Time of Use standard user all-inclusive off-peak	\$/kWh
RSUTOU-CTRL	Residential Time of Use standard user controlled	\$/kWh
RSUTOU-NITE	Residential Time of Use standard user night boost	\$/kWh

## 5.2 Eligibility

The following eligibility criteria will be applied:

1. A ToU exemption will apply for those who do not have smart meters or the communications needed to provide the half hour data needed to apply ToU. The exemption is based on either the Half Hour flag or the AMI Comm flag within the registry being 'N'. Those that are exempt will not change Price Category and will remain on the RLU or RSU Price Categories. The current eligibility criteria for RLU, all-inclusive, controlled and night boost will continue to apply.
2. All other residential ICPs will move to the RLUTOU and RSUTOU Price categories.
3. ICPs that are not eligible for the ToU 'default prices' will submit variable consumption data to the peak and off-peak price codes (i.e. RLUTOU-P-UC and RLUTOU-OP-UC, RLUTOU-P-AICO and RLUTOU-OP-AICO, RSUTOU-P-UC and RSUTOU-OP-UC, RSUTOU-P-AICO and RSUTOU-OP-AICO). The current eligibility criteria for RLU, all-inclusive, controlled and night boost will continue to apply.
4. ICPs which are eligible for the 'default prices' will submit variable consumption data to the all-inclusive or uncontrolled price codes (i.e. RLUTOU-UC, RLUTOU-AICO, RSUTOU-UC or RSUTOU-AICO). The price code will depend on eligibility to RLU or all-inclusive prices. Eligibility to these price codes have not changed.
5. The eligibility for the 'default pricing' ToU prices are:
  - ICPs with intermittent or stopped communications,
  - Traders who do not have smart meter agreements with an MEP,
  - Traders who would need validation process and billing system upgrades to process half hour consumption data needed to calculate ToU prices.
6. To be eligible traders must submit a list of ICPs to WELL if they wish to be eligible for, along with which eligibility they are applying and an expected date to move from the default price to the ToU price.



Figure 2 below summarises the eligibility criteria for the exempt RLU and RSU Price Categories and the default ToU prices. Note, eligibility criteria for RLU, all-inclusive, controlled, night boost and EVB have not changed and are not included in Figure 2.

Figure 2: Eligibility criteria for the TOU exempt Price Categories and the default ToU prices

Code	Description	Eligibility Criteria
<b>Residential</b>		
RLU-FIXD	Residential Low user daily	Electricity register Half Hour flag or the AMI Comm flag being 'N'
RLU-24UC	Residential Low user uncontrolled	Electricity register AMI or comms showing 'no'
RLU-AICO	Residential Low user all inclusive	Electricity register Half Hour flag or the AMI Comm flag being 'N'
RLU-CTRL	Residential Low user controlled	Electricity register Half Hour flag or the AMI Comm flag being 'N'
RLU-NITE	Residential Low user night boost	Electricity register Half Hour flag or the AMI Comm flag being 'N'
RSU-FIXD	Residential Standard user daily	Electricity register Half Hour flag or the AMI Comm flag being 'N'
RSU-24UC	Residential Standard user uncontrolled	Electricity register Half Hour flag or the AMI Comm flag being 'N'
RSU-AICO	Residential Standard user all inclusive	Electricity register Half Hour flag or the AMI Comm flag being 'N'
RSU-CTRL	Residential Standard user controlled	Electricity register Half Hour flag or the AMI Comm flag being 'N'
RSU-NITE	Residential Standard user night boost	Electricity register Half Hour flag or the AMI Comm flag being 'N'
<b>Residential Time of Use</b>		
RLUTOU-FIXD	Residential Time of Use low user daily	
RLUTOU-UC	Residential Time of Use Low user uncontrolled	Trader confirms intermittent comms, meter data agreements not in place or billing systems needing upgrading
RLUTOU-AICO	Residential Time of Use Low user all inclusive	
RLUTOU-P-UC	Residential Time of Use low user peak	
RLUTOU-OP-UC	Residential Time of Use low user off-peak	
RLUTOU-P-AI	Residential Time of Use low user all-inclusive peak	
RLUTOU-OP-AI	Residential Time of Use low user all-inclusive off-peak	
RLUTOU-CTRL	Residential Time of Use low user controlled	
RLUTOU-NITE	Residential Time of Use low user night boost	
RSUTOU-FIXD	Residential Time of Use standard user daily	
RSUTOU-UC	Residential Time of Use Standard user uncontrolled	Trader confirms intermittent comms, meter data agreements not in place or billing systems needing upgrading
RSUTOU-AICO	Residential Time of Use Standard user all inclusive	
RSUTOU-P-UC	Residential Time of Use standard user peak	
RSUTOU-OP-UC	Residential Time of Use standard user off-peak	
RSUTOU-P-AI	Residential Time of Use standard user all-inclusive peak	



Code	Description	Eligibility Criteria
RSUTOU-OP-AI	Residential Time of Use standard user all-inclusive off-peak	
RSUTOU-CTRL	Residential Time of Use standard user controlled	
RSUTOU-NITE	Residential Time of Use standard user night boost	

### 5.3 Migration

The process and timetable for migrating residential consumers to ToU prices is:

1. Final prices will be circulated in EIEP12 and Electricity Networks Pricing Schedule formats. We can also provide prices in an Excel format if requested by a trader (by 31 January 2021).
2. Traders submit a list of ICPs that meet the ToU default price criteria and they want the anytime variable consumption all-inclusive or uncontrolled prices to apply (by 28 February 2021). The list of ICPs will include a field which indicates:
  - a. The eligibility criteria applied (i.e. intermittent or stopped communications, data agreement with meter provider not in place or billing system needs updating).
  - b. A date when they expect to move the ICP to the peak and off-peak prices (i.e. when they expect to be able to correct the reason ToU prices cannot be applied).
3. Traders to submit an EIEP8 file for the transfer of ICPs from the current RSU and RLU Price Categories to the RSUTOU and RLUTOU Price Categories (1 April 2021).
4. WELL will then migrate consumers who are not exempt from the ToU tariffs in batches (1 April 2021). WELL is limited to making 10,000 Price Category changes per day so it will need to process EIEP8 requests in batches. All price category changes will be back dated to 1 April 2021 and made before the April consumption month is billed so processing the changes in batches will not impact retailers.

## 6 Next steps and closing

The next steps to provide prices that will apply from 1 April 2021 are:

Pricing step	date
Commerce Commission to calculate allowances for year starting April 2021	Nov 2020
Transpower provides their prices	Dec 2020
Provide Final ToU decision	Dec 2020
Traders provided with final prices in EIEP 12 format	31 January 2021
Traders to provide ICPs that default ToU prices will apply to	28 Feb 2021

Consumers notified of new prices	Late February
New prices apply	1 April 2021

Thank you for taking the time to read this consultation response document. Please don't hesitate to ask any questions you might have by email to [WE\\_ConsumerService@welectricity.co.nz](mailto:WE_ConsumerService@welectricity.co.nz).

