

26 March 2025



Energy Competition Task Force
By email: taskforce@ea.govt.nz

Waipā Networks Submissions:

- **2A: Requiring distributors to pay a rebate when consumers supply electricity at peak times**
- **2B & 2C: Improving pricing plan options for consumers: Time-varying retail pricing for electricity consumption and supply**

Waipā Networks thanks the Energy Competition Task Force for the opportunity to submit regarding these two papers. Given the papers are closely linked, we have written this single cover letter summarising our key positions on the topics covered. These views are expanded further in the two attached appendices.

Waipā Networks supports the idea in principle that consumers should receive some form of rebate when injection results in network benefit. In practice however, determining when such benefits occur is extremely challenging. The benefits would be dependent on factors such as location, time of year, time of day, the predictability of the injection, the injection from other distributed generators in the vicinity and any planned network capital works. All these factors combined suggest any rebates would likely be short-lived and small in both quantity and value meaning they are unlikely to provide any material benefit to distributed generators. Despite this, it is important in the interests of fairness that any rebates provided by distributors are seen by distributed generators.

When considering the broader concepts of price signalling and cost-reflectivity, we believe the Task Force should go further than requiring Retailers to simply offer time-varying tariff and injection price options, which may or may not reflect distribution price signals. We believe that pass-through of distribution pricing should be mandated for all Retailers and this should be in the form of itemised distribution charges/rebates on customer bills. This means customers see the full distribution costs associated with their property and can respond to price signals accordingly. This promotes efficient use of the network and reduces costs which can subsequently be reflected in lower distribution prices.

Yours sincerely



Kerry Watson
Pricing & Compliance Manager

Attachments (2)

Initiative 2a – Requiring distributors to pay a rebate when consumers supply electricity at peak times

Submitter	Waipā Networks
Questions	Comments
Problem definition	
Q1. Do you agree with the problem definition above? Why, why not?	<p>No. Optimal solar and battery size is matched to customer demand and usage within their own property over the medium to long term. Network benefits from a customer exporting might only be short lived. If clusters of solar/battery storage occurred the benefits per customer would diminish, and therefore the early adopters would likely have acted on a short term signal for a long term investment.</p> <p>Network constraints are also resolved for reasons other than organic growth. Stepped growth due to a large commercial customer, or network segmentation for reliability or load balancing improvements, may also change the economics for a customer who has assumed a medium to long term rebate.</p> <p>There should also be consideration of the imminent growth in vehicle-to-grid EVs. The problem definition and consultation document in general is written with the assumption that battery storage and therefore injection is fixed by location. However, rather than increasing instances of fixed battery storage paired with solar generation, the more likely scenario is increasing vehicle battery storage without the associated solar. As vehicles are mobile the associated vehicle-to-grid injection will move across networks as residents move properties either as owners or tenants. This significantly decreases any potential network benefits from the injection due to the difficulty in forecasting such load.</p> <p>Given these considerations we therefore argue that it is not a problem that there is not currently a distribution rebate, but that it could cause problems if rebates were introduced.</p>
Proposed solution: principles-based rebates	
Q2. Do you agree with these principles? Why, why not?	Waipā Networks agrees with the principles however does not believe these could be practically applied in any meaningful way for customers. This is because 1) it is difficult to identify if an ICP or group of ICPs would be able provide network benefits through injection and, 2) any rebates would likely be small in both number and value. These issues are discussed further in subsequent responses below.

Q3. Do you agree that the principles should only apply to mass-market consumers, or should they apply to larger consumers and generators also? Why, why not?	Yes we believe the principles should only be applied to mass-market consumers. Large customers and generators have individual connection agreements and typically dedicated assets. Their supply requirements vary considerably and any considerations for DG would likely go beyond the principles proposed.
Q4. Do you agree the principles should apply to all mass-market DG, including inflexible generation (noting that the amount of rebate provided will still be based on the benefit the DG provides)?	Yes. Although communications to DG owners would need to be clear that inflexible generation would unlikely generate a rebate.
Q5. Do you agree with the direction of the guidance that would likely accompany the principles? Why, why not?	We are concerned with 5.7 (e). It acknowledges our point made earlier that network benefits may be short term, but disagree with the suggestion that “Distributors may instead choose to spread such a rebate over more frequent events or over a longer time period, to make the price signal more attractive from an investment perspective.”. We question why distributors would want to encourage long term customer investment for short term network benefit.
Q6. Are there any additional issues with the principles where guidance would be particularly helpful?	No comment.
Q7. Do you agree the principles should be incorporated within the Code, rather than being voluntary principles outside the Code? Why, why not?	No. They should only be included in the Code should voluntary uptake prove ineffective. Having them sit outside out Code means the principles themselves can be more easily reviewed and refined over time post-implementation.
Q8. Do you agree with the proposed implementation timeline for this proposal? If not, please set out your preferred timeline and explain why that is preferable.	No. Implementation should be from 1 April 2027 as this will give sufficient time to analyse data, design alternative pricing approaches, consult with Retailers and customers, and test application.
Q9. Do you agree the proposal strikes the right balance between encouraging price-based flexibility and contracted flexibility? Why, why not?	We do not believe the rebates will have any material effect on flexibility due to the likely rebates being small in both quantity and value.

Q10. Do you agree the proposal will lead to relatively minor wealth transfers in the short term, and will lead to cost savings for all consumers in the longer term?	We do not believe there will be any material impact on wealth transfers due to likely rebates being small in both quantity and value.
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Alternative option: prescribed rebates

Q11. Do you agree that more prescriptive requirements to provide rebates will be less workable than a principles-based approach, and therefore should not be preferred? Why, why not?	<p>Yes. Given the different costs and constraints faced by distributors prescribed rates would likely result in less benefit-reflective rebates.</p> <p>However, the challenges of designing and implementing a scheme are noted by the Authority from 5.30 through 5.33. Although on balance a principles-based approach is preferred, we believe there would be benefit in the Authority developing a methodology and associated</p>
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	prescribed rates for EDBs to use for guidance purposes.
Alternative option: consumption-linked injection tariffs	
Q12. Do you agree that a consumption-linked injection tariff would not be sufficiently targeted, and therefore should not be preferred? Why, why not?	Yes. Peak charges are broadly applied and broadly cost-reflective rather than applied to specific areas of the network experiencing congestion. While less cost-reflective, this approach strikes a balance when considering the complexity and practical application that would be acceptable to both Retailers and customers. Applying this broad approach to injection tariffs though would run the risk of herding and cause export congestion issues and increase network costs. An example of the effects of herding is a residential subdivision in the Waipā Networks area where the developer required homeowners to install a minimum 2kW of solar generation. As properties and their solar were connected the feeder began to experience voltage issues during collective injection affecting not only those in the subdivision but also customers connected further along the feeder. Waipā Networks had to incur the cost of splitting the feeder to resolve the voltage issues. Although the herding in this case was caused by the developer rather than price signaling and the injection congestion occurred outside of network peaks, it is a good example of the impacts of herding.
Q13. If this approach was progressed, do you think: a) injection rebates should perfectly mirror consumption charges? b) there are sufficient safeguards in place that would allow distributors to avoid over-incentivising injection to the extent that it incurs additional network costs?	We do not think this approach should be progressed.
Regulatory statement	
Q14. Do you agree with the objective of the proposed amendment? If not, why not?	We agree with the objective “ensure distribution pricing for mass-market consumers with DG appropriately incentivises investment in and operation of DG when and where it provides network benefits by avoiding or deferring network costs.”
Q15. Do you agree the benefits of the proposed amendment outweigh the costs?	Given we believe the actual rebates will be small both in terms of value and quantity, we don't believe the monetary benefits will outweigh the cost of implementation. However, the principles themselves are sound and in the interests of fairness we believe a rebate in some form is justified.

Q16. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	Yes we agree.
Proposed amendment Code drafting	
Q17. Do you have any comments on the drafting of the proposed amendment?	No comment.