



Paua to the People

Electricity Authority

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Submitted via email: [taskforce@ea.govt.nz](mailto:taskforce@ea.govt.nz)

**Submission on the consultation, *New ways to empower electricity consumers*, associated with the Energy Competition Task Force initiatives 2A, 2B and 2C**

Paua to the People welcomes the opportunity to provide input into these consultations where the Authority is considering how to give New Zealanders better control over their power usage and costs, including incentivising consumer demand response at peak times.

As noted on your website, the Task Force's work programme focuses on two overarching outcomes: enabling new generators and independent retailers to enter, and better compete in the market; and providing more options for consumers.

However, I believe that Package 2 initiatives could contribute to more these outcomes and should be strengthened.

Specifically, I am not sure how 2A makes any contribution to either of the Task Force's outcomes. I do see some value in rebates to encourage more distributed generation (if that is the objective), but given the way distribution businesses are compensated, this will just squeeze the toothpaste out another hole.

We are concerned that using rebates dependent on networks plugging holes means the messaging to potential generators, equipment installers and retailers is likely to be weak and diluted. Stronger generic messages would be easier to communicate and monitor.

Most distributed generation (DG) are solar or wind, so without batteries and inverters with capacity to empty quickly, this approach seems to exclude small to medium scale DG. Is this your intent?

I can see benefit in 2C peak and off-peak prices for end users as I saw a significant shift by my customers with wholesale pricing when it was more reflective of constraints. If customers have clear cause and effect – if costs more to use power at 9pm than it does at 10pm – customers shift their consumption.

We consider that if we are to achieve clear pricing signals it will require the entire industry to coordinate, not just retailers. Retail costs are such a small component of my tariffs that I have to follow the structure of the network and generation pricing signals (or hedges if I was able to source them).

Giving networks and retailers another 12 months to require them to introduce time of use pricing is obscene as retailers have had access to HHR time of use data for more than 10 years.

Despite my obvious concerns above, I do have some suggestions for enabling new distributed generation which I believe should be considered.

If you want to encourage more small-scale DG from home and small business owners then focus on them. They are more likely to need:

- Certainty for the pay-back of systems that have a 25-year payback
- Simplicity and certainty of message able to be conveyed to property owners at the time they are considering and justifying the returns available from installing DG
- Separation of import/export metering to allow multiple traders
- Defined processes, costs and timelines for the setup of DG. At present every Distributor and MEP have different processes, charges and timelines. It is a nightmare for property owners, installers and retailers to get DG online. A process similar to switching could be developed as this works extremely well.

If you want to encourage mid-scale DG, regulate to require Networks to support DG. I hear many stories of how few distributors support DG injection and others placing significant restrictions on the amount that can be supplied, charging large costs for adding transformers and a general attitude of “we don’t know what our low voltage network is doing or capable of” so not engaging with potential mid-scale potential DG.

Paua to the People are looking at how we could support the development and ongoing operation of Community Generation, Distribution and Retailers so we have plenty of ideas on this topic. We appreciate the opportunity to provide a new perspective and welcome questions from the

**Mark Hughes**

Managing Director, Paua to the People

#### **About Power to the People**

Paua to the People is a small independent electricity retailer supplying New Zealand homes for over a decade, with the goal to help New Zealanders to keep their lights on and homes warm. In addition to retailing electricity directly to customers, Paua to the People have recently expanded their operations to provide electricity retailer support services and bespoke electricity services.

Paua to the People has applied to the Power Innovation Pathway, the Authority’s open front door for innovators to access regulatory advice and support to accelerate the introduction of new products and services to market which can deliver significant consumer benefits.

This submission has been completed at the request of the Power Innovation Pathway Manager to ensure that more innovator perspectives are incorporated into the Authority’s consultations and regulatory functions.