

Format for submissions 2B and 2C

Submitter	Lodestone Energy
Questions	Comments
<p>Q1. Do you agree the issues identified by the Authority are worthy of attention? If not, why not?</p>	<p>2B response:</p> <p>Lodestone Energy agree that mandating time varying (time of use (TOU)) energy plans, will provide significant benefits to consumers. They will receive a strong signal to reduce on-peak consumption, save money by shifting discretionary load to off-peak periods and, if they have DG, will receive added value for peak period production and exporting of power.</p> <p>This could be done by first mandating the distribution companies to provide TOU tariffs, and then compelling retailers to flow those through and add a TOU component to the energy charge.</p> <p>2C response:</p> <p>We believe all that is needed to ensure DG receives fair value for their exported energy is to compel retailers to provide a credit for exported power, for TOU time periods, that is equal to the energy consumption charge for those periods.</p> <p>We believe the benefits are:</p> <ol style="list-style-type: none"> 1) Consumers can elect to reduce their electricity cost by changing their consumption behaviour; 2) DG will approach optimum amount within a distribution area, 3) If distribution and retail companies include both demand side and supply side measures, it will decrease the pressure to build more capacity within the network and upstream within Transpower; and 4) EV owners will have a strong incentive to shift discretionary charging off peak periods. <p>We also believe Transpower should be part of the solution. They need to know that distribution companies are doing everything reasonably possible to control the growth in capacity in the transmission system and should pass a similar TOU pricing structure through to distribution companies in their pricing model.</p>
<p>Q2. Which option do you consider best addresses the issues and promotes the Authority's main objective? Are there other options we have not considered?</p>	<p>International experience shows that electricity users with consumption-based TOU pricing will all benefit, with most of the savings coming from pure reductions in volume as well as reductions during the peak period. Generally speaking, fixed and repeated rate differentiation is more successful than ever-changing dynamic pricing. This is presumably because of learned consumer behaviour and consumers investing in timers and other equipment to optimise usage patterns, and they need to be very predictable to make the effort worthwhile.</p> <p>We support a simple solution that can easily fit within the current billing systems, distribution charge structures and retail offers. Simple TOU pricing for Day 6 am to 6 pm, Evening 6 pm to 10 pm, and Night 10 pm to 6 am</p>

	should be standardised and result in a consumer based that plans around those times.
Q3. Should we require retailers to offer a price plan with time-varying prices for both consumption and injection? Why or why not?	Yes the export value should be equal to the consumption cost for a given period.
Q4. Do you have any feedback on the design requirements?	Keep it simple, keep it repeatable and do not over-engineer to create additional optimisation. For example, do not make pricing dynamic or varying throughout the year. Consumers will appreciate the predictability and simplicity and rebel against things that are too involved.
Q5. Is there a risk that injection rebates will not be passed through to the consumers targeted? If so, how could we safeguard against this risk?	If the export value should be equal to the consumption cost for a given period, it will automatically pass through.
Q6. Which retailers should be captured by the proposal and why?	All retailers.
Q7. What are your views on the proposed timeframe for implementation of 1 January 2026? Would 1 April 2026 be preferable, and if so why?	Appears to be adequate, most retailers are already able to do TOU pricing.
Q8. What are your views on Part 2 of our proposal that would require retailers to promote the timevarying price plans?	Required to make it work.
Q9. What should the Authority consider when establishing the approach to and format of the reporting regime?	Compliance should be tested in the audit cycle.

Q10. Should the Authority include a sunset provision in the Code, or a review provision? Why?	<p>A regular review of the TOU weighting would likely be prudent. It may need shifting to reduce the risk of revenue under-recovery in the distribution companies.</p> <p>The Retail side is a competitive process and prices are therefore automatically reviewed and self-regulated.</p>
Q11. What are your overall views on Part 3 of the proposal?	Sensible and prudent, with a review of certain parameters but not a pre-defined sunset.
Q12. What are your views on Part 4 of our proposal to amend the Code to require that consumers are assigned to time-varying distribution charges, that retailers provide half-hourly data to distributors for settlement	<p>We believe distribution charges and TransPower charges should all fall in line with the concept simultaneously.</p> <p>To the extent half-hour data is not available, a time frame to get a smart meter in place should be allowed.</p>

Questions	Comments
Q13. Do you agree with the objective of the proposed amendment? If not, why not?	Yes
Q14. Do you agree the benefits of the proposed amendment outweigh its costs?	Yes
Q15. 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	Yes, as we have supported above.

Electricity Industry Act 2010.	
-----------------------------------	--