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To: distribution.feedback@ea.govt.nz

Response to joint letter to distributors on non-network solutions

Tēnā koutou,

Thank you for the joint letter from the Commerce Commission, Electricity Authority and Energy Efficiency and Conservation Authority dated 24 February 2026 regarding the role of non-network solutions (NNS) in delivering efficient outcomes for electricity consumers.

MainPower welcomes the opportunity to engage with the regulators on the important matter of accelerating the use of non-network solutions. We agree that NNS have a critical role to play in supporting the energy transition, managing uncertainty in demand growth, and ensuring least-cost outcomes for consumers. We support progressing non-network solutions and non-traditional market approaches. As a consumer owned EDB we are also focussed on ensuring that these deliver value for our consumers and are a lower cost alternative to traditional methods.

We support the intent of the letter and provide the following comments structured around the key themes outlined. None of the information in this letter is considered to be commercially sensitive. We note that some of the discussions we have had are still at a commercially sensitive stage so we would be willing to share further information in discussions with your staff subject to appropriate confidentiality arrangements.

Network planning and consideration of non-network solutions

MainPower supports the regulators' expectation that non-network and traditional network solutions should be assessed on an equal footing through network planning processes. We agree that early identification of constraints and transparent, comparable assessment criteria are essential to enabling effective market participation and efficient investment decisions.

MainPower's asset management and planning processes already include consideration of non-network alternatives where emerging constraints are identified. This includes assessment of deferral value, deliverability, and risk relative to traditional reinforcement solutions. We are also contributing to industry initiatives to standardise the approach to assessing solutions and how we can build capability to support more market-led solutions.

Example: Non-Network Solutions to Eliminate or Reduce Security of Supply Constraint at Mouse Point Zone Substation

MainPower has a constraint on the Mouse Point Zone Substation in the Culverden Basin and a future project is scheduled in the current AMP to address this constraint. Through the optioneering process, we issued an RFI to industry in 2023 seeking to find a market based non-network/flexibility solution to either fully resolve or materially reduce the security of supply constraint and improve the overall service to consumers in the area. The RFI responses were reviewed and assessed internally with a panel from representatives across key business functions with the intent to work with either a preferred candidate or combine several proposes to meet the requirements. The proposed solutions included grid-scale generation and demand response. Ultimately none of the options were pursued. The process identified a number of issues with the location and proposed solutions:

- While some solutions showed potential for managing certain types of constraints, none were technically suitable for this situation due to the long period that the security of supply constraint exists (spanning early morning, midday and late evening during the irrigation season).
- Due to the nature of the RFI process pursued, many of the solutions proposed were often a 'possible' project without any detail on how it would deliver the requirements, whether customer uptake numbers could be achieved and how long associated technology solutions would take to implement. This showed that the market solutions may still be developing and need time to mature into commercially viable offerings. It also demonstrated the need for more explicit problem definition on MainPower's part.
- At the time we didn't provide specific financial information about the value of the flexibility solution, which was identified as being necessary to gain interest or demonstrate whether solutions would likely be viable. In addition, limited financial information was provided in any of the responses on what value was needed from MainPower to make the solution commercially viable – often due to the solution not yet being deployable or fully evolved.

Whilst the RFI process didn't provide any viable solutions to pursue, we have continued to explore the potential for flexibility with local customers, including options to control irrigation during constraints, optimising/shifting of dairy shed and irrigation loads, using existing diesel generators on farm and other options utilising distributed generation. The traditional reinforcement project is still in our AMP plan for 2031 however we are continuing to explore NNS with the local consumers and market participants to find the lowest viable cost solution.

We also support the continued development of consistent methodologies and industry guidance, including work led by Electricity Networks Aotearoa and FlexForum, to improve comparability and reduce transaction costs over time.

Pricing as an enabler of flexibility

MainPower agrees that pricing is a key mechanism for enabling flexibility and supporting efficient network utilisation. We support the long-term direction toward price-responsive demand enabled through retailer products and automation. We recognise the need to balance this transition with the ongoing value provided by existing controlled load arrangements, particularly where they continue to deliver reliable and low-cost flexibility for consumers.

MainPower has traditionally offered lower pricing in return for the right to control hot water load on the network. In FY2026 we changed the structure of our pricing so that a rebate was paid for load control rather than having a separate all-inclusive price category. The rationale behind this pricing was that the rebate could be easily adjusted to reflect the value of load control to the network in any given year. It was also a means of trialling payment of a rebate for services that could be deployed to other services in the future.

During FY2027, we will review our pricing approach with a view to offering time of use pricing in some form from 1 April 2027. MainPower has taken longer than some other networks to introduce time of use pricing partly due to constraints associated with our billing system and access to smart meter data. These issues have both now been addressed. We are confident that we will be able to leverage the experience of neighbouring EDBs with time of use pricing to avoid any potential issues with implementation such as setting new peaks.

We support continued information sharing across distributors on pricing reform outcomes and consider this essential to accelerating learning and avoiding unintended consequences.

Engaging with the market for non-network solutions

MainPower agrees that effective engagement with the market is critical to the development of scalable non-network solutions in New Zealand. We support efforts to reduce unnecessary complexity and fragmentation in procurement and engagement approaches, particularly for flexibility service providers operating across multiple networks.

We also recognise the importance of transparency where distributors consider in-house NNS options, and the need to clearly demonstrate that such approaches deliver greater value for consumers than market-based alternatives. It is our view that there are times that an EDB is best placed to provide "in-house" NNS solutions for example in a remote area or where there is a small customer base that may not meet a market provider's economies of scale. In other situations, a market-based solution may be best. We are of the view that transparency requirements can be met through information disclosures and robust procurement processes.

We have had some preliminary engagement with several market providers. To date nothing has proceeded, potentially due to the relatively small customer base. We continue remaining open to discussing options with a range of flexibility providers

We support the continued development and adoption of open communication protocols and common frameworks, noting that consistency across the sector will be critical to supporting the development of this market.

Regulatory alignment and next steps

MainPower supports the regulators' intent to align regulatory settings and reduce unnecessary barriers to the uptake of non-network solutions. We agree that clarity and consistency across pricing, information disclosure, asset management planning, and incentive settings will be important to building confidence and capability over time. It is also our view that industry and the regulators when considering any flexibility initiative need to remain focused on reducing costs for consumers while continuing to meet consumers' expectations with regard to network performance and resilience.

We welcome ongoing engagement as this work progresses and would be pleased to participate in further discussions or initiatives that support practical implementation and shared learning across the sector.

Thank you for the opportunity to provide feedback. Please do not hesitate to contact us if you would like to discuss any aspect of this response in more detail.

Ngā mihi,



Sarah Barnes

Acting GM Commercial

MainPower New Zealand Limited

