

26 March 2025

Electricity Authority
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Requiring distributors to pay a rebate when consumers export electricity at peak times

Firstlight Network (Firstlight, we) appreciates the opportunity to submit on Energy Competition Task Force initiative 2A: Requiring distributors to pay a rebate when consumers export electricity at peak times.

Firstlight appreciates the role distributed generation can play in reducing demand in peak times. If this is successful, this can enable us to defer investment in network capacity, reducing costs for consumers as well as the distributor. Where there are potential issues with exporting at the wrong time and sending inefficient signals, increasing costs for the network.

We are cautious that the proposed approaches, if made mandatory, achieve the desired outcomes. If this initiative was to be carried out, Firstlight would prefer it to be rolled out on a trial basis initially. This would assess whether this initiative has worked well and there are no unintended consequences. The Authority can then carry out a review to assess if the correct gains and benefits are met, and the benefits outweigh the costs.

Initial concerns are:-

- Peaks shifting as a response to rebates. For example, charging batteries during off peaks could turn the load into peaks
- In order to meet Maximum Allowable Revenue (MAR), prices increase for our lower socio-economic users
- Initial visibility of constraints are limited, resulting in sending incorrect signals

Firstlight is a member of Electricity Networks Aotearoa (ENA). Firstlight supports the ENA's submission.

Contact details

Firstlight would welcome the opportunity to clarify the points we have raised in our submission.
Yours sincerely

Nathan Astwood
Commercial Manager, Firstlight Network

Appendix A: Attachment 1 Questions

Problem definition		
Q1	Do you agree with the problem definition above? Why, why not?	While we support the overall intent, we don't fully agree with the problem statement. It appears to overstate the network benefits for relatively small scale generation.
Proposed solution: principles-based rebates		
Q2	Do you agree with these principles? Why, why not?	Agree that of the proposed approaches, the principles based approach is considered most appropriate
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?	Agree that they should only apply to mass market consumers
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)?	Agree on the proviso that it would provide a benefit. Unsure if inflexible generation would provide such a benefit.
Q5	Do you agree with the direction of the guidance that would likely accompany the principles? Why, why not?	Firstlight supports the guidance to ensure consistency across EDBs. The guidance should be developed collaboratively with stakeholders.
Q6	Are there any additional issues with the principles where guidance would be particularly helpful?	As above, if the guidance is developed in collaboration with stakeholders especially EDB's, any additional issues could be addressed
Q7	Do you agree the principles should be incorporated within the Code, rather than being voluntary principles outside the Code? Why, why not?	No, the principles should be outside the code to allow more flexibility.
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.	Do not agree with the proposed timeline, difficult to implement quickly without the necessary guidance.
Q9	Do you agree the proposal strikes the right balance between encouraging requiring distributors to pay a rebate when consumers supply electricity at peak times price-based flexibility and contracted flexibility? Why, why not?	No comment
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?	Difficult to properly assess. There is a potential risk that
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?	Agree, this option has a probability of not properly rewarding the benefits

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?	Agree
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?	No comment
Regulatory statement		
Q14	Do you agree with the objective of the proposed amendment? If not, why not?	Agree with the objective. Unsure if the proposed amendment will achieve the objective
Q15	Do you agree the benefits of the proposed amendment outweigh the costs?	Difficult to assess
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.	Agree a principles based approach is the better option
Q17	Do you have any comments on the drafting of the proposed amendment?	No comment