

To the Electricity Association Energy Competition Task Force,

My name is Michael Anderson, and I am a homeowner from Christchurch with a wife and two young children, I also work as a Sustainability Manager for a nationwide business in New Zealand. I strongly support appropriately empowering consumers who are fundamentally reshaping our electricity network in New Zealand.

While these proposals are a step in the right direction, key changes will ensure individuals make decisions that lead to Aotearoa New Zealand building out the cheapest yet most resilient energy system possible.

I agree with the stated aim of providing consumers with more options, and that flexible distribution generation can help drive down costs for everyone into the future.

I also agree with the high-level problems identified:

- A missing distribution price signal for injection
- Current injection plans tend to offer fixed rates only
- Low awareness of benefits of time-varying price plans.

I agree with the proposal to require large retailers to offer Time of Use plans as this empowers consumers to take better control of their impact on the electricity system and their own bills (2B).

I use time-of-use tariffs and this significantly drives my household's electricity consumption patterns. We regularly set schedules for high energy use activities such as charging our two electric vehicles, scheduling our dishwasher to switch on and heating our hot water cylinder - all scheduled to turn on after 9PM when off-peak rates begin. In winter we also pre-heat our house in the hours before 6AM before the peak rates starts. These economic incentives really drive household behaviour and I am very surprised that only around 20% of New Zealand residential households are on this type of tariff structure. This suggests that with the right incentives, there is a significant volume of electricity demand that could be shifted to a time that has a lower impact on New Zealand's electricity system.

However, I do not agree that the Task Force's proposed solutions for 2A and 2C will address the problems and achieve what is required.

I agree with the addition of a new rule to "make sure power companies pay people who

sell power to the network” (2C) and but that to do this the rule needs to to be explicitly extended beyond just “peak times” and into:

1. Dry years and other extended periods of extra constrained supply
2. For all times, reflect the contribution of this power contribution to general supply and the role the energy is playing to reduce need for new generation assets, rather than just on the market value at peak times.

I agree that retailers should be required to pass through benefits to consumers from distributors paying a rebate for supply at peak times.

I support the addition of a requirement in the Code for distributors to pay a rebate when consumers supply electricity at peak times (2A). While I strongly support the objective of the proposed amendment, I do not support the proposed solution of principles-based rebates.

Principles-based rebates would likely provide too much flexibility, be difficult to monitor and enforce, and not achieve the desired result. The benefits of this proposed solution are unlikely to outweigh the costs.

Instead, I support the alternative option of consumption-linked injection tariffs (with adequate safety valves to ensure too much power does not flow back in). This would fairly apply similar pricing to both consumption and injection during peak times. I support this being a perfectly symmetrical export tariff, and not differential as suggested. This would also strongly encourage distributors to improve their consumption tariffs. As a consumer, a symmetrical tariff is far easier to understand, and a more fair way to price electricity, where my electricity is treated just as valuable as an energy company's energy export or reduction.

These rebates should be applied to larger consumers and generators as well as mass-market consumers, as ensuring all are appropriately incentivised will lead to the lowest-cost possible distribution system for all consumers in the long-term.

We have installed a 7.5kW solar PV system on our home, while the size of this system was primarily driven by our expected electricity demand profile, it was also heavily influenced by the grid constraints imposed by our lines company (5kW export per phase). Essentially we did not want to overbuild the system and end up with under-utilised generation when the system is restricted to meet the 5kW export limit.

Given the limited price paid for solar feed-in (including retailers mostly offering fixed rates, well below the import rates) this significantly influenced our decision to not go any larger with our solar PV system, but also to not install a battery. If there was a fairer price paid for injecting at peak periods, this would considerably change the financial model and expected payback period for a larger system and a battery. It is important that consumers are provided the right economic incentives to make investment decisions that are not only in their households best interests, but in the interests of New Zealand's electricity network.

A strong monitoring and reporting regime to ensure compliance and provide valuable insights is critical across all changes. Complementary Code changes should be undertaken to ease the process of solar and battery installation and upgrades for consumers, and enable them to maximise the size of their contribution to the system.

Regards,

Michael Anderson