



Chairman: Warren McNabb,

Secretary: David Inch,

26 March 2025

Energy Competition Task Force
c/- Electricity Authority
P O Box 10041
Wellington 6143

By email: taskforce@ea.govt.nz

Dear team,

RE: Consultation paper — Requiring distributors to pay a rebate when consumers export electricity at peak times

The Independent Electricity Generators Association Incorporated (IEGA) appreciates the opportunity to make this submission on the Energy Competition Task Force (ECTF) proposals to require distributors to pay a rebate when consumers export electricity at peak times.¹

The IEGA represents commercial small-scale generation asset owners with generation plant connected to distribution networks.

The IEGA does **not** support the ECTF proposal which is a very targeted intervention ‘picking winners’ when other connections to distribution networks clearly provide, or have the potential to provide, the same benefits as the ECTF expects.

The Consultation paper describes the benefits

“Incentivising consumers to supply electricity at peak times helps lower power prices for all of us over the long term. If more consumers supply electricity when demand is highest, for example by selling energy stored in batteries in the evening peak, this will lead to reduced demand on the electricity system. This lowers the lines costs that we all pay for through our power bills.”

We have rewritten these benefits to be agnostic to technology, supplier and product supplied:

“Incentivising ~~consumers to~~ an increase in the supply of electricity at peak times helps lower power prices for all of us over the long term. If more consumers or generators supply electricity when demand is highest, for example by selling energy stored in batteries in the evening peak, this will lead to reduced demand on the electricity system. This lowers the lines costs that we all pay for through our power bills.”

¹ The Committee has signed off this submission on behalf of members.

The proposed eligibility criteria make up a small subset of the potential source of benefits:

ECTF proposal eligibility criteria	IEGA proposed amended criteria
mass market consumers	any connection
with rooftop solar and other types of small-scale electricity generation	any scale of distribution network connected generation
who have generation in excess of their needs and can supply surplus energy into the electricity network at peak times	any scale of distribution network connected generation that can increase output during network peak demand periods
providing network benefits where mass market consumers are located in the network	providing network benefits at any location in the network

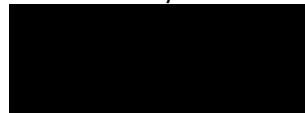
As a function of the above eligibility criteria the ECTF proposal also limits the form of payment mechanism to “any rebate would be incorporated into distributors’ charges to retailers”. Under our preferred ‘technology / product agnostic’ intervention distributors must be able to contract directly with the network benefit service provider.²

We suggest that the ECTF proposal is to regulate a very specific / particular supply of ‘flexibility’. The IEGA totally agrees there is an untapped potential to incentivise more efficient investment in and operation of electricity distribution networks using flexibility services (including distributed generation) and help reduce peak demand. And IEGA members are frustrated by distributors often being reluctant to identify and contract for Non-Traditional Solutions when they can be more efficient.³

The IEGA’s strong preference is to facilitate / encourage / support the development and contracting of flexibility services from any source which has the potential to realise a lower cost distribution system for the benefit of all consumers. Incentivising any distribution network connected generation to inject will yield system wide benefits – *“This is because the electricity is generated locally when and where it’s needed, and eases pressure on the local distribution network where it’s constrained. This avoids the need for distributors to build more infrastructure to cope with higher demand peaks, meaning lower overall costs, and lower prices for consumers in the long run”*.⁴

We would welcome the opportunity to discuss this submission with you. Nothing in this submission is confidential.

Yours sincerely



Warren McNabb
Chair

² The IEGA also acknowledges changes in load patterns during peak demand periods provide network benefits.

³ The Commerce Commission’s Information Disclosure requirements include increasing transparency about the current and future locations where third parties could provide services to avoid or defer network infrastructure investment.

⁴ Source: ECTF paper ‘Proposals to encourage efficient investment in distributed generation’ Electricity Authority Advisory Group: subgroup 1 meeting 1. Released under OIA