

Format for submissions

Submitter	Lastmyle Limited (Kris Sebro, CEO)
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Requiring distributors to pay a rebate when consumers supply electricity at peak times

Questions	Comments
Problem definition	
Q1. Do you agree with the problem definition above? Why, why not?	We broadly agree with the problem definition, as current distribution pricing arrangements do not fully incentivise consumers to supply or suppress electricity at peak times. However, we believe the issue is more complex than framed in the consultation. The challenge lies not just in pricing mechanisms but also in ensuring that new solutions can fairly and efficiently integrate into the market to support grid resilience and affordability.
Proposed solution: principles-based rebates	
Q2. Do you agree with these principles? Why, why not?	We support a principles-based approach to rebates, as it encourages innovation. However, principles should ensure that emerging technologies that enhance grid flexibility are fairly considered, including demand-side response that should be priced equivalently to generation. Transparency in rebate calculations will be crucial to ensuring confidence.
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?	The principles should apply to all consumers, including larger commercial and industrial users, as they also have the potential to provide valuable flexibility. A targeted approach based on the actual contribution of each consumer to grid stability would be preferable over blanket exclusion.
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)?	Yes, all mass-market DG should be included, but the level of rebate must be tied to the actual network benefits provided. Additionally, there is a risk that too great a focus on additional generation completely excludes lower socio-economic consumers from participating and benefiting from changes. It is significantly easier and more equitable for them to participate in demand reductions.

Q5. Do you agree with the direction of the guidance that would likely accompany the principles? Why, why not?	Guidance is helpful, but it must ensure that innovation is not stifled. New business models that leverage real-time flexibility, such as demand response should be considered in the framework to allow lower socio economic and disadvantaged people can participate.
Q6. Are there any additional issues with the principles where guidance would be particularly helpful?	Guidance should clarify how emerging technologies will be assessed for eligibility. It should also address how rebates will be transparently calculated and adjusted.
Q7. Do you agree the principles should be incorporated within the Code, rather than being voluntary principles outside the Code? Why, why not?	Yes, incorporating the principles into the Code provides certainty and accountability. However, flexibility should remain to adapt the framework as the energy market evolves. A review mechanism should be built in to ensure that the approach remains fit for purpose.
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.	The proposed timeline seems slightly aggressive and should allow for trial periods and industry consultation to refine implementation and consumer feedback.
Q9. Do you agree the proposal strikes the right balance between encouraging price-based flexibility and contracted flexibility? Why, why not?	A balanced approach is needed. While price-based flexibility is useful, contracted flexibility agreements will be crucial for ensuring reliability and predictability. The framework should support both models to encourage a diverse and competitive market for grid services.
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?	We agree in principle with the long-term vision of cost savings for all consumers. Care must be taken to ensure that low-income and vulnerable consumers are not disproportionately affected by tariff adjustments and benefits largely skewed to households able to generate energy.
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?	Yes, a principles-based approach allows for flexibility and innovation. A prescriptive approach risks creating rigid structures that may not accommodate emerging business models and technologies
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?	We agree that a direct link between consumption charges and injection tariffs may not always reflect network benefits. A more nuanced approach that

	considers locational and temporal grid constraints would be preferable.
<p>Q13. If this approach was progressed, do you think:</p> <p>a) injection rebates should perfectly mirror consumption charges?</p> <p>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?</p>	<p>a) No, as the network benefits of injection differ from those of reduced consumption.</p> <p>b) More safeguards may be needed to prevent over-subsidisation and ensure cost recovery is equitable.</p>
Regulatory statement	
Q14. Do you agree with the objective of the proposed amendment? If not, why not?	The objective aligns with the need for a more flexible and resilient electricity system. The proposed amendment should explicitly support emerging business models that enable real-time flexibility as an alternative to generation. Any final Code changes should be clear on how technologies beyond traditional DG can participate when DG is only able to be supplied by the wealthy. An equitable system also needs to consider demand response.
Q15. Do you agree the benefits of the proposed amendment outweigh the costs?	
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.	
Proposed amendment Code drafting	
Q17. Do you have any comments on the drafting of the proposed amendment?	