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Submissions  
Electricity Authority  
Level 7, AON Centre  
1 Willis Street  
Wellington 6011

Via email: [policyconsult@ea.govt.nz](mailto:policyconsult@ea.govt.nz)

## **ERGANZ SUBMISSION ON MULTIPLE TRADING RELATIONSHIPS & SWITCHING**

The Electricity Retailers' and Generators' Association of New Zealand ('ERGANZ') welcomes the opportunity to provide feedback on the Electricity Authority's paper 'Evolving multiple retailing and switching' from 3 June 2025.

ERGANZ is the industry association representing companies that sell electricity to Kiwi households and businesses. Collectively, our members supply almost 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

### **Executive Summary**

ERGANZ supports the Authority's desire to increase market flexibility for consumers. However, the complexity of the specific arrangements contained in this proposed Code change have not been fully teased out yet.

The current MTR trial with Kainga Ora is quite limited and focuses on solving technical issues rather than proving commercial demand. Our strong recommendation is for the Authority to facilitate a larger trial first to better understand all the costs and benefits of this proposal (noting this discussion paper contains no cost-benefit analysis). The Authority could use the upcoming draft Code Amendments to instead undertake a closed-market trial under a regulatory sandbox to gather evidence of costs and benefits.

Currently, implementing MTRs would benefit a niche group of customers who are highly engaged with their electricity usage and who have the financial means to purchase rooftop solar panels or even a household battery. The work required across the industry to establish the MTR regime is large, yet the benefits will accrue to a very small number of households. In contrast to these proposals, Australia has looked closely at an MTR regime for their market and is now moving away in order to prioritise different reforms.

## Submission Points

### *Benefits accruing to only a few customers*

ERGANZ is concerned that the proposals will instigate significant changes to market arrangements without adequately addressing the substantial concerns raised in response to previous MTR consultation, including those from ERGANZ, the Electricity Networks Aotearoa (ENA), and a range of other stakeholders [**CHECK**]. These concerns centred on the absence of a clearly defined problem, a lack of evidence demonstrating consumer demand, and the disproportionate ratio between the potential benefits and the likely costs of implementation.

In particular, no case has yet been put forward that today's consumers are materially missing out or that innovation is hindered in a way that justifies the scale and complexity of the proposed reforms. While enabling greater flexibility and consumer choice are desirable, the consultation paper does not present evidence that a significant number of consumers are seeking, or would benefit from, multiple trading relationships. Nor does the paper clearly identify the nature or scale of barriers preventing the emergence of new service models under current market rules.

The consultation paper also fails to adequately address concerns about cost and complexity. Introducing multiple traders at a single property will increase operational burdens for retailers, distributors, metering providers, and registry participants. These changes will likely require system upgrades by all participants, regardless of consumer uptake, including new billing and reconciliation processes, revised contracts, and enhanced customer service functions.

The costs of these system-wide changes will be borne by all consumers, yet the benefits appear likely to accrue only to a relatively small subset of consumers who have personally invested in distributed energy resources such as rooftop solar PV and batteries. This raises questions of fairness, proportionality, and efficiency.

In addition, the Taskforce is in the process of introducing rebates from distributors to retailers for customers feeding-in supply. However, the MTR model does not seem to accommodate this development, as the distributor will have no relationship with the generation trader at an ICP by which to provide the rebate.

ERGANZ also notes that the current Wellington trial focuses on proving the technical feasibility to assign different traders to separate channels of a smart meter, it does not test the broader market dynamics that MTR is intended to unlock, such as how consumers interact with multiple retailers, how billing and credit risk are managed, or how disputes are resolved.

Before progressing directly to regulatory change, we believe it is essential that a more comprehensive trial is undertaken to validate market viability, consumer understanding, and real-world operational impacts.

### *Need for a cost-benefit analysis*

The consultation paper includes 'Appendix A - Proposed amendments' to the Electricity Industry Participation Code 2010. We note the Authority has a statutory obligation to undertake a cost-benefit analysis when proposing changes to the Code. This is specified in Section 39(2)(c) of the Electricity Industry Act 2010, which states that:

*"Before making an amendment to the Code, the Authority must be satisfied that the amendment is consistent with the Authority's statutory objective and that it has undertaken an appropriate cost-benefit analysis."*

The five paragraphs of material contained in paragraphs 8.13 through 8.17 are a summary of the Authority's position, not a quantitative analysis, as stated by the Authority itself in paragraph 8.15:

*"Implementation costs for participants are likely to be highly variable and cannot be quantified at this point."*

ERGANZ members are happy to supply quantified estimates for implementation costs when the Authority is preparing its analysis.

In addition, we note the Authority's letter to the Minister of Energy, dated 1 May 2025, regarding its annual 'Letter of Expectations' states that its actions to promote consumer mobility include:

*"Enabling consumers to buy and sell from different retailers for electricity consumption and generation to improve their options and choice (implementation starting late 2025)."*

ERGANZ hopes this does not indicate any level of predetermination on the Authority's part ahead of completing industry consultation on this issue and a cost-benefit analysis in compliance with Section 39(2)(c).

### *Lessons from Australia*

There is a risk these proposed changes are at odds with Australia's recent experience. In 2015, the Australian Energy Market Commission (AEMC) introduced a rule change to enable multiple Financially Responsible Market Participants (FRMPs) at a single site. This change aimed to allow consumers to engage separate retailers for different services, for example, regular household consumption and an electric vehicle charger.

Despite the theoretical benefits of this framework, uptake was minimal. Practical challenges, including the cost and complexity of establishing secondary connection points, operational difficulties for retailers, and very limited consumer demand, have significantly constrained implementation. Australian retailers have largely avoided offering partial-service arrangements, citing unclear business models and heightened administrative overheads. Consumers, too, have shown little appetite for engaging multiple energy retailers.

In 2022, the AEMC and other market bodies acknowledged that the existing MTR framework had not delivered the anticipated innovation or consumer benefits. As a result, Australia is now focusing its reforms on integrating consumer energy resources (CER) through single-provider models, rather than multi-retailer arrangements.

This Australian experience suggests that while MTR frameworks are conceptually sound, they face significant barriers in real-world applications. New Zealand can take advantage of learning from Australia's experience, particularly the importance of robust market testing to provide evidence of genuine consumer demand before committing to major regulatory changes.

Proposals to introduce MTR here should be accompanied by a cost-benefit analysis assessing whether the same structural and behavioural challenges observed in Australia are likely to arise in New Zealand.

#### *Practical challenges and considerations for retailers*

ERGANZ supports the principle of “one daily charge per ICP”, to avoid consumer confusion and overcharging. However, there is a need for a clearer allocation of financial responsibilities between traders in MTR arrangements.

ERGANZ also supports the principle that retailers should have choices in how they design prices and plans. This includes, but is not limited to, setting different prices for plans that are “consumption only” in recognition that these customers have a different consumption profile than the average customer.

The consultation paper does not explicitly discuss the process for disconnection for non-payment of a single trader, nor does it detail whether a consumption trader could disconnect a consumer who is partially served by another trader, although amendments to 10.33B in the Code suggest only one trader can. The Authority should clarify how consumer protection rules and the Consumer Care Obligations would interact with MTR.

#### **Reform of retailer switching processes**

ERGANZ supports the proposed reforms of the retailer switching processes. We believe this will modernise and improve the trader switching process so it is faster, more accurate, and less prone to error.

ERGANZ supports key changes including:

- Aligning timeframes and simplifying processes for all switch types (standard, move-in, and gaining trader-driven).
- Ensuring accurate and timely provision of meter readings (especially from AMI meters).
- Allowing replacement reads by both gaining and losing traders, with clearer thresholds (e.g., >50 kWh discrepancy).
- Standardising switch notifications and file exchanges to reduce manual interventions.
- Streamlining withdrawal processes with clearer codes and automatic rules (e.g., mandatory acceptance for certain error types).

These changes are expected to enhance the consumer experience, facilitate efficient back-office operations, lower the cost-to-serve, and foster greater market competition.

## **Submission questions**

### Questions on the Authority's Vision

*Q1. Do you agree with the Authority's vision for consumer mobility? If not, what would you change and why?*

ERGANZ supports the Authority's vision of enhancing consumer choice and the ability to participate in the electricity market if they choose to do so. We support reforms that enable consumers to access new technologies and services while ensuring fair outcomes across the system. We ask the Authority to clearly define the specific consumer problems this policy initiative is intended to address, because to-date, these large reforms are not backed by evidence of consumer demand or cost-effectiveness.

*Q2. Do you have any comments regarding future stages of multiple trading, whether the proposal provides optionality for the potential future stages, and the options the Authority should consider?*

We acknowledge that the proposed MTR initiatives will lead to future developments, including designated-appliance trading and peer-to-peer energy exchange. However, we remain cautious about these stages being pursued before there is robust evidence of consumer demand and system readiness. Future developments should be subject to detailed market testing and a strong business case before any regulatory progression.

### Questions on Multiple Trading

*Q3. Do you agree with the proposed solutions? If not, what would you change and why?*

We acknowledge the technical logic of Option 1 (trading at the register/channel level) and agree that it is preferable to Options 2 and 3. However, we remain concerned that the current proposals proceed without adequately addressing the concerns raised by industry in previous consultations, particularly the absence of consumer demand evidence, and the risk that costs will be borne system-wide for the benefit of a very small subset of consumers.

*Q4. Do you agree with the benefits anticipated from the proposed solutions? Are there other benefits you can anticipate or improvements to operational effectiveness and efficiency? Can you quantify these benefits?*

We recognise that in principle, MTR may encourage some innovation by enabling new service models and greater consumer choice. However, the scale of these benefits remains speculative. In the absence of clear evidence of consumer demand, there is a risk that expected benefits do not materialise at the level needed to justify the associated costs. At a minimum, a robust cost-benefit analysis should be developed.

*Q5. Do you anticipate the proposed solutions will introduce cost into your organisation, and if so, can you quantify this cost and/or provide a high-level description of the changes that need to be made?*

ERGANZ's members anticipate significant costs across system upgrades, billing architecture, metering configuration, staff training, and customer support systems. More importantly, retailers expect to face additional operational complexity, particularly around disconnections, credit management, and customer communications, that could significantly increase cost-to-serve for everyone. Quantification is difficult without clarity on implementation design, but we expect costs to be material and ongoing.

*Q6. Do you agree options 2 and 3 are not preferred? If not, why not and how would you overcome the disadvantages?*

Yes. We agree that Options 2 and 3 would create further complexity and confusion, particularly for consumers, and should not be progressed at this stage. Option 1 offers a relatively more technically manageable pathway, although it is not without significant challenges as stated in answer to earlier questions.

*Q7. Do you agree that option 1 is the preferred option over options 2 and 3 and the reasons for preferring option 1? If not, why not?*

Yes, with qualifications. Of the options presented, Option 1 is the most viable. However, we remain concerned that its development is premature without broader system testing, particularly of customer experience, market demand, and credit management under MTR.

#### Questions on Trader Switching

*Q8. Should the provision of the average daily consumption remain mandatory, or should it be optional? If optional, please explain why?*

Yes. ERGANZ supports the proposed reforms to trader switching.

*Q9. Do you agree with the proposal to align timeframes to a maximum of two business days for NT and AN notifications, and to reduce timeframes for the CS file?*

No comment.

*Q10. Do you agree with the proposed solutions? If not, what would you change and why?*

Improvements are welcome, but it is unclear whether the proposed solutions will achieve all the benefits listed.

*Q11. Do you agree with the benefits anticipated from the proposed solutions? Are there other benefits you can anticipate or improvements to operational effectiveness and efficiency? Can you quantify these benefits?*

See answer to question 10.

*Q12. Do you anticipate the proposed solutions will introduce cost into your organisation, and if so, can you quantify this cost and/or provide a high-level description of the changes that need to be made?*

Yes, members will incur compliance costs.

#### Questions on MEP Switching

*Q13. Are there any other files that should be added?*

No comment.

*Q14. Do you agree with the proposed solutions? If not, what would you change and why?*

We encourage more testing and industry feedback to ensure the benefits will be realised.

*Q15. Do you agree with the benefits anticipated from the proposed solutions? Are there other benefits you can anticipate or improvements to operational effectiveness and efficiency? Can you quantify these benefits?*

See answer to question 14.

*Q16. Do you anticipate the proposed solutions will introduce cost into your organisation, and if so, can you quantify this cost and/or provide a high-level description of the changes that need to be made?*

Our members anticipate implementation costs, mostly relating to IT system changes, but do not have exact cost estimates available yet.

#### Questions on Distributor Switching

*Q17. Do you agree with the proposed solutions? If not, what would you change and why?*

Yes. ERGANZ supports the proposals to improve distributor switching.

*Q18. Do you agree with the benefits anticipated from the proposed solutions? Are there other benefits you can anticipate or improvements to operational effectiveness and efficiency? Can you quantify these benefits?*

Requiring distributor switch proposals to be handled via the registry will enhance visibility and consistency. The use of deemed consent after a set period is a practical step forward.

*Q19. Do you anticipate the proposed solutions will introduce cost into your organisation, and if so, can you quantify this cost and/or provide a high-level description of the changes that need to be made?*

Costs are expected to be minimal for retailers.

#### Questions on Implementation

*Q20. Would you prefer a single implementation or a staged implementation?*

We prefer a staged implementation, with switching and MEP/distributor switching changes delivered first, and MTR considered separately. We maintain our reservations about progressing MTR reforms without further testing and analysis.

*Q21. Do you agree with the suggested implementation timeframes? If not, please state your preferred timeframes and give reasons for your preference.*

For MTRs, we suggest a longer timeline, preceded by a cost-benefit analysis, expanded trials and consumer engagement to test the viability of multiple trading relationships in real-world conditions. In addition, a large amount of compliance load is being placed on retailers currently, there is limited capacity to implement all the Authority's proposed changes. Low-value changes such as these, divert resources away from other changes which will have greater benefits to consumers.

#### Questions on the Regulatory Statement

*Q22. Do you agree with the objectives of the proposed MTR amendments? If not, why not?*

ERGANZ questions whether the MTR amendments, as proposed, are the most efficient or equitable policy initiative currently. In particular, paragraph 8.5 is not met, because the significant compliance costs of implementing MTRs will fall on all customers and only a few customers will benefit.

*Q23. Do you agree with the objectives of the proposed amendments to the switching process? If not, why not?*

In principle, the objectives are desirable, but further work is required.

*Q24. Do you agree the benefits of the proposed amendment outweigh its costs?*

For MTRs, a cost-benefit analysis has not been completed. The benefits remain theoretical while the costs, as described in paragraph 8.15, have not been quantified. Therefore, any conclusions about the benefits outweighing the costs are speculative.

*Q25. Do have any comments on the preferred and alternative options discussed in the 2019 Issues paper?*

ERGANZ continues to believe that enhanced flexibility within existing arrangements, supported by a larger MTR trial, would be a more pragmatic pathway. We recommend the Authority insert this into their staged development.

*Q27. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?*

It is questionable whether the proposed MTR amendments are “efficient” and comply with Section 31(1)(c) due to the proposal resulting in all consumers paying for significant reforms to the system for the benefit of very few consumers. Furthermore, the Authority has not complied with Section 39(2)(c) and undertaken an appropriate cost-benefit analysis.

Question on Code Drafting

*Q28. Do you have any comments on the drafting of the proposed amendment?*

ERGANZ recommends pausing the Code amendments relating to MTRs for the reasons stated above.

## **Conclusion**

ERANZ would like to thank the Authority for considering our submission.

If there are any outstanding questions or a need for further comments, please let me know.

Yours sincerely,

Kenny Clark  
Policy Consultant