

29 July 2025

Submissions  
Electricity Authority

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### **Re: Evolving multiple retailing and switching**

Nova Energy (**Nova**) welcomes the opportunity to provide feedback on the Electricity Authority's (**Authority**) consultation paper *Evolving Multiple Retailing and Switching*.

Nova supports the Authority's commitment to promoting consumer choice, competition, and innovation in the electricity sector. However, while the intent is positive, the scope of this change being proposed is extensive and therefore we request that implementation needs to be done carefully and with realistic timeframes to avoid disruption to consumers and service providers.

### **Multiple Trading Relationships (MTR)**

The idea of allowing consumers to contract with different retailers for consumption and distributed generation at the same ICP is reasonable and conceptually makes sense. But this is still a significant change that would affect almost all industry participants and will add considerable complexity to retailers' operations and systems.

Some of the broader future stages – such as having different retailers for different times of the day or week – appear premature, especially given the operational realities of hedging, trading, and reconciliation. The evidence of a need for these future stages is currently unclear, as is their benefit to most consumers (noting that implementing MTRs would largely only 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, as well as a household battery).

### **Practical Complexities Not Fully Considered**

There are also several practical complexities that need to be addressed before any form of MTR can be rolled out more widely:

- **Disconnection and Consumer Care Obligations:** In MTR set ups, it is unclear which retailer would have authority and responsibility for disconnection. Situations may arise where one bill is paid, and the other is not — yet a full disconnection would raise serious compliance and hardship concerns.
- **Credit Checks:** MTR arrangements could require multiple credit checks across different retailers. Multiple checks in a short time are often interpreted as signs of credit distress by external credit rating agencies. This may negatively impact consumers and undermine the intent to empower them.
- **Consumer Confusion and Switching Complexity:** More retailers per ICP means more complexity for consumers in understanding billing, rights, and obligations — especially in households where only one party may be managing the power bill.
- **Data Integrity and Responsibility:** Multiple traders per ICP raises questions around data stewardship, metering reconciliation, and consumer dispute resolution, which are not addressed in this proposal.

### **Preferred Path Forward**

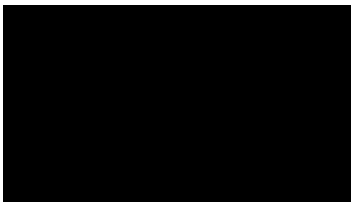
To ensure successful implementation that preserves competition and protects consumers, we strongly urge the Authority to:

- Adopt **Option 2** as the initial implementation approach. This will allow participants to opt-in to MTR when ready, within a reasonable timeline.
- If Option 1 is ultimately preferred and adopted, provide a significant lead time to allow for systems redesign and internal process changes (which translate into higher costs that inevitably will need to be passed through to consumers), and consider a staged transition. At least 24 to 36 months post gazetting of a decision on the MTR proposal would be considered a more reasonable timeframe for implementation.
- Acknowledge and further address the operational complexities that accompany MTR and switching reform.

Nova appreciates the opportunity to contribute to this important discussion and would welcome any opportunity to further engage on implementation planning and practical implications.

Nova's answers to the specific questions on the consultation paper are appended to this letter.

Yours sincerely



**Tamiris Robinson**

Regulatory Advisor

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## Nova submission: Evolving multiple retailing and switching

Question	Comment
<b>Questions on the Authority's vision</b>	
Q1. (Paragraph 2.20) Do you agree with the Authority's vision for consumer mobility? If not, what would you change and why?	<p>Nova supports the Authority's vision to create a future where there is increased and diverse consumer choice and sector innovation as this is a sign of a healthy environment. Nova acknowledges that MTR and improved switching processes are intended to support consumer mobility.</p> <p>However, we do not support the proposal in its current form – in particular Option 1 as currently preferred by the Authority. There are too many complexities that have not been properly assessed in this paper to support that Option, and there is not enough evidence of demand and how exactly it would benefit consumers, apart from a very small group of engaged consumers.</p>
Q2. (2.20) 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?	<p>The proposal is a pathway to future MTR stages and such potential future stages (such as separate retailers for specific appliances or metered loads) may be worth exploring over time.</p> <p>However, the suggestion of retailer switching based on time-of-use (e.g. weekends or overnight) seems unworkable under the current wholesale market structure and hedging environment. Nova is cautious about the feasibility of those future stages and suggests the Authority stays realistic about what is achievable and what would be of true benefit to the majority of consumers.</p>
<b>Questions on Multiple trading</b>	
Q3. (3.26) Do you agree with the proposed solutions? If not, what would you change and why?	<p>Nova does not support Option 1. It imposes disproportionate costs and complexity for unclear benefits. Current Nova systems are ICP-based, and Option 1 would require a complete rebuild and implementation of new systems, which will take significant time and require significant investment.</p> <p>Nova sees <b>Options 2</b> as a lower-risk, more flexible approach that accommodates willing participants without penalising those not yet (technically or commercially) ready to participate.</p> <p>While the current Kainga Ora Wellington trial is a positive initiative, Option 3 introduces a level of operational complexity that would be difficult to scale effectively. It also highlights the need for significant regulatory change, which in Nova's view is difficult to justify based on a small-scale trial specific to social housing with solar installations and considering the lack of a detailed cost-benefit assessment.</p>

Question	Comment
<p>Q4. (3.26) 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?</p>	<p>Nova is dubious about seeing the proposed benefits in the short or medium term. If the goal is innovation and greater consumer empowerment, then the regulatory environment needs to be proportionate, fair and flexible to get industry participants on board.</p> <p>As noted above, <b>Option 2</b> is considered the best option to ensure this occurs effectively.</p> <p>As noted above, there is not enough evidence of demand and how exactly it would benefit consumers, apart from a very small group of engaged consumers (i.e. those who have the financial means to purchase rooftop solar panels, as well as a household battery).</p>
<p>Q5. (3.26) 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?</p>	<p>Yes.</p> <p>The costs of adapting to Option 1 would be significant. Nova's current systems cannot support MTR at channel-level. This would require full migration to a new platform, with changes to billing, credit, registry, and reconciliation. Nova is not currently in a position to estimate an exact number. However, based on a billing system upgrade investigation project a few years ago we'd expect it would cost above \$5 million and take up to 2 years of work for Nova to install a new billing system that could deliver the required functionality. There would also be an estimated OPEX increase of approximately \$1million per annum in billing system software costs.</p>
<p>Q6. (3.47) Do you agree options 2 and 3 are not preferred? If not, why not and how would you overcome the disadvantages?</p>	<p>No.</p> <p>Nova's preferred option is Option 2, and Nova strongly encourages the Authority to make this the preferred Option. It provides flexibility and does not penalise participants who are not ready to adopt MTR functionality, giving them time to prepare.</p>
<p>Q7. (3.47) 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?</p>	<p>No.</p> <p>Nova is only able to envision Option 1 as the preferred option if participants are given sufficient time to prepare and invest in appropriate systems upgrades to support it. 18 months (post Code changes being gazetted) is not considered sufficient in this regard.</p> <p>We are also concerned that this Option 1 proposal is too premature and, in addition to the significant financial impacts on retailers, there are too many areas that do not seem to have been tested/covered in this proposal (such as consumer care obligations, system changes and a costs-benefit analysis).</p> <p>The Authority could start implementing Option 2 first, for a period, and proceed to implement Option 1 in due course (should the initial phase deliver tangible benefits to a large number of customers).</p>



Question	Comment
<b>Questions on trader switching</b>	
Q8. Should the provision of the average daily consumption remain mandatory, or should it be optional? If optional, please explain why?	Nova supports mandatory provision of the average daily consumption.
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?	1 business day for completion of a CS file may cause issues. This is because of the timeframes of receiving midnight read data from MEPs. This may result in more estimations and more read amendments. It will be important to have this data earlier from all MEPs.
Q10. Do you agree with the proposed solutions? If not, what would you change and why?	<p>Nova is generally supportive of changes that improve the speed and reduce complexity of switching. Some feedback for the Authority to consider would be:</p> <ol style="list-style-type: none"> <li>1. 4.43 item (d) requires a timestamp for all registry fields and item (i) requires reads to be stored to 2 decimal places. Any requirement to update legacy systems to store and deliver a timestamp or store more accurate reads should provide an adequate timeframe for changes to be made before implementation.</li> <li>1. 4.43 item (e) of the proposal has the potential to restrict back dated switches as the losing retailer would be required to “accept” the gaining retailer switch date. Backdated switches are reasonably common, especially in the scenario where a site is vacant but consuming and the “consumer” signs with a new retailer on advice of vacant disconnection or actual disconnection. Restrictions to this ability would place an unnecessary burden on the losing retailer.</li> <li>2. 4.52 MI cancellations are more commonly sent by losing retailers. Mandatory acceptance should also apply to gaining retailers, as the losing retailer may not be able to complete switch and will be forced into breach if the MI is rejected. We have noted however that changes to the attributes of an ICP can be sent to the registry manager to update records, but this information is not always readily available at time of switch, and we may need to source from third parties.</li> </ol>
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?	<p>Yes. However, regulatory change must be prioritised and executed in a way that acknowledges and take into consideration the sector’s views and capacity. For example, implementation timelines and integration with broader registry and industry system changes may require further industry consultation.</p> <p>4.53 a. Switching are in support of the proposal to record communications between retailer on the registry, as it may reduce emails between retailers, which will allow for the switching cancellation process to be a lot more efficient and streamlined. This is currently the timeliest component of the switching processes.</p>

Question	Comment
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?	<p>Yes. There will be costs associated with:</p> <ul style="list-style-type: none"> <li>• Updating systems to timestamp events.</li> <li>• Changes to switching processes to utilise MEP switch reads and/or AMI reads if available.</li> <li>• Complexity with changes to intra-day registry changes.</li> <li>• Potential increase in unrecoverable costs associated with vacant sites.</li> </ul>
<b>Questions on MEP switching</b>	
Q13. (5.34) Are there any other files that should be added to this list?	Nothing that we can identify
Q14. (5.38) Do you agree with the proposed solutions? If not, what would you change and why?	<p>Nova generally agrees and supports the proposed changes. However, the following items should be considered:</p> <ol style="list-style-type: none"> <li>1. 5.28(i) should require MEPs to update 100% of registry metering events within 5WDs to align with retailer requirements to update the registry within 5WDs, alternatively allow the retailer the same timeframes as proposed i.e.: 75% in 5WDs, 100% in 10WDs. Typically, retailer events cannot be populated until the paperwork is provided by the MEP.</li> <li>2. While we understand the value of 5.32 some MEP code changes will result in file format or service availability changes for the Trader. The requirement should be extended to ensure the trader is consulted prior to change. It may be considered that the commercial agreement between Trader and MEP resolves this requirement.</li> </ol>
Q15. (5.38) 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?	<p>Agree with the benefits proposed. An area of improvement could include MEP invoicing. Currently, Meter Lease invoicing reconciliation is extremely difficult without easy access to meter standing data:</p> <ol style="list-style-type: none"> <li>1. Require the MEP to complete the current field for Meter Lease code in the registry</li> <li>2. Create additional fields describing the variables typically driving meter lease costs, i.e.: number of phases, location (urban rural or remote), integrated LCD.</li> </ol>

Question	Comment
Q16. (5.38) 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?	<p>If MEP switching requirements were introduced in parallel with the Switching requirements described above, the MEP switching changes proposed will have no material impact on costs.</p> <p>If the MEP switching changes are introduced in isolation there will be some cost implications in updating systems to cater for intra-day registry updates, timestamping of event data and supporting 2 decimal places for read data.</p>
<b>Questions on implementation</b>	
Q20. (7.4) Would you prefer a single implementation or a staged implementation? Please give reasons for your preference	<p>If Option 2 is selected Nova prefers a staged implementation. As per ERGANZ's submission, Nova would suggest trader and MEP switching implementation occurs first, followed by follow-up consultation and discussion on MTRs before it proceeds to gazetting.</p> <p>However, if Option 1 is implemented then Nova prefers a single implementation to reduce complexity and duplication of development costs.</p>
Q21 (7.4) Do you agree with the suggested implementation timeframes? If not, please state your preferred timeframes and give reasons for your preference	<p>No.</p> <p>Nova suggests 36 months after gazetting of any decision on MTR proposals is preferable – especially if the Authority proceeds with its preferred Option 1. Any timeframe shorter than this, while manageable, would be challenging for Nova.</p>
<b>Questions on the regulatory statement</b>	
Q22. (8.6) Do you agree with the objectives of the proposed MTR amendment s? If not, why not?	<p>Yes, Nova supports the intent behind the proposed MTR amendments.</p> <p>However, it is unclear to Nova how, at this stage, the proposal improves efficiency and consumer participation. The Kainga Ora Wellington trial suggests that consumer engagement is effective when supported by targeted education, plain language, and a clear sense of social or community benefit<sup>1</sup>. These conditions are easier to meet in smaller, controlled environments. Applying the same model across the wider retail market presents a very different challenge.</p> <p>Furthermore, most consumers today are not users of distributed energy resources so in reality the benefits of this proposal would be limited to a small portion of consumers (i.e. those who have the financial means to purchase rooftop solar panels, as well as a household battery). More consumer readiness and understanding is needed for the proposal to deliver the gains envisioned by the Authority.</p>

<sup>1</sup> <https://kaingaora.govt.nz/assets/About-us/202406-Wellington-MTR-Six-monthly-report-summary-version.pdf>

Question	Comment
Q23 (8.11) Do you agree with the objectives of the proposed amendments to the switching process? If not, why not?	Yes
Q24 (8.17(q)) Do you agree the benefits of the proposed amendment outweigh its costs?	Nova agrees in principle with the benefits. However, it cannot comment on whether the benefits outweigh the costs without first seeing a cost-benefit analysis, and noting again the significant time and resources investment that will be required for Nova (and other retailers) to implement Option 1 of the MTR proposal.
Q25. (8.21) Do have any comments on the preferred and alternative options discussed in the 2019 Issues paper?	<p>Nova continues to support the Authority's objective of improving switching processes and reducing unnecessary difficulties for consumers. In 2019, Nova supported a number of lower-impact options as they aligned more closely with existing switching systems and processes and reduced the need for costly redevelopment.</p> <p>Nova's concerns at that time regarding cost, complexity, and the risk of unintended consequences (such as exposure to non-compliance or misaligned customer communication) are still relevant.</p> <p>As in 2019, Nova's view remains that system-wide change should be proportionate to the problem being solved, should not duplicate capability already within retailer systems, and should avoid forcing platform changes where the benefits are not clearly demonstrated.</p>
Q26. (8.22(d)) 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 objective in section 15 of the Electricity Industry Act 2010.	The advantages of an opt-in or staged model should not be under-valued. A gradual implementation, beginning with Option 2 and allowing the industry to build capability, would achieve better outcomes without imposing large-scale compliance and implementation costs.
Q27. (8.25) Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	The Authority's proposed amendment risks unintended harm to both competition and consumer outcomes. If some retailers are unable to quickly redevelop their systems, they could be effectively excluded, undermining choice and limiting innovation.
<b>Question on Code drafting</b>	
Q28. (Appendix A) Do you have any comments on the drafting of the proposed amendment?	It would be premature for Nova to comment on the proposed Code amendments, when in our view, there are several complexities and implications that first need to be addressed.