

26 March 2025

Electricity Authority  
Level 7 AON Centre  
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By email: [taskforce@ea.govt.nz](mailto:taskforce@ea.govt.nz)

## **Horizon Energy Distribution Limited (Horizon Networks) submission on Improving pricing plan options for consumers: Time-varying retail pricing for electricity consumption and supply (Energy Competition Task Force initiative 2B and 2C)**

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1. Thank you for providing us with the opportunity to provide feedback on Requiring distributors to pay a rebate when consumers supply electricity at peak times.
2. Horizon Networks is a small trust-owned Electricity Distribution Business (EDB) serving over 25,000 consumers in the Eastern Bay of Plenty region. As a trust-owned EDB, we have a strong consumer focus and seek to benefit both our Shareholder Trust Horizon and the communities we serve.
3. Horizon Networks supports a cost-reflective pricing regime, that consumers need to receive appropriate price signals<sup>1</sup> to move their consumption away from, and their injection towards, peak times to help minimise system costs.
4. In 2024 Horizon Networks engaged with consumers regarding mandatory TOU. This engagement provided insights that informed Horizon Networks decision not to make TOU mandatory for 2025. The Electricity Authority should ensure it is engaging with consumers and considering the consumer views ahead of imposing any regulations that directly impact them.
5. In addition to the response in Appendix A, we would like to emphasise the following:
  - The proposals should apply equally to all retailers.
  - The draft 12A.4 will prevent EDBs from addressing missing or erroneous data.

### **The proposals should apply equally to all retailers.**

6. As written the proposal would only apply to retailers that have at least 5% market share nationwide.
7. This is a problem, as it would exclude the largest retailers on some smaller networks. This dilutes the benefits and means a large proportion of consumers on some networks will not see the proposed benefits.
8. **Horizon Networks recommends:** All retailers are subject to the requirement to offer time-varying pricing plans.
9. If the Electricity Authority remains convinced that a threshold should apply then this threshold should apply by network, not nationwide so that consumers on smaller networks are not disadvantaged.

### **The draft 12A.4 will prevent EDBs from addressing missing or erroneous data.**

10. The proposed wording of clause 12A.4 is:

#### **12A.4 Distributors must use half-hourly data provided to calculate charges**

*Despite anything else in this Code or in a **distributor agreement**, **distributors** must calculate **distribution** services charges payable by a **retailer** using any information provided by retailers under clause [00.4].*

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<sup>1</sup> Price signals are not limited to directly passing through the distribution price to consumers. It can include other incentives that will incentivise the consumer to consistently shift load away from all peak periods.

11. This drafting is unnecessarily broad, invalidates parts of the Code, the default distributor agreement (DDA) and will have unintended consequences.
12. Horizon Networks interpretation is that this new clause would override clause 9.2 of the DDA:  
*9.2 **Late, incomplete, or incorrect information:** If the Trader does not provide information to the Distributor in accordance with Schedule 2 by the 5th Working Day after the last day of the month to which the Tax Invoice relates, or any information provided by the Trader is incomplete or materially incorrect, the Distributor may estimate, in accordance with Good Electricity Industry Practice, the Trader's Tax Invoice for Distribution Services*
13. Because 12A.4 requires EDBs to calculate distribution service charges payable by a retailer using the HHR information provided by the retailer, then if information is late, incomplete or incorrect the EDB is not permitted to take action to estimate, in accordance with Good Electricity Industry Practice, the Trader's Tax Invoice for Distribution Services.
14. This clause bypasses established industry practices and rewards retailers for not providing HHR data, or providing data that is late, inaccurate or incomplete.
15. Horizon Networks does not believe this outcome is intended and strongly supports retaining the existing industry practice that allows EDBs to estimate where data provided is late, incomplete or incorrect.
16. It is essential that EDBs continue to be able to estimate any late, incomplete or inaccurate information, in accordance with Good Electricity Industry Practice regardless of the format the information is provided in.
17. **Horizon Networks recommends:** That proposed clause 12A.4 be amended to allow EDBs to estimate invoices when HHR data is late, inaccurate or incomplete.
18. This could be worded as:

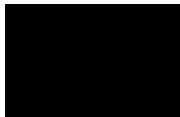
**12A.4 Distributors must use half-hourly data provided to calculate charges**

*Except where permitted in a **distributor agreement**, the **distributor** must calculate **distribution** services charges payable by a **retailer** using any information provided by retailers under clause [00.4].*

**In conclusion, Horizon Networks supports the provision of HHR meter data, and for all retailers to be passing through TOU price signals, but questions the wording of the Code**

19. Horizon Networks supports the Electricity Authority's objective to improve the incentives for consumers to move their consumption away from, and their injection towards, peak times to help minimise system costs.
20. We believe the best way to achieve this is to ensure that all consumers receive TOU price signals, so they can respond to these signals and provide network benefits.
21. While the objective is supported, the Electricity Authority needs to review the wording of the Code, which as currently written will have unintended outcomes.

Yours Sincerely



Jonathon Staite  
Regulatory Manager

[Redacted line]

**HORIZON ENERGY DISTRIBUTION LIMITED**

**APPENDIX A: FORMAT FOR SUBMISSIONS**

Questions	Comment
Q1. Do you agree the issues identified by the Authority are worthy of attention? If not, why not?	<p>Horizon Networks understand the issues identified are:</p> <ul style="list-style-type: none"> <li>• There may be low consumer awareness of the potential benefits of time-varying price plans.</li> <li>• Where plans are available, uptake is limited by switching rates.</li> <li>• Some retailers do not face the true costs of their contribution to peak.</li> </ul> <p>Horizon Networks agrees these issues are worthy of attention.</p>
Q2. Which option do you consider best addresses the issues and promotes the Authority's main objective? Are there other options we have not considered?	<p>Horizon Networks understand the options considered were:</p> <ul style="list-style-type: none"> <li>• [Electricity Authority's preferred solution] A four-part solution consisting of:             <ul style="list-style-type: none"> <li>○ Requiring retailers with more than 5% share to offer TOU plans to all mass-market customers.</li> <li>○ Requiring those retailers to promote their TOU plans.</li> <li>○ A monitoring regime.</li> <li>○ Requiring retailers to be billed based on HHR data (distribution and reconciliation).</li> </ul> </li> <li>• The status-quo.</li> <li>• More prescriptive pricing.</li> <li>• Making TOU plans the default.</li> <li>• Requiring retailers to offer control-based plans.</li> <li>• Pared-back version of the preferred solution.</li> </ul> <p>Horizon Networks supports the requirement for retailers to be billed based on HHR data, or the EDBs estimate where the information is missing, late, inaccurate or incomplete.</p> <p>While HHR data is not essential for TOU billing, it will improve our visibility of HHR consumption and generation so that we can use it to set cost-reflective prices.</p> <p>Horizon Networks considers that consumers will not change behaviour unless they receive the price signal(s). Mandatory retail TOU plans (or other ways that incentivise a response to the EDB price signal in a non-distortionary manner) would best ensure that the pricing signal is received by those who can respond to the signal.</p>
Q3. Should we require retailers to offer a price plan with time-varying prices for both consumption and injection? Why or why not?	<p>Horizon Networks supports the pass-through of price signals. From our perspective, if EDBs are required to set time-varying distribution prices for generation (including rebates during peak periods as proposed under Energy Competition Task Force Initiative 2A), then to get a response, this price signal needs to be passed through to generators.</p> <p>One way of passing the signal through is to offer a plan that has both time varying prices for consumption and injection.</p>

Questions	Comment
Q4. Do you have any feedback on the design requirements?	<p>Horizon Networks notes that retailer offerings can influence consumer behaviour.</p> <p>For example, offering 'free' electricity at 9 pm (not normally a peak period) can generate a new network peak. Price setting is inflexible so cannot promptly respond to changes in the timings of peaks. This drives additional network costs and undermines an EBDs ability to set efficient use-of-system price signals.</p>
Q5. Is there a risk that injection rebates will not be passed through to the consumers targeted? If so, how could we safeguard against this risk?	<p>Yes, there is a real risk of this occurring.</p> <p>Retailers are commercial entities. Without a requirement to pass-through consumption and generation price signals, outcomes will be distorted.</p>
Q6. Which retailers should be captured by the proposal and why?	<p>Horizon Networks supports capturing all retailers, regardless of size.</p> <p>This creates a level playing field for retail competition, where retailers are subject to the same rules and expectations regardless of size.</p> <p>As the Electricity Authority is aware, Horizon Networks' historic incumbent retailer (and still the largest retailer on our network) would not be subject to the requirement to make time-varying price plans available.</p> <p>By only regulating some retailers, there is a real risk of unequal outcomes because a significant number of consumers in some regions will not be offered TOU price options.</p> <p>Additionally, many new entrant retailers have developed service offerings based on a TOU or variable charge model. As a result, the work required to comply with the proposal will be a lot less for these retailers.</p>
Q7. What are your views on the proposed timeframe for implementation of 1 January 2026? Would 1 April 2026 be preferable, and if so why?	<p>Horizon Networks supports the provision of HHR data for all ICPs and ideally would like to receive this information as soon as practicable.</p> <p>However, we question what evidence the Electricity Authority has that retailers can achieve the changes required within the proposed timeframes.</p>
Q8. What are your views on Part 2 of our proposal that would require retailers to promote the time- varying price plans?	<p>The 2024 Horizon Networks consumer survey on TOU pricing found that 27% of respondents were aware of retailers offering TOU pricing.</p> <p>We conclude that consumer awareness of TOU price plans is low, and there would be benefits in increasing consumer awareness.</p> <p>We query if only requiring the promotion of TOU plans would provide a benefit, as it risks 'cherry picking', where consumers who would be better off on TOU are on TOU, and other consumers are on a flat rate. This could result in no visible change to peak periods, which drives network costs.</p> <p>An 'opt-in' approach risks undermining cost-reflective pricing by allowing consumers who are driving higher costs to avoid those costs.</p>
Q9. What should the Authority consider when establishing the approach to and format of the reporting regime?	No comment.

Questions	Comment
Q10. Should the Authority include a sunset provision in the Code, or a review provision? Why?	<p>Yes.</p> <p>The Electricity Authority is in the process of implementing a large number of Code changes, and we support these all having sunset provisions.</p>
Q11. What are your overall views on Part 3 of the proposal?	<p>Horizon Networks supports lowering the regulatory burden on all participants.</p>
Q12. What are your views on Part 4 of our proposal to amend the Code to require that consumers are assigned to time-varying distribution charges, that retailers provide half-hourly data to distributors for settlement	<p>Horizon Networks offers an 'opt-in' approach to TOU pricing. Retailers can access TOU prices where the price signals are being passed through to consumers.</p> <p>We support the scenario where consumers are on a TOU price that includes the EDBs TOU price signals, the ICP is also assigned a TOU price category.</p>
Q13. Do you agree with the objective of the proposed amendment? If not, why not?	<p>Horizon Networks understands that the key objective of the proposed amendment is to improve the incentives for consumers to move their consumption away from, and their injection towards, peak times to help minimise system costs.</p> <p>Horizon Networks supports this objective but queries how the proposed opt-in approach will incentivise consumers to move consumption away from peak times. Where there is a cost to consuming at peak, consumers should receive that price signal so they can respond to it.</p>
Q14. Do you agree the benefits of the proposed amendment outweigh its costs?	<p>The Electricity Authority has not provided sufficient evidence to determine if the benefits outweigh the costs.</p> <p>It is worth noting that EDBs will also incur costs to manage and consume the HHR data, and to consult on and implement mandatory TOU price categories.</p>
Q15. 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.	<p>In light of the objective to "improve the incentives for consumers to move their consumption away from, and their injection towards, peak times to help minimise system costs", Horizon Networks considers that requiring all consumers to be on time-varying TOU plans (where there is an EDB TOU plan available) will better achieve this objective.</p> <p>This risk of the Electricity Authority's preferred option is that only those that already benefit move to TOU plans, and the consumers that are driving network peaks will not face cost-reflective prices.</p> <p>This could result in no visible change to peak periods, which drives network costs.</p>
Q16. Do you have any comments on the drafting of the proposed amendment?	<p>The proposed wording of 12A.4 would override the right of EDBs to estimate, in accordance with Good Electricity Industry Practice, the Trader's Tax Invoice for Distribution Services, if the information provided under clause [00.4] is late, incomplete or incorrect.</p> <p>We understand there can be instances where half-hour metering information provided may be missing a trading period or be late, inaccurate or incomplete.</p> <p>It is essential that EDBs continue to be able to estimate any late, incomplete or inaccurate information, in accordance with Good Electricity Industry Practice regardless of the format it is provided in.</p>

Questions	Comment
	<p><b>Horizon Networks recommends:</b> That proposed clause 12A.4 be amended to allow EDBs to estimate invoices when HHR data is late, inaccurate or incomplete.</p> <p>This could be worded as:</p> <p><b>12A.4 Distributors must use half-hourly data provided to calculate charges</b></p> <p>Except where permitted in a <b>distributor agreement</b>, the <b>distributor</b> must calculate <b>distribution</b> services charges payable by a <b>retailer</b> using any information provided by retailers under clause [00.4].</p>