



Genesis Energy Limited
Level 6
155 Fanshawe Street
PO Box 90477
Victoria St West
Auckland 1142
New Zealand

T. 09 580 2094

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To: The Electricity Authority; The Commerce Commission; The Energy Efficiency and Conservation Authority

Email: distribution.feedback@ea.govt.nz

Genesis supports prioritisation of non-network solutions

Genesis Energy Limited (**Genesis**) welcomes the opportunity to comment on the joint letter by the Electricity Authority (**the Authority**), the Commerce Commission (the Commission), and the Energy Efficiency and Conservation Authority (EECA) on non-network solutions. Electrification is a core part of our strategy. As part of this, Genesis aims to achieve by FY28

- 150 MW of demand-side flexibility in our customer book. Towards that goal, Genesis has over 30,000 customers with solar, and around 18,000 customers with managed hot water.
- Genesis customers comprise 30 percent of the EV market. Genesis currently has more than 14,000 customers on an EV Plan.

We support the shared objective of delivering efficient, least-cost outcomes for consumers through greater utilisation of flexibility and non-network solutions. As both a retailer and a flexibility service provider (FSP), we see significant opportunity to unlock consumer value through price-responsive demand, distributed energy resources (DER), and coordinated market signals. Ultimately, flexibility will only scale if it is simple, trustworthy and value-accretive for customers. Retailers and FSPs are best placed to integrate network, wholesale and consumer preferences into coherent customer offerings. We also see practical and regulatory challenges that will need to be addressed to realise the full potential outlined in the letter.

We welcome continued engagement as regulatory frameworks evolve and would be pleased to participate in further initiatives that help accelerate efficient, consumer-focused flexibility markets. Our comments are structured under the three focus areas outlined in the joint letter.

1. **Considering non-network and network solutions on an equal footing:** We strongly support the expectation that distributors assess non-network and

traditional reinforcement options on a consistent, transparent and comparable basis. To enable this in practice:

- Electricity distribution businesses (EDBs) should provide signals of emerging constraints (location, scale, timeframe etc.) as early as possible to enable FSPs time to engage.
- Evaluation methodologies should be standardised and transparent across EDBs.
- Incentive settings should remain genuinely neutral between Opex and Capex solutions.

We require sufficient lead time and clarity to invest in customer acquisition, technology deployment and product development. Consistency and early signalling will be critical for us to invest further in our flexibility programme.

2. **Pricing as an enabler of flexibility:** We strongly support the direction toward price-responsive flexibility rather than direct network control over demand-side flexibility. As a retailer, we are the primary interface with consumers, we see pricing reform as foundational to unlocking scalable flexibility. However, distribution price signals must be stable and predictable over time, and any changes should be signalled well in advance to allow product redesign. Frequent structural changes create product complexity and consumer confusion.

We note the Electricity Networks Association (ENA) is currently developing a Load Management Protocol (LMP). As the LMP is intended to establish a default common protocol for use by electricity distribution companies when determining how they will manage demand-side flexibility on their networks, it is an important document for establishing the framework under which flexibility markets will develop in New Zealand. Genesis has provided feedback to the ENA on the LMP. We strongly encourage the Electricity Authority, the Commerce Commission, and EECA to engage with the ENA to ensure the LMP is aligned to broader government policy and regulatory settings.

We note Ara Ake's recent state-of-play report on Aotearoa New Zealand's flexibility market emphasized the need to develop the "markets and systems" to unlock the significant value flexibility can create for New Zealand. As noted in the report, commercial viability remains the primary barrier to scaling up flexibility and the mechanisms incentivising flexibility remain "immature and incomplete". Investing in flexibility platforms and technology is expensive, time-consuming, and risky. Hence, unlocking flexibility's potential will require market settings that give FSPs confidence they will be able to commercialise flexibility offerings.

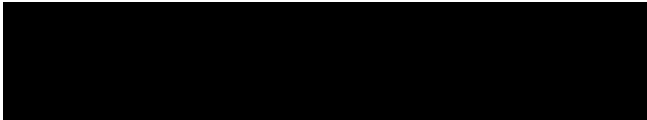
3. **Engaging with the market:** We support the focus on standardised procurement processes and note the emergence of platforms like Local Flex which aims to assist in this area – we are actively working with Local Flex on this.

- Enabling automation and interoperability: Genesis supports the letter's call to signal and support the use of open communication protocols. From our perspective, this is essential to the success of flexibility at scale. Success will depend on selecting the best implementation mechanism. In our view, open protocols and interoperability in general need to be focused northbound of the FSP only i.e. communication between FSP and distributor/System Operator. This has recently been discussed at length among retailers, FSP's, electricity distributors, and EECA, and it is our understanding that there is an emerging consensus that regulating open protocols at the device level would be counterproductive at present. Moreover, regulating hardware is not necessary to achieve the desired policy outcome of enabling automation and interoperability. As we noted in our submission to MBIE on its consultation document titled *Proposals to support the uptake of smart electric vehicle charging*, the key enabler for interoperability is not hardware but software technology which enables remote control and optimisation of demand-side flexibility tech (such as EV chargers) regardless of device type. We would strongly support a push toward standardisation at this northbound level while leaving product choice as open as possible for the end consumer. As an FSP and Retailer we will develop integrations for products that are well utilised by consumers adopting the necessary protocols widely used internationally. We encourage and support national alignment on communication standards Northbound of the FSP. However, we do not support proprietary distributor-specific integration requirements. We also oppose regulation of open protocols (specifically OpenADR and IEEE2030.5) applied to the end device.
- Transparency and price discovery: We are supportive of publishing indicative costs/values aimed at contributing toward flexibility price discovery. Cost/Value of NNS is a missing piece of the puzzle from our perspective. We understand that initial indications may be proven incorrect over time but in this example, providing some information would likely be better than nothing.
- Clear separation where distributors participate in flexibility markets: We agree that distributor in-house solutions should be demonstrably efficient and assessed transparently. Any conflicts of interest (real or perceived) could materially impact investment decisions in our flexibility programme. For New Zealand to realise the benefits of flexibility, it will be critical to allow competition on a level-playing field for procurement of non-network solutions by electricity distribution businesses. To give FSPs or other third-parties confidence, there is an ongoing role for regulators to ensure procurement of NNS is demonstrably even-handed and transparent (as is reflected in Part 6A of the Electricity Participation Code).
- Consumer value and simplicity: Ultimately, flexibility will scale only if it is simple, trustworthy and value-accretive for customers. Retailers and FSPs

are best placed to integrate network, wholesale and consumer preferences into coherent offerings. Regulatory settings should:

- Avoid duplicative compliance requirements.
- Support Northbound data portability.
- Enable bundled energy, DER and flexibility propositions.

Yours sincerely,



Mitchell Trezona-Lecomte

Senior Advisor, Government Relations and Regulatory Affairs