

24 March 2026



Electricity Authority

**By email:** [distribution.feedback@ea.govt.nz](mailto:distribution.feedback@ea.govt.nz)

Tenā Koutou

## **Re: Response to joint letter to distributors on non-network solutions**

Waipā Networks refers to the joint letter from the Commerce Commission, Electricity Authority and EECA on non-network solutions (NNS). We agree that NNS should be considered alongside traditional network investment wherever they can improve long-term consumer outcomes at acceptable cost and risk.

Our perspective is shaped by the characteristics of our network and customer base. Waipā is a consumer-owned electricity distribution business serving around 29,000 customer connections – providing power to ~60,000 people across a mixed urban, rural and semi-rural area. Our network continues to rely on controlled load to manage peak demand efficiently, and we are progressively improving pricing and operational capability to support a broader range of flexible demand over time.

The key point for us is that the transition to greater use of NNS needs to be practical, proportionate and grounded in local network conditions. The objective should not be NNS for its own sake. The objective should be least-cost, reliable and scalable outcomes for consumers.

### **1. Core position**

Waipā Networks supports a planning framework in which network and non-network options are assessed on a comparable basis. That comparison needs to reflect, not only direct cost, but also deliverability, operational predictability, timing, reliability and the consequences of non-delivery.

In practice, the most suitable solution will vary by location and by constraint. On some parts of our network, targeted flexibility or other non-network solutions may defer or avoid conventional reinforcement. In other areas, particularly where constraints are highly localised, seasonal, or operationally sensitive, traditional reinforcement will remain the prudent and lowest-risk option.

### **2. Network planning and investment decisions**

We agree that NNS should be considered early in network planning not only at the point where reinforcement is already urgent. Earlier identification gives NNS a genuine opportunity to be developed, tested and contracted where they are credible.

At the same time, investment frameworks need to recognise that risk is not symmetric. A conventional network reinforcement is generally more controllable and certain once committed. A third-party flexibility service can be valuable, but its performance, uptake and persistence are often less certain.

Those differences should be explicitly recognised in cost-benefit assessment and in regulatory expectations.

For Waipā, NNS are most likely to be effective where demand growth is uncertain, where the alternative network investment is lumpy or step-change in nature, and where relatively short peak-duration support can materially improve asset utilisation. They are less likely to be an effective substitute where the constraint is immediate, highly localised, or requires firm and repeatable response under stressed network conditions.

Waipā is already applying this type of thinking in practice. Our planning for the Te Awamutu area uses a hybrid architecture that combines traditional network investment with NNS. That approach includes a subtransmission link from the new Hautapu Forrest Road substation in Cambridge to Te Awamutu, supported by purposefully positioned NNS such as battery and solar to improve resilience and reduce the need for additional large-scale infrastructure. On current forecasts, this approach is expected to avoid approximately \$25 million of otherwise required capital investment.

### 3. Pricing, controlled load and the transition to broader flexibility

We agree that pricing is a critical long-term enabler of flexibility. Over time, stronger and more cost-reflective price signals should help shift demand, support automation and improve network utilisation.

However, the effectiveness of price signals depends on how they are transmitted to end consumers. Waipā introduced time-of-use pricing early, but in our experience network-level signals have not consistently flowed through retailer products in a way that changes behaviour at scale. This is an important practical issue. The success of a more flexible system will depend not only on distributor pricing design, but also on retailer pass-through, product innovation, consumer engagement and automation capability.

Controlled load continues to provide clear value on our network. It is reliable, understood, operationally proven and has delivered tangible benefits for both the system and consumers. We therefore support a measured transition in which controlled load remains part of the solution while broader price-responsive and technology-enabled flexibility matures.

We caution against assuming that directly controlled load can be quickly replaced by market-based flexibility in all parts of New Zealand. For many provincial and rural networks, a staged transition will be important to avoid higher costs, weaker reliability outcomes, or both.

#### 4. Market development and procurement

Waipā supports further development of flexibility markets, but those markets are still emerging and participation remains uneven across regions. Regulatory settings should therefore support market development without assuming a mature, deep and readily contestable market already exists in every location.

We support greater consistency in the way flexibility services are described, evaluated and, where appropriate, procured. In our view, the most useful priority is shared guidance, common evaluation methods, standard product definitions and practical templates that lower transaction costs for both distributors and providers. That would improve comparability and make it easier for smaller distributors to participate effectively without imposing unnecessary process burden.

We also support continued work on open communication protocols and interoperability. The absence of common standards increases integration cost and complexity, and it slows market development.

Where a distributor uses an in-house solution, transparent justification should be provided. That assessment should also acknowledge cases where there is no credible market alternative, or where the operational certainty of a proven in-house approach provides better long-term value for consumers.

#### 5. What would help from here

The most useful next steps from our perspective are:

- Guidance on how reliability, controllability, deliverability and timing should be reflected in NNS option assessment;
- support from the agencies to ensure that retailers pass price signals through to customers
- greater alignment across agencies on common product definitions, communications standards and disclosure expectations;
- practical shared tools and templates that reduce duplication and lower the cost of participation for smaller networks and providers; and
- ongoing engagement with distributors on where NNS are working in practice, and where network characteristics limit their immediate application.

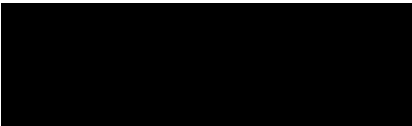
#### 6. Conclusion

Waipā Networks sees value in non-network solutions and expects them to play a larger role over time. Our position is that their uptake should be driven by evidence, local network need and consumer benefit.

We support a practical and technology-neutral approach: compare options properly, use NNS where they are efficient and dependable, retain proven tools where they continue to deliver value, and keep the focus on affordability, reliability and enablement of growth.

We would be pleased to continue engaging with the Commerce Commission, Electricity Authority and EECA on how those principles can be reflected and implemented as sector wide guidance going forward.

Naku iti nei, nā



Thomas Bromfield  
Acting Chief Executive