

21 November 2025

Submissions  
Electricity Authority

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**Nova Energy's submission to the Electricity Authority's consultation paper: Requiring the use of half-hourly data for reconciliation**

Nova Energy (Nova) welcomes the opportunity to comment on the Electricity Authority's (the authority) consultation on the use of half-hourly data for reconciliation. We support the intent to improve settlement accuracy; however, Nova is not convinced that the Authority's preferred approach will deliver net benefits for consumers or the industry.

In Nova's view, the proposal relies on assumptions about demand-side flexibility and consumer responsiveness that are not strongly supported by empirical evidence. International and domestic experience shows that granular data alone does not drive meaningful behaviour change without complementary reforms—particularly cost-reflective network pricing and well-designed consumer engagement.

We are also concerned that the scale, cost, and complexity of implementation have been underestimated. Overseas programmes demonstrate that transitions of this nature are challenging, frequently delayed, and require careful phasing. The proposed wash-up timetable further heightens operational and financial risk for retailers, networks, and the Reconciliation Manager.

In addition, the proposal risks creating competitive distortions during transition. Traders able to implement disaggregated half-hourly submission early may obtain cost advantages unrelated to efficiency, while others may face disproportionate barriers due to metering or system constraints. This could reduce retailer choice for some consumers and exacerbate regional inequities.

Nova's further responses to the specific questions can be found below. We appreciate the Authority's consideration of this submission and is available to discuss any of the points raised.

Yours sincerely

**Tamiris Robinson**

Regulatory Advisor

**Nova Energy**

## Nova submission: Requiring the use of half-hourly data for reconciliation

Questions	Comments
Q1. Do you agree the issue identified by the Authority is worthy of attention?	<p>Nova agrees with that Authority that there is a genuine issue relating to the increasing cost pressures on electricity infrastructure investment. However, we do not agree with the underlying assumption that providing consumers with more granular information will, on its own, meaningfully promote efficient infrastructure investment.</p> <p>In Nova's view, real efficiency gains require co-ordinated changes across both retail and network pricing structures. Without complementary reforms to distribution pricing signals, the benefits of half-hourly reconciliation will not flow through to consumers in a meaningful or consistent way.</p> <p>Additionally, meaningful demand-side flexibility requires:</p> <ul style="list-style-type: none"><li>• targeted customer communication and education;</li><li>• increased marketing expenditure to improve consumer understanding of variable pricing; and</li><li>• clear, consistent signals from distributors.</li></ul> <p>Studies show that most households do not respond significantly to time-varying pricing without broader enabling conditions. For example, a 2025 Danish study finds only about one-third of households show meaningful responsiveness.<sup>1</sup></p> <p>This supports Nova's view that network pricing reform and consumer education are essential for realising the benefits the Authority anticipates.</p>
Q2. Do you agree with the objective of the Code amendment proposal? If not, why not?	<p>Agree that changes to the Code may be required if the Authority proceeds with its proposal. Nova disagrees with elements of the proposed timeline—specifically the shift from a 7-month revision to a 5-month revision and the removal of the 3-month wash-up.</p>

<sup>1</sup> Andersen & Dietrich (2025), *Price Response in Residential Electricity Demand: Evidence from Danish Smart Meter Data*.

	<p>Both networks and traders rely heavily on the 3-month revision to wash up material volumes, particularly where:</p> <ul style="list-style-type: none"> <li>• metering equipment providers (MEPs) deliver backdated data;</li> <li>• read attainment in the first month is incomplete; and</li> <li>• large traders carry higher volumes of ICPs and therefore greater exposure to late-arriving data.</li> </ul> <p>Removing the 3-month revision would result in ICPs not being washed up until month 5, creating avoidable uncertainty for both traders and networks. The combination of delayed wash-ups, backdated data, and increasingly stringent read attainment targets creates a material operational risk for participants.</p> <p>If proposed amendments to the code on the washup revision process are made, we would propose that given the 1 month washup process mainly accounts for the resubmitting of the RPS profile shape, the 1 month washup submission would have reduced importance for retailers and networks, therefore we would suggest the 1 month revision is removed; the 3 month washup revision is kept and support the code change of bringing forward the 14-month revision to the 13-month revision to align more closely with networks for added efficiency.</p> <p>We would also disagree with the proposed code changes in part 15 in the reporting to the Reconciliation Manager in bringing forward the requirements to report from the 4<sup>th</sup> business day to the 3<sup>rd</sup> business day. Removing a business day for the retailer proposes challenges and issues around accuracy and validation of data, as well as the relevant legal requirements for retailers to bill customers. This would add additional complexities and upfront costs to the retailer that we believe has not had consideration in the proposal. Therefore, we would propose that instead of adding additional development costs to the numerous retailers required to make changes to their systems as well as operational costs to human resources to account for the truncated time for processes, that this would be simplified in allowing the RM system to account for the additional volume instead and keeping the current status quo for section 15.</p> <p>Overseas settlement reform programmes consistently note challenges with data delays and system transition. The UK's MHHS programme recognises risks around participant readiness and backdated reads<sup>2</sup>, and Ofgem's implementation principles highlight the need for adequate transition time<sup>3</sup>.</p>
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<sup>2</sup> UK Parliament (2024), *Smart Meter Rollout – Government Response*.

<sup>3</sup> Ofgem (2021), *Market-Wide Half-Hourly Settlement: Implementation Principles*.

<p>Q3. Do you agree with the Authority's 'minimum change' implementation approach?</p>	<p>We agree that most traders are likely to directly submit their own disaggregated half-hourly data, primarily because traders need confidence in the validation and completeness of MEP-provided data.</p> <p>However, we only support the Authority's approach as an interim step should the proposal proceed. A phased or transitional approach would reduce the risk of implementation issues and ensure a more orderly shift to full HHR submission.</p> <p>Strong consideration needs to be made towards the obligations retailers hold when accounting for data. A delegation in the responsibility of whom would be submitting data from retailers to MEPs would shift the accountability onto the MEP. Where the case of MEPs submitting data to the Reconciliation manager, this would open the MEPs and the reconciliation manager in turn to obligations under relevant statutory regulations in the Consumer Guarantees Act 1993 (CGA), Fair Trading Act 1986, the Privacy Act 2020 and so on that retailers adhere to under law. This would require significant fundamental changes in the onus of the obligations presented to retailers currently if this proposed solution were to go ahead. We believe that because of this, efficiency gains would not be able to be realised unless these changes in responsibility in obligations and accountability were additionally made. Unless the responsibility for the quality of metering data was shifted from retailers then no expected efficiency gains will be realised from the proposed changes as retailers would still have to continue to validate all metering data and estimates used for customer billing purposes. It is not clear from the consultation paper that the full implications of the proposed changes and the potential for further future change have been considered.</p>
<p>Q4. Do you agree the Authority has correctly identified the benefits and costs of the proposed amendment?</p>	<p>No. We consider the Authority has not fully accounted for several key cost drivers and operational complexities, particularly those arising from MEP delivery timing, backdated data flows, and edge cases where data completeness is inconsistent. These operational edge cases can materially affect industry cost and risk profile, yet they are not sufficiently acknowledged in the cost-benefit analysis.</p> <p>We would suggest that the EA implement a working technical group to work through situations with all retailers to appropriately consider all complexities that arise in submitting validated HHR data to make sure that the proposed process adequately deals with these in an efficient and effective manner. Examples include::</p> <ul style="list-style-type: none"> <li>• when there are outage issues where MEPs cannot provide HHR reads to retailers</li> <li>• when a meter has been bridged, a residual profile is typically applied in the interim.</li> <li>• in the case of commercial and industrial TOU sites, estimation of consumption for billing and</li> </ul>

	<ul style="list-style-type: none"> <li>reconciliation <ul style="list-style-type: none"> <li>when sites have meter upgrades and downgrades resulting in profile changes.</li> </ul> </li> </ul> <p>These scenarios create additional complexity where more consultation with retailers would be useful to make sure that they are dealt with effectively. We are happy to discuss more specific examples if needed.</p> <p>Overseas, settlement reform programmes have shown high ongoing costs associated with managing late metering data and backdated reads. The MHHS Governance Framework emphasises extensive governance for data quality, reflecting the scale of these challenges<sup>4</sup>.</p>
Q5. Do you agree the benefits of the proposed amendment outweigh its costs?	<p>Not at this stage on the evidence currently available.</p> <p>There is insufficient empirical evidence to demonstrate that the proposed change will deliver net benefits. While half-hourly reconciliation has theoretical efficiency advantages, evidence of material demand-side response is mixed. New Zealand evidence similarly indicates that network pricing, rather than settlement granularity, is the primary driver of efficient consumption behaviour<sup>5</sup>. At the same time, the proposal carries significant and potentially underestimated implementation costs, including system redevelopment, increased data-handling complexity, and heightened exception management. Overseas settlement reform experience, such as the UK smart meter and MHHS programmes, demonstrates that large-scale data and settlement transitions frequently face delays and higher-than-expected costs<sup>6</sup>.</p> <p>We also note that the second alternative option (aggregated half-hourly submission) appears to meaningfully reduce implementation cost and complexity for the reconciliation manager, while still capturing a substantial portion of the intended accuracy benefits. This option would provide a more proportionate first step and reduce transitional burden on participants.</p> <p>Lastly, in Nova's view, the Authority's preferred option may unintentionally distort competition during the transition. Traders constrained by MEP performance, communications quality, or internal system capability could be disadvantaged. This creates a risk that:</p>

<sup>4</sup> MHHS Programme (2021), Governance Framework.

<sup>5</sup> UK Parliament (2024), *Smart Meter Rollout – Government Response*.

<sup>6</sup> Parliamentary Commissioner for the Environment (2019–2022), *Reports on Electricity Pricing & Electrification*.

	<ul style="list-style-type: none"> <li>• traders decline ICPs with poor metering histories or inconsistent AML read quality;</li> <li>• customers in certain geographical areas may face reduced retailer choice;</li> <li>• traders avoid operating in regions known for weak metering communications;</li> <li>• early movers gain competitive advantage unrelated to service quality or efficiency.</li> </ul> <p>In addition, customers that are not able to shift their demand to take advantage of lower prices in non-peak demand periods, would not benefit from the proposal and maybe disadvantaged as a result.. More affluent customers who can afford new technologies and energy storage options in turn are more likely to benefit relative to less able customers that cannot change their demand profile or afford the technologies that can assist them.</p> <p>These potential competitive impacts, combined with the uncertainties around cost and the limited behavioural evidence base, require careful assessment before concluding that the benefits outweigh the costs.</p>
Q6. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option by reference to the Authority's statutory objective in section 15 of the Electricity Industry Act 2010	<p>Nova favours the second alternative (aggregated half-hourly submission). Based on international evidence and the Authority's own cost assumptions, the second option delivers most accuracy benefits while reducing implementation cost and complexity. This aligns better with the statutory objective to promote efficient operation and competition for the long-term benefit of consumers.</p> <p>As noted above, so long as retailers have the primary responsibility for the integrity, quality and accuracy of metering information for billing purposes and according to consumer laws and regulations then the cost savings and efficiency benefits of ICP related data being submitted to a centralised Reconciliation agent are likely to be limited beyond those identified re encouraging price responsiveness.</p>
Q7. Do you agree the proposed amendment complies with sections 17(1) and 32(1) of the Electricity Industry Act 2010?	

Q8. Do you have any comments on the drafting of the proposed Code amendments?

Nova would welcome further engagement on operational drafting to ensure the Code reflects the realities of participant system constraints and metering data quality.