



12 FEBRUARY – 26 MARCH 2025

New ways to empower electricity consumers

We'd like to give you more control over your power use and costs. Here's what you need to know about our proposed rule changes, and how to have your say.



We want to change some of the electricity industry rules to give people on standard power plans (individuals and businesses) more control over their power use and costs. The new rules would:

- make sure all power companies of a certain size offer a pricing plan that gives you cheaper rates for off-peak electricity
- make sure power companies pay people who sell power to the network from solar systems a fair price that reflects the true value of that power to the local network.

These changes would encourage more households and business owners to move their power use away from peak times. They also encourage people with solar systems to sell power into the network when demand – and the price they get – is highest.

This benefits all New Zealanders over time, because less demand on the electricity system leads to lower lines costs, which we all pay through our power bills.

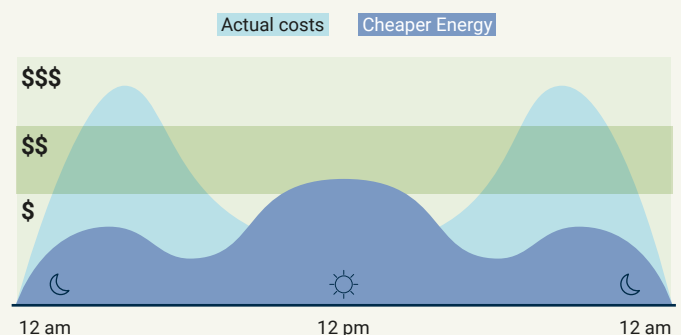
The information below explains our proposed changes and how you share your feedback to help us decide on rule changes.

We developed these proposed changes under the Energy Competition Task Force. The Electricity Authority and Commerce Commission set up the Task Force to improve the electricity market for all New Zealanders.

Visit ea.govt.nz/taskforce for more information.



Above: Power prices are lowest when demand is lowest (off-peak) but most people pay a higher fixed rate for the power they use.



Above: People on time-of-use plans use more power when it's cheaper (off-peak) and less when it's expensive.

Proposed new rule: All large power companies must offer their customers at least one time-of-use plan

Our proposed new rule would apply to the biggest power companies who sell power to 83% of all households and businesses.

In October 2024, we surveyed power companies and found that:

- none of the six largest power companies currently provide a time-of-use plan to all customers
- some of these power companies do provide time-of-use plans to some customers, usually electric vehicle owners
- some power companies have said they plan on offering time-of-use plans in the future.

What is a time-of-use plan?

Power prices are most expensive when demand is high (peak), and cheapest when demand is low (off-peak), but most people pay a fixed rate for power (fixed costs in the picture above).

Time-of-use pricing plans offer cheaper power at off-peak times, and more expensive power at peak times. This means you can save money by using more power when it's cheap, and less when it's more expensive.

The peak times are typically on weekday mornings when everyone's getting ready for the day (7–10am) and evenings when everyone's cooking dinner and running heaters (5–9pm). Off-peak times are usually overnight, in the middle of the day or on weekends.

Power is cheaper off-peak because it's easier and cheaper to generate enough power to meet the lower demand at these times.

How much could I save with a time-of-use power plan?

If you're careful about when you use the most power, you can reduce your power bills by about 20%. But if you don't change your habits, you could end up paying more than you would on a fixed-rate plan.

Are time-of-use plans good for everyone?

If you use a lot of electricity for things like for charging an electric vehicle – and you can run these during off-peak hours – you could save a lot.

If you can't change your electricity habits, a time-of-use plan is unlikely to save you money.

Proposed new rule: All large power companies must offer at least one 'time-varying' rate for power they buy from people with solar systems

Our proposed new rule would apply to all large power companies who sell power to 83% of all households and businesses.

What's a 'time-varying buy-back' rate?

Power companies already pay people when they supply power to the network through their rooftop solar systems. Most power companies offer a 'fixed buy-back' rate, no matter how valuable (or not) the power is when it's supplied. 'Time-varying buy-back' rates ensure the amount paid reflects the value of the power when it's supplied. Only a few smaller companies offer a 'time-varying buy-back' rate.

Our proposal would more fairly reward consumers who have rooftop solar and batteries and encourage more people to make that investment. It would also reduce power bills for everyone over time as it lowers the costs of providing power at peak times.

How we propose power companies promote these plans

Under our proposed rule changes, power companies would have to promote their plans to their customers in three ways:

1. show time-of-use and 'time-varying buy-back' plans on their website
2. include the plans on our consumer switching website (currently Powerswitch)
3. proactively offer time-of-use and 'time-varying buy-back' plans to the customers likely to benefit.



Proposed new rule: Lines companies must pay a rebate when people supply power when it's needed

People with rooftop solar and battery systems can supply power to the local electricity network. This can reduce demand on the network, which lowers the lines costs we all pay for through our power bills. This proposed new rule may encourage more people to invest in rooftop solar and batteries.

The rebate would:

- only apply when people supply power at peak times and where it saves lines companies money
- go to power companies who pass savings onto those who supplied the power (through the proposed time-varying buy back rates – see page 4).

We're considering three options for how lines companies set the rebate:

1. Lines companies follow principles when deciding the rebate. This option has less strict rules but would enable lines companies to design the rebates to match the value the power from solar brings to the local network, considering local conditions.
2. All lines companies use one formula. This option gives lines companies clearer rules to follow but does not allow them to match their rebate to the value the power from solar brings to the local network.
3. Each lines company links the rebate to the rates they charge for power use. This option is easier to implement but does not enable them to match their rebate to the value the power from solar brings to the local network. This is because power use rates aren't always an accurate measure of the cost of power at particular times.

Key points

- Each local power network has different levels of demand (total power used in an area) and capacity (how much 'space' there is on the network) – and these both change with time.
- We think the rules should be flexible enough so the rebate reflects the local levels of demand and capacity – and be able to change.
- This would mean only people who supply power when it's needed would receive the rebate.

I have solar panels on my house but no battery. Would I get a rebate?

The rebate is for power supplied at peak times (mornings and evenings), so if you don't have batteries, it's unlikely you will be able to supply power at peak times. This is because batteries store solar energy from the middle of the day so you can supply it at peak times.

How much is the rebate?

The rebate is not yet decided, but our proposed new rule would make lines companies and power companies pay a rate that reflects the value of the power you sell from your solar system. We would like your feedback on the three options for deciding how lines companies decide the rebate.

Will this push up prices for people without rooftop solar?

We expect any short-term price rise would be negligible (1 cent/month), but everyone would benefit from cheaper power bills over the long term.

How to provide feedback

You can provide feedback by downloading and completing the survey at the end of this guide. Printed responses can be sent to us via post, and digitally completed or scanned responses can be sent to us via email. You can also talk to our team to provide feedback over the phone.

Feedback is due by 5pm, 26 March 2025.



taskforce@ea.govt.nz



Electricity Authority, PO Box 10041, Wellington 6143



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For more information visit ea.govt.nz/taskforce.

Publishing feedback

We will publish all survey responses on our website alongside your name and organisation (if this applies) but we won't publish your contact details. If you think we should not publish any part of your feedback, please let us know what parts and why.

Feedback form

This survey is for individuals and business electricity users or organisations giving feedback on behalf of consumer groups. You can answer some or all of the questions in the form below.

We encourage industry participants to provide written feedback via the submission form in the consultation papers. Visit ea.govt.nz/controlyourpower for details.

** = Response required*

Name:*

Firstname

Lastname

Organisation (if you are providing feedback on behalf of an organisation):

Terms and Conditions:

We will publish your name and organisation (if this applies), but not your contact details. If you think we should not publish any part of your survey response, please tell us which part shouldn't be published and why.

Please note, all survey responses, including parts you've asked not to be published, can be requested under the Official Information Act 1982. This means we would be required to release all surveys in full, unless there was a good reason under the Act to withhold it. We would consult with you if this meant releasing information you asked not to be published.

☐ I understand*

Do you agree more power companies should be required to offer time-of-use pricing?

☐ Yes ☐ No

Why, why not?

r power. Customer gets cheaper energy bills. Less demand on the grid. Can put technology like GridSmart to full use and optimise their use of cheaper energy further. In lieu of TOU tariffs, plans where retailer/EDB give discounts for controlled devices (without impacting customers) should be rewarded as it builds more flexibility and resilience.

Do you agree more power companies should be required to offer a 'time-varying buy-back' rate?

☐ Yes ☐ No

Why, why not?

Incentivises customers to get solar & batteries. Speeds up their ROI due to better rates. Provides increase in DER available to Retailers. Consider rewarding customers for actively cutting demand as well.

Do you agree only large power companies should be required to offer time-of-use pricing?

☐ Yes ☐ No

Why, why not?

Incentivises customers to get solar & batteries. Speeds up their ROI due to better rates. Provides increase in DER available to Retailers. Consider rewarding customers for actively cutting demand as well.

Do you agree only large power companies should be required to offer a 'time-varying buy-back' rate?

☐ Yes ☐ No

Why, why not?

Do you agree these power companies should be required to promote both the pricing plan and 'time-varying buy-back' rates to their customers?

☐ Yes ☐ No

Why, why not?

The retailers have a direct relationship with their customer, and their responsibility is to provide those customers with the best product and services possible. Time of Use and Time varying buy back rates (in many cases) would be the best option for customers. It will save them money on energy bills, not to mention contribute to a more stable energy system and drive NZ's 2050 Net Zero target. Having time varied buy back rates will help us avoid the problem of surplus energy at the wrong times, like what we have seen in Western Australia. Raising awareness of this is key to customer adoption.

Do you think the proposed ways of promoting them would work?

We're proposing that power companies would be required to:

- show time-of-use and 'time-varying buy-back' plans on their website
- include the plans on our consumer switching website (currently Powerswitch)
- proactively offer time-of-use and 'time-varying buy-back' plans to the customers likely to benefit.

☐ Yes ☐ No

If not, what else could they do?

But the above would be the baseline. Would expect also; robust marketing campaigns that include the full spectrum of relevant media channels, customer feedback/research, reporting back to EA

Do you agree all lines companies should be required to pay a rebate when consumers supply power when it's needed?

☐ Yes ☐ No

Why, why not?

The additional DER for EDB's is helpful to them, as they manage an increasing load on their network (double by 2050)

Do you agree that rules for this rebate should be a set of principles lines companies must follow, rather than stricter regulation?

☐ Yes ☐ No

Why, why not?

Do you have any other comments on our proposed rule changes?

As the producer of Gridsmart which is a technology to optimise the heating of a customers water in an electrical Hot water cylinder, we are all about providing access to the retailer/EDB of that additional Demand flexibility. This type of technology works best with customers who are on Time of Use tariffs and accelerates the benefits for the customer, the retailer and in the long term the EDB and a carbon net zero New Zealand. Rinnai NZ also fully supports Rinnai NZ also fully supports the incentive for customers to adopt solar and battery. We are pleased that the battery is identified as a key element to this. If both the EDB and Retailer is paying market rates for self-generation, it starts to become a holistic system that meets NZs fast increasing demand.

Publishing feedback

We will publish all survey responses on our website alongside your name and organisation (if applicable). If you think we shouldn't publish any part of your survey response, please let us know what parts and why in the box below. Please note, all survey response can be requested under the Official Information Act. This means we would be required to release survey responses in full, unless there was a good reason under the Act to withhold it.

Submitting your form

Direct all submitted forms to Electricity Authority, PO Box 10041, Wellington 6143 or taskforce@ea.govt.nz

