**From:** Gavin Hodder [redacted]
**Sent:** Thursday, 4 June 2026 1:55 pm
**To:** Distribution Pricing <Distribution.Pricing@ea.govt.nz>
**Cc:** Garrick Jones [redacted]
**Subject:** RE: Distributed generation pricing principles: cross-submissions now published

> You don't often get email from [redacted]

Thankyou for keeping in touch.

I did not follow through on a submission as the body of work "distribution generation pricing principles" was largely outside of our ability to contribute in a meaningful way.

We have a 110 KW solar system at our factory consuming about 80% ourselves and the balance going to the grid and our wider partner community.

We also draw on the grid for peak load needs from Green energy sources.

My concern is that the whole electrical supply structure seems outdated and not reflective of newer technologies and built upon historic concepts..

Further the whole system from Transpower via Lines companies (both are monopolies) and generators (limited in number) does not deliver an economic model for supply.

On examining user accounts the majority of the cost is not consumption its standing charges.....and that's where the challenge lies.

The ROI model used and legislated for lines companies does NOT encourage improved customer service or efficient capital deployment.The $5 billion in assets held in Transpower delivering a $100 million government return and presumably cost recovery elsewhere again does not guarantee the best or most efficient distribution system. The incentives are screwed even if COMCOM signs off on pricing mechanisms.

Regional supply integrity/resilience has opportunities not deployed.

Thank you

Gavin Hodder

Gavin Hodder
Founding Director
**SAITO NEW ZEALAND LIMITED**
[redacted]

**From:** Garrick Jones [redacted]
**Sent:** Friday, 5 June 2026 9:05 am
**To:** Gavin Hodder [redacted]; Distribution Pricing <Distribution.Pricing@ea.govt.nz>
**Subject:** RE: Distributed generation pricing principles: cross-submissions now published

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> important

Hi guys,

Thanks Gavin for looping me into this.

While we didn't make a formal submission within the timeframe, I'd still like to expand on the feedback that Gavin has given. Especially since low cost electricity is the backbone of industry in any country and NZ is sorely lacking this at the moment.

From us as a commercial user operating distributed generation we can see that current "distribution generation pricing principles" are pushing people not to invest in what NZ needs – more local electricity production. Our background is that we run a ~110 kW solar installation on-site, consuming approximately 80% internally and exporting the balance. We also rely on grid supply back up mostly for morning demand where in winter we are running manufacturing before the sun rises.

From that position, there are a few consistent issues with the current pricing structure:

**1. Pricing signals are not aligned with efficient behaviour**
A large proportion of network costs are recovered through fixed/standing charges rather than usage-based pricing. This weakens incentives for businesses like ours to:

- reduce peak demand
- invest in on-site generation
- optimise load profiles

**2. Limited recognition of distributed generation value**
Behind-the-meter generation reduces load on the network, particularly during daylight hours, yet the financial signals do not clearly reflect the benefits of:

- avoided network investment
- reduced peak loading in certain regions
- increased local resilience

**3. Risk of inefficient system outcomes**
The current structure appears to create unintended behaviour:

- reduced payback for small and medium-scale solar- the incentive then is to either oversize and go off-grid, or remain fully dependent on the grid
- limit the uptake of systems that could otherwise contribute to regional resilience – like more micro girds.

**4. Network pricing and investment incentives**
As Gavin has said from a user perspective, both from ours & many business we talk to both in the business chamber & EMA, there is concern that existing regulatory frameworks for lines businesses emphasise capital recovery over service/cost optimisation. There is limited visibility that pricing structures are actively encouraging:

- efficient capital deployment
- demand-side participation

- distributed solutions that reduce long-term system cost

**Practical direction (from an end-user perspective):**

We would like to see pricing frameworks that:

- increase the proportion of cost recovered through demand/time-of-use signals rather than fixed charges
- recognise and reward export during peak and constrained periods
- provide clearer, stable pricing signals for investment in distributed generation
- better align incentives between network operators and end users

We understand the complexity of balancing cost recovery, fairness, and efficiency across the system. However, from a commercial user's perspective, current pricing does not appear to fully support investment in distributed generation that reduces overall system cost and improves resilience.

If helpful, I'm happy to provide more details on what specific changes would support business like ours.

Garrick Jones
Site Operations & Compliance Manager
**SAITO LABELS LIMITED**
[redacted]