

29 July 2026

Future Security and Resilience Team  
Electricity Authority  
By email: [fsr@ea.govt.nz](mailto:fsr@ea.govt.nz)

Tēnā koe,

## Powerco Supports the Authority's DSO Roadmap

We welcome the opportunity to provide feedback on the Electricity Authority (**Authority**)'s Distribution System Operator (**DSO**) roadmap. Powerco is one of Aotearoa's largest gas and electricity distributors, with its energy networks providing essential services to over 1 million kiwi. We see the Authority's roadmap as an important step toward ensuring Aotearoa's electricity system effectively responds to the energy trilemma in a changing energy environment.

Powerco is committed to playing its part in optimally addressing the trilemma for the benefit of customers and Aotearoa, and we believe our strategic goal of transforming into, and operating as a DSO by 1 April 2030, is one way to support this. Given the scale and pace of the change required, Powerco strongly supports regulatory settings that clearly signal what the desired future state is whilst enabling distributors to innovate. Powerco supports the Authority's DSO Roadmap, the expectations it sets, and the importance it places on moving with pace and at scale to develop one or more DSOs in Aotearoa.

### The roadmap aligns with Powerco's DSO transformation programme

Powerco supports the Authority's establishment of a DSO roadmap and broadly agrees with the direction it sets, including favouring the "hybrid" operating model.

Our recent Innovation and Non-traditional Solutions Allowance (**INTSA**) application<sup>1</sup> to the Commerce Commission seeks approval to advance Powerco's development of the core capabilities required to transform into a DSO. The resources unlocked through this INTSA application, if approved, will allow us to undertake a significant step-up in the pace and scale of not only our own transformation, but also to develop a blueprint and insights for wider DSO transformations in Aotearoa. We hope the insights will also support regulators in developing regulatory settings that enable the operationalisation of a DSO model and allow its benefits to be maximised.

The work outlined in our INTSA application and broader DSO transformation programme, along with our focus on driving progress in the next year, aligns closely with the Authority's roadmap.

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<sup>1</sup> Available on the Commission website: [Innovation and Non-Traditional Solutions Allowance \(INTSA\) | Commerce Commission](#)

### **Prioritising milestones, clarifying accountability and outcomes to be assessed for the future review**

There are some areas where further clarity will help to ensure Powerco, and other EDBs, make the most informed and efficient investment prioritisation and implementation decisions. As the shape and outcomes of DSOs are currently uncertain in the Aotearoa context, and new learnings are emerging quickly, a degree of flexibility in the roadmap is important. However, it is currently unclear how differing milestones and workstreams should be prioritised, as well as who is accountable for progress against milestones or what will be tested in mid-2027 for progress. The scope of work included in the roadmap is considerable and we are not clear that the industry, as a whole, will be able to make the anticipated progress on all the initiatives at once.

We therefore recommend the Authority provide clearer prioritisation of milestones and metrics, especially for the particular areas of work in which the Authority would like to see most progress by mid-2027. Given we are making investment decisions now, clarifying priorities would help Powerco to ensure that our own internal prioritisation aligns with the areas in which the Authority prioritised, and that we are making the most efficient investments possible in an evolving programme.

We appreciate that there is considerable uncertainty surrounding delivery of the roadmap and that further clarity on the rate of progress, priorities and appropriate metrics will only become clear as the work progresses. However, clarity in the Authority's plans for monitoring, reporting and the mid-2027 review is also important. Given the uncertainty, this could include committing to consistently revising, re-engaging on, and publishing metrics and milestones so that distributors, flexibility service providers and other market participants can understand the evolution and progress over time, as well as clarity on how outcomes will be assessed in mid-2027 and the framing of the review of potential regulatory intervention.

The Authority's list of relevant parties from across the industry who will be involved in the roadmap, while helpful, it does not provide clarity on accountability. For example, it is not clear who the Authority wants to see progress from and who is accountable for leading that progress, or the Authority's role where different entities are moving at different speeds or exploring differing pathways (at a DSO, workstream or project level). Clearer signals on accountability, could help to improve industry wide collaboration and reduce duplication whilst also enabling different paces, pathways and solutions.

### **The role of distribution pricing**

We welcome the Authority noting the role for distribution pricing in the roadmap. Pricing and price signals play an important role in the successful operation of a DSO. Effective and efficient DSO will be contingent on customers, retailers, aggregators and flexibility service providers sending or receiving signals that reflect the value of using, shifting, exporting or reducing demand at particular times and locations on the network. These signals will need to interact coherently with all aspects of a DSO as well as with distribution pricing principles. Clarity from the Authority on the role of pricing would help support a shared understanding of how pricing will contribute to the objectives of the roadmap.

### **Powerco can provide material insights from its work**

Powerco has undertaken significant work to develop its own DSO roadmap, as well as trialing and piloting a range of potential solutions to test their merit in the Aotearoa context. This has included developing a comprehensive DSO transformation programme, seeking an expert independent review of our approach, and identifying the core capabilities needed to enable such a transformation. Much of the capability development required is included in our DSO INTSA application. If approved, we will have resources to develop DSO capabilities faster and at scale, which will allow us to develop a blueprint for what works well in the Aotearoa context (and what does not).

The learnings we have developed to date, as well as our future plans will be shared for the benefit of all electricity customers. Our insights are also expected to assist regulators in understanding our enablers, key challenges, and what regulatory settings could support both a successful DSO transformation, and future DSO operation.

We have already been in touch about Powerco hosting a workshop with Authority staff about our INTSA application, which the Authority was interested in arranging once the outcome of the application was confirmed. We look forward to the opportunity to share our transformation plans (including a mapping of our roadmap to the Authority's) and key insights that may help the Authority finalising and tracking its DSO roadmap.

In the meantime, if you have any questions or would like to talk further on the points we have raised, please contact

[REDACTED]

This feedback does not contain any confidential information.

Nāku noa, nā,

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**POWERCO**