Lyttelton Energy Transition Society
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Submission - Lyttelton Energy Transition Society
Submitter - Co-Chair Wendy Everingham
Topic - Energy Competition Task Force initiatives 2A, 2B and 2C

Lyttelton Energy Transition Society otherwise known as LETS is a recently created incorporated society based in Lyttelton. Community members from around our harbour have joined together to explore renewable energy options for our area. Our vision is to create: A zero-emissions, sustainable and resilient community with equitable access to energy.

Our goals are to:

- Promote, support and manage generation and use of electricity from local renewable sources.
- Improve the resilience of the community with distributed generation and storage.
- Ensure that the local community has ownership of and equitable access to electric energy
- Support advanced demand management of electricity use.
- Explore technical, commercial and cooperative opportunities for reducing Lyttelton's carbon footprint through local generation and use of energy.
- We aim to engage broadly with other similar organizations regionally and nationally to share lessons.

We are very pleased that the Energy Competition Taskforce is looking at how to empower consumers and communities to play a greater role in Aotearoa's New Zealand's electricity system of the future. The energy system is made up of all of us, generators, distributors, retailers, and consumers. Until recently consumers were viewed as passive recipients of the system. For the massive transition the industry faces, the once passive players need incentives and ideas on how they can be fully involved. A new type of consumer is emerging – Prosumers. Your paper opens the space for this to expand further. We are very encouraged by that; however, we'd like to see the EA become even more ambitious so that individuals both homeowners and businesses, can be even further involved ensuring they will make decisions that will result in building the cheapest and most resilient electricity system possible for Aotearoa New Zealand.

LETS **agrees with the stated aim** of providing consumers with more options, and that flexible distribution generation can help drive down costs for everyone into the future.

LETS also **agree with the high-level problems** identified:

- A missing distribution price signal for input into the grid
- Current grid input plans tend to offer fixed rates only
- Low awareness of benefits of time-varying price plans.

LETS **agree** with the proposal to **require large retailers to offer Time of Use plans** as this empowers consumers to take better control of their impact on the electricity system and their own bills (2B). This is already evident with retailer contracts that enable customers to shift electricity use to different times of the day/night. Retailers have reported at Downstream 25 that new peaks are occurring in the system as people are encouraged to charge EV'S after 9pm. The evidence shows that people are happy to change their behaviours if they are rewarded with cheaper costs.

LETS does not agree that the Task Force's proposed solutions for 2A and 2C will address all the problems and achieve everything that is required.

LETS **agrees** with the addition of a new rule to "make sure power companies pay people who sell power to the network" (2C) and but that to do this the rule needs to be **explicitly extended beyond just "peak times"** and into:

1. Dry years and other extended periods of extra constrained supply
2. For all times, reflecting the contribution of this power contribution to general supply and the role the energy is playing to reduce need for new generation assets, rather than just on the market value at peak times.

LETS **also agree** that retailers should **be required to pass through benefits to consumers** from distributors paying a rebate for supply at peak times.

LETS **also supports** the addition of a requirement in the Code for distributors to pay a rebate when consumers supply electricity at peak times (2A).

While we strongly support the objective of the proposed amendment, we **do not support the proposed solution of principles-based rebates**.
Principles-based rebates would likely provide too much flexibility, be difficult to monitor and enforce, and not achieve the desired result. The benefits of this proposed solution are unlikely to outweigh the costs.
Instead, we **support the alternative option of consumption-linked feed in tariffs** (with adequate safety valves to ensure too much power does not flow back in). This would fairly apply similar pricing to both consumption and feed in during peak times. We support this being a perfectly symmetrical export tariff, and not differential as suggested. This would also strongly encourage distributors to improve their consumption tariffs. As a consumer, a symmetrical tariff is far easier to understand, and a fairer way to price electricity, where my electricity is treated just as valuable as an energy company's energy export or reduction. These rebates should be applied to larger consumers and generators as well as mass-market consumers, as ensuring all are appropriately incentivised will lead to the lowest-cost possible distribution system for all consumers in the long-term.

Whilst the government might not want to subsidise solar, the correct price signals from the market can incentivise people to invest in solar and batteries. Speaking personally, just being able to sell my power back into the grid at 17 cents a kwh has been a great incentive for us to produce more power. We expanded our system from 8 to 11 panels, and this has really offset our bill. What you are proposing will make things even better. We look forward to all the additional battery storage that V2G will also unlock. We think the more of this power that can be put into the system the cheaper the overall system will be for all users. By localising, supply costs will be saved by lines companies. Ausgrid's Felix Keck also spoke about this at Downstream 25. It's been much cheaper for that company to install local batteries for storage rather than upgrade lines as more consumers send power into the network.

Accompanying these changes there also needs to be a **strong monitoring and reporting regime** to ensure compliance and provide valuable insights is critical across all changes. Complementary Code changes should be undertaken to ease the process of solar and battery installation and upgrades for consumers to enable them to maximise the size of their contribution to the system.

A strong education campaign will also need to be developed to reach the full potential of this concept. People's level of “energy” literacy is very low. Again, this was well demonstrated at Downstream 25 by Brendan French the CEO of Energy Consumers Australia.