26 March 2025

Energy Competition Task Force
By email: taskforce@ea.govt.nz

Waipā Networks Submissions:

- **2A: Requiring distributors to pay a rebate when consumers supply electricity at peak times**
- **2B & 2C: Improving pricing plan options for consumers: Time-varying retail pricing for electricity consumption and supply**

Waipā Networks thanks the Energy Competition Task Force for the opportunity to submit regarding these two papers. Given the papers are closely linked, we have written this single cover letter summarising our key positions on the topics covered. These views are expanded further in the two attached appendices.

Waipā Networks supports the idea in principle that consumers should receive some form of rebate when injection results in network benefit. In practice however, determining when such benefits occur is extremely challenging. The benefits would be dependent on factors such as location, time of year, time of day, the predictability of the injection, the injection from other distributed generators in the vicinity and any planned network capital works. All these factors combined suggest any rebates would likely be short-lived and small in both quantity and value meaning they are unlikely to provide any material benefit to distributed generators. Despite this, it is important in the interests of fairness that any rebates provided by distributors are seen by distributed generators.

When considering the broader concepts of price signalling and cost-reflectivity, we believe the Task Force should go further than requiring Retailers to simply offer time-varying tariff and injection price options, which may or may not reflect distribution price signals. We believe that pass-through of distribution pricing should be mandated for all Retailers and this should be in the form of itemised distribution charges/rebates on customer bills. This means customers see the full distribution costs associated with their property and can respond to price signals accordingly. This promotes efficient use of the network and reduces costs which can subsequently be reflected in lower distribution prices.

[redacted]

[redacted]

Attachments (2)

Initiative 2b & 2c – Improving pricing plan options for consumers – time-varying retail pricing for electricity consumption and supply

Submitter	Waipā Networks

Questions	Comments
Q1. Do you agree the issues identified by the Authority are worthy of attention? If not, why not?	We agree with the issues identified.
Q2. Which option do you consider best addresses the issues and promotes the Authority's main objective? Are there other options we have not considered?	We are opposed to an opt-in approach for time-varying prices. Those customers who would be worse off financially on a time-varying plan are inevitably those who proportionally contribute the most to network peaks and therefore are the most important group to receive distribution pricing signals. We believe the best approach is the mandatory pass through of distribution prices. We disagree this would stifle innovation but rather the opposite is true. Mandating that all Retailers must reflect distribution pricing signals (for example, by requiring that Distribution pricing be a separate pass-through line on customer invoices) puts all Retailers on a level playing field and allows them to develop customer innovation and efficiency in other areas without negatively impacting Distribution pricing reform and innovation. We disagree with 5.22 that prescriptive settings over time could create localised congestion or a secondary peak. These issues are more efficiently managed with load control and flexibility services. If mandatory pass-through was not prescribed, then our second preference would be that time-varying plans were default and the customer would have opt out. This approach would still ensure a significant proportion of customers would see distribution price signals.
Q3. Should we require retailers to offer a price plan with time-varying prices for both consumption and injection? Why or why not?	No comment.
Q4. Do you have any feedback on the design requirements?	We believe the requirements would largely be addressed by requiring the pass through of distribution prices. Specifically, requiring distribution charges to be itemised on customer invoices.

Q5. Is there a risk that injection rebates will not be passed through to the consumers targeted? If so, how could we safeguard against this risk?	Yes Waipā Networks believes there is a risk rebates may not be passed on in all instances. As Retailers are not currently required to itemise Distribution charges on customer invoices and most do not, there is a risk any rebates would also be treated in such a way. This lack of transparency means any rebates that are failed to be passed through, for example due to a Retailer billing error, are unlikely to be noticed by the customer. With reference to our comments above, if pass through of distribution prices was mandated injection rebates would be passed through as standard practice. With regards to 6.16 and the suggestion that risk can be mitigated by Distributors assigning ICPs to a new price category. Firstly, it is unlikely Waipā Networks would assign a new category specifically for ICPs that may inject and provide network benefits. This is because such ICPs would be very difficult to identify and any benefits likely to be short lived, as discussed in our submission regarding consultation paper 2A. It would be administratively cumbersome to attempt to maintain the frequent price category changes for such ICPs. Secondly, having a separate pricing category is no guarantee Retailers will apply the correct associated pricing codes. Waipā Networks often finds instances where Retailers have applied incorrect price codes.
Q6. Which retailers should be captured by the proposal and why?	All Retailers should be captured by the proposal as this creates a level playing field.
Q7. What are your views on the proposed timeframe for implementation of 1 January 2026? Would 1 April 2026 be preferable, and if so why?	We suggest 1 April 2026 would be preferable to 1 January, assuming distribution prices are still integrated into retail pricing rather than separated out as pass through. Distributors are required to notify distribution price changes to Retailers 40 working days in advance and this is typically in late January. It could cause confusion for customers and de-market the time-varying plans if these were introduced 1 January only to receive notification a short time later that the rates were changing on 1 April.
Q8. What are your views on Part 2 of our proposal that would require retailers to promote the time-varying price plans?	We agree with the requirement to promote time-varying plans.
Q9. What should the Authority consider when establishing the approach to and format of the reporting regime?	We agree that providing information to demonstrate compliance with the proactive offer requirements should be included. We also believe there should be reporting on rebates received from distributors and how these have been passed on to customers.
Q10. Should the Authority include a sunset provision in the Code, or a review provision? Why?	A review provision is preferable to a sunset provision. A sunset provision presumes a specific and uniform useful life of the requirements, whereas a review provision allows the requirements to continue or be

	revised as needed.
Q11. What are your overall views on Part 3 of the proposal?	We support the intent of Part 3 in helping ensure time-varying plans are offered to customers.
Q12. What are your views on Part 4 of our proposal to amend the Code to require that consumers are assigned to time-varying distribution charges, that retailers provide half-hourly data to distributors for settlement	We support the mandatory use of half-hour data. Half-hour data is not required for time-varying charges as EIEP1 already provides data aggregated into the Distributor's time periods. However, having half-hour data would provide additional benefits to Distributors as this could be used for planning purposes such as more granular demand forecasting.
Q13. Do you agree with the objective of the proposed amendment? If not, why not?	We agree with the objective of the proposed amendments, which is to improve the incentives for consumers to move their consumption away from, and their injection towards, peak times to help minimise system costs.
Q14. Do you agree the benefits of the proposed amendment outweigh its costs?	Yes, although as noted previously the requirement for distributors to use half-hour data for billing, as opposed to using EIEP1 data already aggregated into the relevant time bands, arguably adds additional administration costs to the billing process. However, this will be more than offset by the benefit of having monthly half-hour data available for planning and forecasting purposes.
Q15. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	No. As stated previously, we believe mandatory pass through of distribution pricing as a separate line on customer invoices is preferable. This ensures customers receive distribution pricing signals and can respond accordingly. This promotes efficient operation of the industry for the long-term benefit of consumers (section 15 (1)). It also prevents customers with high peaks from opting out of being exposed to peak pricing. This encourages them to reduce their peaks where possible, which in turn reduces network costs, ultimately resulting in lower charges to consumers and therefore protecting their interests (section 15 (2)).
Q16. Do you have any comments on the drafting of the proposed amendment?	No comment.