27 March 2025

Electricity Authority
PO Box 10041
Wellington 6143

Via email: taskforce@ea.govt.nz

**Consultation Paper – Improving pricing plan options for consumers: Time-varying retail pricing for electricity consumption and supply**

The WEL Networks appreciates the opportunity to provide feedback on the proposed changes to encourage consumers on to time-of-use pricing plans.

WEL Networks (WEL) is New Zealand's sixth largest electricity distribution company and is 100% owned by our community through our sole shareholder WEL Energy Trust. Our guiding purpose is to enable our communities to thrive, and we work to ensure that our customers have access to reliable, affordable, and environmentally sustainable energy.

Our responses to the specific questions sought by the Authority are attached.

In general, WEL is supportive that ½ hour consumption data should form the basis in settling the market and network charges, but are not sure that the case has been made to require all retailers to offer a time of use pricing option.

Should you require clarification on any part of this submission, please do not hesitate to contact me.

Yours sincerely

[redacted]

| Submitter | WEL Networks |
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| Questions | Comments |
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| Q1. Do you agree the issues identified by the Authority are worthy of attention? If not, why not? | While for some customers TOU pricing may provide benefit, in reality for many consumers there are limited opportunities to shift load so a TOU plan would not be attractive. TOU pricing however can be a good signal to consumers with new load (such as EV's) and form usage habits that can reduce the impact on the customer's electricity bill and the associated infrastructure required.<br><br>As mentioned elsewhere in the consultation there are already retailers offering TOU pricing who have gained over 70,000 customers so an argument could be made that those consumers that find a TOU plan desirable already have options.<br><br>Mandating all retailers offer a TOU plan seems to be contrary to principles of competition, and no evidence is offered in the consultation around the Authority's contentions availability of plans is mismatched to consumer demand, or that it is lack awareness or understanding by consumers is a determining factor in uptake.<br><br>Injection tariffs need to be carefully matched to the actual value the excess generation offers to avoid issues similar to that experienced in Australia. In some cases the value may be zero, or even negative when additional metering and distribution monitoring costs are factored in.<br><br>Distributed generation as a whole can represent a value to the industry in that less grid generation development could be needed in some areas.  Individual owners already realize a benefit in their investment in DG through their reduction in purchase of grid load.<br><br>We have seen instances where customers who are installing DG, and the use of a matching TOU plan would be a benefit, are changing retailers to realize the benefit, so there appears to already be completion in this space. A retailer should be able to decide for themselves whether |

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| | they wish to attract/retain injection customers by offering injection pricing. We do not see that it is necessary for a retailer to bill on an injection TOU plan to be able to pass through any distribution peak time rebate (initiative 2A) that may occur.<br><br>We do agree that the industry should be 'HHR by default' when it comes to settling the wholesale market and network charges. To this end if half hour consumption values are available then traders should provide these in their market and network submissions. This would provide for greater accuracy across trader allocations and across the industry as a whole (greater prevalence of actual consumptions at month end could reduce UFE and lessen impact of wash ups). |
| 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 do not agree that the Authority has made the case for the need for parts 1 – 3 of the proposed solution. Despite this we have made further comment below should they be pursued.<br><br>We do believe there is merit in advancing part 4. |
| Q3. Should we require retailers to offer a price plan with time-varying prices for both consumption and injection? Why or why not? | |
| Q4. Do you have any feedback on the design requirements? | |
| 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? | If a distributor provides an injection rebate for a particular ICP to the retailer, then the value of the rebate should be passed on in its entirety to the consumer concerned, but we do not hold a strong view on the form this takes. Retailers are best placed to understand what it is that their customers value (i.e. monetary credits, additional free power periods or appliances etc.). |
| Q6. Which retailers should be captured by the proposal and why? | If the Authority really believes consumers will benefit from retailers having a TOU plan on offer, then all retailers should be required to have a TOU plan available. To avoid compliance burden for the smaller retailers (< 5% market |

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| | share) then they could be exempt the monitoring, reporting and promotion aspects of the changes. |
| 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? | 1 April 2026 should be used to take advantage of existing price change rhythms within the industry. |
| Q8. What are your views on Part 2 of our proposal that would require retailers to promote the time-varying price plans? | Agree that the TOU plan should be promoted by the retailers in the same way as their existing plans. Disagree that the plans should be included on PowerSwitch if a retailer is not currently taking on new customers. This could lead to a false impression of what is available to the customer and lead to customer dissatisfaction. |
| Q9. What should the Authority consider when establishing the approach to and format of the reporting regime? | |
| Q10. Should the Authority include a sunset provision in the Code, or a review provision? Why? | |
| Q11. What are your overall views on Part 3 of the proposal? | |
| 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 | WEL supports the Part 4 proposal. The changes outlined closely match our current situation, where if the retailer has access to ½ hourly data then that ICP is assigned to one of our TOU plans, the data is used to provide us with the required billing information (currently aggregated to our pricing periods).<br><br>In our instance, with the proposal having retailers supply ½ hour data, moves the aggregation from the retailers to ourselves necessitating a change to our billing system, along with data storage requirements. We believe that the cost of making these changes will be offset by having a broader extent of accurate data. |

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| Q13. Do you agree with the objective of the proposed amendment? If not, why not? | |
| Q14. Do you agree the benefits of the proposed amendment outweigh its costs? | |
| 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. | |