Energy Competition Taskforce Initiative 2B&C

Submitter	Ecotricity

Questions	Comments

Q1. Do you agree the issues identified by the Authority are worthy of attention? If not, why not?	We broadly agree that the identified issues are worthy of attention and take pride in being one of New Zealand's most innovative electricity retailers.
	
	The below feedback may be of assistance to the Authority as they formalise their views, and is based on our experiences to-date:
	
	• Most consumers have historically (and we believe some will continue for some time) elected flat tariff structures, for various reasons:
	    ○ smart appliance uptake is low, resulting in low automation possibilities for load shifting;
	    ○ manual load shifting that results in material lifestyle changes have not proven to be sustainable i.e. financial incentives have not been large enough to offset lifestyle disruption
	• Significant expenditure has been targeted at consumer education campaigns highlighting the potential savings of switching retailers, and yet a switch rate of c. 10% likely demonstrates:
	    ○ Insufficient pricing differentials to warrant time spent switching (most customers won't care about a $10 per month saving);
	    ○ Although electricity is a commodity, not everyone is driven purely by price, the 'not everyone shops at the lowest-priced supermarket' phenomenon
	We don't therefore believe that education is the primary driver of consumer behaviour, and continued

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expenditure on these campaigns is unlikely to materially alter switching levels

There are other disincentives to DG and flexibility that should be addressed first, or at a minimum as part of the programme, including:

The move towards EDB pricing being based on Daily Fixed Charges (DFC's) and away from Consumption (kWh). This is a direct disincentive to consumers investing in generation, storage and smart appliances
We firmly believe EDB's need to be given clear guidelines to reduce DFC's as a percentage of their total revenue and proportionately increasing the variable (kWh) component. This will support energy efficiency as a whole.

We believe the Authority should be clear that, while well-designed programmes may keep downward pressure on prices, they are unlikely to reduce energy system cost, as mentioned in clause 4.47.

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<td>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?</td>
<td>Ecotricity supports and already complies with all options proposed by the Authority.

If retailers are required to move away from deemed profiles and fully utilise actual half-hour data for reconciliation purposes, this may stimulate the development of more dynamic pricing in a way that achieves the same outcomes without the Authority needing to involve itself in the retail market.

In the interest of efficiency and cost-effectiveness, we believe the pared-back version should be given more consideration.</td>
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<td>Q3. Should we require retailers to offer a price plan with time-varying prices for both consumption and injection? Why or why not?</td>
<td>Yes we support these provisions.

However, we would question why only retailers with >5% market share would be captured, instead of it being mandated for all.</td>
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<td>Q4. Do you have any feedback on the design requirements?</td>
<td>We believe it is unlikely that the Authority will have the capacity and capability to</td>
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	determine the 'correctness' of the requirements in clause 6.8. Mandating the structure should be sufficient, and more efficient to monitor, than the Authority involving itself in the internal workings of retailers in a competitive market.
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?	A risk does exist, however in a competitive market those retailers who pass through rebates (and publicise the fact) should expect to draw customers away from those retailers who don't. We therefore don't believe the Authority should need to introduce safeguards, at least not until the potential issue actually materialises.
Q6. Which retailers should be captured by the proposal and why?	If the proposal proceeds, we believe it should capture all electricity retailers. If the benefits to all consumers in New Zealand (as mentioned by the Authority) then there is no compelling reason to exclude any retailers.
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?	Given the stated limitations to many retailer IT systems, it is unlikely to be practicable for a 1 January 2026. Aligning dates with EDB pricing renewal is likely to reduce the number of exception requests the Authority receives from retailers.
Q8. What are your views on Part 2 of our proposal that would require retailers to promote the time-varying price plans?	We agree that 6.41(a) & (b) are appropriate but disagree with mandating 6.1(c) as it will introduce costs (administration, compliance and monitoring) into the sector that do not outweigh the benefits. The LFC scenario mentioned was a materially different proposition and the two should not be conflated.
Q9. What should the Authority consider when establishing the approach to and format of the reporting scheme?	Please see our previous comments on the design of the proposed programme. As it currently stands, we believe compliance and monitoring costs would outweigh the targeted benefits and adjustments should be made accordingly.
Q10. Should the Authority include a sunset provision in the Code, or a review provision? Why?	Yes, we believe a sunset clause is appropriate.
Q11. What are your views on Part 3 of the proposal?	As per our previous comments, we believe the proposal as it currently stands (including reporting and monitoring) does

	not pass the cost benefit test and should be amended.
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 retailer should provide half-hourly data to distributors for settlement	We support this initiative, noting that the timeframe for implementation is likely better set at 1 April 2026 rather than 1 January.
Q13. Do you agree with the objective of the proposed amendment. If not, why not?	We believe agree with the objective, but not with all the proposal items as they are currently written. See our previous comments for details.
Q14. Do you agree the benefits of the proposed amendment outweigh the costs?	Although we are likely to comply with most of requirements already, we do not agree that the benefits outweigh the full costs to the sector and, ultimately, consumers. See our previous comments for details.
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.	We believe the pared-back approach should be reviewed again and that a potential hybrid between that and the current proposal may be more fit for purpose and achieve materially similar outcomes for less complexity and cost.