Submission on Improving pricing plan options for consumers: Time varying retail pricing for electricity consumption and supply

Submitter: Lyndon Haugh

I have a keen interest in the electricity market in New Zealand and have had considerable experience in this sector as energy manager responsible for supply of electricity and gas in both New Zealand and Australia as well as managing ETS issues for a large industrial Company (now retired).

As a home owner I have installed a solar PV system complete with battery and over the past 4 years have monitored both the financial as well as the production and household usage performance of the system.

Questions	Comments
Q1. Do you agree the issues identified by the Authority are worthy of attention? If not, why not?	Yes. It is not drawing too long a bow to suggest that the household consumer is the major contributor to peak loads requiring extra generation assets as well as substantially larger transmission and distribution asset investment Yet, the household consumer does not generally see the additional costs that they incur for all users. These issues should be receiving urgent and forceful attention from the Authority.
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?	I agree in general with the 4 part solution with the provisos/comments as below. It seems clear from past performance that the major retailer/generators will need very firm direction to change their present behaviour. I consider that if the generator/retailers resist these changes then it should be clear to them that separation of generation and retail function is the only other option available to the Authority to achieve a major part of fulfilling the Authority's mission to "To promote competition in, reliable supply by, and the efficient operation of, the electricity industry ***for the long-term benefit of consumers***" Even as a household consumer who is more interested than most in electricity costs, it is not easy to be bothered to examine electricity household costs properly and so it is clear that householders need a nudge to make changes to their present paradigm of fixed electricity pricing. So ***It is recommended that making TOU pricing the default option for consumers***

	will give the major retailer/generators the strong signal that is necessary and make it easier for consumers to accept this change in their electricity cost paradigm. Your reasoning for suggesting not taking up the time varying plans as the default option in 5.31 and 5.32 does not in my view outweigh the comments in 5.30. ***Recommendation: That retailers should be required to offer TOU pricing to all of their customers. Again this gives them a strong signal that is necessary to get meaningful and timely change.*** The comments in 4.36 to 4.43 about some retailers (40% according to your paper) not paying an accurate share of the costs they contribute at peak times demonstrates clearly that many of the generator /retailers have no interest in doing anything about peak demand. This issue has apparently been known and pointed out since 2021 so again strong action is needed **NOW** ***It is therefore recommended: that those retailers should be required within a certain date to fix up their systems so that they do pay an accurate share of the costs they contribute at peak times.***
Q3. Should we require retailers to offer a price plan with time-varying prices for both consumption and injection? Why or why not?	As a PV and battery owner, I find it difficult to envisage how the system could be configured and actually be capable of providing injection at peak times. Assuming it could, then a decision would have to made by the consumer as to whether it would be more economic to use the battery to inject at peak times or just reduce import load later on. Sounds too hard to me. Data from my system shows that for around 5-6 months of the year, the battery generally takes away the evening peak load, sometimes injects into the system in the afternoon and on many days the battery will last long enough to at least reduce the morning peak load. During the winter period it does reduce net load but only during the day. ***Recommendation: The amount of electricity available through injection is probably very small so to avoid possible complexity it is suggested that retailers should not be required to offer time varying pricing for injection. Only for consumption.***

	Maybe Lines companies should have some sort of option to have distributed generation to reduce investment in lines just to cope with peak loads.
Q4. Do you have any feedback on the design requirements?	No
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?	Don't bother with injection rebates.
Q6. Which retailers should be captured by the proposal and why?	Your proposal seems to capture the right retailers and a sufficient percentage of the overall retail market to allow a significant change in retail consumer purchasing habits.
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 January 2026 seems a suitable timeframe.
Q8. What are your views on Part 2 of our proposal that would require retailers to promote the time-varying price plans?	***Recommendation: Retailers should provide a proactive TOU offer to all customers***. It should not be up to the retailers to decide who to make an offer to as it is not clear to me what their criteria might be and it seems quite possible that the decision to make an offer or not would be based on the retailer's (and in particular the retailer/generators) interests and not the consumer's.
Q9. What should the Authority consider when establishing the approach to and format of the reporting regime?	***Recommendation: Somewhere in the reporting structures there should be*** 1. ***Percentage of each retailer's customers by number and annual consumption on TOU plans vs those still on fixed pricing plans.*** 2. ***Each retailer should provide a target for % of customers and load on TOU pricing and timing of their target.***
Q10. Should the Authority include a sunset provision in the Code, or a review provision? Why?	Yes .review provision The Authority should develop an expectation target over time of the retailers for improving peak load profile and a method of monitoring the impact of retail TOU pricing action on the actual peak load profile over time. This would provide some feedback as to the effectiveness of the retail TOU pricing systems and help determine if further action was necessary.
Q11. What are your overall views on Part 3 of the proposal?	While this paper identifies the issues surrounding retail consumers influence on peak pricing in particular, it does not seem to define the objective in a measurable way.

	See the above comments in question 10 for a suggestion on measurement of the achievement of the objective.
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	Yes. This should happen ASAP The retailers should be required to make use of this information and include it their TOU pricing regime/s.
Q13. Do you agree with the objective of the proposed amendment? If not, why not?	Yes. But the achievement or otherwise of this objective should be defined in a measurable way. With all the generation and usage data available via the Authority's websites, It should not be too hard to calculate the impact retail consumers have on peak loads compared with commercial and industrial consumers. The calculated impact probably exists at present somewhere. It should then be quite possible to monitor the change in peak load profile that could be attributed to retail consumers' reaction to TOU charges.
Q14. Do you agree the benefits of the proposed amendment outweigh its costs?	Yes. As a particular example of monitoring the performance of our PV system and battery, I have calculated that given a few guesses as to what future TOU charges might be, the **net** ROI on my system would improve from around 5.7% now to around 7.5 - 8.5% - a very significant improvement. It will need at least this sort of improvement in return to incentivise more people to invest in PV and batteries as well as other ways to reduce peak demand.
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.	Yes. But with improvements as recommended above.
Q16. Do you have any comments on the drafting of the proposed amendment?	No.