Electricity Engineers' Association

Level 6, 138 The Terrace
PO Box 5324
Wellington, New Zealand
Telephone: (04) 473 8600
Web: www.eea.co.nz

To: The Electricity Authority (EA) taskforce@ea.govt.nz

From: Electricity Engineers' Association of NZ

Date: 26 March 2025

Subject: EEA Submission – Consultation Paper – *Time-Varying Retail Pricing for Electricity Consumption and Supply (Task Force Initiatives 2B & 2C)*

OVERVIEW

The Electricity Engineers' Association (EEA) welcomes the opportunity to provide feedback on the Electricity Authority's consultation on "*Time-varying retail pricing for electricity consumption and supply (Initiatives 2B and 2C)*". As the national body representing engineers, asset managers, and technical specialists across the electricity supply industry, the EEA is committed to supporting regulatory and market arrangements that enable a reliable, affordable, and sustainable electricity system.

Our members play a critical role in the planning, operation, and transformation of New Zealand's electricity infrastructure. Through them, the EEA has a strong focus on delivering value to electricity consumers by enabling a future system that is smarter, more flexible, and capable of integrating distributed energy resources (DERs) efficiently. We recognise the importance of ensuring both industry capability and consumer outcomes are at the heart of regulatory change.

We broadly support the Authority's direction in enhancing demand-side participation. Introducing time-varying retail pricing is an important lever for realising the full value of consumer flexibility and distributed technologies. It supports innovation, optimises system utilisation, and contributes to national decarbonisation objectives. These proposals build on Initiative 2A, where we supported a principles-based approach to distributor rebates.

In line with our earlier submissions, we advocate for reforms that are practical, fair, and aligned with system-wide benefits. This submission provides targeted feedback on Initiatives 2B and 2C and reflects the ongoing work across the sector to enable demand flexibility while protecting consumer trust.

Summary of Key Positions

The EEA views the proposals as timely, necessary, and complementary to broader electricity system reforms. Our key positions are as follows:

- **Support for Retailer Obligations:** We support, in principle, the requirement for large retailers to offer time-varying pricing plans for both consumption and injection. This step is essential to empower consumers, support investment in DERs, and reduce reliance on network or generation expansion.

- **Principle-Based, Staged Implementation:** A staged, principle-based approach is vital. It enables flexibility, allows market-led innovation, and ensures alignment with complementary reforms such as distribution pricing and consumer data access.
- **Critical Enablers Must Be in Place:** The success of time-varying pricing depends on consistent and cost-reflective distribution pricing, robust access to time-based data, and coordinated consumer education. Without these enablers, the full benefits for consumers and the system will not be realised.
- **Focus on Consumer Outcomes and Trust:** Consumers must be supported with clear, fair, and easy-to-understand plan options. Transparency, promotion, and protections—especially for vulnerable consumers—will be essential to maintain confidence and participation.
- **Sunset Clause and Continuous Improvement:** We support a sunset provision combined with regular reporting and review. This ensures that time-varying pricing continues to deliver intended benefits and evolves with market and technology developments.

The EEA remains committed to helping deliver a transition that is technically sound, socially equitable, and future focused. We trust our submission contributes constructively to the Authority's policy development and look forward to ongoing engagement.

Discussion Questions

Q1. Are the issues identified by the Authority worthy of attention?

Yes. The current market design does not provide consistent or effective signals for consumer flexibility. This leads to inefficiencies in system investment, constrains innovation, and limits the role consumers can play in managing their own energy use and costs. As electrification and DER uptake increase, these gaps will become more material. Addressing them is essential to achieving a resilient, consumer-centric electricity system.

Q2. Which option best addresses the main objective?

We consider that the Authority's four-part proposal represents a balanced and pragmatic approach. It targets key barriers to flexibility—price signals, product availability, consumer understanding, and reporting—while allowing for ongoing market development. We recommend the Authority consider a regulatory sandbox or phased trial arrangements to support early learning, especially for retailers, distributors, and aggregators testing new models.

Q3. Should retailers be required to offer time-varying plans for both consumption and injection?

Yes. Requiring both supports consumer investment in solar, batteries, and EVs by providing a mechanism to optimise both import and export behaviours. This ensures the system can harness flexible demand and generation, rather than reinforcing passive consumption. It also lays the foundation for emerging flexibility markets and peer-to-peer trading in future.

Q4. Feedback on design requirements?

The EEA consider that the design requirements should remain principle-based, to encourage innovation and adaptability. However, minimum expectations around consumer transparency, pricing simplicity, and consistency with cost-reflective distribution pricing should be clearly articulated. This ensures plans are understandable and meaningful to consumers, while reinforcing efficient use of network and generation assets.

Q5. Is there a risk that injection rebates won't be passed through?

Yes. This risk is heightened where aggregators or intermediaries control the interface with consumers. Standardised transparency obligations, including clear disclosure of pass-through arrangements and optional mechanisms for direct rebate routing (where feasible), would improve accountability and consumer confidence.

Q6. Which retailers should be captured?

The EEA support in principle the proposed threshold of >5% market share. This approach targets retailers with sufficient scale, systems, and resources to deliver meaningful change, while avoiding undue compliance costs for smaller or niche providers. The threshold should be reviewed over time as capabilities and market expectations mature.

Q7. Implementation timeframe?

EEA recommend a go-live date no earlier than 1 April 2026 (or potentially longer). A preparatory phase is essential to ensure retailers, distributors, and other market participants have time to update systems, ensure data flows are reliable, and build effective consumer engagement and support tools. A readiness assessment and industry coordination process would support smoother implementation.

Q8. Views on promotion requirements?

Promotion is critical to uptake. Retailers should clearly present time-varying plans online, on switching sites, and during onboarding and renewal conversations. Consumer guidance should highlight both potential savings and risks, and link to tools that help households assess their suitability for different plans. Vulnerable or less digitally connected consumers should be supported through additional engagement channels.

Q9. Reporting regime?

EEA suggests that a standardised, outcomes-focused reporting regime is essential to track effectiveness and support continuous improvement. Reporting should focus on metrics such as plan uptake, observed load shifting, avoided costs, and consumer satisfaction. Integration with existing EA monitoring frameworks will help avoid duplication and minimise compliance burden.

Q10. Sunset or review provision?

The EEA consider that a five-year sunset clause, with a formal review at the three-year mark, would allow the Authority to assess performance, identify unintended consequences, and refine settings as technologies and consumer behaviours evolve. This is particularly important as time-varying pricing interacts with evolving distribution pricing and flexibility services markets.

Q11. Views on Part 3 (Monitoring and Reporting)?

EEA supports the proposed monitoring and reporting approach. Visibility of outcomes is essential to ensure the regime delivers intended benefits. We encourage the Authority to complement this with regular sector-wide learning reviews, to share what’s working and what needs to improve—particularly for newer retailers and consumer groups at risk of being left behind.

Q12. Views on Part 4 (Data and Distribution Tariffs)?

EEA supports timely and granular data access as it is a critical enabler of flexible, consumer-led electricity use. Assigning consumers to time-varying distribution tariffs that are consistent with retail pricing reinforces price signals and supports efficient network investment. This alignment is essential to avoid cross-subsidies and ensure consumers are rewarded for smart behaviour.

Q13. Do you agree with the objective of the proposed amendment?

Yes. The objectives—empowering consumers, enabling flexibility, and reducing system costs—are well aligned with New Zealand's broader energy transition goals. The proposed changes are a necessary evolution in retail market settings to reflect the increasing importance of demand-side participation.

Q14. Do the benefits outweigh the costs?

Yes. While there are implementation costs, particularly in systems and consumer engagement, these are outweighed by the long-term benefits. These include deferred generation and network investment, reduced emissions, and enhanced consumer choice. The phased approach and strong monitoring framework will help ensure these benefits are realised and sustained.

Contact

The EEA's contact person for this submission is Dr Stuart Johnston, Lead Advisor Engineering & Technical (stuart@eea.co.nz or 021 11986535).