12 FEBRUARY – 26 MARCH 2025

New ways to empower electricity consumers

We'd like to give you more control over your power use and costs. Here's what you need to know about our proposed rule changes, and how to have your say.

ELECTRICITY AUTHORITY
TE MANA HIKO

We want to change some of the electricity industry rules to give people on standard power plans (individuals and businesses) more control over their power use and costs. The new rules would:

- make sure all power companies of a certain size offer a pricing plan that gives you cheaper rates for off-peak electricity
- make sure power companies pay people who sell power to the network from solar systems a fair price that reflects the true value of that power to the local network.

These changes would encourage more households and business owners to move their power use away from peak times. They also encourage people with solar systems to sell power into the network when demand – and the price they get – is highest.

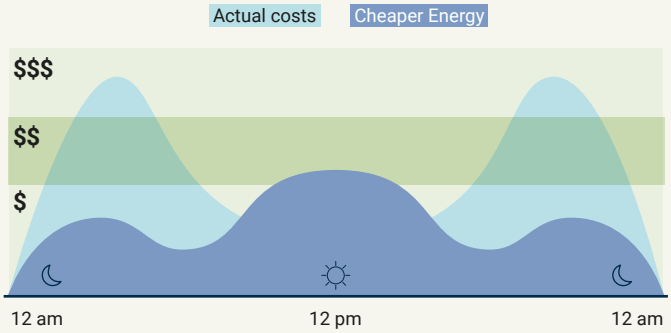
This benefits all New Zealanders over time, because less demand on the electricity system leads to lower lines costs, which we all pay through our power bills.

The information below explains our proposed changes and how you share your feedback to help us decide on rule changes.

We developed these proposed changes under the Energy Competition Task Force. The Electricity Authority and Commerce Commission set up the Task Force to improve the electricity market for all New Zealanders.

Visit **ea.govt.nz/taskforce** for more information.

Above: Power prices are lowest when demand is lowest (off-peak) but most people pay a higher fixed rate for the power they use.



Above: People on time-of-use plans use more power when it's cheaper (off-peak) and less when it's expensive.

Proposed new rule: All large power companies must offer their customers at least one time-of-use plan

Our proposed new rule would apply to the biggest power companies who sell power to 83% of all households and businesses.

In October 2024, we surveyed power companies and found that:

- none of the six largest power companies currently provide a time-of-use plan to all customers
- some of these power companies do provide time-of-use plans to some customers, usually electric vehicle owners
- some power companies have said they plan on offering time-of-use plans in the future.

What is a time-of-use plan?

Power prices are most expensive when demand is high (peak), and cheapest when demand is low (off-peak), but most people pay a fixed rate for power (fixed costs in the picture above).

Time-of-use pricing plans offer cheaper power at off-peak times, and more expensive power at peak times. This means you can save money by using more power when it's cheap, and less when it's more expensive.

The peak times are typically on weekday mornings when everyone's getting ready for the day (7–10am) and evenings when everyone's cooking dinner and running heaters (5–9pm). Off-peak times are usually overnight, in the middle of the day or on weekends.

Power is cheaper off-peak because it's easier and cheaper to generate enough power to meet the lower demand at these times.

How much could I save with a time-of-use power plan?

If you're careful about when you use the most power, you can reduce your power bills by about 20%. But if you don't change your habits, you could end up paying more than you would on a fixed-rate plan.

Are time-of-use plans good for everyone?

If you use a lot of electricity for things like for charging an electric vehicle – and you can run these during off-peak hours – you could save a lot.

If you can't change your electricity habits, a time-of-use plan is unlikely to save you money.

Proposed new rule: All large power companies must offer at least one ‘time-varying’ rate for power they buy from people with solar systems

Our proposed new rule would apply to all large power companies who sell power to 83% of all households and businesses.

What’s a ‘time-varying buy-back’ rate?

Power companies already pay people when they supply power to the network through their rooftop solar systems. Most power companies offer a ‘fixed buy-back’ rate, no matter how valuable (or not) the power is when it’s supplied. ‘Time-varying buy-back’ rates ensure the amount paid reflects the value of the power when it’s supplied. Only a few smaller companies offer a ‘time-varying buy-back’ rate.

Our proposal would more fairly reward consumers who have rooftop solar and batteries and encourage more people to make that investment. It would also reduce power bills for everyone over time as it lowers the costs of providing power at peak times.

How we propose power companies promote these plans

Under our proposed rule changes, power companies would have to promote their plans to their customers in three ways:

1. show time-of-use and ‘time-varying buy-back’ plans on their website
2. include the plans on our consumer switching website (currently Powerswitch)
3. proactively offer time-of-use and ‘time-varying buy-back’ plans to the customers likely to benefit.

Proposed new rule: Lines companies must pay a rebate when people supply power when it's needed

People with rooftop solar and battery systems can supply power to the local electricity network. This can reduce demand on the network, which lowers the lines costs we all pay for through our power bills. This proposed new rule may encourage more people to invest in rooftop solar and batteries.

The rebate would:

- only apply when people supply power at peak times and where it saves lines companies money
- go to power companies who pass savings onto those who supplied the power (through the proposed time-varying buy back rates – see page 4).

We're considering three options for how lines companies set the rebate:

1. Lines companies follow principles when deciding the rebate. This option has less strict rules but would enable lines companies to design the rebates to match the value the power from solar brings to the local network, considering local conditions.
2. All lines companies use one formula. This option gives lines companies clearer rules to follow but does not allow them to match their rebate to the value the power from solar brings to the local network.
3. Each lines company links the rebate to the rates they charge for power use. This option is easier to implement but does not enable them to match their rebate to the value the power from solar brings to the local network. This is because power use rates aren't always an accurate measure of the cost of power at particular times.

Key points

- Each local power network has different levels of demand (total power used in an area) and capacity (how much 'space' there is on the network) – and these both change with time.
- We think the rules should flexible enough so the rebate reflects the local levels of demand and capacity – and be able to change.
- This would mean only people who supply power when it's needed would receive the rebate.

I have solar panels on my house but no battery. Would I get a rebate?

The rebate is for power supplied at peak times (mornings and evenings), so if you don't have batteries, it's unlikely you will be able to supply power at peak times. This is because batteries store solar energy from the middle of the day so you can supply it at peak times.

How much is the rebate?

The rebate is not yet decided, but our proposed new rule would make lines companies and power companies pay a rate that reflects the value of the power you sell from your solar system. We would like your feedback on the three options for deciding how lines companies decide the rebate.

Will this push up prices for people without rooftop solar?

We expect any short-term price rise would be negligible (1 cent/month), but everyone would benefit from cheaper power bills over the long term.

How to provide feedback

You can provide feedback by downloading and completing the survey at the end of this guide. Printed responses can be sent to us via post, and digitally completed or scanned responses can be sent to us via email. You can also talk to our team to provide feedback over the phone.

Feedback is due by 5pm, 26 March 2025.

taskforce@ea.govt.nz

Electricity Authority, PO Box 10041, Wellington 6143

04 460 8860

For more information visit ea.govt.nz/taskforce.

Publishing feedback

We will publish all survey responses on our website alongside your name and organisation (if this applies) but we won't publish your contact details. If you think we should not publish any part of your feedback, please let us know what parts and why.

Feedback form

This survey is for individuals and business electricity users or organisations giving feedback on behalf of consumer groups. You can answer some or all of the questions in the form below.

We encourage industry participants to provide written feedback via the submission form in the consultation papers. Visit ea.govt.nz/controlyourpower for details.

* = *Response required*

Name:*

Sea

Firstname

Rotmann

Lastname

Organisation (if you are providing feedback on behalf of an organisation):

SEA-SustainableEnergyAdviceLtd

Terms and Conditions:

We will publish your name and organisation (if this applies), but not your contact details. If you think we should not publish any part of your survey response, please tell us which part shouldn't be published and why.

Please note, all survey responses, including parts you've asked not to be published, can be requested under the Official Information Act 1982. This means we would be required to release all surveys in full, unless there was a good reason under the Act to withhold it. We would consult with you if this meant releasing information you asked not to be published.

☑ I understand*

Do you agree more power companies should be required to offer time-of-use pricing?

☑ Yes ☐ No

Why, why not?

I have been doing research for the Users Technology Collaboration Programme by the International Energy Agency for almost 15 years now, (full disclosure: the EA is one of my participating country funders), and it is very clear that Demand Flex (DF) is globally regarded as a major tool to ensure a just, clean energy transition (together with increasing generation and uptake of renewables, battery storage, automation, and grid upgrades).

It is, however, highly dependent on changing human behaviour, especially changes to people's routines (the hardest things to change as they are by definition not rational but habitual, and thus not easily transformed by information and incentives alone). Research (including the one co-funded by the EA, see e.g. Rotmann et al, 2025) has shown that we need to ensure three main principles are met when enacting national policies or regulatory changes: 1) We need to improve energy literacy across the country, as few Kiwis properly understand how our energy system works, nor what demand-side management programmes (like DF, which includes TOU, or Demand Response - DR) are. Broadening government initiatives like the SEEC programme (Supporting Energy Education in Communities) to include wider energy education, funding a proposed national hub like the ERANZ-funded research (Rotmann, 2025) into an "Energy Wellbeing Network" (also reocmmended by the Energy Hardship Expert Panel

I have been doing research for the Users Technology Collaboration Programme by the International Ene

report, 2024) that can help establish and disseminate a national energy education strategy via strengthening regional communities of practice that include frontline and community providers, and educating businesses (especially small to medium enterprises, SMEs as well as home-based micro-businesses), are essential in helping the government and utilities reach out and engage all New Zealanders, not just from the top-down but from the middle-out and bottom-up. 2) Any change to regulation needs to be viewed through an energy equity and justice lens, and the most vulnerable consumers (not just the utility customers that are known via their ICPs) need to be regarded as "priority groups" to ensure they aren't left behind or further disadvantaged with a roll-out involving high-tech and expensive new technologies, and tariff and pricing structures that may benefit high-income earners the most. This especially includes the unknown (by both size and characteristic) group of "hidden energy users", which could be very large (see Rotmann et al, 2020; Sequeira et al, 2024; Rotmann, 2025; and the Mercury and Genesis Energy-funded research into hidden hardship, Rotmann, 2024). 3) In order to avoid baking in avoidable

Do you agree more power companies should be required to offer a 'time-varying buy-back' rate?

☑ Yes ☐ No

Why, why not?

and knowable unintended consequences (such as what happened with the LFC regulation, see Rotmann et al, 2025), it is important to take the following recommendations by Suckling et al (2021) into account: 1. Undertake a priori assessments of potential unintended consequences of policies conducted by multidisciplinary teams with as broad a range of expertise as possible 2. Policy plans made in light of the assessment should be iterative, with scheduled re-assessments in the future 3. Given the scale of systems and the potential for infinite variety and nuance of unintended consequences, pragmatism necessitates specification of boundaries (and revisit them regularly) within which assessments are made 4. Unintended consequences identified should be placed in the framework with as much consensus among decision-makers as possible 5. Perhaps most importantly, there is a need for more active learning by decision-makers about how to avoid repeating past unintended consequences (like those that arose from the LFC). The assessment process and outcomes should be documented, disseminated, and used to appraise the effectiveness of policy mechanisms, with specific attention on outcomes beyond those defined by policy objectives, and the assumptions and decisions which led to these outcomes.

Because we want to encourage the uptake of solar and battery storage, both in large-scale commercial,

Because we want to encourage the uptake of solar and battery storage, both in large-scale commercial, residential and small business customers. However, the 3 principles discussed above still apply.

Do you agree only large power companies should be required to offer time-of-use pricing?

☐ Yes ☑ No

Why, why not?

If all retailers offer TOU and other DF and DR programmes, it will help improve energy literacy around these powerful (if habitual human behaviour is indeed changed, and inequity isn't worsened) across the motu. However, it is imperative that multi-disciplinary (including multi-sectoral stakeholder collaboration and co-design) research and modelling is undertaken into the potential impacts on priority groups, such as medically-dependent customers (MDCs), Mori and Pasifika, low-income, renters, the elderly, whnau with young children, and overcrowded households (to name just a few). Once these impacts are known, and potential unintended consequences have been modelled, a more targeted and appropriate rate change may be found that ensures no one is left behind and suffers from ever-worsening energy affordability issues (again, the LFC should be a primary lesson to learn from). If only major retailers are required to offer this rate, I fear that it could negatively impact on smaller and social retailers who are more likely to supply power to certain priority groups (though I should note that market

If all retailers offer TOU and other DF and DR programmes, it will help improve energy literacy around th

competition is not at all my area of expertise). Making a big change to regulations should be across-the-board to ensure equity considerations are taken on board, especially from the community level (that includes community-led lines companies and social retailers, as well as energy communities). Getting the education and habit-changing components right from the start, with adequate involvement from all stakeholder sectors (not just government and large retailers), may ensure a better, more equitable and targeted roll-out that avoids negative and unintended consequences for some (especially priority) consumers and businesses.

Do you agree only large power companies should be required to offer a 'time-varying buy-back' rate?

☐ Yes ☑ No

Why, why not?

Same reason as above - try and get it right by ensuring all voices are heard from the start, and empowering smaller retailers and their customers to be a part of the energy transition.

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Do you agree these power companies should be required to promote both the pricing plan and 'time-varying buy-back' rates to their customers?

☑ Yes ☐ No

Why, why not?

As long as they are well-researched, modelled and targeted for all user groups (see above)

Do you think the proposed ways of promoting them would work?

We're proposing that power companies would be required to:

- show time-of-use and 'time-varying buy-back' plans on their website
- include the plans on our consumer switching website (currently Powerswitch)
- proactively offer time-of-use and 'time-varying buy-back' plans to the customers likely to bene it.

☐ Yes ☑ No

If not, what else could they do?

That is just the start. In order to ensure no one is left behind, or embedding even more inequity into our currently unjust energy system, more holistic and targeted national energy education strategies, community-led programmes and behaviour change interventions targeting habits and intrinsic motivations (not just financial incentives, which are extrinsic motivations) are needed. This regulation is a great place to start the broader national conversation on how to transition our current energy system into one that is cleaner, more equitable and affordable for all Kiwis.

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Do you agree all lines companies should be required to pay a rebate when consumers supply power when it's needed?

☑ Yes ☐ No

Why, why not?

We have to transition our energy system to incorporate more renewables, including small-scale, and promote energy communities, P2P, and helping remote rural and Mori communities become energy independent. Again, ensuring that it doesn't inequitably affect those who cannot afford or install (e.g. because they are renters) renewables, is imperative.

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Do you agree that rules for this rebate should be a set of principles lines companies must follow, rather than stricter regulation?

☐ Yes ☑ No

Why, why not?

I think if regulation is co-designed carefully and holistically with all stakeholders and priority voices (as discussed above), it will be more powerful if it applies to all industry.

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Do you have any other comments on our proposed rule changes?

This is a right step in the right direction but runs the danger that it causes further inequities in an already inequitable energy system. Because it is so reliant on human habit changes, and widespread uptake of new technologies, as well as a much greater energy literacy than we currently have in our country, it should be undertaken with more research, modelling and multi-stakeholder participation and co-design (not just consultation - very few of the priority groups I discuss above will likely provide feedback or even know that these potential changes are coming).

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Submitting your form

Direct all submitted forms to Electricity Authority, PO Box 10041, Wellington 6143 or **taskforce@ea.govt.nz**

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