

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

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

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.

## Cross – Submission comments

I have spent the morning reading/skimmming through most of the retailer submissions, some of the distributor submissions and a few consumer submissions in an attempt to see the “big picture”.

I empathise with the people in the Authority who must read them all.

The bullet points below summarise what I see as the big picture

- **Gentailers**
  - while professing to support the intent of the proposals, they actually oppose the proposals with vague statements about “unintended consequences” etc etc
  - They will resist and try to effectively nullify any regulations that the Authority promulgates with regard to TOU pricing.
  - A few gems such as “*Restricting the design requirements to plans that require customer behavioural changes will stifle innovation and not have the best outcomes for consumers*” make no sense at all.
  - They certainly don’t want consumers to reduce their loads at peak times.
- **Retailers** ( ie with no generation)
  - The retailers say the playing field is not level with respect to competition and if it was then there would be no need for mandated TOU pricing since it would naturally occur.
  - This quote from one of them probably says it all and in my view understates the issue that the small retailers face. “*However, the market power of vertically integrated gentailers has created barriers: these players do not face the full costs of their contribution to peak demand and have weak incentives to pass through cost-reflective prices*”
- **Distributors**
  - Retailers should pass on any variable charges they incur from distributors. Some are already providing variable charges to retailers.
- **Consumers**
  - There is a remarkable similarity in many of the consumer submissions.
  - The submissions of those consumers who have invested in PV or PV and batteries should be reviewed carefully to assist the Authority to understand what drives consumers who have demonstrated an understanding of the present retail offerings and have taken action.
- **So what should the Authority do?**
  - Immediately level the playing field so that the major generators must supply electricity to independent retailers at the same (the word “substantially” gives too much room for obfuscation) terms and conditions they supply to their in-house retail arms and in a transparent manner. That may mean reporting to the Authority confidentially on the terms and conditions they supply electricity to the different retailers and explaining if necessary, why there might be any deviations.
  - Make the TOU regime the default paradigm so that over time consumers see that as their first option and therefore get used to the reality that electricity costs are different at different times of the day and week.