

## Feedback on the Green Paper: Decentralised Electricity System

25 June 2025

Thank you for the opportunity to provide feedback on this green paper. We have gone through the document as organised but would like to highlight some themes that run through the comments below:

- a) The energy sector needs to create a considerably more welcoming platform for communities and consumers to be able to engage deeply. If our innovation pathways are skewed towards generation and distribution of the cheapest and most secure electron (this approach creates a fixation on technology) we will not achieve this.
- b) The required sector changes (both system and culture) will require strong leadership.
- c) The recognition of a deeper and broader 'value stack', that a decentralised and democratised energy sector would create, also introduces increased complexity in decision making. As well, we are in a transition period that is demanding we make decisions in this complex system faster than we have before. Flexibility and trust are therefore critically important features to build into this system.

### **Question 1: Do you agree with the description of decentralisation? If not, why not?**

Yes, it effectively captures the nature of the shift from large-scale generation to smaller-scale distributed energy resources (DERs) located closer to consumers. However, it would be beneficial to further emphasize how decentralisation can enhance resilience to broader national and global shocks. Additionally, defining and emphasising equity (as distinct from equality) would strengthen the framing, ensuring fairness is embedded in the system design.

#### Specific feedback:

- Trend 1 – clause 2.2. We would add demand management to capture the opportunities of changing patterns of use away from peak hours. This can be manual (less likely to be successful) or using smart tech alongside informed permission with reviews/checking back (a high trust model).
- Trend 2 – clause 2.9. Outages and increase costs also increase consumer anxiousness and feelings of being overwhelmed. Many are already feeling overwhelmed, so the 'transition' discussion is well below the radar. Considerable attention is required to work with stakeholders who are supporting these homes so that we can support the development of this transition discussion across all community members.
- Trend 2 - May be useful to include a section about how the 'localism' approach increases resilience to wider national and global shocks that aren't necessarily directly related to energy. DERs and the conversations/networks they can create are an important piece of building local capacity, capability and resilience for a wide range of sectors.
- Trend 3, clause 2.14. Includes capital that the electricity sector traditionally would not have access to (not part of their legislated revenue and funding streams). This allows flexibility in how improvements to local grid performance are paid for.

- Improved access to consumer data will provide significant value opportunities but will also come with challenges around how to build and maintain trust. The approach to data sovereignty must be well considered.

**Question 2: Do you agree with the articulation of the potential outcomes and benefits from decentralisation for consumers? If not, why not?**

Yes, strong support for this approach, particularly the focus on affordability, security, decarbonisation, and empowered communities.

Specific feedback

- ‘Enhance energy affordability and equity through’ section – include 3<sup>rd</sup> bullet/concept: Providing communities a way of accessing and engaging with the energy sector to ensure timely, effective and efficient solutions to their energy needs.
- Strong support for this statement “Increased consumer connection with their energy supply leading to higher engagement, energy literacy, improved energy efficiency and healthier homes and buildings, and increased demand flexibility.” Enabling this should be a core strategic goal for EA, EECA, and any other Government agency with programmes that include the energy sector.

**Question 3: Do you agree with the articulation of the possible challenges to unlocking the benefits of decentralisation? If not, why not?**

Yes, particularly the need for governance reform to build consumer trust, and equity outcomes. Acknowledging that embedding the implied changes within the energy sector is both critical and will be challenging to achieve. Strong leadership will be required to overcome resistance to change and ensure the sector adapts to the complexities of decentralisation. Additionally, the importance of intergenerational perspectives should be emphasised to ensure long-term benefits, especially around building trust.

Specific feedback:

- Clause 4.5. Core element for this part is that we will need to embed a culture of flexibility and learning. Initially to respond to feedback as communities become more engaged but also to respond to ongoing and increasingly complex system challenges as climate change and related social and environment impacts are experienced. The skillset and culture of energy sector will need to change considerably to meet these challenges. These changes will be harder to implement than the technical ones that are currently getting most of the focus.
- Clause 4.6. The value stack for DER/community energy may be poorly understood, or at least undervalued, in the energy sector. The values that include social and environmental outcomes are generally not even acknowledged alongside the traditionally dominant economic or technically oriented ones. The full extent of the value of DERs needs time, investment and a diversity of participants to be realised. The framing of this needs to be a focus in future policy work.
  - One of the prevailing issues is that we seem to be waiting for leadership from stakeholders who do not have a strong incentive yet to move quickly. Perhaps a way to fast track this innovation and build in scale to CE projects would be to develop a 'strawman' version (use a robust process for this and based on international best practice, and current, albeit slow development in ANZ) of the total value set an eligible project should deliver. This potential value is used by Government to underwrite the community so they can achieve these outcomes from the start. It would then up to the sector to work out how to reduce/eliminate the need for that

underwriting. This approach significantly reduces the risks to the community (who currently hold pretty much all the risk and costs) and would also attract a significant increase in impact investment.

- Clause 4.9. Agree with this but care required to not use the need for these discussions as an excuse to delay action. Alongside the flexibility mentioned above, we need to understand that mistakes (acknowledging that there are some core deliverables, such as security of supply, that must be maintained) will be made and so we need to develop a high trust, fast learning culture. The discussion around intergenerational perspectives is largely about building this trust - good intergenerational decision-making shows genuine commitment. The current level of trust is very low in some parts of society and that needs to be addressed urgently.
- Clause 4.11. We have already seen this with the Activator pilot in Canterbury. Work in this area is urgently needed with the development of multiple responses/opportunities to address these barriers.
- Strongly agree with both 4.13 and 4.14. This will require strong leadership within the sector as this includes a significant culture change. There will undoubtedly be resistance to this work (downplaying the value, not wanting to share economic benefits, perceived negative impact on planning processes, unwillingness to accept weaknesses). There are 'green shoots' in the sector (such as Orion leading with the Activator pilot) that should be celebrated and supported.

**Question 4: Do you agree with the articulated opportunity statement for a more decentralised electricity system? If not, why not?**

Yes, although it would be helpful to articulate the counterfactual – what are the risks of inaction and the consequences of maintaining the status quo? This would provide a balanced perspective and highlight the urgency of enabling a wide range of initiatives/policy development. Additionally, we see an enduring tension between economic growth and consumer benefits should be addressed to ensure equitable outcomes.

**Question 5: What other feedback would you like to provide to input into the discussion on:**

**b) How this might benefit consumers:**

Consumers will benefit through lower energy costs, increased resilience, and reduced carbon emissions. However, education and engagement are critical to ensuring consumers understand and trust the system. This education should include a tiered approach:

- a) Consumers are able energy literacy (including how to read a bill), how to use and retrofit their homes to make them warmer, dryer and more efficient, and when to install solar panels, batteries and other DER opportunities.
- b) Community organisations (who already have a high trust relationship with their community members have the knowledge and access to expertise to deliver larger scale community energy projects. The Canterbury Activator is an example of how this could be done.

**c) What might be needed to unlock these benefits:**

Unlocking these benefits requires strong government support, innovative funding models, and collaboration across sector stakeholders. Additionally, mechanisms to ensure equitable

access, such as national and regional community energy funds and development of shared ownership models, are essential.

**Question 6: What are other emerging case studies we could learn from?**

Acknowledging that several countries have developed systems that could be modified for Aotearoa New Zealand relatively quickly. Perhaps also consider the Energy Trust in Oregon? This model combines regional targets, levies, and long-term government support to develop community energy projects. It emphasizes education, technical support, and funding tools, which are critical for democratisation and equity.

Perhaps a local version of this could include EDBs working with community to establish a local energy plan for community energy projects/outcomes (multiple impacts framework). These projects are supported through a local levy on that EDB (distinct from current revenue stream), with further support from central Government to acknowledge the wider values/impacts. This plan would have a 10-year timeframe with ongoing reviews to ensure relevance and that learning is incorporated. This would allow the very necessary education, technical support and funding tools to be developed and made available to all (part of democratisation) and remove the risk of bias from monopoly operators. It would also incentivise EDBs to engage fully.

**Final Comment**

The Green Paper is a strong foundation for future discussion and policy development, but the urgency of action must be emphasized. Clear milestones and timelines should be included to ensure progress toward the 2040 goals. Additionally, the full value stack of DERs, including social and environmental outcomes, should be better understood and integrated into decision-making frameworks. Thank you for the opportunity to provide feedback.