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Electricity Authority Te Mana Hiko
Consultation Paper – Evolving multiple retailing and switching

By email to policyconsult@ea.govt.nz

Tēnā koutou

SUBMISSION ON EVOLVING MULTIPLE RETAILING AND SWITCHING

Unison Networks Limited (**Unison**) is an electricity distribution business operating in Hawke's Bay, Taupō and Rotorua. Centralines Limited (**Centralines**) is a distributor operating in Central Hawke's Bay.

Unison and Centralines appreciate the opportunity to comment on the Electricity Authority's (the Authority) consultation on evolving multiple retailing and switching (MTR). We are supportive of Option 1, which takes practical steps to enable multiple trading relationships while allowing flexibility in implementation.

We welcome this initiative as an important enabler of consumer choice, competition, and innovation key themes that align closely with the Authority's statutory objective and strategic focus areas. By allowing households and businesses to contract with more than one retailer at a single site, creates new opportunities for consumers to tailor their energy services to their needs, be it EV charging, solar exports, or emerging flexibility products.

In our view, Option 1 provides the best foundation to achieve the Authority's strategic outcomes:

- **Promoting competition** through unbundling and increased retailer participation
- **Enhancing reliability and resilience** by supporting distributed energy resources (DERs)
- **Improving efficiency** by enabling value-driven customer choices
- **Delivering long-term consumer benefit** through innovation, price pressure, and service diversity

Part 1 – Multiple trading relationships

The introduction of MTR marks a pivotal step towards a more consumer-centric energy market. By enabling customers to contract with more than one retailer at a single site, MTR fosters greater choice, competition, and innovation. This model lowers entry barriers for niche and emerging providers, such as those offering electric vehicle plans, solar buyback schemes, or peer-to-peer energy trading, supporting the development of tailored, value-driven services. In turn, this dynamic environment promotes more competitive pricing and enhanced service offerings, in line with the Authority's goal of improving retail outcomes. At the same time, a well-designed MTR framework has the potential to drive grid efficiency and support system resilience, while safeguarding consumers through thoughtful implementation, robust protections, and accessible digital tools.

1.1 A Customer-Centric Energy Future

Empowering Consumer Choice and Competition and the ability for consumers to contract with multiple retailers unlocks a competitive market where innovation and value matter. MTR lowers entry barriers for niche providers, those offering EV-only plans, peer-to-peer trading, solar buyback services, or energy management platforms.

This dynamic competition drives better prices and service differentiation, aligning with the Authority's goal to put downward pressure on retail offerings and ensure the benefits of innovation are passed through to end users. The increasing take-up of time-of-use tariffs and bundled offers highlights the pace of innovation that MTR can accelerate.

We believe that consumers stand to benefit most from a market where no single provider can lock them in, Option 1 facilitates this by removing structural hurdles to choice.

1.2 Enabling Service Innovation and Grid Efficiency

MTR fosters new business models that reward behind-the-meter investment and smarter energy use. These arrangements support system-wide efficiency and resilience. Greater adoption of DERs reduces peak loads, defers network investment, and enhances reliability, outcomes aligned with the Authority's reliability and efficiency objectives.

1.3 Protecting the Consumer: Risks and Mitigations

While we support Option 1, we also recognise the importance of thoughtful implementation. For MTR to truly deliver on its promise, consumer protection must be at the forefront.

Risk	Concern	Mitigation
Complexity and Confusion	Consumers may find managing multiple contracts, tariffs, or communications overwhelming.	Development of clear customer journeys, intuitive switching tools, and education campaigns. A "lead retailer" or coordinating agent could provide consolidated billing and communications.
Fragmented Communications and Billing	Multiple notifications and unaligned billing cycles may deter customers.	Encourage design of integrated platforms or primary retailer models that maintain a single point of contact for essential network messages and bills.
Data Privacy and Consent	Increased data flows raise risks around security and consumer trust.	Apply robust privacy rules under the emerging Consumer Data Right, with strict consent protocols and purpose-limited data sharing.
Disadvantaging Vulnerable Consumers	Not all consumers will be equally equipped to navigate complexity, especially those without digital access or technical confidence.	Retain simple, opt-in standard supply models alongside MTR. Promote inclusive digital tools, community-based outreach, and retailer accountability for fair marketing practices.
Implementation Errors	Metering, billing, or data integration issues could erode consumer confidence in early stages.	The staged rollout proposed under Option 1, supported by pilots (e.g. Wellington and Kāinga Ora). Lessons learned should guide continuous regulatory refinement.

To ensure consumers remain at the heart of this transformation:

- **Proceed with implementation of the recommended proposal outlined in Option 1.**
  Allowing multiple retailers to serve a single site (e.g. one for load, another for generation), while embedding consumer safeguards throughout.
- **Ensure accessible opt-in/opt-out pathways**
  Consumers can easily engage with or step back from MTR offerings. This is consistent with the Authority's "minimal impact" commitment.
- **Accelerate the development of digital tools**
  AI-powered comparison engines, app-based switching, and self-service portals to help consumers evaluate and activate optimal deals with confidence.
- **Apply strong consumer data protections**
  The emerging Consumer Data Right (CDR) framework. Data access should be transparent, consented, and limited to purpose-specific use.
- **Continue regulatory oversight and pilot evaluations**
  Focusing on consumer outcomes. Learnings from initiatives like the Kāinga Ora pilot and the Wellington trial should inform the next phase of refinement and scaling.

Part 2 – Distributor Switching

2.1. Distributor and Embedded Networking Switching

We appreciate the Authority's work to improve switching processes and support the broader goals of increasing competition and empowering consumers. While the proposal outlines the distributor switching process, we believe further clarity is needed to distinguish the roles and responsibilities of Electricity Distribution Businesses (EDBs) versus those of Embedded Network Operators. We support the implementation of technologies that improve the accuracy, automation, and transparency of switching processes across both frameworks. These enhancements will enable better consumer outcomes, reduce compliance burdens, and support the Authority's objective to improve the efficiency of market operations.

2.2 Key Differences: Distributor vs Embedded Network Switching

Feature	**Distributor Switching**	**Embedded Network Switching**
Network owner	Regional lines company (EDB)	Private embedded network operator
Type of switch	Location-based switch across distribution boundaries	Tenant selects retailer within an embedded network
Consumer choice	Not applicable (driven by physical network area)	Dependent on embedded network design and contractual arrangements
Registry updates	EDB update ICP assignment in the registry	Embedded network operator maintains sub-registry
Regulatory regime	Part 11 of the Code (audited processes)	Parts 6 and 12A (also audited by the Authority)
Consumer obstacles	Typically, minimal (may involve tariff alignment)	Potential lock-in, limited retailer options, or lack of registry integration

2.3. Implications & Recommendations

While distributor switching is generally well-integrated and low-friction, consumers within embedded networks may face greater obstacles to exercising choice in the future. These include limited transparency, default-provider arrangements, and registry limitations. As embedded networks grow in number, particularly in multi-tenanted residential or commercial developments these issues may increasingly undermine competition and consumer trust.

To promote the Authority's strategic objectives of enhancing competition, improving efficiency, and ensuring long-term consumer benefit, we support:

- **Strengthen Registry Integrity**
  Ensure accurate and consistent tracking of distributor assignments and embedded network relationships. Misalignment in the registry can result in billing disputes, compliance failures, and a poor consumer experience. Automation and validation tools can help maintain data quality.
- **Empower Consumers with Clear Information**
  Improve communication to consumers especially tenants in embedded networks about their rights and switching options. Many are unaware they can change retailers or misunderstand their obligations under embedded network arrangements. Better information will improve engagement and trust.
- **Support System Interoperability and Standardisation**
  Enable standardised switching processes, supported by common APIs and registry integrations. This will reduce switching friction, could support MTR uptake, and help embedded network tenants access the same benefits available to consumers on distributor networks.
- **Continue Regulatory Oversight and Audits**
  Maintain active oversight of both distributor and embedded network switching through regular audits and market monitoring. This ensures compliance with the Code and builds confidence among consumers, retailers, and operators.
- **Address Structural Barriers to Choice in Embedded Networks**
  Encourage regulatory or commercial mechanisms that prevent embedded network providers from locking tenants into default supply arrangements. Where competitive retail choice is not realistically available, further intervention may be necessary to ensure consumer protections are upheld.

Understanding and addressing the nuanced differences between distributor and embedded network switching is essential for ensuring fair access to choice. As the electricity market evolves, particularly under proposals like MTR, consumers should be able to fully participate, regardless of their network type.

We support the continued modernisation of switching systems and processes and encourage the Authority to include a clearer framework for embedded network switching. Doing so will ensure that *all* consumers benefit from greater competition, better services, and increased transparency consistent with the Authority's statutory objective.

Part 3 - Feedback on Proposed Code Amendments

3.1. Overview and Position

We support the Authority's broader intent to enable MTR, including the registration of separate generation and consumption traders at a single Installation Control Point (ICP). We also support improvements to switching arrangements that enhance customer choice, promote innovation, and enable a more dynamic electricity market. These changes are consistent with the Authority's statutory objective to promote competition and efficiency for the long-term benefit of consumers.

However, a review of the proposed Code drafting undertaken by Chapman Tripp identifies significant legal and operational gaps, particularly in relation to:

- The undefined role of generation traders in relation to distributors
- The lack of contractual arrangements to support charging, service levels, and risk management
- Potential inconsistency with existing commercial frameworks such as the Default Distributor Agreement (DDA)

If left unresolved, these gaps could expose distributors to unrecoverable network costs, operational risk, and system security concerns all of which may ultimately impact consumer prices, service reliability, and confidence in the system.

We support progressing but recommend that the Authority address these legal and regulatory uncertainties before finalising the Code**.**

3.2. Code Alignment with the Authority's Intent

The proposed Code amendments focus on mechanical registration changes specifically enabling separate trader registration at the metering channel level (i.e. consumption and generation). A new concept, "responsible trader," is introduced to designate the consumption trader as the main point of contact for network interactions.

However, the Code is silent on key operational and commercial matters relating to generation traders especially the distributor's right to impose network standards, charge for services, and recover revenue. This ambiguity is inconsistent with the Authority's intent to avoid complexity while enabling cost-reflective network charging.
In its current form, the Code creates uncertainty about:

- who pays for network services when generation is injected into the grid
- who manages risks and service obligations when multiple traders are involved
- how disputes, outages, or connections are coordinated when only one trader is party to the DDA

3.3. Impact on Consumers and Market Functioning

From a consumer perspective, these gaps pose several risks:

- Network service degradation if distributors cannot enforce operational standards on generation traders
- Higher costs for consumers if distributors cannot recover revenue directly tied to network use by generation traders
- Reduced investment confidence in distributed energy solutions if legal uncertainty undermines retailer and distributor participation
- Confusion and potential disputes if consumers are caught between uncoordinated consumption and generation traders with no clear network framework

For MTR to deliver its promised benefits, the Code must balance flexibility and innovation with clear, enforceable frameworks that protect the network's operational integrity and ensure costs are fairly allocated.

3.4 Why the DDA Matters

The Default Distributor Agreement (DDA) is the cornerstone of the commercial relationship between retailers and distributors. It governs:

- Network access rights and service levels
- Pricing and billing
- Risk and liability allocation
- Compliance with connection and power quality standards
- Operational coordination (e.g., load shedding, outages)

Under the current regime, only **retailers** are required to sign the DDA. If MTR introduces **generation-only traders** who are not party to the DDA, **key network obligations become unenforceable**.

This weakens the distributor's ability to:

- Maintain system security (e.g. load control, metering, frequency response)
- Ensure consistent power quality and connection compliance
- Apportion and recover network costs in a fair and transparent manner

Without a commercial agreement or equivalent Code obligations, **distributors face serious exposure** which will either lead to under-recovery (passed on to other consumers) or operational breakdowns that impact all network users.

3.4 Key Gaps Identified

Issue	DDA clause	Risk without Equivalent for Generation Traders
Network service levels	Clause 2,4	No enforceable service obligations for generation traders
Payment for services	Clause 7-9	Generation traders may use network services without any payment obligation
Interruptions and load shedding	Clause 4	Communication gaps and unclear obligations during planned/unplanned outages
Load management and system security	Clause 5	No requirement for generation traders to comply with load control protocols
Prudential /security	Clause 10	No security requirement from generation traders in case of default
Access / damage responsibilities	Clause 11,12	Responsibility falls unfairly on consumption trader alone
Connection and disconnection	Clause 12.7, 12.8 &17	No clear processes for generation-related changes to ICP status
Liability and dispute resolution	Clause 18-26	Distributors and generation traders lack formal mechanisms for resolving issues or allocating liability
Customer obligations	Clause 29	No requirement for generation traders to align customer terms with network standards

To ensure the successful implementation and to uphold the Authority's strategic objectives, we recommend:

- **Clarify Distributor Generation Trader Relationships in the Code**
  The Code should include obligations on generation traders equivalent to those of retailers under the DDA or provide for a parallel contract framework to ensure operational and commercial accountability.
- **Introduce Network Charging Mechanisms for Generation Traders**
  Distributors must have enforceable rights to recover costs from generation traders where network services are used (e.g. injection capacity, reverse flows, power quality maintenance).
- **Maintain Network Integrity through Consistent Operational Standards**
  All traders whether generation or consumption should be subject to metering, outage notification, and load control requirements that protect system security.
- **Avoid Cost Shifting to Consumers or Retailers**
  Unless addressed, the inability to charge generation traders risks shifting unrecovered costs onto consumption traders or other end-users undermining trust, fairness, and the economic efficiency of the regime.
- **Amending the DDA or Creating a Standard "Generation Services Agreement"**
  This could ensure that network use by generation traders is properly governed without overcomplicating existing arrangements. A simple, templated agreement could be supported through the Registry or switching systems.

We support the Authority's goal to create a more flexible and competitive market. However, the current draft Code amendments while directionally sound require further development to ensure that distributors can maintain safe, reliable networks while recovering their regulated revenue fairly and efficiently.

Without clear responsibilities and payment mechanisms for generation traders, the proposed regime introduces legal and financial uncertainty that could impact not only distributors but also the very consumers it is designed to benefit.

We recommend the Authority work in partnership with industry to resolve these material issues before finalising the Code, ensuring MTR delivers a sustainable, equitable and consumer-friendly outcome.

4. Conclusion

Unison and Centralines support the Authority's intent to modernise New Zealand's electricity market, improving switching arrangements, and promoting greater consumer choice and innovation. **Option 1** represents a practical and future-focused path forward, aligning with the Authority's statutory objectives to promote competition, efficiency, reliability, and long-term consumer benefit.

We welcome the Authority's efforts to give consumers more control over how they engage with electricity services, whether by allowing separate retailers for generation and consumption, enabling smarter switching tools, or unlocking innovation in areas such as EV charging, solar optimisation, and community energy sharing.

To succeed and deliver its full benefits, the regulatory framework must also address key risks and gaps that could undermine both market integrity and consumer outcomes:

- Distributors' ability to engage with generation traders remain unclear, with no enforceable obligations for network access, charging, or compliance with service standards. Without contractual arrangements (like a DDA or equivalent), distributors face significant operational, legal, and revenue risks.

- Switching within embedded networks remains inconsistent and often opaque, limiting competition and disadvantaging consumers, particularly tenants. Further clarity, integration, and oversight are needed to ensure that embedded network customers enjoy the same transparency and choice as those on standard distribution networks.
- Registry and system enhancements should support both distributor and embedded network switching by enabling standardised processes, reducing compliance costs, and improving data accuracy and visibility for consumers and participants alike.

To fully realise the Authority's objectives and support a smooth implementation:

- We recommend that the Code be amended to clearly define distributor generation trader relationships, including service obligations, charging mechanisms, and operational responsibilities.
- That embedded network switching be strengthened to remove barriers and promote consumer access to fair, competitive retail offerings; and
- That consumer protections and system integrity be safeguarded through strong oversight, clear communication, and robust, enforceable commercial frameworks.
- The Authority should consider creating a smart online tool, in partnership with industry, that uses consumers' half-hourly electricity data; by automatically analysing usage patterns and comparing retailer plans (link with current consultation around Consumer mobility)[1], the tool would highlight the most affordable options tailored to individual needs. This would make switching easier, promote retail competition, drive innovation, and support more affordable outcomes for consumers.

Unison and Centralines supports a consumer-centric energy system, but a successful transition requires alignment with work currently underway at the Authority, Commission, and MBIE. Coordination across these agencies is key to avoiding duplication, reducing consumer confusion, and delivering more affordable, reliable, and innovative services. We appreciate the opportunity to contribute to this consultation and look forward to supporting the transition in collabaration with the Authority and the broader sector.

No part of this submission is confidential, we acknowledge it will be published. Please do not hesitate to contact us for further information.

Nā māua noa, nā

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[1] Enabling consumer mobility by improving access to electricity product data