



ENERGY TRUSTS OF NEW ZEALAND INC.

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The Electricity Authority

PO Box 10041

Wellington 6143

Via email: TaskForce@ea.govt.nz

Dear Energy Competition Taskforce Team,

Thank you for your email inviting us to have further input into your work around the decision in July this year to introduce a requirement that, from 1 April 2026, electricity distribution businesses will need to pay negative charges to reward households and small businesses for supplying power to the network at peak times, helping to keep the network resilient and affordable.

Since introducing the requirement, the EA has found that distributors are facing challenges in applying the definition of “small business consumer” (defined in the Electricity Industry Act 2010 as those using less than 40MWh per year) because they generally work with connection capacity (kVA), not annual consumption.

The EA has also identified that some large generators could qualify for the negative charge, even though the new rules were intended to apply to mass market consumers (households and small businesses) rather than large generators.

You are now proposing to remove the reference to “small business consumers”, and instead require that the negative charge is applied to:

- price categories targeting business consumers with a connection capacity of 45kVA or less
- distributed generation systems where the maximum deliverable generation capacity is 45kW or below.

We comment on the proposed amendment below, but we wish to remind the Electricity Authority (EA) that we did not support this move as it amounted to a poorly designed subsidy for battery owners to be paid for by existing customers.

We are concerned at the haste the EA is moving to implement this and the potential consequences of getting things wrong. It is surprising that this matter wasn’t picked up earlier and this just speaks to a need to slow down and execute this properly.

There is a very limited timeframe to implement this given the requirement for networks to consult with retailers ahead of price changes. Therefore we suggest the implementation is delayed 12 months to allow due consideration of all issues.

Energy Trusts of New Zealand Incorporated (ETNZ) is the collective voice of consumer-owned power distribution in New Zealand. We advocate on behalf of regional energy trusts throughout New Zealand. These Trusts are owners of companies operating electricity distribution networks on behalf of local consumers and communities.

Twenty of New Zealand's 29 EDBs are Trust-owned – either in part or full. It is the dominant ownership model. Trust-owned EDBs supply electricity to over one and a half million customers and collectively own over \$9 billion in network assets. Crucially these networks are owned by their customers which ensures they can strike an appropriate balance between affordability of prices to current customers and investing in an increasingly critical piece of community infrastructure for future generations.

By virtue of their ownership model, trust-owned networks are naturally incentivised to act in the best interest of their customers. Our members are active in their communities – their profits are returned to their customers, they provide local sponsorships and fund community initiatives, and they are significant employers in their regions.

We note the following from discussions with a number of networks:

- The proposed negative charge is actually very low which draws questions as to its effectiveness; and
- The level of charge in quantum across existing customers is less than the total cost of administering it.

The value of this initiative needs to be questioned before further work is done to implement it.

In respect of the EA's proposal the vast majority of residential and small business customers are on three phase 60 amp (41.4kVA) connections or smaller. This should be the upper limit. This should be the only determinant as to eligibility. Using a generation system peak capacity is not appropriate, and certainly not at the level proposed.

We are happy to discuss this further with you if required. Please feel free to contact our stakeholder manager, Cathie Bell – [REDACTED] or [REDACTED]

Yours sincerely,

[REDACTED]

Richard Allison
Chairman
Energy Trusts of NZ Inc