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## Submission to Open Letter: Energy Competition Task Force work programme

9 February 2026

## 1 Submission and contact details

Consultation	Submission on Open Letter: Energy Competition Task Force work programme
Submitted to	The Electricity Authority
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## 2 Confidential information

There is no confidential information provided in this submission. This submission can be publicly disclosed.

## 3 Introduction

Wellington Electricity welcomes the opportunity to comment on the Energy Competition Task Force's indicative 2026 work programme. We support the Task Force's continued focus on initiatives that deliver improved consumer outcomes while maintaining system security, reliability, and equity.

The Energy Competition Task Force appears to have moved from a short- to medium-term mechanism for urgently identifying actions within existing regulatory mandates, to long-term, wide-reaching regulation. While initially established to address wholesale price volatility, fuel scarcity, and barriers to competition following the 2024 price shocks, the mandate appears to be growing and scope ever increasing. Much of the Task Force's recent focus has shifted toward retail pricing options and consumer-facing initiatives that sit squarely within the Electricity Authority's ongoing regulatory functions and have only a limited connection to the wholesale market and investment issues that motivated its formation.

The Electricity Authority and the Commerce Commission already possess the statutory powers, expertise, and processes to implement enduring regulatory interventions, the continued operation of a separate Task Force risks duplicating effort and diffusing accountability. At this stage, the objectives of the Task Force would be winding down and returning responsibility to the core regulatory bodies subject too the legislative change processes.

### **Our view on the proposed 2026 work programme**

As an electricity distribution business serving NZ's capital city, our experience is that measures designed to improve competition and consumer choice must also be workable within local network constraints. Our feedback is therefore directed at areas where Task Force

involvement can make a material difference within the proposed timeframe, while avoiding unintended consequences for network performance or cost allocation.

Our submission highlights the importance of demonstrating clear, tangible evidence of the customer benefits arising from both past and proposed projects. We note that there have been significant regulatory changes during the current DPP period, which have required EDBs to adjust their approach to securing and allocating funding in order to comply with these evolving requirements. The costs incurred include operational, policy, and IT system changes. The costs are also not material enough to require EDBs apply for a reopener, therefore EDBs are either overspending opex and incurring IRIS penalties or not doing projects that more directly benefit customers. Wellington Electricity has always advocated for practicable change, especially to promote reliable supply and affordability for customers.

Wellington Electricity's submission can be read in conjunction with Electricity Network Aoteroa's (ENA) submission.

## **4 Potential Projects and Suggested Prioritisation**

### **4.1 Market Power and Flexibility Issues**

Priority: Medium

Wellington Electricity supports the Task Force examining potential market power risks in emerging flexibility markets. We do not think that this fits the short-medium term criteria for implementing effective change.

There is a tension between using discretionary demand to lower energy at the supply side or reducing investment in infrastructure at the demand side. Getting the balance correct will ensure market power meets the supply security and affordability outcomes sought by our customers.

The Task Force need to have a view across the market to ensure the best outcome is achieved.

While flexibility services are expected to play an increasingly important role in managing congestion, integrating distributed energy resources, and deferring traditional network investment the Task Force would need to understand the precursors to this market to ensure it is effective for all consumers.

As these markets develop, it will be important to ensure that the regulatory framework enables standards and least regrets safeguards so a competitive provision of services results which recognises the existing obligations for EDBs to operate safe, reliable, sustainable networks.

In our view, this work should:

- Outline the prerequisites required for the market to be successful at both energy and infrastructure levels. There is a hierarchy of needs and principles which would be natural precursors to a market that retained the balance between security, affordability and sustainability.

- clearly distinguish between competitive flexibility services and operational network management functions; and
- provide guidance on how EDBs support the enabling of flexibility markets without creating barriers to entry or dampening innovation.

Given the pace of change in this area and its close link to congestion management and efficient investment, we consider this project warrants high priority and should be managed through the market, with regulatory oversight from the EA over a number of years instead of the Taskforce.

## **4.2 Connections Issues**

Priority: Medium

Wellington Electricity supports work that is grounded in the principles of efficient investment, cost causation, and avoidance of cross-subsidisation. All EDBs have differing connection policies that are built to fit their unique networks. The EA has information gathering powers that would be more useful to invoke than full reform of connection pricing. Also, there is already focus on ongoing initiatives that impact connection pricing, the Taskforce should question whether it is necessary to create further change, while new processes are establishing themselves.

Any work in connection pricing should help direct connection pricing reform as part of DPP5, rather than layering on more potential changes for EDBs to navigate in the middle of the DPP period. We caution against excessive regulatory intervention in individual connection decisions. While transparency and accountability are important, overly prescriptive requirements or poorly defined intervention triggers risk creating perverse incentives, as described in our submission on ‘Reducing barriers to network connections’ consultation.

## **4.3 Role of non-network solutions in GXP upgrades**

Priority: Low

We do not see merit in examining the extent to which non-network solutions are being appropriately considered as alternatives to GXP upgrades. GXP upgrade decisions involve regional or systemwide drivers that limit the range of viable alternatives. We do not see this as a priority because we need to renew aging infrastructure in the first instance, and this gives an opportunity to manage the step change in electricity demand, driven from decarbonisation.

Where there may be a minor role for non-network solutions in GXP upgrades but this may only facilitate upgrade timing between different priorities, clearer expectations around option assessment processes and coordination between Transpower and EDBs could support more efficient outcomes.

For these reasons, we consider this work should remain tightly scoped and focused on improving process and transparency.

#### **4.4 Ensuring retail service bundling supports consumer choice**

Priority: High

Wellington Electricity acknowledges the potential competition and consumer impacts of retail service bundling. We consider this area to be higher priority relative to other projects. We also support ENA's concern that bundling risks diluting the impact of devices like TOU pricing that distributors are implementing.

WELL would like the Taskforce to align retail bundling that also supports cost reflective pricing. This is to ensure investment in networks is being paid by the customers who drive it. Based on the most recent EA pricing scorecard, WELL is ranked first place, and will require retailers to pass on the price signals to customers. This is because network pricing should be a higher priority to regulators than connection pricing. Connection pricing is largely about one-off, upfront signals for new or upgraded connections, network pricing and retail offers affects every consumer. Network pricing determines whether network congestion, peak demand, and flexibility signals actually change behaviour that can defer investment, and reduce costs for all.

### **5 Other projects the task force should consider as higher prioritisation**

#### **5.1 Distribution congestion management and hosting capacity allocation**

We recommend the Task Force consider work on distribution congestion management, and hosting capacity allocation, which could be centred around:

- conditional default export limits;
- the allocation of hosting capacity between customers over time; and
- the interaction between pricing, curtailment, and behavioural signals.

The establishment of frameworks in these areas will set the foundations for allowing greater DG across the network while still maintaining network safety and security. DER controllability is a key function that needs to be mandated to reduce re-work in future and allow higher export limits that do not interfere with network operating envelopes.

#### **5.2 DER visibility**

The lack of realtime visibility and management of distributed energy resources (DER) remains a material constraint on unlocking higher levels of efficient network utilisation. While this issue may not be fully resolved within a single year, we see value in the Task Force identifying regulatory barriers and considering transitional pathways to enable these capabilities over time. -time visibility and controllability of distributed energy resources

Improved visibility of DER may enable EDBs to lift default export limits to a managed 10 kW level by reducing uncertainty about where and when exports occur. With accurate data on DER capacity, location, and operating profiles, distributors can assess hosting capacity at a local level, manage voltage and thermal constraints more precisely, and move away from conservative, static export limits. This allows higher default exports to be offered where the

network can accommodate them, while targeting operational controls or investment only where genuinely required, improving network utilisation and consumer outcomes.

## **6 Feedback on projects to date**

WELL believe the Task Force should include structured retrospectives on projects already undertaken and their effectiveness. It is essential to ensure the Task Force's future work is grounded in evidence and operational reality rather than intent alone. Retrospectives provide an opportunity to assess whether initiatives have delivered their intended outcomes for competition and consumers, how effectively they have been implemented across different parts of the sector, and whether unintended consequences have emerged.

Capturing lessons learned will help the Task Force refine its approach, prioritise the most impactful projects, and avoid compounding inefficiencies as new measures are layered onto existing reforms.

### **6.1 Solar Rebates cause cross-subsidisation**

The presence of cross-subsidisation arising from solar rebates highlights the need for the Taskforce to actively validate whether its solar rebate mandate remains consistent with its core objectives. While rebates are intended to accelerate uptake, their interaction with network cost recovery can shift costs onto non-participants, undermining fairness and affordability outcomes. The Taskforce should therefore assess whether the benefits delivered by solar rebates outweigh the distributional impacts they create, and whether alternative, more cost-reflective mechanisms could better support decarbonisation without embedding ongoing cross-subsidies.

## **7 Conclusion**

We would welcome the opportunity to meet with the Taskforce to discuss our submission and provide further context on the issues raised. In particular, we would value a discussion on how the Authority's network pricing roadmap is being interpreted in practice, and the relative roles of distributors and retailers in ensuring pricing signals are effectively passed through to consumers. A short meeting would assist us in clarifying our position, and ensuring our views are fully understood as part of the decision-making process.