20 February 2026

Electricity Authority

By email to: policyconsult@ea.govt.nz

Tēnā koe

Response to evolving multiple trading relationships and switching – supplementary consultation

Thank you for the opportunity to provide our views on the supplementary paper on multiple trading relationships (MTR) and switching.

Contact Energy considers that there are likely lower cost ways of achieving the stated efficiency goals than the proposed residential focussed MTR solution. We recommend that the Authority refocus its attention on to the commercial and industrial (C&I) market, where there is a much clearer cost/benefit case.

We support the growth of distributed energy resource management systems (DERMS) and recognise the role they will play in improving the efficiency of the market. However, the proposed MTR model is likely to have wider consequences for the retail market. We expect that it will lead to a review of the underlying economics of consumption plans, and may lead to upwards adjustments harming a wider range of consumers. This is because many plans are designed as integrated offerings, and separating consumption and injection across different providers could undermine their intended use and value.

For example, one of Contact Energy's most successful plans is Good Nights, which offers free electricity from 9.00pm to midnight on weekdays. This plan is intended to incentivise customers to shift load across the day, rather than optimising battery usage. If a customer could choose to consume electricity via Good Nights (or a similar plan) and to inject electricity via a separate provider, this could enable an arbitrage: they could charge a battery for free, and sell that electricity during the peak. This would materially increase consumption during the free period and undermine the economics of the plan. Consequently, retailers may need to reconsider the incentives on plans like Good Nights, as they may not be commercially viable for customers on an MTR arrangement. This has broad implications for the intended benefits and implementation of the MTR regime.

We also question some of the assumptions made in the CBA. In our view a significantly larger increase in efficient battery utilisation than indicated in the CBA would be required to justify the costs.

We request that the Authority:

- reconsider the costs and benefits of the proposed residential MTR, taking into account the wider impact on the market;
- if residential MTR is retained, clarify that it is acceptable for retailers to make MTR customers ineligible for certain plans – and establish guidance and communication requirements to ensure consumers are aware of this limitation; and
- explore MTR arrangements for commercial and industrial customers.

Further details are provided in the attached submission form.

We also note that the EA has indicated that the proposed framework and solution has been 'tested and endorsed by the Switch and Data formats Group (SDFG)'. Based on our observations and engagement in the group, it is inaccurate to claim this proposal was endorsed. While there was general consensus or support for a simplified solution, previous SDFG meetings uncovered a number of challenges and 'work ons' that still remain unanswered or require attention. The SDFG has not recently met to assess and discuss the changes outlined in the second round of this consultation or the cost benefit analysis, so it is not accurate or appropriate to signal endorsement or support from the group.

Ngā Mihi

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Head of Regulatory and Government Relations

Contact Energy

Response to consultation questions

Questions	Comments
Q1. Do you have any comments on our revised proposal for MTRs?	We are disappointed that the Authority has proposed to implement MTR in a way that will not provide for, or facilitate, the growth of flexibility within the C&I customer base. The development of flexibility has been a theme in many EA papers, with the flow on benefits of improving affordability. MTR presented an opportunity to help unlock some of this flexibility, but this has been missed. We are also concerned that this proposal could change the underlying economics of consumption plans. For example, many of our time of use 'good plans' are not well suited to an MTR arrangement. Many of these plans include extended free periods. If an MTR customer used this as their consumption plan, they could arbitrage by charging a battery free of cost and then selling the energy to the highest bidder. Our 'good plans' have very successfully encouraged load shifting into off peak periods, despite consumer inertia and low engagement. We achieved this by exaggerating the market signal and choosing free periods of interest to consumers, rather than necessarily the lowest cost time of the market. While these plans are effective, they are not a perfect reflection of underlying market costs. Our most successful time of use plan is Good Nights, which offers free electricity from 9.00pm to midnight on weekdays. This is targeted at shifting consumption patterns rather than optimising battery usage. If an MTR customer were on this plan they would be incentivised to charge their battery during the free period, which is not the optimal time from a market perspective. This would cost the retailer and reduce overall market efficiency. As a result, retailers would need to reconsider the incentives incorporated into plans like this, or remove them from the market entirely. This would create a poor outcome for consumers by limiting their choices, and a poor outcome for the market by reducing the amount of load shifting occurring. To avoid these negative outcomes retailers may find that "time of use" plans which incentivise load-

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	shifting, like Good Nights, are not commercially viable for customers on an MTR arrangement. It is important the Authority recognises this as a likely outcome. It has broad implications for the benefits of the proposed regime, its uptake by customers, and the approach to implementation. If the Authority chooses to implement MTR it should also clarify that it is acceptable for providers not to make all plans eligible for MTR arrangements. Guidance will also be required to inform consumers of the impact on their consumption plans. We consider that a gaining injection provider should have to notify joining customers of this impact, and advise them to discuss it with their consumption provider. It may also be necessary to amend the saves and win-backs regulations to allow consumption providers to notify customers that they may be switched to a different plan when they enter into an MTR arrangement. While the refreshed implementation solution has been simplified from the original proposal, it has unfortunately been designed as a standalone option. This may constrain future innovation such as expanding MTR to apply to C&I customers. We do not consider that the solution provides a strong foundation for future MTR growth, as it focuses only on meter/register based technology and functionality. There is little flexibility for behind the meter innovations, alternative energy services and future technology. Because the proposed solution will not allow for new MTR arrangements, any future implementation stages will need to be new development or 'back to the drawing board' approaches.
Q2. Is there further information you can provide that may improve the evidence base for our assessment of (a) costs and/or (b) benefits?	We do not consider that the MTR regime will have a net benefit to consumers, or to market efficiency. First, it is helpful to clarify what the MTR regime will not achieve: • We agree with Sapere that it will not have any impact on the uptake of solar installations. Sapere note at footnote 11: *First, it is not clear that a separately tariffed solar installation with, for example, a peer-to-peer arrangement automatically achieves a lower cost outcome system-wide. At present retail*

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	customers with solar are incentivised to shift load to the periods when solar is produced. It is not clear to us that we can necessarily assume that an alternative pricing arrangement would achieve a better outcome, although it may lead to some transfers among consumers. Second, solar uptake is already on a strong upwards trajectory that may, over time, depress the price available for injection of surplus solar energy. The business case for separating generation and load will not necessarily be improved in an MTR type scenario. Third, there are already sophisticated tariff structures available for residential solar customers that use the interaction of solar and load to attract consumers. We do not consider other types of generation (e.g. wind) as these are not expected to make any material impact over the period of analysis. • We do not consider that it will improve battery uptake. As shown by EECA, the rate of return on a battery -even under a complex TOU plan - is low, and often negative.[1] EECA could only show a net return across the board for customers exploiting the arbitrage of free charging. As noted above, this is unlikely to feature in any MTR regime. The CBA prepared by Sapere on behalf of the Authority focussed on potential market efficiencies from better use of existing battery installations. However, this relies on a series of unlikely assumptions The CBA assumes: 1. the existence of an MTR arrangement that is in consumers' interests. As noted above, if some consumption plans will be unavailable to customers in an MTR arrangement, undermining its economic appeal to customers; 2. that there is an injection-only plan which incentivises efficient battery deployment in a way that the existing provider cannot; 3. that these customers are willing to enter into a complex multi-party arrangements;

[1] https://www.eeca.govt.nz/assets/EECA-Resources/Research-papers-guides/Understanding-the-value-of-residential-solar-PV-and-storage-in-NZ.pdf, p82.

Questions	Comments
	4. that these customers will respond to the injection-only provider's incentives in an MTR arrangement; and 5. that there is sufficient network capacity to support power injection at peak times across the country. We consider that this set of assumptions is not a robust basis for imposing $20m+ of direct cost as well as the inefficiencies identified in this submission. However, even if the Authority accepts the CBA's logic, it contains a number of questionable assumptions: • The assumption of 13.5Kw residential battery capacity is high. EECA found that a 5kWh battery is more cost effective than a 10kWh one, and so will likely be the more popular customer choice. • We are unsure how the saving of $118 per kW per annum for offsetting thermal peaking is calculated: o We do not consider that a kW of thermal is equivalent to a kW of residential batteries due to limited storage capacity of batteries. One kW of battery will deploy less energy than one kW of thermal. o This calculation is likely better done on a kWh basis, assuming a single daily battery charge. Based on thermal costs of $200/MWh, the annual saving from an additional kWh of batteries is around 200/1000*365=$73. • Peaking generation appears to be double counted. The costs have been counted in the "offset thermal peaking" line and also contribute to $74 of the "offset new lines and generation line". A single kWh of battery capacity cannot offset both costs. • 15 years is too long an assessment period. Most residential batteries have a 10-year warranty, so this time period is more appropriate. • We can see no rationale for using such a low discount rate. Sapere notes that Treasury guidance points to 2% for social investments. However, this proposal relates to the economic efficiency of the electricity market, which is not a social investment and is not consistent with the discount rate applied anywhere else in the

Questions	Comments
	market. We consider that the base discount rate should be 8% as this is more consistent with the cost of capital for building generation assets. These changes mean that the CBA requires over 10% of battery owners to select MTR and change their behaviour as a result. In our view this is unrealistic.
Q3. Do you agree the benefits of the proposed Code amendments are likely to outweigh the costs? If not, please explain why not.	No. As above, we cannot identify benefits of this regime that would justify the $20m+ direct implementation costs., and the inefficiency impacts we have identified in this submission.