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Evolving Multiple Trading Relationships and Switching – Supplementary Consultation

Genesis welcomes the opportunity to submit on the Electricity Authority's (**Authority**) Supplementary Consultation paper on *Evolving Multiple Retailing and Switching*, dated 27 January 2026.

Executive Summary

Genesis does not support the Authority's proposal to enable multiple trading relationships (**MTR**) based on the current evidence.

In July 2025, Genesis submitted that the Authority should pause the MTR proposal and commission a full, independent cost-benefit analysis and a comprehensive market trial before proceeding. We identified fundamental concerns, including the absence of a clear problem definition, unproven consumer demand, the inequitable distribution of costs and benefits gaps, and the lessons from international experience.

The Authority has taken two constructive steps in response: simplifying the proposed registry architecture and commissioning the Sapere Cost Benefit Analysis (**Sapere CBA**). Genesis acknowledges both. However, of the five fundamental concerns Genesis raised, the supplementary consultation has partially addressed one and not addressed the rest. Threshold questions for proceeding, including – is there a market failure, do consumers want this, are the costs borne fairly, and do the benefits outweigh the costs – remain unanswered.

The Sapere CBA, while a useful starting point, is a consultation draft by its own description, uses cost inputs sourced from the Authority rather than industry, and produces a net loss of $9.4m under realistic assumptions[1] – before correcting the cost inputs upward. Industry evidence from Vector, Orion, Contact Energy, Mercury, Nova Energy, and others demonstrates that the distributor and retailer cost lines are materially understated[2]. A partial total from six industry participants alone already approaches Sapere's total MTR cost estimate[3]. Given the 2025 submissions, we consider aggregate distributor costs alone could range between $51m - $74m.

[1] Sapere CBA Report, January 2026, Table 3 (p.18): PV(8%) 15-year scenario shows costs of $22.8m against benefits of $13.4m.
[2] See Vector submission (July 2025), p.8; Orion submission (July 2025), p.5, para 24; Contact Energy submission (July 2025), p.6; Mercury submission (July 2025), p.7; Nova Energy submission (July 2025), p.4.
[3] See section 3 of this submission, Table: Total quantified industry costs.

Accordingly, Genesis asks the Authority to:

1. Not make a determination on MTR until Sapere publishes its final CBA report incorporating actual stakeholder cost data.
2. Open a further submission round on the final Sapere CBA.
3. Undertake and publish a distributional analysis of the costs and benefits of MTR across different consumer groups before any determination.

1. Introduction

Genesis is a New Zealand generator-retailer, supplying electricity, natural gas, and LPG to approximately 500,000 customers. Our Gen35 strategy maps our path to support New Zealand's energy transition, focusing on empowering customers to electrify their lives, growing our renewable generation portfolio, and evolving our thermal assets at Huntly to provide the flexible backup an increasingly renewable system requires. We are actively investing over $1.4 billion in new renewable generation and grid-scale batteries by 2030.

Like the Authority, Genesis supports consumer mobility. Our commitment to this objective is demonstrated through tangible innovation within the existing market framework: our Energy IQ app serves over 80% of our mass-market customers; our EV programmes offer cheaper energy than public charging; and our customer flexibility trials have delivered 17MW of peak demand management, with a target of 150MW by FY28 under Gen35. These outcomes are being achieved under the existing single-retailer model.

Where we differ from the Authority is not in the destination, but in the vehicle. Genesis does not believe the evidence base supports MTR at this time.

Genesis 2025 Submission and the Authority's Response

In July 2025, Genesis submitted a detailed analysis of the MTR proposal, identifying five substantive concerns and making four specific recommendations. Genesis recommended the Authority: (1) pause the current proposal; (2) commission a full, independent, and transparent cost-benefit analysis; (3) initiate a robust market trial modelled on the UK's Living Lab Policy Trial; and (4) prioritise alternative pathways to innovation and consumer mobility within the existing framework.

The Authority has responded to two of these recommendations. It has simplified the proposed registry architecture – a constructive step that addresses some of the complexity concerns raised in the original consultation. It has also commissioned the Sapere CBA – a direct response to Genesis' and other submitters' request for quantitative analysis.

Genesis acknowledges both steps. However, a systematic review of the supplementary consultation against the concerns and recommendations Genesis raised reveals that most remain unaddressed. Table 1 below maps each position, the Authority's response, and its current status.

Table 1: Status of Genesis's Concerns and Recommendations from July 2025

#	Genesis 2025 Position	Authority's Response	Assessment	Status
Concerns (2025 submission, critical issues 1–3 and supporting analysis)				

1	No clear problem definition or market failure identified	Not addressed. The supplementary paper restates the consumer mobility vision but provides no new evidence of market failure or that the single-retailer model is a material barrier.	The threshold question for regulatory intervention remains unanswered.	**Unresolved**
2	Consumer demand unproven and niche	Not addressed. No new NZ consumer demand evidence. The Sapere CBA does not model demand – it assumes battery uptake from Transpower forecasts. The Wellington trial's 30–45% revenue shortfall is not discussed.	The Authority is proceeding without evidence that consumers want MTR.	**Unresolved**
3	Costs socialised across all consumers; benefits concentrated on <4% of households (equity)	Not addressed. Neither the supplementary paper nor the Sapere CBA discusses distributional impacts, the position of renters (31% of households), or low-income consumers. The AEMC's 2016 finding on this exact issue receives no response.	The AEMC's 2016 finding on this exact issue receives no response.	**Unresolved**
4	Consumer protection gaps – medically dependent consumers, disconnection, hardship, billing accountability	Partially addressed. Code amendments (cl 11.13B/C) designate a primary trader. However, generation traders have no DDA with distributors – gaps in payment, service levels, liability, and interruption planning remain unresolved.	Operational risks identified persist.	**Partially addressed**
5	International precedent – Australia 2016 rejection; Australia 2024 prohibition on multiple retailers for small customers; UK P379 withdrawal	Not substantively engaged with. Sapere CBA briefly notes these jurisdictions (pp.2–3) but does not address the reasons for rejection – the very reasons Genesis cited.	Two comparable markets with rigorous analysis rejected or ring-fenced MTR. No explanation of why NZ should differ.	**Unresolved**
Recommendations (2025 submission, pp.2–3)				
A	Pause the current proposal	Not accepted. The Authority has proceeded to	The Authority has not paused, despite the	**Unresolved**

		supplementary consultation rather than pausing.	evidence base remaining incomplete.	
B	Commission a full, independent, and transparent cost-benefit analysis	Partially addressed. The Authority commissioned the Sapere CBA – a direct response to Genesis's and others' request. However, it is a consultation draft, uses Authority-sourced cost inputs, and its most realistic scenario shows a net loss of $9.4m.	A CBA was commissioned but does not meet the standard Genesis requested: full, independent, transparent, using industry data.	**Partially addressed**
C	Initiate a robust market trial (modelled on UK Living Lab)	Not addressed. No new trial commissioned or proposed. The Wellington trial – which Genesis described as insufficient – remains the only NZ evidence.	No NZ-specific evidence on consumer behaviour, commercial viability, or operational impacts.	**Unresolved**
D	Prioritise alternative pathways (advanced meters, innovative tariffs, VPPs within existing framework)	Not addressed. The supplementary paper does not assess whether the same outcomes could be achieved through less costly means.	Regulatory best practice requires consideration of alternatives. None assessed.	**Unresolved**

Summary: Of five substantive concerns, one has been partially addressed and four remain unresolved. Of four recommendations, one has been partially actioned (Sapere CBA) and three have not been addressed. The supplementary consultation has not engaged with the problem definition, consumer demand, equity and distributional impacts, or international precedent. These are not peripheral matters – they are the threshold questions that must be answered before committing the industry to costs that, on the evidence before the Authority could range between $51m - $74m for distributors alone (see further the costs discussion below).

We set out in sections 2 – 4 below our responses to the specific consultation questions.

2. Comments on the Revised Proposal

Q1. Do you have any comments on our revised proposal for MTRs?

The Revised Architecture Is Simpler – But the Fundamental Concerns Remain

Genesis acknowledges that the revised proposal represents a genuine simplification of the registry architecture. The standalone flag approach for MTR-adopting ICPs, as opposed to the original meter-channel restructuring of all ICPs, reduces the scope of registry changes. Genesis specifically welcomes the ability for retailers to operate as non-MTR traders – this is a material improvement that allows retailers to defer system investment until commercial demand justifies it. The Authority's engagement with the Switch and Data Formats Group in developing this approach is noted and appreciated.

We note, however, that the supplementary consultation understates the degree of industry concern. The Authority characterises cost and complexity concerns as having been raised by "some

submitters"[4]. Our read of the 2025 submissions is that the substantial majority of submitters including ERANZ (representing approximately 90% of retail supply), the ENA (representing 26 EDBs) – raised material concerns about cost, complexity, or the evidence base. This was not a minority view.

Genesis also observes that the revised proposal defers, rather than eliminates, implementation costs for retailers. If MTR uptake grows over time as the Authority expects, retailers who initially operate as non-MTR traders will eventually need to invest in full system capability to serve MTR ICPs. The revised proposal is a timing option, not a permanent cost saving. If MTR succeeds, the full industry cost of the original proposal is still incurred; if MTR does not achieve meaningful uptake, the cost saving is confirmed – but so too is the absence of the benefits the Authority relies upon.

More fundamentally, the claim that the revised proposal "would avoid the need for all traders, metering providers, and distributors to implement comprehensive system changes" is not accurate for MEPs and distributors. Every MEP and every EDB is affected by the revised proposal and must undertake significant system upgrades to operate at a meter-channel level rather than at the ICP level. They have no choice – the choice to participate or not applies only to retailers.

For retailers, the revised design does not eliminate fixed implementation costs. Even if MTR uptake is initially small, retailers must build and maintain a compliant "always-on" capability spanning onboarding, billing and settlement, reconciliation, customer care and complaints handling, operational controls and auditability, exception management, and quality assurance. These are enterprise-wide capabilities that cannot be switched on only when a customer opts in. A retail business is a system, not a customer-by-customer stack. The new ICP flag alone requires a new attribute within every retailer's systems, regardless of whether that retailer chooses to serve MTR customers.

The Authority suggests that participants can "create modular and flexible approaches to IT systems and targeted changes to processes".[5] Genesis's operational assessment, informed by our current multi-year digital transformation programme, is that this significantly understates the integration challenge. Billing, CRM, and market interaction systems are deeply integrated in any large retailer. An MTR flag in the registry propagates through every downstream system that processes ICP data. There is no modular shortcut for this.

The Authority also suggests the revised proposal "could be implemented sooner than the 18-month period originally identified".[6] A simpler registry design does not compress the implementation timeline for participants' internal systems. The binding constraint is not the registry change itself but the enterprise-wide re-engineering required within each distributor, MEP, and participating retailer. These internal programmes involve procurement, vendor engagement, system design, build, testing, and staff training – none of which is shortened by a simpler registry flag.

Moreover, a simpler technical architecture does not resolve the fundamental policy concerns that Genesis (and others) raised in July 2025. To draw an analogy: the Authority has improved the design of the vehicle, but has not answered the prior question of whether the vehicle is justified.

Specifically:

(a) The problem definition remains absent

Genesis's 2025 submission identified that the core premise of the MTR proposal – that the single-retailer model is a significant constraint on competition and innovation – is an assertion without sufficient evidence. The New Zealand retail market is competitive, with active switching and

[4] Electricity Authority, "Evolving Multiple Retailing and Switching – Supplementary Consultation," January 2026, Executive Summary, (p.1).
[5] EA Supplementary Consultation, January 2026, para 3.17 (p.15).
[6] EA Supplementary Consultation, January 2026, para 2.14 (p.9).

demonstrable innovation within the existing framework, including time-of-use tariffs, EV-specific plans, solar buyback, and VPP services.

The supplementary consultation does not provide new evidence of a market failure or demonstrate that the existing framework is a material barrier to the outcomes the Authority seeks. This is the same concern Genesis and other participants raised during the Authority's 2017 MTR consultation, and which the AEMC identified as fatal to the equivalent Australian proposal in 2016[7]: the benefits attributed to MTR can be delivered through less intrusive means.

We also note that the supplementary consultation claims MTR will deliver "more reliable supply".[8] This claim has no causal connection to the proposal. Reliability of supply is a function of generation adequacy, network investment, and system operation – not the number of retail relationships a consumer holds. A consumer's choice of retailer does not affect whether the lights stay on. The Authority should not attribute reliability benefits to a retail market design change that has no impact on physical supply.

(b) Consumer demand remains unproven

Our 2025 submission cited the UK Living Lab Policy Trial, which found that consumer interest in multiple retailers was niche[9] and highly conditional on tangible savings and seamless automation. The Wellington MTR trial – the only New Zealand evidence – achieved 174 participants against a target of 200, with revenue projections revised downward by 30–45%[10] in a controlled environment with active institutional support.

The supplementary consultation provides no new evidence on consumer demand. The Sapere CBA does not model consumer willingness to adopt MTR – it assumes battery deployment from Transpower forecasts and then assumes MTR enables additional peak dispatch. The question of whether consumers actually want to manage multiple retail relationships remains unanswered. A major market redesign based on an unsubstantiated assumption of consumer demand does not meet the standard of evidence-based regulation.

(c) The equity concern is unaddressed

Genesis' 2025 submission identified a deeply inequitable distributional impact: the costs of MTR will be socialised across all 1.78 million households[11], while the benefits will accrue to the small minority with solar, batteries, or EVs – predominantly homeowners with capital to invest. As of June 2025, only 3.5% of residential ICPs had distributed generation and only 0.5% had battery storage. Approximately one-third of New Zealand households are renters with limited ability to benefit.

The supplementary consultation points to the Kāinga Ora trial as evidence that MTR can benefit social housing tenants.[12] Genesis acknowledges the trial's objectives, but the evidence does not support the weight the Authority places on it. The Kāinga Ora trial is a tightly controlled, bespoke arrangement with active institutional support, not a proof of concept for market-wide MTR. Genesis' own operational assessment is that the trial model is not readily scalable for commercial retailers and has encountered operational difficulties. The Wellington MTR trial – which is the Kāinga Ora trial – achieved only 174 participants against a target of 200 and revised

[7] Australian Energy Market Commission, "Multiple Trading Relationships," Final Report, 15 December 2016.
[8] EA Supplementary Consultation, January 2026, Executive Summary (pp.1–2) and para 2.3 (p.5).
[9] Elexon, "Living Lab Policy Trial," - see Genesis 2025 submission.
[10] Wellington Electricity / EA, MTR trial reporting – see Genesis 2025 submission.
[11] Statistics New Zealand / Electricity Authority, household ICP data – see Genesis 2025 submission.
[12] EA Supplementary Consultation, January 2026, paras 3.12–3.15 (pp.14–15).

revenue projections downward by 30–45%. This is not a compelling basis for the claim that MTR will deliver positive equity outcomes at scale.

We also note that the Authority's paper and the Sapere CBA conflate "solar and battery systems" as a combined benefit source. Solar generation alone does not reduce peak consumption – peaks occur in the evening when solar output is negligible. The peak-reduction benefit the CBA models requires battery storage. However, a combined residential solar and battery system costs between $13,500 - $40,000 – a significant capital investment that is beyond the reach of many New Zealand households, including the social housing tenants the Authority identifies as beneficiaries.[13]

Neither the supplementary consultation paper nor the Sapere CBA addresses the distributional impact. There is no analysis of who bears the costs and who receives the benefits. This was one of the principal reasons for the AEMC's 2016 rejection of MTR, where the Commission noted that "most consumer groups broadly agreed that the costs of implementing the proposed framework would outweigh any benefits, particularly for low income or vulnerable small energy customers."[14] The Authority has not explained why the outcome in New Zealand would be any different.

(d) Drafting gaps persist

The Code amendments (clauses 11.13B and 11.13C) designate a primary trader for physical works and disconnection – a partial response to operational concerns.[15] However, as Orion details in its 2025 submission[16], generation traders would have no Default Distributor Agreement (**DDA**) with distributors, creating unresolved gaps in: payment enforcement for network services; service level obligations; planning and communication of service interruptions; load shedding and system security protocols; network connection standards compliance; and liability and indemnity arrangements. Vector in its 2025 submission also identified risks to specific DDA clauses[17], and ENA raised the same concern, supported by legal advice[18].

There is also a further gap: the proposed Code does not provide clarity on who is accountable for ICP-level obligations under MTR, including customer communications, dispute handling, disconnection/reconnection processes, error correction, and compliance reporting. Nor are there clear processes for who can initiate an MTR designation, what authorisation is required, how disputes or errors are corrected, and what the exit process looks like. These are material gaps the Authority should address before any Code determination.

Managing disconnection for non-payment by a consumption retailer – ensuring it does not inadvertently impact a separate, fully-paid generation arrangement – remains complex and inadequately addressed. The risks to medically dependent consumers and customers in hardship, which Genesis raised in 2025 and which the AEMC identified as requiring major amendments to Australia's consumer protection framework, remain unresolved.

(e) International precedent remains unaddressed

[13] Market pricing estimate based on typical residential installations. https://www.eeca.govt.nz/for-homes/solar-for-homes/solar-costs-and-savings/
[14] AEMC, "Multiple Trading Relationships," Final Report, 15 December 2016.
[15] EA Supplementary Consultation, January 2026, draft Code amendments.
[16] Orion, MTR Submission, July 2025.
[17] Vector, MTR Submission, July 2025.
[18] ENA, MTR Submission, July 2025.

Our 2025 submission described how Australia evaluated and rejected MTR in 2016[19], and how Australia's 2024 reforms – while allowing a form of multiple settlement – explicitly prohibit multiple retailers for small customers until consumer protection, competition, and innovation questions are resolved. Similarly, the UK's P379 proposal was withdrawn in 2021 after CEPA found that the costs of P379 over a ten year implementation period exceeded an uncertain, and low benefits case. These costs would filter through to customer bills, and therefore "it is unlikely that implementing P379 would be in the best interests of customers".[20]

The Sapere CBA argues that New Zealand is materially different from Australia and the UK because of its higher smart meter penetration – 94% compared to approximately 17% in Australia at the time of its decision and 67% in the UK (Sapere CBA, pp.3–4)[21]. Genesis accepts that smart meter penetration addresses one precondition for MTR: technology readiness. However, smart meter penetration does not address the concerns that actually drove the AEMC's rejection and the UK withdrawal – cost socialisation across all consumers, the absence of demonstrated consumer demand, distributional inequity, and unresolved consumer protection risks. These concerns apply regardless of metering infrastructure.

The supplementary consultation does not engage with these precedents. The Authority has not explained why the New Zealand context is so fundamentally different that it warrants pursuing a path two comparable markets have declined to take.

(f) Innovation is already occurring without MTR

The Sapere CBA itself provides evidence that supports Genesis's counterfactual argument. Sapere acknowledges batteries are "probably being charged while there is a negative net load and discharged during peak pricing periods"[22] – that is, peak response is already occurring without MTR. Sapere cites Transpower's FlexPoint programme as delivering $1.5 billion per GW in avoided costs[23] – without MTR. Genesis operates a 17MW VPP without MTR. The primary benefit mechanism the CBA relies upon is already being delivered through the existing framework.

The Authority also claims that MTR enables the development of virtual meter channels that could support virtual power plants.[24] Genesis already operates a 17MW VPP without MTR, with a target of 150MW by FY28 under Gen35. Transpower's FlexPoint programme coordinates distributed resources for grid support without MTR. MTR is not a prerequisite for virtual power plants or virtual meter channels – these capabilities exist and are scaling under the current framework.

We note that the significant cost and distraction of implementing MTR would divert finite industry resources away from these tangible innovations and toward mandatory compliance with a complex new market structure. However, this opportunity cost is not assessed anywhere in the supplementary consultation.

(g) MTR may reduce, not increase, competition

The Authority claims MTR will promote competition.[25] However, the proposal may produce the opposite result. If implementation costs for becoming MTR-capable are high relative to the number of MTR customers – and the evidence set out in Section 3 below demonstrates they are – then smaller and mid-tier retailers will rationally choose not to become MTR-capable.

[19] AEMC, "Multiple Trading Relationships," Final Report, 15 December 2016.
[20] See: https://www.elexon.co.uk/bsc/article/modification-p379-is-withdrawn-but-learnings-can-support-future-change/
[21] Sapere CBA, January 2026, pp.3–4.
[22] Sapere CBA, January 2026, p.18.
[23] Sapere CBA, January 2026, p.15, citing Transpower FlexPoint.
[24] EA Supplementary Consultation, January 2026, para 2.15 (p.10).
[25] EA Supplementary Consultation, January 2026, paras 3.8–3.9 (pp.12–13).

Customers seeking an MTR arrangement would find fewer, not more, retailers willing to serve them. The result would be to concentrate MTR provision among a small number of large incumbents or specialist new entrants, reducing rather than increasing competitive pressure. The Authority should assess this risk before concluding that MTR will promote competition.

3. Further Evidence on Costs and Benefits

Q2. Is there further information you can provide that may improve the evidence base for our assessment of (a) costs and/or (b) benefits?

Yes. Genesis provides the following evidence to improve the Authority's assessment, with a particular focus on the distributor and retailer cost inputs that the Sapere CBA has materially understated.

(a) Costs: The Sapere CBA Understates Distributor and Retailer Costs

Before addressing the specific cost lines, Genesis draws attention to the Sapere CBA's own limitations disclosure). Sapere acknowledges the analysis was "undertaken over a tight timeframe with limitations in the data available" and notes the "potential for double-counting of certain costs and benefits."[26] The report further states that some quantitative estimates "relate to a proposal that has since been amended" and that "how participants react in response to proposed changes is difficult to predict." These are material qualifications that the Authority's supplementary consultation does not acknowledge when asserting that the CBA confirms benefits exceed costs.

Distributor costs

The Sapere CBA estimates total distributor implementation costs at $12.7m (PV, 2% discount rate) for all 26 EDBs combined.[27]

They state that this figure is "based on guidance from the Authority regarding their understanding of the complexity," using an assumed cost of approximately $500,000 per distributor.[28] They also assume no ongoing costs.[29]

Industry evidence, drawn from submissions on the Authority's public record at the time the Sapere CBA was commissioned, tells a materially different story:

Submitter	Type	Estimated Cost
Vector	EDB (~580k ICPs)	$3.85m–$5.5m + ~$3.4m ongoing
Orion	EDB (~231k ICPs)	$2.79m–$3.89m
ENA	Industry body	$3m–$5.5m per larger EDB
Powerco	EDB	"Many millions" across industry
Sapere assumption	CBA input	~$500k per EDB

The arithmetic is stark.

Vector and Orion together estimate $6.64m–$9.39m (midpoint approximately $8m).[30] This represents 63–74% of Sapere's entire EDB cost allowance of $12.7m – from two of 26 EDBs. Further, the ENA range demonstrates that the Sapere per-distributor assumption of $500,000 understates costs per distributor by a factor of six to ten.

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[26] Sapere CBA, January 2026.
[27] Sapere CBA, January 2026, Table 3 (p.17).
[28] Sapere CBA, January 2026, p.17.
[29] Sapere CBA, January 2026, p.10.
[30] Vector MTR Submission, July 2025; Orion MTR Submission, July 2025.

We observe that the cost convergence between Vector and Orion is analytically significant. Despite substantial differences in network size, each EDB estimates costs in a similar range. This is consistent with MTR system re-engineering being a largely fixed cost: each EDB must rebuild its billing, faults management, and network management systems to accommodate one-to-many trader relationships, regardless of customer count. Sapere's methodology does not account for this fixed-cost structure.

Even applying a conservative tiered extrapolation – Orion-level costs for the ten mid-to-large EDBs and a materially lower figure for the smallest networks – total EDB implementation costs would be in the range of $51m–$74m. This is conservative: Orion is the third-largest EDB, the ENA's own estimate of "$3m–$5.5m per larger EDB" is consistent with the Vector and Orion figures, and even assuming the smallest EDBs face only half of Orion's costs does not materially reduce the aggregate. At those figures, no scenario in Sapere's Table 3 produces a positive net benefit.

Both comparable international markets reached similar conclusions. In Australia, the 2015 Jacobs SKM analysis found EDB implementation costs of $10.5m–$18.2m per network, with ongoing costs of $2.7m–$7.5m per network per year. In the UK, CEPA found implementation costs far higher than initially expected, contributing to the P379 proposal's withdrawal.

Retailer costs

Sapere estimates $500,000 per large retailer for system upgrades, yielding approximately $2.9m (PV, 2%) for all retailers.[31] The following industry estimates were on the public record:

Submitter	Estimated MTR Cost
Contact Energy (Contact brand)	$2m–$3m
Contact Energy (Simply Energy)	~$1.2m
Contact Energy (combined)	~$3m
Mercury	~$2m
Nova Energy	>$5m capital + ~$1m opex/year
Meridian (legal costs alone)	~$300k + several hundred thousand (systems)
Genesis	Multi-million dollar, multi-year programme
Sapere assumption	$500k per large retailer

Contact Energy alone estimates $3m across its two brands[32] – six times Sapere's per-retailer assumption. Nova Energy, a smaller retailer, estimates over $5m in capital costs plus $1m per annum in ongoing operating expenditure[33]. Mercury estimates $2m. These figures were available[34] to the Authority when the Sapere CBA was commissioned.

Genesis's own internal assessment, informed by our current multi-year digital transformation programme, indicates that the cost of becoming a fully MTR-capable retailer would be in the order of several million dollars under the revised proposal.[35] This reflects the reality that the MTR changes require fundamental re-architecting of our core billing, CRM, registry interface, and data management systems, and a redesign of operational processes spanning customer onboarding, switching, faults

[31] Sapere CBA, January 2026, Table 3 (p.17).
[32] Contact Energy MTR Submission, July 2025.
[33] Nova Energy MTR Submission, July 2025.
[34] Mercury MTR Submission, July 2025.
[35] Genesis Energy internal assessment.

management, disconnections, and hardship management. This is not a modular upgrade – it is a programme-level investment.

The magnitude of these cost estimates is consistent with the structural reality that retailer MTR implementation is a largely fixed, whole-of-business cost. Being an MTR-capable trader requires significant investment regardless of whether a retailer has one MTR ICP or all ICPs trading as MTR. Sapere's modelling treats retailer costs as if they scale with MTR ICP volume. They do not.

Sapere also acknowledges that it has "not included costs for retailers (or others) to develop algorithms to engage with the wholesale electricity market".[36] This is a material omission: the algorithms, trading systems, and risk management frameworks required for generation trading are a real and significant cost category that the CBA excludes entirely. Furthermore, Sapere treats implementation costs as one-off system upgrades with no ongoing component beyond billing management.[37] This assumption is contradicted by industry evidence: Nova Energy estimates ongoing operating expenditure of approximately $1m per annum.[38] Our experience as a large retailer is that we will face continuing costs for system maintenance, regulatory compliance, staff training.

MEP costs

Intellihub, a metering equipment provider that supports the MTR proposal, estimates its own implementation cost at $1.76m.[39] It separately estimates $875,000 for trader switching and $385,000 for MEP switching changes.[40] Intellihub's estimates carry particular weight: as a supportive submitter, its cost figures cannot be attributed to opposition to the proposal.

Total industry costs

From the submissions reviewed, the following quantified cost estimates can be compiled:

Category	Low Estimate	High Estimate	Submitters
EDBs (Vector + Orion only)	$6.64m	$9.39m	2 of 26 EDBs
Retailers (Contact + Mercury + Nova)	$10m+	$11m+	3 of ~30 retailers
MEPs (Intellihub only)	$1.76m	$1.76m	1 of multiple MEPs
Authority (registry)	$0.7m	$0.7m	Authority estimate
Partial total (quantified submitters only)	>$19m	>$23m	6 parties

This partial total from six parties alone already approaches or exceeds Sapere's total MTR cost estimate of $22.8m–$25.4m.[41]

It excludes the remaining 24 EDBs, the majority of retailers (including Genesis's own costs, which alone may approach Sapere's entire retailer cost allowance), and all other MEPs. We also note Mercury's

[36] Sapere CBA, January 2026, p.19.
[37] Sapere CBA, January 2026, p.10.
[38] Nova Energy MTR Submission, July 2025.
[39] Intellihub MTR Submission, July 2025.
[40] Intellihub MTR Submission, July 2025.
[41] Sapere CBA, January 2026, Table 3 (pp.17–18).

submission estimated total industry direct spend at approximately $38m, derived from an average of $500,000 per participant across approximately 75 market participants[42].

(b) Benefits: The Counterfactual, Market Evidence, and Sapere's Own Caveats

Genesis also draws the Authority's attention to evidence relevant to the benefit side of the CBA.

The Sapere CBA's benefit calculation rests on the value of peak demand reduction from battery dispatch enabled by MTR. Sapere uses benefit unit costs of $118/kW/annum (avoided thermal peaking) and $241/kW/annum (avoided network investment), derived from Reeve et al., 2021[43]. These figures are now five years old and were produced in a different market context.

Critically, the primary benefit mechanism is already occurring without MTR. Sapere itself acknowledges that batteries are "probably being charged while there is a negative net load and discharged during peak pricing periods."[44] Genesis's 17MW VPP operates without MTR. FlexPoint, which Sapere cites as delivering $1.5 billion per GW in avoided costs, operates without MTR[45]. The marginal benefit attributable to MTR strikes us therefore as far smaller than the gross numbers in the CBA.

The injection rate structure undermines the MTR benefit mechanism

The Sapere CBA's benefit mechanism assumes that separating consumption and generation traders will create price signals that change battery dispatch behaviour, delivering peak reduction benefits. We question whether this mechanism operates as assumed.

Under MTR, the proposition is that a specialist injection retailer, competing for battery capacity, would offer higher injection prices than the incumbent consumption retailer – thereby incentivising more optimal battery dispatch. However, injection (export) rates are structurally lower than consumption (import) rates, and are likely to remain so. Under current market conditions, a rational battery owner maximises returns by using battery capacity to offset consumption (avoiding purchase at consumption rates) rather than by injecting to the grid (earning injection rates). MTR does not change this fundamental calculus. Even if MTR-enabled competition pushes injection rates upward, they would need to consistently exceed consumption rates to alter battery dispatch behaviour – which strikes us as commercially implausible given the underlying cost structure.

If this analysis is correct, the Sapere CBA's primary benefit mechanism does not function as modelled.

We acknowledge that the MTR benefit mechanism could theoretically operate through portfolio-level optimisation by aggregators – managing thousands of batteries to capture wholesale price volatility, ancillary services revenue, or bundled value propositions beyond simple injection rates. However, these services already exist and are scaling without MTR: Genesis's 17MW VPP, Transpower's FlexPoint programme, and existing retailer-aggregator partnerships all deliver portfolio-level battery optimisation under the current framework. MTR is not a prerequisite for aggregation.

The issue is therefore not merely that injection rates are structurally lower than consumption rates – it is that every plausible mechanism through which MTR generates incremental peak reduction is already available without MTR, and may not operate materially differently under MTR in practice.

Genesis invites the Authority to test this with actual injection and consumption rate data, and evidence of aggregator services that require MTR to function, before concluding that benefits outweigh costs.

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[42] Mercury MTR Submission, July 2025.
[43] Sapere CBA, January 2026, citing Reeve et al., "Benefit Unit Costs for Distributed Energy Resources," 2021.
[44] Sapere CBA, January 2026, p.18.
[45] Sapere CBA, January 2026, p.15.

MTR creates arbitrage risks that may degrade existing consumer-beneficial products

We also draw attention to an uncosted risk on the benefit side of the equation. Under the existing single-retailer model, retailers offering time-of-use products (including free or very low-cost overnight and off-peak periods) can manage the economics because they control both consumption and injection pricing for each customer and can design plans across the full load profile. Under MTR, a consumer could use a free or low-cost consumption plan from one retailer while simultaneously injecting to a different, higher-paying injection retailer during those same periods – charging a battery for free and selling the stored energy at peak rates through the generation trader.

A rational commercial response to this arbitrage risk is for retailers to reprice or withdraw time-of-use products – specifically the free-period and low-cost overnight plans that are currently among the most consumer-beneficial innovations in the New Zealand retail market. The harm would fall on the majority of consumers who use these products for demand shifting (EV charging overnight, hot water cylinder management) but have no solar or battery to exploit the arbitrage.

This is a concrete, identifiable harm to the broader consumer base from MTR – not merely a cost, but a potential degradation of existing beneficial products. Neither the supplementary consultation nor the Sapere CBA assesses this risk. The Authority should do so before concluding that benefits outweigh costs.

Finally, we note that the Wellington MTR trial provides the only New Zealand-specific evidence on the benefit side. Over the six-month period to December 2024, generation output and average pricing were significantly below forecast, with revenue projections revised downward by 30–45%[46]. The trial achieved 174 participants against a target of 200 in a controlled environment with active institutional support. We ask that this is considered as part of the analysis.

4. Do the Benefits Outweigh the Costs?

Q3. Do you agree the benefits of the proposed Code amendments are likely to outweigh the costs? If not, please explain why not.

We do not agree. The Sapere CBA does not demonstrate that the benefits of the proposed MTR Code amendments are likely to outweigh the costs.

We set out below eight specific grounds why:

1 The CBA Is a Consultation Draft, Not a Final Report

Sapere's executive summary states, in bold, that the analysis "is intended that key (particularly cost) assumptions be further tested with stakeholders"[47] and that a "final report to pick up any adjustments required" will follow. Sapere further acknowledges the analysis was "undertaken over a tight timeframe with limitations in the data available" and notes the "potential for double-counting of certain costs and benefits" (Sapere CBA, p.v). The document exists to elicit information – it says so explicitly. A final Code determination cannot rest on a cost-benefit analysis whose own authors have reserved the right to revise it and have acknowledged material limitations.

2 The Distributor Cost Figure Was Sourced from the Authority, Not Distributors

[46] Wellington MTR Trial reporting – refer Genesis 2025 submission.
[47] Sapere CBA, January 2026, p.v (Executive Summary).

Sapere states that distributor implementation costs were "based on guidance from the Authority regarding their understanding of the complexity."[48] This resulted in an assumed cost of approximately $500,000 per distributor. Vector estimates $3.85m–$5.5m; Orion estimates $2.79m–$3.89m; – all between 4 and 10 times Sapere's figure. The largest cost line in the CBA is not informed by the industry.

3 Retailer Costs Are Materially Understated

Sapere estimates $500,000 per large retailer. However, Contact Energy estimates $2m–$3m for its Contact brand alone ($3m combined)[49]. Mercury estimates $2m. Nova Energy estimates over $5m in costs, over 10 times the Sapere estimate[50]. Genesis's internal assessment indicates costs in the order of several millions of dollars.

4 The Counterfactual Already Delivers the Primary Benefit

Sapere's benefit calculation relies on battery dispatch for peak demand reduction. FlexPoint delivers $1.5 billion per GW in avoided costs without MTR[51]. Genesis operates a 17MW VPP without MTR. Sapere acknowledges batteries are "probably being charged while there is a negative net load and discharged during peak pricing periods." The existing and planned battery installations that Sapere uses as its benefit base can, and do, reduce peak consumption under the status quo. However, the marginal benefit attributable to MTR, above what the counterfactual delivers, is far smaller than the gross figures in the CBA.

5 Sapere Acknowledges the Solar Benefit Mechanism May Not Work Under MTR

Sapere's footnote 11 (p.12) states:

> "The business case for separating generation and load will not necessarily be improved in an MTR-type scenario."[52]

This caveat, from the CBA's own authors, undermines one of the two structural benefit pathways.

6 The Benefit Depends on Aggregator Entry – Which Sapere Cannot Predict

The benefit chain requires batteries to be deployed, aggregators to enter and offer management services, and those services to dispatch batteries for peak reduction in a way marginal to what already occurs. Sapere acknowledges it "cannot predict whether new aggregators, existing retailers or others will lead the market."[53] The Wellington trial's revenue shortfall (30–45% below projections) in controlled conditions raises further questions about commercial viability at scale.

7 The Injection Rate Structure May Prevent the Benefit Mechanism from Operating

As set out in section 3(b) above, the structural relationship between injection and consumption rates means that rational battery owners maximise returns by offsetting consumption, not by injecting to the grid. If MTR-enabled competition does not produce injection rates that exceed

[48] Sapere CBA, January 2026, p.17.
[49] Contact Energy MTR Submission, July 2025.
[50] Mercury MTR Submission, July 2025; Nova Energy MTR Submission, July 2025.
[51] Sapere CBA, January 2026, p.15.
[52] Sapere CBA, January 2026, p.12, footnote 11.
[53] Sapere CBA, January 2026, p.19.

consumption rates – which is commercially implausible – the price signal that Sapere assumes will drive additional peak-reducing battery dispatch does not materialise. This is not a question of magnitude; it is a question of whether the mechanism operates at all.

8 The Net Benefit Is Negative Under Realistic Assumptions

At an 8% discount rate and 15-year horizon – the scenario most consistent with Treasury guidance for regulatory investments – Sapere's own numbers show costs of $22.8m against benefits of $13.4m, yielding a net loss of $9.4m[54]. This is before any correction of cost inputs.

With Vector and Orion alone accounting for approximately $8m, and conservative extrapolation for remaining EDBs, total distributor costs approach $51m–$74m. At those figures, no scenario in Table 3 produces a positive net benefit.

Sapere presents breakeven thresholds of 0.36–1.77%[55] as suggesting the case is robust. These thresholds appear trivially low only if three heroic assumptions hold simultaneously:

(1) all projected battery capacity deploys as sunk cost independent of MTR;

(2) aggregators enter and offer management services; and

(3) battery dispatch for peak reduction is marginal to MTR.

If any one fails, the breakeven rises sharply. With corrected cost inputs discussed above, the breakeven rises further.

Sapere asserts that "a higher cost scenario is not expected to change the breakeven point significantly"[56]. We disagree. This assertion rests on Sapere's existing cost inputs.

When distributor costs alone are corrected from $12.7m to the $51m–$74m range implied by industry evidence, total implementation costs rise from $22.8m–$25.4m to approximately $60m–$90m – a three- to fourfold increase. At those cost levels, the breakeven threshold rises correspondingly, requiring a far larger share of projected battery capacity to generate sufficient peak reduction benefits. The assertion that higher costs do not matter assumes a cost correction of modest magnitude; the industry evidence points to a correction of an entirely different order.

International Precedent

We also note the following international precedents:

Jurisdiction	Year	Outcome
Australia	2015–16	Rejected – costs too high; EDB costs $10.5m–$18.2m per network
Australia	2024	Voluntary; positive CBA only under optimistic assumptions; multiple retailers prohibited for small customers
UK (P379)	2019–21	Withdrawn – costs "far higher than initially expected"

[54] Sapere CBA, January 2026, Table 3 (p.18).
[55] Sapere CBA, January 2026, Table 3 (p.18).
[56] Sapere CBA, January 2026, pp.17–18.

New Zealand's DER market is smaller than both comparators. Only 3.5% of residential ICPs have distributed generation; only 0.5% have battery storage. The market conditions that might support a positive MTR case have not yet materialised.

5. Other Matters

Process

Genesis acknowledges the Authority's decision to extend the submission deadline from 17 to 20 February 2026. However, a supplementary consultation of this complexity – accompanied by a 35-page CBA and draft Code amendments – warrants more than three weeks for industry response. The Sapere CBA was published on 23 January 2026, giving stakeholders fewer than four weeks to analyse the cost-benefit case, gather internal cost data, and prepare submissions.

Genesis requests that any further consultation steps provide at least six weeks for submissions, and that the Authority respond to the fundamental questions raised by Genesis and others in relation to the proposal. For the final Sapere CBA, Genesis asks that a further submission round is necessary to test the revised analysis before any determination.

Equity and Distributional Impacts

Genesis reiterates the distributional concern raised in our July 2025 submission. The costs of MTR will be socialised across all consumers through regulated network charges and retail prices. The benefits, if they materialise, accrue to the small minority with solar, batteries, or EVs – predominantly homeowners with capital to invest. Only 3.5% of residential ICPs have distributed generation; only 0.5% have batteries. Approximately one-third of households are renters with limited ability to benefit, and with the cost of a combined residential solar and battery system ranging between $13,000 – $40,000, this is beyond the reach of many households. As we emphasised in our 2025 submission, the proposed MTR would only be accessible to, and benefit (assuming these can be realised) a very small number of prosumers – while the cost is borne by all consumers.

This concern was among the principal reasons for the AEMC's 2016 rejection of MTR[57], where the Commission noted that "most consumer groups broadly agreed that the costs of implementing the proposed framework would outweigh any benefits, particularly for low income or vulnerable small energy customers." The Authority's supplementary consultation does not address these equity and distributional impacts. Genesis asks that the Authority undertake and publish a distributional analysis of the proposed MTR changes before proceeding.

Alternative Pathways

Genesis' 2025 submission recommended the Authority prioritise alternative pathways to consumer mobility, including advanced meters, innovative tariffs, VPPs, and improved data access. These alternatives can deliver many of the benefits attributed to MTR at lower cost and without the structural risks. The supplementary consultation does not assess whether less intrusive options could achieve similar outcomes – a basic requirement of proportionate regulation. Genesis renews its recommendation that the Authority assess and exhaust alternatives before imposing a mandatory market-wide redesign.

[57] AEMC, "Multiple Trading Relationships," Final Report, 15 December 2016.

6. Conclusion

Genesis shares the Authority's objective of consumer mobility and is actively investing to deliver it within the existing market framework.

We acknowledge the Authority's constructive steps in simplifying the registry architecture and commissioning the Sapere CBA. However, the supplementary consultation does not resolve the fundamental concerns Genesis raised in July 2025. Of ten specific issues identified, eight remain unaddressed and two have been only partially addressed. The threshold questions for a final Code determination – is there a demonstrated market failure, do consumers want this, and do the benefits outweigh the costs on credible evidence – have not been answered.

The Sapere CBA is a consultation draft by design, undertaken on a tight timeframe with acknowledged data limitations. Its cost inputs are materially understated relative to industry evidence. Its benefit mechanism is undermined by its own caveats, by the structural economics of injection versus consumption rates, and by the risk of degrading existing consumer-beneficial products. Its most realistic scenario produces a net loss of $9.4m before correcting costs. Both comparable international markets that conducted rigorous analysis rejected MTR or found positive outcomes only under optimistic assumptions. New Zealand's DER market is smaller than either comparator.

Genesis asks the Authority to:

1. Not make a final Code determination on MTR until Sapere publishes its final CBA report incorporating actual stakeholder cost data.
2. Open a further submission round on the final Sapere CBA before proceeding to determination.
3. Undertake and publish a distributional analysis of the costs and benefits of MTR across different consumer groups before any determination.

Genesis is committed to working constructively with the Authority and the wider industry to build a better energy future for New Zealand. This future must, however, be built on a foundation of sound evidence, prudent investment, and a commitment to the long-term interests of all consumers. The current evidence base does not meet that standard and should not be the basis for a final Code determination.

Yours sincerely

Warwick Williams
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