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Submissions
Electricity Authority

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Nova Energy's submission to the Electricity Authority's: Evolving multiple trading relationships and switching – supplementary consultation

Nova Energy (Nova) welcomes the opportunity to submit feedback on this consultation. As previously expressed, Nova supports the Authority's overarching objective of improving consumer empowerment, choice, and flexibility in the electricity market, and is broadly supportive of the proposed improvements to switching processes.

However, Nova does not support proceeding with the implementation of Multiple Trading Relationships (MTRs) currently.

The concept of allowing consumers to contract with different providers for electricity consumption and generation can be understandable, in principle. Nevertheless, Nova remains concerned that MTRs would impose material costs, complexity, and operational risk across the entire industry, while delivering benefits to only a small subset of consumers. These concerns were raised by many submitters to the June 2025 consultation and, in Nova's view, are not sufficiently addressed by the revised proposal.

The independent cost-benefit analysis commissioned by the Authority estimates that the revised MTR proposal would result in present value costs of approximately \$22.8–\$25.4 million across retailers, distributors, metering equipment providers, and the Authority. While Sapere's analysis suggests that benefits could outweigh costs under certain scenarios, this outcome relies on uncertain assumptions about consumer behaviour— such as that between 0.36% and 1.77% of existing and planned residential battery capacity would be actively deployed in response to MTR incentives to reduce system peaks.

For Nova, implementing MTRs would still require significant changes to core systems and processes, including billing, credit management, registry interactions, and reconciliation. Enabling MTR capability would require significant capex, along with ongoing operating cost increases. These costs would ultimately be recovered from customers, including those who would not participate in or benefit from MTR arrangements.

Nova is also concerned about unresolved operational and consumer protection issues associated with MTRs. These include uncertainty around disconnection authority and consumer care obligations where multiple retailers are involved, increased risk of consumer confusion from multiple bills and contractual relationships, and potential adverse impacts on consumers from multiple credit checks. These issues introduce compliance, hardship, and reputational risks that warrant further consideration not seen in this paper.

Lastly, Nova questions whether MTRs are the least-cost or most proportionate mechanism to achieve the Authority's underlying objectives. The cost-benefit analysis indicates that the primary system-wide benefit of MTRs is increased utilisation of residential batteries to reduce peak demand. While residential batteries provide clear value to individual consumers, current levels of uptake do not yet demonstrate material, coordinated benefits for overall market efficiency or security of supply, beyond those benefits accruing at the household level. While implementing MTRs *may* see a small increase in household battery uptake, as further outlined in our submission below Nova considers there are other (lower-cost and less intrusive) mechanisms that would have a greater impact advancing the Authority's objectives more effectively, without creating significant (central) implementation costs that would ultimately need to be passed on to all households nationwide.

Accordingly, Nova recommends that the Authority:

- not proceed with implementing MTRs at this stage, given the scale of costs, operational risks, and uncertainty of benefits; and

- further assess and compare alternative approaches to achieving increased consumer choice, demonstrating that MTRs are the least-cost option before committing to implementation.

Nova remains committed to constructive engagement with the Authority and other stakeholders to improve consumer outcomes and support innovation, while ensuring that regulatory change is proportionate, evidence-based, and in the long-term interests of all electricity consumers.

Yours sincerely,

Tamiris Robinson

Regulatory Advisor

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| Questions | Comments |
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| <p>Q1. Do you have any comments on our revised proposal for MTRs</p> | <p>Nova acknowledges that the revised MTR proposal represents a genuine attempt to respond to concerns raised in the June 2025 consultation, particularly by adopting a more targeted, opt-in approach that limits system changes for non-participating Installation Control Points (ICPs).</p> <p>However, Nova does not support proceeding with the revised MTR proposal at this time.</p> <p>While the revised approach reduces some implementation costs and complexity compared to the original proposal, it does not resolve the fundamental concerns raised by Nova and many other submitters. In particular:</p> <ul style="list-style-type: none"> • Consumer demand for MTRs remains limited. Current uptake of distributed energy resources is low, and the number of consumers likely to actively engage with MTRs in the near to medium term is small. The revised proposal risks building market-wide infrastructure ahead of demonstrated need. • Costs remain material and are largely socialised. Even with an opt-in model, all retailers, distributors, and metering equipment providers must change or update systems and processes to support MTR-enabled ICPs. These costs will ultimately be borne by consumers, including those who do not participate in or benefit from MTRs. • Operational and consumer protection risk requires further consideration. Key issues around disconnection authority, credit management, consumer care obligations, and customer understanding in a multi-retailer environment have not been sufficiently addressed. The current regulatory framework is largely designed around a single financially responsible retailer model, and the transition to MTRs introduces compliance and consumer care complexities that merit additional analysis before implementation at scale. Nova considers that the revised proposal, while an improvement on the original design, still represents a significant regulatory intervention that is not yet justified. While Nova supports innovation and greater consumer choice, where supported by clear net benefits, it considers that further evidence of demand, clearer cost-benefit justification, and additional work on consumer protections are required before proceeding. |
| <p>Q2. Is there further information you can provide that may improve the</p> | <p>From a cost perspective, Nova’s experience with prior system upgrade assessments indicates that enabling full MTR capability would require fundamental changes to core retail systems, including billing, credit management,</p> |

evidence base for our assessment of (a) costs and/or (b) benefits?

registry integration, and reconciliation. Based on these assessments, Nova estimates that implementation could cost beyond \$5 million, alongside ongoing operating cost increases of up to \$1 million yearly in billing system software costs. These costs reflect not only IT development, but also increased operational complexity, staff training, customer service handling, and compliance management.

From a benefits perspective, the cost-benefit analysis seems to rely on assumptions about consumer behaviour, particularly the extent to which residential battery owners would actively respond to MTR price signals to reduce system peaks. Nova considers there is limited empirical evidence *at present* to support the assumed level of behavioural change, especially given that similar incentives can already be delivered through existing pricing structures and demand response arrangements without requiring MTRs.

Demonstrating that MTRs are the least-cost option relative to other alternatives would materially improve the evidence base.

Nova would be happy to engage further with the Authority to provide additional retailer-level cost information and practical insights into system and consumer impacts.

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

No. While Nova agrees that the proposed improvements to switching processes are likely to deliver benefits across a broad customer base, the same conclusion is not shared for MTRs. The quantified benefits of MTRs are highly dependent on uncertain assumptions regarding distributed battery uptake and active consumer participation, while the costs are certain, material, and largely upfront.

In Nova's view, the proposal risks imposing significant costs and complexity on the entire market for benefits that are concentrated among a relatively small group of consumers. This raises concerns about proportionality, how costs are allocated, and long-term impacts on retail prices.

Nova also considers that the system-level benefits identified in the cost-benefit analysis (particularly improved utilisation of residential batteries to reduce peak demand) are not unique to MTRs. Similar outcomes can be achieved through lower-cost and less intrusive mechanisms, including pricing signals, aggregator-managed coordination of household batteries, and demand-response arrangements, that can be implemented within the existing single-retailer framework.

Until these alternatives are fully assessed and ruled out, Nova does not consider it appropriate to conclude that the benefits of implementing MTRs outweigh the costs.

Accordingly, Nova supports proceeding with switching improvements but recommends that the Authority does not proceed with implementing MTRs at this stage.