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Evolving multiple trading relationships and switching – Supplementary Consultation Paper

This is Vector's ("our", "we") response to the Electricity Authority's (the Authority) supplementary consultation paper on Evolving multiple trading relationships ("MTR") and switching dated 27 January 2026. This submission is not confidential and can be published on the Authority's website.

Executive Summary

1. Vector wholeheartedly supports innovation and consumer mobility, and we appreciate the Authority's efforts to simplify the original MTR proposal. However, even with the Authority's revised registry approach to MTR, we do not support implementation of MTR at this time for the reasons noted in this submission. Ultimately, the revised MTR proposal suffers from many of the fundamental concerns we raised with the original proposal[1].

2. Firstly, costs and complexity remain a serious impediment to implementation. Despite the Authority's best intentions, the revised proposal will still require all of the foundational changes to systems and processes that the original proposal required. This covers modifications such as switching to per meter-channel billing, updates to registry and event handling, sending outage notifications to multiple retailers, adjustments to pricing and contract frameworks, among other changes. Implementing this as a manual or stand-alone bespoke workaround, as the paper suggests, is neither credible nor viable. This approach would simply replicate material operating expenses, increase costs associated with audits, assurance, and compliance, and create additional risks for consumers due to uncertainty.

3. We disagree with the stated innovation benefits of MTR in relation to VPPs, battery orchestration, V2G, and future 'virtual meter channels.' Some of this is already occurring currently and others are achievable under commercial arrangements relating to DER orchestration. MTR is <u>not required</u> to enable these benefits. Accordingly, any MTR cost-benefit analysis (CBA) should clearly distinguish the incremental benefits that are attributable

[1] https://blob-static.vector.co.nz/blob/vector/media/vector-2025/mtr-submission.pdf

solely or exclusively to MTR, in order to present an accurate assessment. To repeat – we are already seeing VPPs and other innovation occurring in the absence of MTR.

4. Given the costs and complexity the revised proposal continues to suffer from, equity concerns remain a significant issue that must be considered and resolved first. The costs of implementation will likely have to be socialised across all consumers, even though direct benefits will only accrue to a minority of prosumers as we pointed out earlier. Otherwise, if the Authority is considering any ring-fenced beneficiaries-pay cost-recovery model, then that ought to considered and consulted upon first, before any scale up of MTR.

5. While we support trials aimed at reducing energy hardship, these should not be generalised to justify market-wide redesign. The Kāinga Ora/Ara Ake Wellington trial in our view demonstrates that specific equity-oriented models can be facilitated via narrow exemptions and certain bespoke set-ups. Overall, however, equity outcomes are better achieved through targeted policy instruments, not by imposing complex arrangements on the entire market.

6. As has been seen internationally both Australia and UK have decided <u>not</u> to proceed with MTR, after much consideration. The AEMC (2016) declined to proceed with broad MTR, citing limited consumer benefit and significant retailer and distributor costs. More recently, Australian reforms have shifted to targeted CER-focussed *'flexible trading constructs'* rather than universal multiple retailers. UK work has also emphasised consumer-complexity risks and distributional concerns.

7. We also note the Government's announcement of a Consumer Data Right (CDR) for the electricity sector. We consider CDR is a more proportionate lever for competition and innovation than MTR. CDR enables data portability and third-party innovation without re-engineering settlement and registry requirements. We recommend the Authority prioritise CDR-aligned switching and data standards and test MTR only where it delivers benefits beyond CDR-enabled competition.

8. For the above reasons, Vector recommends: (i) pursuing switching improvements based solely on their individual merits; (ii) prioritising CDR aligned data portability and standards to unlock innovation and competition without MTR-specific complexity; and (ii) if the Authority elects to proceed with MTR regardless, Vector strongly suggests initiating a limited opt-in pilot involving a select number of willing retailers on one or two willing networks only — including preferably Wellington, given the ongoing trial there. This pilot should utilise full systems capability rather than manual interim solutions, establish clear data/EIEP standards, publish participant-verified costs and outcomes prior to any wider implementation, refresh the CBA with pilot evidence that isolates incremental MTR benefits and resolve the legal framework by establishing enforceable obligations for generation traders.

Vector's Key issues with the Revised MTR Proposal

Manual/subsidiary interim solution is not viable with costs remaining material

9. The Authority suggests participants could rely on manual or subsidiary systems until MTR reaches critical mass. Vector disagrees. We have reviewed internally and confirm that the revised registry approach does not materially reduce the participant side effort required. Core platforms are architected around one-to-one ICP trader relationships, so supporting two traders at one ICP is a fundamental change that still necessitates significant re-engineering across billing, pricing, registry interfaces and operational communications. We would have appreciated the opportunity for our experts to talk to the Authority team and share their knowledge while this workaround was being developed, rather than waiting until the consultation landed.

10. Whether MTR applies to one ICP or many, the same architectural changes are required:

    a. channel-level responsibility and billing configuration,
    b. multi-retailer notification logic
    c. registry/event integration and controls and
    d. legal and contractual frameworks to establish enforceable obligations, liabilities and payment pathways between distributors, consumption traders and generation traders.

11. EDBs' systems are typically designed for one-to-one ICP trader relationships. Two retailers submitting data against one ICP compromises automated validations and creates wash-up exposure. For C&I customers, current designs cannot practically support dual traders without major system rebuild.

12. If a manual interim solution had to be found, additional monthly processes would be required – separate injection files outside the standard EIEP1, registry-driven identification of MTR ICPs, bespoke calculation of generation credits for defined peak windows, off system audit artefacts, and reversal/rebilling for back dated switches. This materially increases OPEX and introduces revenue recovery and assurance risks.

13. Outage communications would need re-engineering to notify multiple retailers correctly, increase integration complexity and ongoing operating cost. Overall, manualising these steps would simply increase OPEX, the audit and compliance burden, and increases the risk of disputes whilst eroding consumer confidence.

Innovation benefits are misattributed to MTR

14. The Authority asserts MTR is needed to unlock future innovation such as VPP participation, virtual meter channels and vehicle-to-grid services. Vector does not consider this to be correct or be supported by evidence. VPPs, battery aggregation and flexibility services already operate under current market arrangements. Retailers and aggregators already access wholesale markets and can (and do) deliver peak-shaving, flexibility, and energy-sharing services without MTR. There are therefore no barriers to this occurring currently. We are shortly introducing a new standard "type of use" tariff that will support retailer load-shifting at times when it is beneficial to our network.

15. For a Code change of this scale and cost, the Authority must demonstrate the incremental benefits attributable specifically to MTR, which it has not done in its CBA. At present, the benefits cited are either already being realised or would occur independently of MTR as DER adoption increases. MTR therefore does not provide a unique or necessary foundation for future innovation, and its costs risk outweighing any incremental value that it may deliver.

Equity and distributional impacts

16. Unless ringfenced beneficiary-pays arrangements are being considered, costs will be borne by all consumers while benefits accrue to a subset of prosumers only. Our earlier submission estimated stage-one implementation costs at $3.85-$5.5M for Vector alone, with a realistic timeframe nearer three years given concurrent Authority work programmes. These costs would remain largely unchanged under the revised MTR proposal and would ultimately have to be recovered from consumers if not ring-fenced to beneficiaries.

Legal and commercial concerns

17. The revised proposal does not resolve the absence of enforceable obligations for generation traders equivalent to DDA requirements on consumption traders. Distributors would still face revenue-recovery, prudential and liability risks without a contractual mechanism or Code-based enforcement model to ensure payment, compliance with standards, and recourse for breaches. These gaps must be closed before any enduring MTR regime is contemplated.

18. Overall, Vector is opposed to any permanent Code changes to enable MTR at this time. If the Authority wishes to continue exploring MTR, Vector recommends the Authority:

    a. Proceed now only with switching improvements to deliver clear, system-wide benefit
    b. run targeted, opt-in pilots with willing retailers in one or two willing networks only, requiring full capability from day one, supported by published registry/EIEP standards and compliance testing.
    c. Refresh the CBA using participant-verified pilot data, measuring only MTR's unique benefits (e.g. demonstrated export competition uplift, measurable consumer surplus), alongside full analysis of any beneficiary pays cost recovery proposals it may be considering or otherwise address the equity concerns raised in a number of previous submissions.
    d. Resolve the legal framework issues by establishing enforceable obligations for generation traders covering prudential, compliance with network standards, limits and operating requirements, payment and liability and clear outage/operational accountabilities.

19. On this basis, Vector does not agree that the benefits of the revised proposal outweigh the costs at this time.

20. The remainder of our submissions respond to the consultation paper questions.

Yours sincerely

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Questions	Comments
Q1. Do you have any comments on our revised proposal for MTRs?	Vector welcomes the intent to limit system impacts to MTR ICPs, but we do not support the suggestion that participants can rely on manual or subsidiary systems as a near-term bridge. The functions required (billing and settlement at meter-channel, registry/event handling, and multi-retailer outage communications) are core platform capabilities. Any manual implementation would entrench unnecessary OPEX, increase the audit burden and consumer risk without reducing the scale of the eventual build. We recommend instead a narrow, opt-in pilot with full capability and clear standards, with scaling contingent on published evidence of net benefits. The changes required to implement this version of MTR are simply too fundamental, too foundational and too costly to support without further evidence (from pilot trials, a more targeted CBA and evidence of actual consumer interest in MTR – noting the difficulties with recruiting participants that Wellington Electricity had for its trial)
Q2. Is there any further information you can provide that may improve the evidence base for our assessment of (a) costs and/or (b) benefits?	We respond as follows: (a) Costs -The primary cost factors are: (i) updates to the billing engine and pricing models to accommodate trader-by-channel accountability; (ii) modifications to outage management processes and CRM systems to enable notifications for multiple retailers at the same ICP; (iii) registry integration and data exchange (including EIEP) for new events, time-stamping, and notifications; (iv) controls, assurance measures, and audit documentation to oversee disputes, withdrawals, and replacements when several retailers are involved. These costs occur regardless of transaction volume, while manual workarounds drive higher operating expenses and increase the risks associated with running dual systems. (b) Benefits - To ensure benefits aren't wrongly attributed, the CBA should exclude those already possible through existing methods (such as aggregator-led VPPs, load flexibility, or V2G

	pilots). We suggest the Authority create a set of benefit hypotheses unique to 'MTR' (for example, demonstrated increases in competition for small-scale exports when separate traders are involved) and investigate these in pilot programs. Pilot metrics should include: (a) the number and duration of MTR ICPs; (b) extra consumer savings compared to similar controls; (c) switching delays and error rates; (d) volume of disputes; (e) confirmed billing and reconciliation accuracy; and (f) participant cost per MTR ICP.
Q3. Do you agree that the benefits of the proposed Code amendments are likely to outweigh the costs? If not, please explain why not.	We disagree. *On the basis of a manual/subsidiary interim and without pilot-verified evidence isolating incremental MTR benefits,* ***Vector does not agree*** *that the benefits outweigh the costs.* The revised proposal still requires the foundational system changes we note above, while many claimed innovation benefits are already available under existing commercial arrangements. The concerns we raised in our original submission remain in relation to equity concerns, as well as the absence of a proper legal and commercial framework for MTR. If the Authority decided to proceed, we have noted measured ways it could do so, and Vector would reassess our current views on MTR, if such pilot trial results demonstrate clear net benefits attributable specifically to MTR, supported by robust consumer protections and a proportionate scaling plan.