

24 March 2026

Andy Burgess, General Manager, Infrastructure Regulation
Commerce Commission Te Komihana Tauhokohoko

Sarah Gillies, Chief Executive
Electricity Authority Te Mana Hiko

Dr. Marcos Pelenur, Chief Executive
Energy Efficiency and Conservation Authority Te Tari Tiaki Pūngao

Tēnā koutou,

Re: Response to Joint Letter to Distributors on Non-Network Solutions

Counties Energy welcomes the joint letter from the Commerce Commission, the Electricity Authority, and the Energy Efficiency and Conservation Authority (EECA) dated 24 February 2026. We share the view that non-network solutions (NNS) have a critical role to play in delivering an efficient, resilient and affordable electricity system for New Zealand consumers, and we appreciate the collaborative and forward-looking approach the three agencies have taken in framing these expectations.

We are pleased to provide feedback on the three areas identified in the letter and to share the concrete steps Counties Energy is taking — and has already committed to — in response to each. We believe these initiatives position Counties Energy as an active contributor to the development of a mature, well-functioning flexibility market in Aotearoa New Zealand.

1. Ensuring Both Non-Network and Network Solutions Are Considered in Network Planning

Counties Energy agrees that non-network solutions must be considered on an equal footing with traditional network reinforcement throughout our planning processes. We are actively progressing the following initiatives:

- **Optioneering Framework:** We are refreshing our planning standards to formalise our optioneering framework and ensure we both include non-network solutions and evaluate them consistently. This framework will use objective, comparable criteria - including net present value and cost-benefit analysis - consistent with the approach the letter describes.
- **Flexibility-First Internal Principle:** We are increasingly embedding a ‘flexibility first’ principle into our internal planning processes, to ensure that where capital investment must occur, it is first deferred as much as practical through the use of flexibility. This both



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manages our forecasting risk and minimises our total growth capital expenditure in net present value terms.

- **Asset Management Plan (AMP) Integration:** We are updating our AMP process to incorporate non-network solution assessments based on the optioneering framework we are developing. Where a non-network solution is not taken forward, a sound justification must be presented, consistent with the Commerce Commission’s requirements.
- **ENA Workgroup Participation:** Counties Energy is an active participant in the Electricity Networks Aotearoa (ENA) workgroup focused on valuing flexibility and developing Dynamic Operating Envelopes (DOEs). This work includes consideration of the Common Evaluation Methodology developed by ENA UK through Baringa Partners, which we see as a valuable model for New Zealand.

2. Pricing as an Enabler of Flexibility

Counties Energy recognises that pricing is a critical lever for unlocking demand-side flexibility and reducing the need for network investment. We are committed to designing pricing and tariff structures that will send clear, actionable signals to the market:

- **Flexible Connections Service:** From 1 April 2026, Counties Energy will be bringing a Flexible Connections Service to its customers that uses DOEs and is truly dynamic in nature. This product is designed to reduce upfront investment costs during periods of demand uncertainty while maximising utilisation of existing assets as demand grows. We believe this represents a tangible step toward the price-responsive future the letter describes.
- **New Flexibility Tariff Options:** We are reviewing and developing new tariff options that are more dynamic in nature and designed to incentivise flexibility uptake. Our intent is to move beyond static tariffs toward structures that better reflect real-time network conditions, encourage load shifting, and enable retailers and aggregators to respond on behalf of their customers — consistent with the Authority’s Distribution Pricing Reform open letter of May 2024.

Counties Energy supports a proactive, flexibility-supported approach to managing network congestion, in line with the Electricity Authority’s 2026 Distributor Pricing Guidelines. Its overall strategy combines congestion-responsive pricing, smart meter-enabled control, and targeted interventions to optimise network utilisation and defer unnecessary capital investment. This includes discounted controlled load tariffs and feeder-specific load management in constrained areas, particularly during winter peaks, alongside incentives for customers to shift flexible demand such as hot water and EV charging onto controllable tariffs.

While maintaining network security and avoiding sustained congestion, Counties Energy identifies EV uptake as the primary future driver of peak demand. Although Time-of-Use pricing provides useful signals, the company emphasises smart charging and coordinated control of flexible loads as more effective tools to prevent secondary peaks and ensure reliable peak management. This hybrid approach—integrating price signals, active demand orchestration, and export pricing that

reflects the value of distributed generation—aims to efficiently manage growth, support electrification, and maintain system reliability.

3. Engaging with the Market

Counties Energy is committed to reducing barriers for flexibility providers and building a well-functioning, transparent market for non-network solutions. Our current and planned activities include:

- **Smart Metering and LV Network Awareness:** Counties Energy is investing in high-frequency smart metering data capability and analytical tools to improve our visibility and awareness of the LV network. This will allow us to reduce the engineering buffers and conservative assumptions currently required in our DOE calculations, enabling more accurate and commercially attractive flexibility contracts.
- **Capacity Maps:** We will be publishing capacity maps for both generation and consumption, built bottom-up from our smart meter data. These maps will identify areas where flexibility would be most beneficial, helping providers target their offerings and supporting broader price discovery for flexibility services.
- **Adopting CSIP AUS IEEE 2030.5 Open Communications Protocol:** Counties Energy is aligned to the Australian CSIP AUS IEEE 2030.5 communications protocol. We support the use of open, interoperable standards as the preferred direction for non-network solutions and DER integration. This approach reduces integration costs for providers, supports competition, and avoids the fragmentation that proprietary protocols create.
- **Standardised Flexibility Procurement Process:** Building on our participation in the EECA Demand Flexibility pilot at Karaka Harbourside, we are developing a standardised flexibility procurement process appropriate to Counties Energy's scale and network characteristics. We share the view that consistency across distributors reduces cost and friction for market participants.

4. Additional Comments

Counties Energy welcomes the collaborative and coordinated approach taken by the three agencies in issuing this joint letter. The alignment of regulatory signals across the Commission, the Authority and EECA is itself an important enabler of the outcomes you are seeking — and we encourage continued coordination as work programmes develop, particularly ahead of DPP5.

We also note the importance of ensuring that the regulatory framework continues to appropriately balance the commercial risks distributors take in pioneering new flexibility approaches. As a smaller distributor, Counties Energy operates with a more limited resource base than the larger lines companies, and we would welcome consideration of proportionate and scalable frameworks that enable distributors of all sizes to participate effectively.

We look forward to continuing to work constructively with the Commission, the Authority and EECA as this programme of work develops. Counties Energy is committed to playing its part in delivering a future-ready electricity system that works for our communities and for New Zealand.

Ngā mihi,



Judy Nicholl

Chief Executive

Counties Energy