

Submission by



to the

Electricity Authority

on the

Requiring distributors to pay a rebate when consumers supply electricity at peak times – Consultation paper (Energy Competition Task Force initiative 2A)

and

Improving pricing plan options for consumers: Time-varying retail pricing for electricity consumption and supply – Consultation paper (Energy Competition Task Force Initiatives 2B and 2C)

26 March 2025

Energy Competition Task Force initiative 2A, 2B, and 2C – SUBMISSION BY BUSINESSNZ ENERGY COUNCIL–

Introduction

1. The BusinessNZ Energy Council (BEC) welcomes the opportunity to provide feedback on the Electricity Authority's consultation papers regarding:
 - a. Rebates for consumer electricity supply at peak times
 - b. Improving price plan options for consumers
2. BEC represents a diverse array of leading energy-sector businesses, government bodies, and research organisations dedicated to creating a sustainable, equitable, and secure energy future.
3. As a brand of BusinessNZ, New Zealand's largest business advocacy organisation, we represent the World Energy Council in New Zealand, aiming to shape better outcomes for our wider energy system both locally and globally.¹
4. Overall, BEC supports increasing participation of prosumers and generally agrees with the EA's objectives to promote competition, reliable supply, and efficient operation of the electricity industry.
5. Boston Consulting Group's 'The Future is Electric'² report estimates that more than \$20 billion will need to be invested in distribution networks every decade until 2050. Even if more injection from consumers only reduced or deferred a small proportion of this investment, it would still result in substantial savings for distributors – and consumers – in the long run.
6. This submission discusses Energy Competition Task Force initiatives 2A, 2B, and 2C. It outlines the supported approach to incentivise consumers to supply surplus electricity during peak times or change consumption behaviour.

Key Recommendations

7. BEC believes that consumers should be incentivised to shift power consumption based on retail tariffs rather than distribution company rebates. BEC recommends that the Authority reconsider mandating distribution companies to pay a rebate. Instead, the focus should be on enhancing retailer plans and prioritising consumer choice. Retail pricing plans should be the primary tool to encourage behaviour change.
8. BEC emphasises the importance of consumer choice in selling surplus power, fostering competition, and enhancing returns. Regulations should not hinder this choice, making Multiple Trading Relationships (MTRs) crucial for future progress. Instead of mandating 'Time-varying buy-back' we recommend that the Authority ensures consumers can select their preferred buyers for surplus power, thus promoting competition and

¹ More about the BEC in appendix one

² [Climate Change In New Zealand | The Future Is Electric | BCG](#)

improving returns. By allowing consumers to contract with multiple electricity suppliers. MTRs foster a more competitive environment where retailers must offer better prices and services to attract and retain customers.

9. Consumer choice must be preserved. BEC recommends enhancing consumer choice by ensuring all electricity plans, including time-of-use and buy-back rates, are transparently displayed on provider websites and listed on Powerswitch. We support offering beneficial plans proactively rather than just time-of-use plans specifically. Overly prescriptive regulations may limit competition. Retailers understand customer behaviour and timing, so regulators should avoid mandating specific offers to maintain variety and market innovation.

General Comments

10. The Authorities consultation recognises that "the energy system of the future relies on flexible resources to support a more affordable, resilient and secure electricity system". BEC supports initiatives that encourage consumers to actively participate in managing electricity demand and supply.

Rebates for consumer electricity supply at peak times

11. BEC concurs with the Authority that distributed generation, including rooftop solar, other forms of small-scale electricity generation, or batteries, can alleviate net peak demand by supplying power to the network during peak times and reducing consumption from other users on the same network segment. When this practice is consistent, it can diminish a distributor's necessity to invest in additional network capacity as demand increases. This ultimately lowers costs for the network, resulting in long-term cost reductions for all consumers. However, BEC acknowledges concerns regarding the absence of sufficient incentives for distributed generation.
12. Initiative 2A suggests a principles-based approach where distributors reward mass-market consumer injection that benefits the network. While this aligns with Distribution Pricing Principles and requires rebates only when injection lowers network costs, such as specific locational constraints, BEC believes consumers should adjust power use driven by retail tariffs rather than distribution company rebates.
13. An increasing number of products now offer consumers the ability to shift their electricity usage. However, without clear pricing signals that provide tangible cost benefits, consumers may not be motivated to select these products due to a lack of evident commercial payback.
14. It can be challenging for retailers to market and bundle detailed locational distribution pricing under the 2A proposal. Most consumers do not realise that prices are blended, often mistaking the fixed daily charge as the entire distribution charge. Simplifying this could help consumers better understand their bills.

Improving price plan options for consumers

15. Consumers need clear visibility of potential benefits to see the commercial advantages in the energy sector. Product development projects compete for limited resources, and

evident consumer benefits improve the likelihood of resource allocation for products and services that can deliver demand response capabilities to homes.

16. BEC supports strong price signals and providing more choices for consumers. We agree with the Authorities' view that "*consumers should have greater control over their energy use and costs*". Incentivising consumers to reinject energy into the grid at times when there is the least energy available could be extremely valuable for New Zealand Inc.
17. However, it should be noted, as mentioned in the Authorities paper, that consumers already have various price plan options available in the retail market. Competition is the best driver of dynamic efficiency. Retailers who benefit from shifting load away from peaks or reducing spot market exposure by using flexible solar customers are incentivised to do so due to potential business benefits, such as reduced wholesale electricity costs.
18. BEC recommends modifying the Authority's proposal under 2B to:
 - a. Display all plans, including time-of-use and buy-back rates, on the webpage;
 - b. list all plans on Powerswitch; and
 - c. offer beneficial plans to customers more proactively.
19. These initiatives may help consumers and small businesses by offering more flexible pricing plans for managing electricity costs. However, preserving consumer choice is crucial. We caution the Authority from being too prescriptive as effective marketing requires understanding customer behaviour, engagement strategies, and timing—expertise held by retailers. Mandating specific offers reduces competition.
20. There are risks with requiring retailers to offer time-varying plans specifically. As noted in the Authority's Paper, these plans may not suit all consumers. Realising benefits from such plans requires consumers to optimise energy use over time. There is a risk that consumers may not benefit from switching to these plans within a given period. The Authority's analysis shows only modest potential financial benefits. Additionally, consumers value simplicity and certainty when choosing electricity retail plans.
21. The Authority's proposal requires all retailers to report compliance by 1 August annually. While we support flexible pricing for consumers and small businesses, we oppose regulators determining the frequency of offer presentations.

'Time-varying buy-back' vs 'Multiple trading relationships'

22. We do not support the mandate requiring electricity providers to offer "Time-varying buy-back" as it may not necessarily result in a more competitive and consumer-friendly electricity market. Instead, we recommend that the Authority ensures regulations do not block consumers' ability to choose those to whom they sell their surplus power. This approach would foster competition and potentially enhance returns for consumers.

23. Multiple trading relationships (MTRs) in New Zealand's electricity market can significantly enhance competition and consumer choice. By allowing consumers to contract with multiple electricity suppliers, MTRs foster a more competitive environment where retailers must offer better prices and services to attract and retain customers.
24. This increased competition can lead to more innovative and tailored energy solutions, such as solar energy sharing and in-home battery systems. Ultimately, MTRs empower consumers with greater flexibility and control over their energy choices, promoting a more efficient and consumer-friendly electricity market.

APPENDIX ONE – BACKGROUND INFORMATION ON THE BUSINESSNZ ENERGY COUNCIL

The [BusinessNZ Energy Council \(BEC\)](#) is a group of energy-sector business, government and research organisations taking a leading role in creating a sustainable, equitable and secure energy future.

BEC is a brand of BusinessNZ and represents the [World Energy Council](#) in New Zealand. Together with its members, BEC is shaping the energy agenda for New Zealand and globally.



BusinessNZ is New Zealand’s largest business advocacy body, representing:

- Regional business groups: [EMA](#), [Business Central](#), [Canterbury Employers’ Chamber of Commerce](#), and [Business South](#)
- [Major Companies Group](#) of New Zealand’s largest businesses
- [Gold Group](#) of medium sized businesses
- [Affiliated Industries Group](#) of national industry associations
- [BusinessNZ Energy Council](#) of enterprises leading sustainable energy production and use
- [ExportNZ](#) representing New Zealand exporting enterprises
- [ManufacturingNZ](#) representing New Zealand manufacturing enterprises
- [Sustainable Business Council](#) of enterprises leading sustainable business practice
- [Buy NZ Made](#) representing producers, retailers, consumers of NZ-made goods

BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy and services for enterprise, BusinessNZ contributes to Government, tripartite working parties and international bodies including the International Labour Organisation ([ILO](#)), the International Organisation of Employers ([IOE](#)) and the Business and Industry Advisory Council ([BIAC](#)) to the Organisation for Economic Cooperation and Development ([OECD](#)).

