Submission by

to the

Electricity Authority

on the consultation

Evolving multiple trading relationships and switching – supplementary consultation

17 February 2026

Evolving Multiple Trading Relationships and Switching – Supplementary Consultation

– SUBMISSION BY BUSINESSNZ ENERGY COUNCIL—

Introduction

1. BusinessNZ Energy Council (BEC)[1] is pleased to have the opportunity to provide feedback on the Electricity Authorities (EAs) consultation document titled 'evolving multiple retailing and switching – supplementary consultation'

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.

4. With this work the EA has put forward a revised approach for multiple trading relationships (MTRs) alongside an assessment of costs and benefits and an independent cost-benefit analysis. This revised approach is in response to feedback on the 'evolving multiple retailing and switching' consultation which closed July 2025.

5. While BEC did not submit on the original consultation we have been aware of the proposal as well as the issues raised in response.

6. In principle we support the simpler, and more cost-effective MTR proposal that the EA is putting forward. However, we do not believe that the root complaints around the original proposal have been addressed. Those being that there are a limited number of beneficiaries for the additional costs being placed on the system, benefits that could be achieved without regulatory intervention, and the lack of a clear demand for what is being proposed.

Key Recommendations for the EA and the Government

- **BEC recommends** that the EA **does not move forward** with its proposal to implement MTRs. There is a lack of clear consumer demand for a product where the costs will be socialised over a large portion of the market.

- Given Sapere's finding that MTRs main system-wide benefit is an increase in residential battery uptake, **BEC recommends**, **the EA should demonstrate that MTRs are the least-cost way to achieve that outcome**.

[1] More about BEC in APPENDIX One

General discussion

7. The original MTR proposal aimed to:

    a) Allow consumers to use different providers for electricity consumption and generation services, enabling them to choose providers that offer them the best value.
    b) Improve the efficiency and effectiveness of the consumer, distributor and metering equipment provider processes when a consumer switches provider.

8. From the submissions put forward to the last proposal BEC has identified the following common arguments.

    a) Lack of demonstrated consumer demand.
    b) Socialised costs for concentrated benefit.
    c) Lack of a robust cost-benefit analysis.
    d) The technical and administrative complexity associated with implementation.

9. This submission will assess the revised MTR proposal against the common arguments above.

Lack of demonstrated consumer demand.

10. The argument remains as to whether or not MTRs respond to an actual, observable market need, or is a supply-side policy innovation seeking demand that does not yet exist.

11. The revised MTR proposal smartly introduces a standalone process in the electricity registry specifically for MTR-adopting Installation Control Points (ICPs). This opt-in method means that MTR processes would only activate for ICPs flagged as MTR-participating.

12. This means that for the majority of households, the status quo remains. They will have no need to interact with MTR processes, nor do they face meaningful opportunities to benefit from them. While this does mean that there is not excessive disruption in the system it also shows that MTRs are not solving a widespread consumer problem, instead it is creating infrastructure for potential consumers.

13. The EA contends that MTRs would enable a wide range of consumers to benefit from a more decentralised system rather than the niche interest of those who can afford DER. While in theory this is true the actual base of consumers with the necessary technical capabilities to engage remain small and concentrated among higher-income households.

14. When looking at the EMI installed distributed generation trends, we can see that between 2024 and 2025 the percentage of ICPs with DER grew from 3.125% to 3.554%. If this rate of growth is maintained, then it will take decades for uptake to reach levels where the majority of consumers are able to engage with MTR. Even if the growth rate doubles it is still hard to justify implementing MTR at current levels of potential participation.

15. BEC agrees with the EA that MTRs do have the potential to provide benefit to those in social/community housing, iwi and businesses. However, the proportion of those stakeholders who have DER remains limited and therefore is not an indicator of current demand for MTR. Potential benefit is not equivalent to present demand. Without clear

evidence of consumer willingness or ability to engage, implementation risks premature infrastructure development.

Socialised costs for concentrated benefits.

16. Concern around socialisation of costs for concentrated benefits rests on the principle of cost causation, that those who cause or directly benefit from a market change should bear its costs. The revised MTR proposal, while technically simplified, still appears to depart from this principle.

17. As mentioned above expected near-term demand for MTR remains low. Only a small subset of consumers will be able to reap the benefits of such a scheme. The majority of consumers will continue with a single trading relationship and see no direct benefit.

18. The revised proposal, as the EA points out, simplifies participant obligations by limiting the need for major system and process overhauls. However, it increases the scope of modifications required to the Electricity Registry. This central system is funded collectively by market participants, irrespective of their intention or ability to offer or use MTR services.

19. Thus, despite there being a reduced burden on individual participants, the costs associated with modifying central registry infrastructure will be socialised across the industry, which will ultimately be passed on to consumers through higher prices.

20. Submissions to the first consultation highlighted this, arguing that the MTR framework risks privileging early adopters or niche service providers at the expense of the general consumer. The revised proposal, while reducing direct compliance costs for individual retailers, does not substantively address this underlying issue. Therefore, the concern of non-MTR users subsidising the infrastructure needed by MTR users remains valid.

Lack of a detailed cost-benefit analysis.

21. BEC would like to acknowledge the work of Sapere in providing a comprehensive cost-benefit analysis of MTR and switching. This meets a core issue with the original consultation.

22. Sapere found that the implementation of MTR is expected to be beneficial if an additional 0.36% to 1.77% of existing planned residential battery capacity is deployed. This means that at a system level the key benefit of MTR is the incentivisation of residential battery use.

23. There are several existing or proposed policy levers in New Zealand that directly target residential battery deployment. Therefore, in the context of this discussion, the question should be *'is the implementation of MTR the most effective way to increase battery uptake?'*.

24. The EA's work on 'maximising benefits from local generation', including a raising of export limits, argued that higher export limits increase the benefits that consumers receive from

DER assets. This makes the payback on investments shorter, thus incentivising greater uptake.

25. This alongside other policies including, strengthening time-of-use pricing, or Virtual Power Plants (VPPs) demonstrate that the uptake of residential batteries can already be increased through the existing single-trader-per-ICP framework, and these levers can likely be used at lower cost than MTR implementation.

26. BEC believes if the system-wide benefit of the revised MTR proposal identified is an increase in residential battery uptake, the EA should demonstrate that MTRs are the least-cost way to achieve that outcome. Given that other mechanisms can drive increases in battery uptake, likely at lower cost, the case for implementing MTR on this basis is weak. We would like to see the EA compare the costs and benefits of MTR to alternatives.

The technical and administrative complexity associated with implementation.

27. The revised proposal, as mentioned earlier, introduces an opt-in method meaning that MTR processes would only activate for ICPs flagged as MTR-participating. This means that the changes needed for individual participants system and administrative practices have been reduced from the original proposal.

28. However, there are still costs associated with implementation and while not automatically applying to all ICPs, every retailer, distributor and metering equipment provider must modify IT platforms to be able to handle those customers who do choose to engage in MTRs.

29. So, while the revised proposal is a step in the right direction, there remain technical and administrative challenges that, given the lack of demand, could be avoided.

30. Even with an opt-in model, participants must design, build and maintain systems that can identify MTR-flagged ICPs, route data correctly between multiple traders and reconcile settlements without disrupting single-trader arrangements.

31. Because these capabilities must be available across the entire industry, the costs associated are effectively socialised, even though only a small number of consumers are expected to benefit in the immediate future.

32. Given that the main system-wide benefit identified in the CBA is an increase in incentives for residential battery use, and that similar outcomes could be achieved through less intrusive methods, the technical and administrative burden of MTR appears difficult to justify.

33. BEC recommends therefore that in the absence of clear consumer demand for MTRs, the EA should consider whether the technical and administrative complexity, and associated costs, are warranted, or whether resources would be better used on projects that address issues facing a greater proportion of consumers.

Conclusions

34. Overall, these points show that despite the positive changes that the revised proposal has made, MTR still imposes significant costs and complexity on the entire industry for the benefit of a small subset of consumers.

35. System level benefits identified, while making the cost benefit analysis positive, could be achieved through lower cost mechanisms while the resources that may be used on this are likely better off used on projects that address issues facing a greater proportion of consumers.

APPENDIX ONE – BACKGROUND INFORMATION ON THE BUSINESSNZ ENERGY COUNCIL

The BusinessNZ Energy Council (BEC) is a group of leading 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, 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
- ExportNZ representing New Zealand exporting enterprises
- ManufacturingNZ representing New Zealand manufacturing enterprises
- Sustainable Business Council of enterprises leading sustainable business practice
- BusinessNZ Energy Council of enterprises leading sustainable energy production and use
- 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).