

Feedback on Open Letter 24/2/2026

Ensuring consumers benefit from efficient investment in non-network solutions

Overview

SEANZ supports the intents behind the letter and the view that non-wire alternatives (NWA) can deliver a lower cost option to meet network needs and therefore reduce costs to consumers.

SEANZ applauds the collaboration between the 3 key government agencies on this issue.

1. Ensure both non-network and network solutions are considered in network planning

To date, New Zealand's record of identifying these opportunities and seriously engaging in seeking NWA options is poor.

In the few examples where EDB's have issued RFI's for NWA options, response has been limited by very short timeframes to achieve the required volume and/or no indication of the value the EDB would pay and/or very short duration services agreements that do not encourage investment by potential flexibility providers.

Currently New Zealand is trapped in the proverbial chicken and egg situation with the lack of an active flexibility market resulting in limited flexibility providers being established and a lack of flexibility providers meaning that an RFI for NWA is unlikely to be met by adequate response.

A standardised and mandated national approach to identifying and procuring NWA services needs to be established to create the volume and long term visibility of opportunities to grow the flexibility service provider industry.

Associated with this is a national standard for connection and communication with flexibility providers to achieve cost efficiency in building and implementing solutions.

As the letter mentions there are sufficient global examples covering both of the above 2 points to mean New Zealand does not to procrastinate on achieving these standardised methods. What seems to be missing is the entity to take accountability and make decisions. Relying on 27 EDB's to collaborate and agree standards is unlikely to deliver results / deliver results in a timely manner.

It is also likely that regulation will be required to ensure that flexibility services are seriously considered (e.g. mandating a process EDB's must follow to seek a lower cost alternative for any network investment above a certain \$ value / % of asset base value)

2. Pricing as an enabler of flexibility

The disconnect between distributor price signals and the rates passed through by retailers to customers is a significant issue. Re-bundling of distributor pricing (especially by gentailers) to dilute distributor pricing signals results in no incentive by customers to invest in technology themselves or make behavioural change.

The statement “in this future state, consumers are not expected to actively manage their electricity use day to day” is largely incorrect in terms of battery storage. Most battery systems have price responsive automation modes to optimise customer value for customers. Many appliances now have apps, readily allowing consumers to set run times to coincide with lowest cost. The view that retailers need to respond to EDB price signals on a customer’s behalf is flawed.

Retailers who have offered hours of free power for example have had significant success in shaping energy use patterns which demonstrates that customers are prepared to and are capable of reacting to price signals without direct retailer control.

SEANZ advocates for mandatory separation of the lines and energy charges billed to customers. Customers are not as helpless at responding to price signals as is being suggested.

Regardless, with transparent and relevant pricing signals, service providers will establish to provide optimisation services for customers who do not want to do this directly.

Equally important in EDB pricing is that sufficient financial incentive is provided to influence demand. The strong move towards fixed pricing by EDB’s will mean that there is decreasing reward for customers to change behaviour. Some networks now have 90% plus fixed charges, even though their AMPs have reasonable budgets for growth related capex. A few networks have set a zero price for peak export from April 2026 on the basis that they have no future network constraints expected which again seems to not align with their AMPs.

SEANZ suggests that stronger actions beyond setting pricing principals are needed to ensure appropriate EDB pricing structures are developed.

Consideration of network pricing that has been in place during the previous regulatory period should be a key consideration in reviewing an EDB’s AMP to set pricing for the next period (recognising that customers need time to change behaviour in response to price signals so need to be signalled in advance).

3. Engaging with the market

As above the market for flexibility services needs nationally mandated processes and standards to become established.

SEANZ agrees with the concern that there is potential for EDB’s to leverage their monopoly positions to deploy behind the meter systems which then stifle growth of flexibility service providers. A commercially competitive flexibility industry, with experience in customer engagement and potential to deliver economies of scale is essential.

SEANZ is also aware of some EDB’s contemplating direct sale / leasing of behind the meter battery systems to customers. As above, leveraging monopoly position to create a commercial advantage needs to be controlled.

SEANZ advocates that a more appropriate role for EDB’s is to be allowed (through regulatory change) to provide long term (15-20 year) finance for solar / battery systems at their WACC to overcome the upfront cost barrier and to drive volume. (Upfront cash has been identified by EECA as the biggest barrier).

This would be recovered as a daily charge associated with the ICP and billed through the properties electricity bill.