24 Elginshire Street
Washdyke
Timaru, 7910

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Electricity Authority
PO Box 10041
Wellington 6143
By email to taskforce@ea.govt.nz

Alpine Energy Limited's submission on the Electricity Authority's consultation paper on requiring distributors to pay a rebate when consumers supply electricity at peak times

Overview

1. Alpine Energy Limited (**Alpine Energy, we, our**) would like to thank the Electricity Authority (**the Authority**) for the opportunity to submit on the consultation paper on the Energy Competition Task Force Initiative 2A (**Initiative 2A**), dated 12 February 2025 (**the Consultation Paper**).
2. The paper proposes a Code change requiring distributors to pay rebates to mass market consumers who export electricity during peak demand periods, with the aim of encouraging exports that deliver network benefits. We support the intent of the Consultation Paper and acknowledge the value of incentivising consumers to inject electricity at peak times when it provides real network benefits. This aligns with Alpine Energy's strategic outcome to support informed energy choices.
3. Our key submission points on Initiative 2A are:
    a. Implementation timing – The proposed start date risks overlapping with other major reforms. We recommend a phased or voluntary implementation to support sector readiness.
    b. Visibility of DG data – Limited visibility of exports makes it difficult to assess network benefit. Improved data access and consistency across the sector is important.
    c. Rebate implications – Rebates may result in cross-subsidisation. We recommend applying them only where clear network benefits exist and including a formal review after implementation.
4. We have expanded on these below.

Timing of implementation

5. We want to ensure any regulatory changes are implemented well i.e. robust, interdependencies considered and communicated well. The implementation timing will challenge this. The proposed commencement date of 1 April 2026 is likely to coincide with the implementation of other significant regulatory reforms affecting

pricing, including the Authority's proposed Distribution Connection Pricing Code Amendment and the Network Connections Project: Stage One. Each of these initiatives requires careful planning, system development, and internal resourcing to deliver successful outcomes for consumers.

6. Implementing multiple major regulatory changes in parallel would place undue pressure on internal teams and systems, increasing the risk of rushed delivery and reduced implementation quality. It may also limit our ability to engage meaningfully with consumers and stakeholders. For example, teams responsible for pricing methodology development, billing systems, and customer engagement would need to support several complex programmes simultaneously, potentially resulting in rushed delivery or unintended outcomes.
7. We recommend that the Authority consider a phased approach to implementation across all the pieces of work affecting distribution pricing to support a coherent response from the sector. If the Authority wants to support positive outcomes for consumers, an option could be to:
    a. prioritise the proposed distribution connection pricing changes from 1 April 2026,
    b. followed by the network connections process reforms later that year or in early 2027, and
    c. Initiative 2A could then be implemented from 1 April 2027, providing distributors sufficient time to fully implement earlier changes and put in place the systems and processes needed to support the administration of rebates.
8. An alternative to this is to consider transitional arrangements to ease the impact of concurrent changes. A staggered approach would also allow time to align with related Commerce Commission processes, such as price-quality paths and information disclosures, helping to support compliance and consistent application across the sector.
9. We support a principles-based approach to implementing rebates and believe there is value in allowing some flexibility in the initial rollout. As referenced in the Consultation Paper, the Australian Energy Regulator has adopted a non-binding, principles-based framework for export tariffs that accommodates differences across networks and allows distributors to propose arrangements based on their individual circumstances.
10. While we understand the Authority's concern that a voluntary approach may delay uptake, we consider that enabling voluntary participation in the first year could serve as a practical transitional step. Distributors who are operationally ready could choose to offer the rebate, while others would have time to develop the necessary systems and methodologies. This would reduce implementation risk and enable early learnings to inform wider application in subsequent years.

Visibility of DG and implications for understanding network benefits

11. Visibility of distributed Generation (DG) data will be important for evaluating how consumer exports contribute to network outcomes. Fewer than 3 percent of mass market consumers on our network have DG installed. While we receive consumption data via EIEP files from retailers and use available tools to support visibility, this still gives us only a limited picture of how DG is operating across the network. For approximately half of DG consumers, we are unable to observe export

patterns, which limits our ability to assess the timing and location of exports and their relevance to periods of network constraint. Although data access is not a significant barrier for Alpine Energy, we recognise that this is not the case for all distribution networks, and we support efforts to improve the availability, quality, and consistency of data across the sector.

12. On our network, DG is predominantly installed for self-consumption. Exported electricity generally occurs only when generation exceeds a household's immediate energy use, making it unplanned and incidental in nature.
13. As a result, exported energy tends to occur during the middle of the day when solar generation is highest. This does not typically align with periods of network constraint, which on our network are more likely to occur in the early morning and early evenings during winter months when household demand peaks.
14. Due to the intermittent nature of most residential DG exports, the ability for these injections to relieve network constraints is limited without additional coordination.
15. This is where we see a strong role for aggregators. Unlike individual households, aggregators can schedule exports in response to network constraints, enabling targeted flexibility services that help to defer or avoid or costly investment in network upgrades.
16. To support the coordination and valuation of this flexibility, it remains important for distributors to have access to reliable consumption and export data. This enables more accurate estimation of network benefit, supports effective price signals, and ensures rebates or incentives are directed where they add value.
17. Without sufficient visibility, there is a risk that rebates may be paid in situations where no network benefit is realised, creating inefficient outcomes and potentially distorting incentives.

Implications of rebates for cost recovery and consumer equity

18. Introducing distributor funded rebates is likely to result in a transfer of costs from consumers with DG to those without it. As rebates would be recovered through existing distribution charges, mass market consumers who are not exporting electricity, many of whom may not have the means or opportunity to invest in DG, would effectively be subsidising the financial returns of DG customers. While the short-term impact may be limited, this could become more pronounced over time as DG uptake increases. Unlike established load control mechanisms, the value of exported electricity from small scale DG is less certain and often does not align with periods of network constraint.
19. Under current regulatory settings, we are limited in the amount of revenue we are allowed to collect from consumers. Any rebate costs would need to be recovered from within existing allowances, which increases the risk of cross-subsidisation and may lead to unintended pricing outcomes. If rebates are introduced without clear and measurable network benefits, such as deferral of investment or reduction in peak demand, there is a risk that some consumers may bear costs without receiving a corresponding benefit.
20. We recommend the Authority include a formal review process within three years of implementation. A scheduled review, similar to the one undertaken during the phase out of the Low Fixed Charge regulations, would allow the Authority to assess whether the rebate is delivering intended outcomes and adjust if necessary.

Conclusion

21. We hope our submission is helpful to the Authority and we are happy to discuss our views with you further or provide any additional information to further support our views.
22. Alpine Energy supports, in general, the Electricity Networks Aotearoa's (**ENA**) submission on this matter.
23. None of the information in our submission is confidential (including signatures).
24. We look forward to further engagement with the Authority as it develops new ways to empower electricity consumers.

Yours sincerely,

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Oscar Horstmann
Regulatory & Corporate Advisor

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