

Cross-Submission

Requiring distributors to pay a rebate when consumers supply electricity at peak times - Energy Competition Task Force Initiative 2A

11 April 2025

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1. INTRODUCTION

1.1. PRELIMINARY

1. We welcome the opportunity to cross-submit our views in response to the Electricity Authority's (the Authority's) consultation paper – "Requiring distributors to pay a rebate when consumers supply electricity at peak times".
2. No part of our submission is confidential.

1.2. GENERAL COMMENTS

3. Having reviewed the submissions received by the Authority, our views expressed in our submission on 26 March 2025 remain unchanged.
4. We generally support the views raised by other electricity distributors and Electricity Networks Aotearoa (ENA). Our cross-submission comments are focussed on the views raised by non-EDB submitters.
5. We are supportive of customers exporting electricity to the network, particularly where it helps to manage peak demand and, in some cases, defer the need for future network investment. We see this as a valuable contribution to efficient network management. However, the incentives and tariff structures used to support export must be equitable and reflect the true cost and value of that export to the network.

Symmetrical Tariffs

6. We note that several submitters expressed strong support for symmetrical tariffs, suggesting that export and import should be treated equally, and export should be compensated at the same rate as consumption is charged. While this may appear equitable at face value, as a distributor, we reiterate the position expressed in our primary submission: the current economic evidence does not support symmetrical pricing. In particular, we stated¹:

"Currently, there is a lack of economic studies to determine the appropriate discount rate for export tariffs. We ask that the Authority provide clear guidance on this matter by commissioning or drawing on robust economic analysis."

7. We support the Authority's position that consumption-linked injection tariffs are not preferred and believe a more nuanced approach is needed - one that reflects the value of export where and when it supports the network.

Role of Batteries and Flexibility

8. Several submissions raised the role of batteries and export capability. Aurora Energy agrees that batteries have an important role to play in managing network demand, but we emphasise that their

¹ [Aurora Energy submission](#), paragraph 18.

primary use should be in avoiding consumption during peak periods. This is where they deliver the greatest benefit – by lowering the customer’s peak contribution and reducing the need for future network investment.

9. Where customers can export during periods of genuine network need, there is potential to recognise that through participation in flexibility arrangements. These mechanisms offer more accurate pricing and greater value than flat export tariffs. We encourage the Authority to continue to support flexibility arrangements as a more efficient and targeted alternative to blanket export compensation.

Control Period Demand (CPD) Charge

10. In its submission, Forest Lodge Orchard raised concerns about Aurora Energy’s CPD mechanism, specifically the perception that they were overcharged for 12 months without any wash-up².
11. We would like to clarify that CPD charges operate in a way where credits are effectively applied in arrears. A consumer’s demand during congestion periods is recorded and used to calculate their charge for the following pricing year. This means that reductions in demand during these periods result in a lower CPD charge the next year, allowing customers to benefit over time. While these benefits are not immediate, they are tangible and reflect actual usage.

Implementation date

12. As noted in paragraph 23 of our original submission, we agree with Vector, Orion, Unison, Wellington Electricity and the ENA that the proposed implementation timeframes are ambitious given the range of challenges involved. A later implementation date of 1 April 2027 would provide more time for the sector to prepare and ensure changes are introduced in a practical and coordinated manner.
13. We thank the Authority for considering this cross-submission and welcome further engagement as the reform programme progresses. We continue to support reforms that deliver efficient, transparent, and fair pricing outcomes while enabling innovation and participation in the electricity system.

² [Forest Lodge submission](#), page 2