

10 July 2025

Electricity Authority
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Wellington 6143

Submitted via email: digitalisation@ea.govt.nz,

To whom it may concern,

ENA welcomes the opportunity to submit on the Electricity Authority (the Authority) paper *Our future if digital*. ENA represents the 29 electricity distribution businesses (EDBs) in New Zealand (see Appendix B – ENA Members) which provide local and regional electricity networks. EDBs employ 7,800 people, deliver energy to more than two million homes and business and have spent or invested over \$6 billion in the last five years.

ENA supports the Authority's efforts to promote a digitalised electricity system, especially to the extent that such a system will deliver a secure and reliable electricity supply to consumers at the lowest possible cost. We do have some concerns that the requirement for consumers to be engaged and active in their electricity supply in order to achieve the rewards that digitalisation offers may leave other consumers worse off by comparison. We appreciate that the Authority has acknowledged this risk in section 4 of the paper, but we nevertheless feel that this group of 'dis-engaged' consumers represents that vast majority of electricity consumers and will do for the foreseeable future. Research on this subject by Energy Consumers Australia¹ suggests that "...most customers ... are actually looking for a very simple and predictable energy tariff."

We therefore encourage the Authority to avoid imposing any costs on the majority of consumers in order to provide 'rewards' to the much smaller subset of engaged consumers that this consultation is targeted at. As Consumer NZ states in their recent submission² to the Authority's Green paper *Working together to ensure our electricity system meets the future needs of all New Zealanders* – "Early adopters are not representative. The Green Paper may overestimate assumed future uptake and consumer interest **by extrapolating from a vocal and enthusiastic, but relatively small consumer segment**" [emphasis added]. We agree entirely with this sentiment and feel it applies in this context too.

We encourage the Authority to give consideration to carrying out bespoke qualitative consumer research (perhaps modelled on the Australian study cited above) to better understand and evidence the potential benefits that digitisation may bring to the bulk of electricity consumers.

¹ <https://www.abc.net.au/news/2024-08-28/energy-consumers-claims-cost-reflective-tariffs-do-not-work/104275654>

² https://www.ea.govt.nz/documents/7710/Consumer_NZ_-_Decentralisation_green_paper_submission_URT1P37.pdf

Our answers to the specific questions in the paper are included in appendix A of this submission, and no part of this submission is confidential. Please contact Richard Le Gros (richard@electricity.org.nz), Policy and Innovation Manager at ENA, if you have any questions.

Regards,

A handwritten signature in black ink, appearing to read 'RLG', with a long horizontal flourish extending to the right.

Richard Le Gros
Policy and Innovation Manager

Appendix A: ENA response to EA paper *Our future is digital*

Q1. What could stop or slow digitalisation of the electricity system? What would make it successful? How far should digitalisation go?

Possible threats to digitalisation might be issues such as overbearing privacy and data security requirements and industry participants slowing standardisation and exchange of data to preserve competitive advantage. It is possible that the Government's Consumer and Product Data Bill requirements for the electricity system could, if poorly conceived, stagnate developments or force compliance in the 'wrong' direction, therefore mis-directing resources.

Digitalisation should go as far as is necessary and reasonable to deliver benefits to consumers and an efficient and effective electricity supply system. Digitalisation is not an end in and of itself, it is simply a means to achieve useful outcomes for electricity system users.

We note that the paper seems very focused on providing consumers with more choices regarding their electricity supply, but, on the whole, consumers only engage in their existing choices with electricity supply to a quite limited extent. It may be worthwhile to research – like the Australian research cited in our introductory remarks – the extent to which New Zealand electricity consumers are genuinely seeking more choices in regard to their electricity supply, and the benefits those choices would be expected to generate.

Q2. Do you agree with how we have defined 'data' and 'information', especially in the context of making data more visible?

We note that the Authority's definition of 'data' does not align with that given in the Consumer and Product Data Bill³, which states:

data includes information

ENA otherwise agrees with the Authority's definition for information.

Q3. What data do you think needs to be more visible?

ENA presumes that consumers are, and will continue to be, principally motivated by cost factors when making product/tariff decisions. It therefore seems sensible to promote visibility of product and tariff data, and individual consumption data as a priority. Making these pieces of information more visible and accessible is a key feature of the proposed (and highly likely) Government Consumer and Product Data regime for the electricity sector, so arguably improvements in this area are already in train.

Q4. What challenges do you think we might face in trying to increase visibility? What considerations need to be given to data privacy or cybersecurity? How could increasing visibility create more opportunities for consumers, participants and innovators?

The resources required for greater system development, standardisation and interoperability within industry participants could be significant, and not readily available when competing with other business objectives.

As we commented above, overbearing privacy and cybersecurity obligations on industry participants may make data sharing difficult or impossible. Equally, a significant data or privacy breach in the sector could undermine consumer trust and confidence, and so reasonable expectations about data-holder behaviour should be established to mitigate this risk.

Q5. What work are you planning or doing to increase visibility within the electricity system? Are you aware of any work that contributes to this goal?

ENA is working with its members to develop a set of recommendations for EDBs to consider when developing capacity maps. The work will be informed by in-depth engagement with key customer groups and the experiences of those EDBs that have already produced capacity maps for their individual networks.

ENA is mindful that the Commerce Commission, via its Information Disclosure (ID) obligations on the distribution sector, is already imposing requirements on the sector to make greater levels of information available to consumers. The Authority should ensure that 'visibility' obligations it might place on the distribution sector are consistent with and not duplicative or contradictory to those imposed by the Commission.

Q6. What challenges do you think we might face in increasing interoperability? What other opportunities do you think greater interoperability will bring?

There is a well-known, probably apocryphal phrase in the international standards world: "Standards are like toothbrushes: everyone wants one, but no one wants to use someone else's."

A key challenge for any sector to overcome when considering interoperability is the need to come to some reasonable view on what standards that should be adopted, even if just for the relevant interfaces. In any such discussion, there will most likely be winners and losers, in terms of those organisations that must make the least or greatest efforts (and therefore cost, disruption, etc) to comply with the chosen interoperable standards. When entering into these discussions, a clear objective, and high-level principles for decision-making must be established upfront so that all participants can be confident that the outcomes ultimately arrived at are done so in a fair and even-handed manner.

Q7. What work are you planning or doing to increase interoperability within the electricity system? Are you aware of any work that contributes to this goal?

ENA and its members have a long history of establishing projects to develop and agree a consistent sector approach to areas of work where such an approach is beneficial. The most recent examples of this are the ENA Future Networks Forum (FNF) projects to improve consistency in the connections journey for customers. ENA and EDBs are working together now to implement the key elements of this project into individual EDB processes. ENA and members are now turning our attention to defining common approaches to:

- connection queues and queue management policies
- distribution network capacity maps
- template commercial contracts for medium to large-scale connections.

Q8. What challenges do you think we might face in simplification? How could simplifying create more opportunities?

There are risks involved in the Authority's efforts to promote simple solutions for consumers, in that some of the key underlying trends in the electricity sector are (at least superficially) contradictory with that aim:

- The electricity sector, already seen as quite complicated, is trending towards even greater complexity, especially at the distribution network layer – e.g. introduction of multiple trading relationships, trader and third-party load aggregators, ToU pricing, dynamic operating envelopes, etc.
- The opportunities to avoid costs, or to add value to the system to receive some reward, are inherently complex to understand and navigate – e.g. ToU pricing in consumer tariffs is more difficult for consumers to optimise consumption against than simple flat pricing structures. Rewards for demand flexibility may now come from multiple parties, possibly covering the same DER operating at different times and/or in different modes.
- Residential-scale battery storage solutions (esp. in the form of electric vehicles) are becoming more prevalent and the best way to optimise the use of those technologies for the benefit of consumers is very much a non-trivial exercise.
- Consumer time and interest in engaging deeply with the complex electricity sector is highly and increasingly limited..

Therefore, the Authority's aspirations towards simplicity for consumers, while laudable, is faced with addressing a system that is rapidly and profoundly moving towards ever greater complexity and variability. A key risk that arises from this phenomenon is that, in trying to simplify the sector for consumers, price signals are not accurately or appropriately conveyed to consumers, and they are incentivised towards the wrong behaviours. This could drive greater cost into the system at the expense of all participants (including consumers).

Q9. What work are you planning or doing to increase simplification within the electricity system? Are you aware of any work that contributes to this goal?

As noted above in our response to question 7, ENA and its members have multiple projects underway to introduce greater consistency with respect to the network connection experience for connecting parties. ENA will continue to look for opportunities to work with its members to make the consumer-facing elements of the distribution sector more consistent and predictable, where possible.

We encourage the Authority to work closely with its peer regulators to ensure that efforts in this space are aligned and consistent, with no unnecessary duplication of effort or overlaps.

Appendix B: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- Electra
- EA Networks
- Firstlight Network
- Horizon Energy Distribution
- MainPower NZ
- Marlborough Lines
- Nelson Electricity
- Network Tasman
- Network Waitaki
- Northpower
- Orion New Zealand
- Powerco
- PowerNet (which manages The Power Company, Electricity Invercargill, OtagoNet and Lakeland Network)
- Scanpower
- The Lines Company
- Top Energy
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity Lines
- Westpower