Rewiring Aotearoa submission on evolving multiple trading and switching

About Rewiring Aotearoa

Rewiring Aotearoa is an independent non-partisan non-profit funded by New Zealand philanthropy. It is a registered charity working on energy, climate, and electrification research, advocacy, and supporting communities through the energy transition. The team consists of New Zealand energy, policy, and community outreach experts who have demonstrated experience both locally and internationally. We're always fighting for the New Zealanders who use the energy system, and our goal is to help build a low cost, low emissions, high resilience electrified economy for Aotearoa NZ.

Key messages

Rewiring Aotearoa supports the proposed changes to Multiple Trading Relationships (MTR) (allowing two traders – distributed generation and consumption), which will increase consumer choice and introduce more competition to retail tariffs. For example, it will disincentivise tariffs that offer competitive export tariffs, but also ramp up consumption tariffs.

The Electricity Authority should also implement changes at this time that require retailers to allow large sites to share solar across multiple co-located installation control points (ICPs, i.e. ICP aggregation), and facilitate peer to peer trading for small scale renewable generators with local sites.

Rewiring Aotearoa disagrees that delaying these steps via a staged approach is in consumers best interest. Consumers should not have to wait until demand increases to unlock the benefits of their solar and battery systems or access more competitive options from retailers. This should be supported now, to help consumers make investment and retail tariff decisions that reduce their overall energy bills.

Additional change beyond the proposed option is needed

ICP aggregation

A solution is needed to allow large industrial sites, farms or other organisations with more than one ICP to net the electricity generated in each time period at one ICP from the consumption at other co-located ICPs on the same site.

ICP aggregation (for billing) that enables power generated at one ICP to be able to be allocated to another ICP on a farm or other large site with more than one co-located ICP would require an amendment to the Electricity Participant Code. This would enable and require retailers to bill for electricity and pay for export on the basis of net half hourly electricity use across all ICP for a farm or site. The change would relate to billing and not

shift any of the metering requirements in the code under Clause 10.13A Metering installation, i.e. that imported electricity must be reported separately from exported electricity.

This option would improve fairness of billing for these kinds of large sites. With ICPs being co-located, and potentially on the same Low Voltage Network, the cost impact of the supply of electricity from one ICP to another is negligible and would not impact transmission network flows. Therefore the site should not have to sell its exports at a rate that is below the price it pays for electricity consumption.

Peer to peer trading via PPAs

Peer to peer trading should be made available between local small scale renewable generation and firms. For example a 300kW solar panel installation on a local farm should be able to enter into a power purchase agreement (PPA) with a local processing plant to supply them with renewable electricity. Reconciliation by the retailer should be available for the farm so that they are not paid for the solar generation supplied under the PPA by their retailer and generation supplied to the firm under the PPA is not charged by the retailer to the firm. The PPA payments could be made bilaterally between parties or using a peer to peer trading platform.

A formal pathway for each party to confirm the PPA agreement and a platform to provide volumes supplied at each half hour could be made available linked to the relevant ICPs which retailers have access to and can use to reconcile billing. This could be something that the Electricity Authority invests in to support peer to peer trading without customers having to pay for commercial peer to peer trading platforms.

It could be a requirement for peer to peer trading for the two parties to be located nearby - or at least on the same distribution network. This option would support investment in local renewable generation, through providing revenue certainty and incentivise co-location of local generation and supply. This could reduce flows on the transmission network and may offset future transmission investment costs.

Caution over relying on third party peer-to-peer trading platforms

Paid third party peer to peer trading platforms require an additional profit stream to be gained from consumers' local renewable generation. Our view is that the relative complexity and services required should not require complex systems provided via the private sector.

Reconciling bills to facilitate ICP aggregation should be provided for via the retailer without any third party role. Likewise peer-to-peer trading via PPAs should be facilitated via the retailer and reconciliation platform that is provided by the Electricity Authority or via a not for profit peer-to-peer trading platform.

A primary retailer, for example the retailer for the customer consuming the solar generation could be required to undertake reconciliation and communicate with the retailer of the customer who is exporting solar.

Response to Questions

The submission above should be considered in addition to the responses to the following questions:

Q1. (Paragraph 2.20) Do you agree with the Authority's vision for consumer mobility? If not, what would you change and why?

Yes in part although we encourage more action now to support ICP aggregation and peer to peer trading via PPAs.

Q2. (2.20) Do you have any comments regarding future stages of multiple trading, whether the proposal provides optionality for the potential future stages, and the options the Authority should consider?

The Authority should provide for ICP aggregation and peer to peer trading via PPAs now.

Q3. (3.26) Do you agree with the proposed solutions? If not, what would you change and why?

The Authority should provide for ICP aggregation and peer to peer trading via PPAs now and explore MTRs and energy sharing for household and small business retail customers. Please see comments above.