

24 March 2026

Electricity Authority
Commerce Commission
Energy Efficiency and Conservation Authority
By email

Tēnā koutou Sarah, Andy and Marcos,

Thank you for your joint letter of 24 February 2026 regarding the efficient use of non-network solutions (NNS) in electricity distribution planning and investment.

Electricity Networks Aotearoa (ENA) represents the 29 electricity distribution businesses (EDBs) that connect New Zealand homes and businesses to the national grid. Our members are committed to delivering safe, reliable and affordable electricity to more than two million consumers, while supporting the energy transition in a way that promotes long-term consumer benefit.

ENA welcomes the intent of your letter and agrees with the importance of ensuring that non-network solutions are transparently and robustly evaluated. EDBs recognise that flexibility services, demand response, distributed energy resources and other non-traditional solutions have an increasingly important role to play in meeting growth in demand, preserving optionality, improving utilisation of existing assets, and supporting system resilience.

From a distribution sector perspective, it is essential that consumers and stakeholders have confidence that NNS are considered on a genuinely comparable basis with traditional network investment. Our members understand the need for objective, transparent and proportionate evaluation processes that demonstrate where NNS can efficiently defer or avoid capital expenditure, and where they cannot.

EDBs also recognise that market development depends on clear and credible signals. This includes both price signals and service specifications that enable flexibility providers and aggregators to invest with confidence. Distributors accept that they have a role in clearly signalling emerging network constraints, articulating service needs, and procuring flexibility in ways that are accessible and predictable for market participants.

At the same time, it is important to emphasise that traditional network build and reinforcement will continue to have a critical place in delivering reliable electricity supply. In many circumstances, particularly where constraints are enduring, geographically dispersed, or require high levels of certainty, conventional network investment may remain the most efficient long-term solution. Regulatory and policy settings should therefore preserve distributors' ability to select the option — whether network or non-network — that best delivers least-cost, reliable outcomes for consumers in the specific circumstances faced.

While we support the increased consideration of NNS, international experience suggests that realising this in practice requires coordinated evolution of both regulatory settings and industry capability. Jurisdictions such as the United Kingdom and Australia have exerted sustained effort over time to develop the regulatory frameworks, data access arrangements,

market processes and business capability needed to enable NNS to be effectively evaluated alongside traditional investment.

In the New Zealand context, the current regulatory framework broadly allows for the consideration of NNS, and subsequent selection and implementation when appropriate. However, there are a number of areas where further regulatory/policy development or clarification would help to improve the efficiency and scalability of these approaches over time:

- **Data access and visibility:**
Improved access to, and use of, granular network and consumer data (including smart meter data) would support more accurate identification, valuation and targeting of NNS—particularly at the low-voltage level where visibility remains limited.
- **Standards and interoperability:**
Continued progress toward common technical, communication and cybersecurity standards will help reduce integration costs, support interoperability, and enable flexibility services to scale across multiple networks.
- **Market development and participation:**
Ongoing work to support the role of flexibility providers and aggregators—including consideration of their formal recognition within the regulatory framework (e.g. as industry participants)—could help provide greater clarity, confidence and consistency for other participants.
- **Procurement approaches and coordination:**
Greater consistency and transparency in how flexibility services are specified and procured across distributors may help reduce transaction costs and support a more efficient, national market (or markets) for NNS over time.
- **Regulatory settings in practice:**
While existing settings are intended to be technology-neutral, continued monitoring of how these operate in practice—including default price path settings, incentive mechanisms and information disclosure—particularly as NNS uptake increases—will help ensure they support efficient, least-cost outcomes for consumers.

ENA is actively supporting this evolution through our Future Networks Forum work programme. A current project is developing practical guidance for distributors on approaches to valuing and procuring NNS, with the aim of promoting greater consistency, transparency and capability across the sector. This work is intended to complement regulatory expectations and provide a foundation for robust, comparable assessment frameworks.

We also acknowledge the important contributions of other industry initiatives, including FlexForum and work led by the Electricity Engineers' Association and others, which are helping to address interoperability, standards, and market development issues. Realising the potential of flexibility will require coordinated effort across regulators, distributors, retailers, technology providers and consumers.

ENA and its members look forward to continuing constructive engagement with the Commission, Authority and EECA on how best to ensure regulatory settings support efficient, technology-neutral investment decisions that are proportionate, evidence-based and focused on long-term consumer benefit.

Nāku noa, nā

A handwritten signature in blue ink, appearing to read 'TK', with a horizontal line extending to the right.

Tracey Kai

Chief Executive

Electricity Networks Aotearoa