21 November 2025

Energy Competition Task Force
c/o Electricity Authority
PO Box 10041
Wellington 6143

By email to: taskforce@ea.govt.nz

Dear Energy Competition Task Force team,

Submission to the Energy Competition Task Force on the *Requirement for distributors to pay negative charges when consumers supply electricity at peak times: definition of small business consultation paper*

We thank the Energy Competition Task Force (Task Force) for the opportunity make a submission on the recent consultation paper on *Requirement for distributors to pay negative charges when consumers supply electricity at peak times: definition of small business*.

ENA is the industry membership body that represents the 29 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses (our members are listed in Appendix A).

EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have spent or invested $6.2 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

We agree that the current Code does not work as originally intended

We support the Task Force's proposal to amend the Code to better align the Code with the intent of the original policy.[1] We have observed that some other stakeholders view this consultation as a 'limitation of fairness protections' and are implying that the Electricity Authority (Authority) are changing their policy and taking a 'step in the wrong direction'. We understand these views, and we understand why those with higher generation feel they should benefit from the export tariffs.

However, we agree with the Task Force that the original consultation and decision made it clear that it was never the intent that the requirement capture large generators – it was specifically targeting consumers and small businesses. In looking at how to implement the current Code definition of small business, a number of EDB have identified that some large generators may be inadvertently captured within the eligibility criteria.

For example, many large generators have very limited consumption, because they are predominantly self-consuming from their generation. An eligibility criteria based on consumption is therefore counter-intuitive for eligibility for an export-related payment.

[1] Energy Competition Task Force, New ways to empower electricity consumers | Our consultations | Our projects | Electricity Authority (also referred to as the '2a proposals' in this submission)

We further reiterate from our original submissions on the 2a proposals, that the operation of a large generator, even if it is mainly offsetting a customer's own load, is often more than is necessary to completely alleviate a local network load-based constraint. Injection payments for these large exports would be inefficient, leading to restrictions on payments to mass market customers, as well as potentially a cost burden imposed on other non-generating customers.

We support the 45kW / 45kVA limit proposed

We support the 45kVA / 45kW limit the Authority is proposing. We have worked with our members and the Authority to understand records of maximum deliverable generation capacity (as recorded on the Electricity Registry), and we understand that EDBs are able to use these revised limits as a basis for eligibility. We agree with the Task Force that the 45kW / 45kVA should better align to its original intent for targeting mass market consumers and small businesses.

As the consultation states, EDBs generally manage customers on the basis of connection capacity, rather than annual consumption. As the consultation says, this means EDBs do not typically hold, maintain or monitor annual consumption data. We appreciate the Authority's willingness to work with EDBs to ensure the requirements in the Code are practical, which will ultimately increase consistency across EDBs and create better outcomes for consumers.

We also appreciate the Task Force including charts showing capacity tariffs and nameplate capacities within the consultation document. These charts help to highlight that, despite concerns from some stakeholders, the majority of customers (mass market customers) will remain eligible, even under the revised levels, reinforcing that the proposed change continues to align with the original policy intent.

Format of response

Please also refer to our responses to the consultation questions in Appendix B.

If you have any questions about ENA's submission please contact Gemma Pascall, Regulatory Manager ( ).

Yours sincerely

Gemma Pascall
Regulatory Manager

Appendix A: 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 Networks
- Mainpower
- 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
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower

Appendix B: Responses to specific consultation questions

Questions	ENA Comments
Q1. Do you agree with the issues that we have identified in meeting the policy intent to target small business consumers? Why or why not?	Yes, we agree with the issues that have been identified. When supporting our members through the implementation of the original 2a decision, it has been noted that the current eligibility criteria appears to be creating some unintended adverse outcomes.
Q2. Do you agree that applying the negative charge to business consumers below a given connection capacity, and limiting eligibility to distributed generation below that same level, will best achieve the original policy intent? Why or why not?	Yes, we support a shift to using capacity to limit eligibility. The 45kVA capacity limit aligns with a 3 phase 63 amp supply, which is a very common size for small businesses.
Q3. Are both limits required, or could the policy intent be achieved through just one of the proposed limits? Please explain your reasoning.	Yes, both limits are required. A customer in a 45kVA load category is able to install any size generator, and to ensure that EDBs are able to maintain the incremental cost requirements of the distributed generation pricing principles, they must maintain that load category for the purpose of load-based charges, even if a customer has been approved to export at a higher rate. Also, a customer with a load of 45kVA and an export ability of 45kVA could use a 90kW generator, which is a very significant generator. We believe generation at that scale is still probably beyond the scope of the original policy intent. Nevertheless, 45kVA appears a pragmatic compromise.
Q4. Do you agree with our assessment of the proposed threshold for connection capacity? Why or why not? Would you prefer an alternative threshold? Why?	Yes. The 45kVA capacity limit aligns with a 3 phase 63 amp supply which is a very common size for small businesses.
Q5. Do you agree with our assessment of the proposed threshold for DG, and that this should apply based on the maximum deliverable generation capacity? Why or why not?	Yes, a 45kW solar PV generator will typically produce in excess of 60,000 kWh per year in many EDB areas, meaning that in some cases, the new criteria will bring more customers into scope, who would not have previously qualified. Whilst these levels sit well above the current 'small business' definition, it is useful to align the limit with the connection capacity limit. We are opposed to a higher limit being set as it moves into a realm where the operation of the generator on its own (either offsetting load or exporting) exceeds the level that is needed to alleviate local network load-based constraints. In these situations, export credits (which are ultimately funded by other customers) are inefficient. If a 69kVA limit were to be adopted,

Questions	ENA Comments
	this could allow up to a 138kW generator (~50% higher than a 45kVA limit, as noted in our response to Q3). We agree with the Task Force's assessment that this would extend eligibility beyond the mass market consumers their policy was intended to capture. In light of the concerns raised, we considered some high-level, illustrative examples for schools, marae and farms. Without expressing any view on their classification or on individual eligibility, publicly available information indicates that entities of this type could, in many cases, still fall within the revised thresholds, depending on their specific circumstances and price category. This is intended only to demonstrate that the revised thresholds do not automatically exclude such groups, despite concerns to the contrary. Illustrative examples include: - Several schools with 20kW arrays are highlighted here: All about the New Zealand Solar Schools Programme - Sustainable Energy Association of New Zealand. - This study suggests a large proportion of schools would have systems with nameplate capacities within the revised injection payment capacity thresholds: Securing energy supply with School Solar. - These marae case studies implies each of the maraes have 10-18kW systems: TLC case study – sharing community renewable energy and McKay Best Community Energy Project Award 2023 - Sustainable Energy Association of New Zealand. - This calculator for farms suggests an 800-1000 cow farm could be supplied by a 30kW system: Our solar savings calculator for NZ farms. This report suggests 94% of cattle farms fall within those herd sizes: dairy-statistics-2023-24.pdf - Whilst we are not suggesting lowering the limit for 'small business', we interestingly also found this EECA report, which defined systems over 10kW as 'commercial-scale': https://www.eeca.govt.nz/assets/EECA-Resources/Research-papers-guides/Commercial-scale-solar-in-New-Zealand.pdf
Q6. Do you agree with the objective of the proposed amendment? If not, why not?	Yes. We agree that the proposed amendment will ensure the Code and eligibility criteria better align to the original policy intent to capture mass market consumers and small businesses. As noted in response to Q5 and the body of our submission, it also reduces the risk of inefficient incentives.
Q7. Do you agree the benefits of the proposed amendment outweigh the costs?	We consider the benefits of the amendment to better target the incentive will outweigh the costs, and create better outcomes for customers.
Q8. Do you agree with our assessment of the alternatives? Please explain your reasoning.	We appreciate the effort the Task Force has gone to in identifying and considering the alternatives. These appear to be comprehensive and we support the assessment of each.

Questions	ENA Comments
Q9. Are there other options or thresholds we should consider to better align the Code with the original policy intent?	We have not identified and further alternatives.
Q10. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	Yes, we agree that the proposed amendment is preferable to the alternatives identified. Some members anticipate that electricity retailers will (understandably) struggle with a secondary test of eligibility based on generation capacity. Retailers rely on EDB price category codes uniquely identifying the set of prices applicable to an ICP. To address the ambiguity of whether an export credit price applies or not, an 'export category code' could be added to the pricing event on the registry for distributors to explicitly indicate which (if any) set of export credit prices apply. This suggestion also addresses situations where the geographic boundaries for credits and load charges may (legitimately) differ. As there are currently only low levels of load customers who also have generation (3.4%)[2], with some variation across networks, and even fewer who will qualify for these injection tariffs, some EDBs may choose to avoid reconfiguring load categories just to accommodate the small proportion with generation. Setting the export category code independently avoids this unnecessary upheaval and the associated transaction costs of a more complicated price book.

[2] 80,768 ICPs with distributed generation out of 2,345,955 total ICPs at 30 September 2025, according to Authority data on distributed generation and market share data.