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To: Commerce Commission

c/o infrastructure.regulation@comcom.govt.nz

Advice on achieving better outcomes for people now and in the future from electricity networks

FlexForum exists to support whole-of-system coordinated and collaborative action to realise the greatest benefits of distributed, flexible resources for households, businesses, communities and the wider economy.

As an incorporated society, we have nearly 50 Members from across the electricity ecosystem including retailers, metering services suppliers, EV charger manufacturers, energy management software firms, Transpower, distributors, advisory services firms, universities, and individuals.[1]

We welcome observers from the Ministry of Business, Innovation and Employment, Electricity Authority, Energy Efficiency and Conservation Authority, Commerce Commission, and Utilities Disputes for all our activities and events.

This is a FlexForum response to the open letter from the Commerce Commission. Individual FlexForum Members will have their own perspectives and positions.

Main points of the FlexForum advice

- FlexForum wholeheartedly supports the Commission's intention to work with the electricity ecosystem to establish what good performance from a distributor looks like and use this to develop regulatory settings which deliver good outcomes for households, businesses and communities.
- A customer-focused vision should be developed to clearly connect the capabilities that distributors are expected to have (given the EDB-centric vision) with the outcomes that people can expect to experience from networks now and in the future.
- The distributor-centric vision statement provides reasonable, relevant and clear expectations of what distributors need to work towards as part of the transition to a smart, flexible power system. FlexForum notes that delivering the vision implicitly requires delivering the Flexibility Plan.
- The customer-focused vision would provide a basis establishing measures of distributor performance and progress towards achieving the vision.

[1] FlexForum Members are listed here: https://flexforum.nz/about/.

- A whole-of-system approach is needed to recognise the interconnections across the electricity system and market. Better outcomes for customers (of distribution networks) requires routine collaboration throughout the energy transition process between distributors, electricity retailers, flexibility coordinators, metering, communications, and software providers, device manufacturers, regulators, and the households, businesses and communities using the networks.
    - A key aspect of a whole-of-system approach is to develop the work programme and priorities based on achieving the customer-focused vision. The Flexibility Plan was developed taking the customer perspective, and doing so provided a robust foundation for developing the to do list and setting priorities.
    - A second aspect is a strategic approach to coordination and collaboration with regulators and decision-makers across the electricity ecosystem routinely using collaborative, evidence-based processes to identify problems, explore options, test solutions via learning-by-doing, share experience, and implement what is learned.
- Electricity distributors, the wider electricity ecosystem, the Commission and its fellow regulators should define, resource and deliver by 2030 a clear set of actions which ensure tangible progress towards customer vision and associated plausible future state for the power system and market. Urgency is critical as people set the pace by buying electric vehicles, solar, batteries and energy management systems.
- The Commission and its fellow regulators can best support progress by committing to use and participating in collaborative, industry-led evidence-based initiatives—such as those led by FlexForum—that identify problems, test solutions through learning-by-doing, share experiences, and implement practical learnings without relying solely on regulators to do all the work.

A customer focused vision is necessary

A customer-focused vision should be developed to clearly connect the capabilities that distributors are expected to have (given the EDB-centric vision) with the outcomes that people can expect to experience from networks now and in the future.

FlexForum experience is that the most effective way to get alignment across diverse stakeholders and commercial interests is to provide a single meaningful reference point for action. We did this by using clearly defined customer outcomes[2] as the anchor for the checklist of industry-centric tasks and actions.

As well as highlighting the connection between practical customer outcomes and technical complexities of delivery, this customer centric-approach:

- provides a robust neutral framework setting priorities for developing and implementing the capabilities required to realise the vision which steps around commercial and vested interests by providing a line of sight between an activity and specific customer experiences.
- helps to break down sectoral siloes by highlighting the extent of collaboration needed to deliver what people expect from distributors and the wider electricity ecosystem.
- provides measures of progress which are relevant and tangible to the people using and paying for the networks and wider power system.

We consider a customer focused vision - and using it to prioritise work programmes - should become standard practice for distributors (and other parties across the electricity ecosystem).

[2] FlexForum identifies 5 outcomes people want and can get using flexibility: Minimise energy-related ongoing costs; Minimise connection costs; Manage reliability and resilience; Reduce emissions; and monetise flexible resources. See the Flexibility Plan for more detail.

The EDB-centric vision provides reasonable, relevant and clear overarching expectations of electricity distribution

The EDB-centric vision provides reasonable, relevant and clear expectations of what distributors need to work towards as part of the transition to a smart, flexible power system.

There is a close relationship between the Commission's vision for distributors and the Flexibility Plan. Each component of the vision relies on distributors, and the wider electricity ecosystem, developing and implementing capabilities, processes and practices needed for people, the power system and the economy to maximise the value of a growing stock of flexible resources.

- Delivering core operations efficiently and effectively to provide reliable services to customers requires flexibility-enabling capabilities including: low voltage monitoring and analytics capability producing granular network data for network and customer (flex) investment decisions (Flexibility plan steps #3, 4, 5); operational visibility and forecasting capabilities to dynamically signal network conditions (steps #30 and 31); and more sophisticated network coordination and orchestration capabilities (step #39).
- Strong commercial arrangements - developed collaboratively with the electricity ecosystem and applied consistently across the country - are a necessary condition for maximising the value of flexible resources with priorities including: pricing structures to efficiently motivate flexible responses (step #10); a menu of connection size options (and associated service levels) for new and upsized connections and an easy to access and navigate application and approval process (steps #12, 16, 21 and 22); and consistent contracting mechanisms and terms of trade for directly procured flexibility (steps #24, 25, 29).
- Building capability to manage and harness changing technology, digitalisation and customer expectations of the network, the distributor and the wider electricity ecosystem are a further piece of the flexibility development puzzle. These new capabilities, systems and processes rely on multi-lateral collaboration and coordination, particularly those relating to technical standards, communications and interoperability and market development. The Flexibility Plan is a reference point for coordinating across the electricity ecosystem the delivery of a complex and inter-related set of tasks needed to make it easier and more routine for people to undertake their flexibility journey.

Use the customer-centric vision as the basis for measuring progress

The customer-centric vision would be an excellent foundation for developing performance measures which are relevant to the people using the distribution network.

A useful reference point is work undertaken by FlexForum in December 2023[3] to try to articulate what good distributor performance might look like to a customer. The practical, tangible customer experiences we described then included:

- the ability for people to make well-informed electricity and flex investment decisions enabled by granular, investable, network information produced from LV monitoring and analytics capability, ie, feeder-level information on historical statistics (voltage levels and outages), available hosting capacity, and forecasts of planned capacity.
- an easy to access and navigate connection application and approval process which provides a menu of connection size options (and associated service levels) for new and upsized connections and speedy approvals.
- a range of flexible retail propositions designed around network pricing options which motivate efficient flexible responses, and easy to access contracting mechanisms for people to supply flexibility in defined network use cases.
- the hassle free ability to maximise the value of their flexibility through an emerging set of nationally consistent arrangements enabling the easy integration of flexible resources into the network and power system.

[3] See https://flexforum.nz/wp-content/uploads/2024/01/FlexForum-advice-to-Commerce-Commission-on-2025-default-price-path-issues.pdf, pages 3-4 and Appendix A.

This is not a comprehensive list. FlexForum would happily collaborate with the Commission "to establish a clearly articulated view on what 'good' performance…" for a distributor looks like from the perspective of the vision and the perspectives of households, businesses and communities.

We'd expect this to be a collaborative exercise producing a consistent set of progress measures which all distributors would monitor and report on (adding to the list of measures to reflect any local circumstances). Further, we do not consider this need be a drawn-out exercise. The Commission could reasonably expect to have it developed and delivered quickly (eg, 2 months) and then improved over time.

A whole-of-system approach is needed

The biggest challenge the Commission, distributors and electricity ecosystem will face in delivering the vision is agreeing a work programme and ways of working which result in timely development and implementation of the relevant capabilities, processes and practices.

Collaboration is necessary to achieve the vision as the outcomes cannot be delivered by distributors (or the Commission) acting alone and without recognising the interconnections and dependencies across the electricity system and market. However, the electricity sector's collaborative muscles are not yet very strong. There is still a strong preference for working in siloes and involving others at the end of a process once key decisions have been made.

Good practice would be a distributor participating in and supporting a whole-of-system approach to develop a work programme to deliver defined customer-focused outcomes, and consistently using collaborative, evidence-based processes to identify problems, explore options, test solutions via learning-by-doing, share experience, and implement what is learned. Key features of a whole-of-system approach are:

- co-design involving all parties interested in a topic from the outset. Our experience is that building a consensus for solutions to technical issues involving commercial and vested interests is most effectively achieved by taking time to build trust and a common understanding of the problem (FlexForum does this via deep dives), and using learning-by-doing to develop options and test solutions.
- neutral expert facilitation of the co-design process. FlexForum provides a neutral venue for airing and understanding the range of perspectives on a topic through structured workshops attended by experts from across the diverse FlexForum membership (and from guests and partners). This is a proven way to quickly and transparently produce robust expert advice, at the same time enabling participants to build their understanding of an issue thereby helping to develop consensus.
- coordination of parallel and complementary activities occurring across the ecosystem (with reference to an overarching checklist of activities and priorities) to help join dots and identify dependencies. This may involve nothing more than regular (honest) sharing of progress.
- regular knowledge sharing including emerging thinking, concerns and the successes and failures gained through practical experience. We publish emerging FlexForum thinking (eg, via workshop notes), provide activity updates in a monthly newsletter, and use the Knowledge Hub to collate flex-y research and reports.

FlexForum is an example of this approach with the experts from a diverse membership contributing to 4 core activities: maintaining the Flexibility Plan; deep dives to understand complex issues (eg, we are working on pricing and physical orchestration mechanisms); support for learning-by-doing; and knowledge sharing.

Another example of a topic specific codesign process is ERGANZ and the ENA collaborating on revising the load management protocol. This process exhibited many of the following key features of the collaborative approach and provides a guide for the good practice required to deliver the vision (including defining customer-focused outcomes, the work programme and priorities).

A structured approach to collaboration is being used elsewhere. For example, the Australian Distributed energy integration program 2.0 was re-livened in mid-2026 (after being launched in 2018) to better enable coordinated implementation of energy policy through: co-designing solutions to complex issues; coordinating parallel industry initiatives and learning-by-doing; and sharing insights and experience.

The workplan should prioritise activities which deliver tangible outcomes for people

The electricity sector needs a strategic agenda with a shared set of priorities focused on delivering tangible customer outcomes. Currently, there is no consensus on sector priorities, and efforts are fragmented across a range of parties including the Commerce Commission, Electricity Authority, EECA, MBIE, ENA, ERGANZ and Energy Transition Framework. This lack of alignment is resulting in slow progress and duplicated and misdirected efforts.

FlexForum - through the Flexibility Plan - maintains the sole whole-of-system, customer focused, broadly agreed list of tasks and actions available to the electricity ecosystem to coordinate and prioritise activities to maximise the value of flexibility and at the same time, transition to a smart power system (implicit in the Commission's vision). The Flexibility Plan provides a robust framework for identifying, evaluating and reaching a consensus on priorities.

- Connecting all tasks and actions to delivery of a tangible customer outcome(s), with these documented and agreed in the Flexibility Plan. The focus on customer outcomes identifies the extent of alignment between those outcomes and commercial interests.
- Recognising what the task involves using a double diamond model - understanding the facts, exploring options, testing solutions and implementation - to clearly identify the status of the issue and the type of activity required, eg, establishing agreed facts and defining the problem or learning-by-doing to test solutions. This model provides an objective measure of progress, eg, a solution that is tested without broad agreement on the problem it solves, and exploring options, should be treated as less robust.
- Drawing on diverse perspectives, expertise and experience provided through regular progress assessments to establish what is known and agreed, what is not, and what learning-by-doing or assessment is required to develop agreed facts.

This framework enabled FlexForum Members to agree on 7 flexibility-related priorities for 2027, with each of these highly likely to be priorities for delivering the Commission's vision.

More detail of these priorities is available here - FlexForum's view: What the sector must prioritise for a smart, flexible system and tangible benefits for customers. The priorities fall into two categories: fundamentals to enable a smart flexible system, and ways of working to deliver these fundamentals.

- **Actions needed to deliver tangible customer outcomes**. The sector needs to establish what good pricing and physical signals look like, develop options for an upgraded data system, test solutions for communications and connectivity requirements, and build the data and registry foundations.
- **Ways of working**. These actions must be delivered through continued learning-by-doing, with an emphasis on learning which makes the customer proposition the organising objective, a commitment to regular sharing of experience, and taking a deliberate adopt and iterate approach to implementing standards, terms of trade and protocols etc.

The workplan is more likely to deliver the desired outcomes with clear alignment between the Commerce Commission, Electricity Authority, EECA and MBIE programmes, with, for example, the EDB-centric vision relying on network capabilities supporting electricity market structures. The upcoming Multiple Trading Relationships (MTR) regulatory sandbox provides a timely opportunity to identify opportunities for the cross-agency regulatory collaboration and learning-by-doing needed to realise the Commission's vision.

The sector does not have much time to set the foundations for a successful transition

Distributors, the wider sector, nor the Commission have much time to set the foundations for a successful transition.

People are setting the pace of change through their adoption of electric vehicles, solar panels, batteries, and energy management systems, and the electricity ecosystem should plan for the pace to accelerate significantly in 2027 with broad political support for enabling broader access to solar and battery technologies.

As things stand, there is a material risk of history repeating and the sector incurring a similar loss of social licence as experienced from the changes to solar buy-back rates in 2013-15 and from the unwinding of the low user fixed charge regulations.

Providing people with information and the ability to make investment choices which deliver long-term benefits for themselves, electricity networks and the wider power system - eg, by making flexibility easy and routine - should help to reduce the risk of losing social licence by giving them more options and control over where they get power, and when and how it gets used, providing more sustainable, reliable, resilient and cheaper power.

Acting with urgency also mitigates the risk and impacts of changing the rules of the game after lots of people have started playing (or incurring the costs of retaining poor arrangements).

This requires setting the foundations for a successful transition. FlexForum considers the electricity ecosystem, the Commission and its fellow regulators need to define, resource and deliver by 2030 a set of actions which are needed to make tangible progress towards achieving the vision and associated plausible future state for the power system and market.

FlexForum observes this exercise does not need to take an extended period. Flexibility Plan 1.0 was developed in 2022 over 7 months. It is reasonable to expect a workplan setting out key actions to deliver by 2030 to be delivered faster than that. The key components exist; they just need to be organised into a strategic agenda.

Concluding points

The Commission and its fellow regulators can best drive progress to achieve better outcomes for households, businesses and communities by committing to use and participating in (as observers) collaborative, industry-led evidence-based initiatives—such as those led by FlexForum—that identify problems, test solutions through learning-by-doing, share experiences, and implement practical learnings without relying solely on regulators to do all the work.

The Commission could, for example, use this approach to design and build consensus for specific changes to regulatory settings to improve incentives for distributors to invest in the transition to smart, flexible networks and power system.

This approach is expected to address the following observations (flex-related, but broadly applicable to other sector priorities) made by FlexForum Members on the nature of progress as part of the 2026 Flex plan progress assessment.[4]

- **Progress is also mostly occurring in the back-office**. From a customer perspective - as succinctly described by a Member - the most notable shift in the past year is the emergence of niche, non-pilot commercial propositions, though these remain relatively unknown to households, businesses and communities.
- **Commercial and sectoral interests get more priority** relative to activities requiring whole-of-system collaborative effort. Progress is strongest where regulatory decisions are being implemented or practical trials are underway, and weakest where delivery depends on shared systems, common standards or coordinated industry action.
- **The value of learning-by-doing is not being fully realised**. Learning-by-doing is the engine of progress, but its value and effectiveness depends on better coordination, visibility and translation into common practice.

FlexForum considers that good performance for a distributor (and the wider distribution sector) would start with the following:

- A consumer-centric vision of the future where individual customers benefit from the exercise of discretion over their flexibility and people benefit collectively from the least cost build out of the network.
- Progress towards good is measured using customer-focused and technical outcomes which represent the day-to-day experience of households, businesses and communities, and their agents (eg, retailers, flex coordinators, consulting engineers etc) using and interacting with a network

  These measures - developed through a neutral expert-led co-design process involving all interested parties - would include things like: access to granular network reliability data (eg, feeder level outage duration and frequency and utilisation), connection request and approval timeframes, accessibility of flex options (via pricing and contracting), use of nationally standard processes and arrangements, and extent of collaboration.

[4] These observations come from the 2026 Flex Plan progress report. See FlexForum, Progress with delivering the Flexibility plan, July 2026, at https://flexforum.nz/wp-content/uploads/2026/08/260730-2026-progress-report-Final.pdf.

- A workplan to deliver the customer-focused outcomes being developed to identify the key tasks and actions that need to be undertaken individually and collectively by the Commission, distributors and the wider electricity ecosystem.

  The workplan - again developed through a neutral expert-led co-design process involving all interested parties - should highlight priority actions to be delivered by 2030 to ensure customers and network users experience tangible outcomes and have a clear view of what good looks like to inform their investment decisions and expectations. Priorities for the ecosystem and individual distributors should be set based on a clear line of sight between the industry action and one or more customer outcomes.

  The short amount of time available suggests prioritising activity which enables and encourages low-friction integration pathways and agile edge (and flexy) technologies to mitigate the risk of delays from traditional infrastructure and deployment bottlenecks.

  This exercise should be delivered with urgency and completed within 6 months including the time required to develop the progress measures.

- The workplan is delivered through a collaborative industry-led whole-of-system approach which involves a structured approach to understanding issues, identifying options, testing solutions via learning-by-doing, and implementing the results.

  Key features of the approach would include: co-design involving all parties interested in a topic from the outset; neutral expert facilitation of the co-design process; coordination of parallel and complementary activities occurring across the ecosystem; and regular knowledge sharing including emerging thinking, concerns and the successes and failures gained through practical experience.

- Distributors are incentivised to invest in collaboration and learning-by-doing activities which support development of capabilities required across the ecosystem to realise the customer-related outcomes of the vision.

  Even with INTSA, experience over the past 12 months shows that scaling flexible initiatives requires significantly more coordination and resources than many organisations budgeted for or currently have available. Flex-related learning is complex and not a typical infrastructure or product delivery project. While the outputs are using flex, more importantly it's learning how to get diverse technologies, processes and partners to all work together to make available a range of flex propositions which maximise the value and benefits of the flex resources of households, businesses and communities.

You should contact FlexForum at info@flexforum.nz to arrange further discussion of this response. Written responses like this do not and cannot capture the full depth and breadth of perspective and experience of the entities responding.

