Chairman: Ben Gibson, [redacted]
Secretary: David Inch, [redacted]

6 November 2026

Nathan Strong
Associate Commissioner
Commerce Commission
By email: infrastructure.regulation@comcom.govt.nz

Dear Nathan,

RE: Open letter – Local lines networks: achieving better outcomes for consumers now and in the future

The Independent Electricity Generators Association (IEGA) welcomes the opportunity to engage on the Commerce Commission's (Commission) indicative vision and the likely outcomes from achieving the vision in relation to regulating local lines networks.[1]

The IEGA agrees with the Commission that "*it is critical that [EDB] services are delivered efficiently, network capacity is optimised and spending is prioritised to meet current and future demands*".[2]

We also agree that the Australian Energy Regulator's position of 'use more network before you build more network' is a sound approach for NZ as well - making the most out of existing assets.

Local networks have traditionally been designed and built to ensure electricity can be delivered from the network connection to the transmission grid to the EDB's customers. Now increasing quantities of electricity are being generated from inside a local network. The focus is often on consumers installing generation and storage (consumer energy resources or CER) – creating electricity flowing into and out of consumer ICP premises.

The IEGA's focus is on commercial scale generation and storage connected to local networks – this could be defined as 'stand-alone' or 'generation-only' sites (as opposed to load-related distributed generation). Electricity from these sites displaces electricity supplied from the transmission grid. It offsets proximate demand, reducing losses and local prices.

These generation investors pay the incremental cost of connecting to the local network – that is, other network customers are not subsidising this connection.

The IEGA submits EDBs should consider commercial scale generation and storage connected to their local network as an opportunity to optimise network investment. This generation can offset growth in

[1] The context you provided in your session at the ENA Future Network Forum meeting on 3 November 2026 was very useful.
[2] Page 1 Open Letter

network demand, reducing or deferring the need for investment to get electricity from the transmission grid (as well as investment in the transmission grid). Local generation could also be encouraged to locate where the network is constrained when delivering electricity from the transmission grid to meet increasing demand.

While individual generation technologies have different production profiles, combinations of solar, hydro, wind and storage could collectively provide a more complementary generation profile to support local network demand. Coordinating these resources isn't necessarily straightforward, but with the right incentives (consistent across all EDBs) it is technically achievable – particularly with solar and batteries.

In summary, the IEGA suggests the Commission's vision and expected outcomes should be encouraging EDBs to consider these collective benefits when planning future network investment, rather than assessing each generator in isolation. This also raises the question of whether the current regulatory framework adequately incentivises EDBs to pursue and compensate these alternatives over traditional capital investment.[3]

Feedback on proposed vision and expected outcomes

The IEGA supports the Commission developing a vision and expected outcomes for the local network sector. The draft Vision addresses our concerns. The following expected outcomes and actions/objectives are particularly relevant to IEGA members:

- *"Better planning and monitoring make electricity networks more reliable and resilient, with improved utilisation*
    - **Improved clarity and visibility of system costs:** Asset utilisation is optimised by a suite of tools including pricing and flexibility. Higher usage of data analytics and asset visibility for optimal timing of network upgrades with underlying forecasts being transparent, robust, data driven and consistent; and
- *Reduced costs for stakeholders of interactions with EDBs*
    - **Common streamlined interfaces and processes** are applied for third parties, including pricing structures and terms, connection processes and network information, reducing costs on other sector stakeholders and improving internal efficiencies."[4]

Nothing in this submission is confidential.[5]

Yours sincerely



Ben Gibson
Chair

[3] Suggest regulators have primarily focused on compensating CER owners thus far
[4] Page 3-4 of Open Letter
[5] The IEGA Steering Committee has signed off this submission on behalf of IEGA members