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Dear Simon

Feedback on open letter – local lines networks

Thank you for the opportunity to respond to the Commission's open letter dated 10 September 2026 on *Local lines networks: achieving better outcomes for consumers now and in the future*. As well as making this submission, Wellington Electricity has also co-signed a submission by the six largest price-quality regulated EDBs.

This submission builds on our letter to MBIE, copied to the Commission, dated 7 October 2026 (attached), in response to their consultation on improving EDB efficiency. Consistent with that letter, we again want to highlight the value of collaboration across the sector, including with regulators. A concerted and coordinated effort from all parties will be key to achieving meaningful improvements for energy consumers. Without that collaboration, we are concerned that the Commission's reform programme will fall short of its goals (which Wellington Electricity strongly supports).

Wellington Electricity's context

As set out in our letter to MBIE, Wellington Electricity operates a low cost, highly reliable network. We intend to keep providing this same excellent, value for money service to consumers in the Wellington, Porirua and Hutt Valley communities. But like many other infrastructure businesses in New Zealand, Wellington Electricity's assets are aging, with a substantial proportion needing to be replaced in the next 10-15 years. We cannot fund that replacement programme under our default price-quality path, so are considering applying for a customised price-quality path (CPP), commencing on 1 April 2028.

Our CPP consultation with our communities has reiterated that cost of living is a significant issue for many of our consumers. So while delaying necessary investment in our infrastructure would be unwise, we are acutely aware of the value of any efficiency improvements for our consumers. We therefore support any action the Commission is able to take that will demonstrably enhance efficiency.

Collaboration with retailers on pricing

Our letter to MBIE set out Wellington Electricity's view on the importance of EDBs and retailers being aligned on pricing. We stand by that view, and note that it is in line with the Energy Competition Task Force's recent review of EDB-initiated GXP investments. As the Task Force release said:

Task Force member and Electricity Authority General Manager, Networks and System Change, Tim Sparks, says the Task Force welcomes views on whether lines companies could do more to signal GXP investment costs to their consumers.

"These sorts of signals could play a key role in reducing investment costs and saving consumers significant amounts of money on their power bills," says Mr Sparks.[1]

At risk of stating the obvious, price signals only change consumer behaviour, and so save money on power bills, if they get through. Further, there is a material difference between a soft year-round time of use signal that (say) differentiates between day and night, and a sharper peak signal that focusses on where and when real congestion is occurring – on our network, congestion is during the winter months in the 5-9pm evening peak, and is localised on specific transformers.

We are currently consulting with retailers on our pricing for RY28, and signalling our intent to sharpen price signals further in RY29. We will keep the Commission, MBIE and the Electricity Authority updated on how these discussions are progressing, and would be happy to take you through worked examples of the sharper price signals we are considering.

Working with regulators to get the whole picture right

While a core component of EDB efficiency reflects each distributor's own operating model, the rules and requirements we operate within also matter. This is particularly so where EDBs require certain information to efficiently plan and operate their networks, and it is in the gift of regulators to ensure that information is available.

This issue often arises when considering flexibility, demand response and distributed energy resources. For example, there is no reliable system in New Zealand that allows an EDB to see when a consumer on its network has purchased an EV, and is therefore likely to engage in substantial home charging. That means EDBs are by default effectively blind to material new load and DER coming on to their networks, with potentially significant reliability and investment consequences.

While there are various second-best responses to this issue – including purchasing and analysing meter data – we query whether that is the most effective response compared to some type of national registration requirement. Wellington Electricity has been raising this broad point for some time. For example, in the context of our EV Connect work, we noted in relation to our 2023-29 Roadmap:

"To enable consumers to recognise the full value of shifting EV charging demand, cooperation and co-ordination will be required across the electricity value chain. The EV Connect Roadmap has identified the actions needed to develop a managing EV charging flexibility service to optimise the electricity network. We have now reached the point where the industry needs to work together to implement the actions. Many of the actions are outside of the scope of distribution services and many of the changes needed are at a legislative or regulatory level."[2]

To date New Zealand has taken a very market-based approach to this type of information, in contrast to other jurisdictions we often compare ourselves to, eg, the United Kingdom. We are encouraged that the

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1 Commerce Commission, Task Force identifies opportunities to improve major electricity investment decisions, 3 November 2026

2 Wellington Electricity, EV Connect Roadmap

Commission is asking what is needed from regulators/regulation/legislation, and look forward to progressing this discussion with you, MBIE and the Authority.

We would welcome the opportunity to discuss this letter further with you.

Yours sincerely



Greg Skelton
CHIEF EXECUTIVE OFFICER

cc Sarah Gillies and Tim Sparks, Electricity Authority
Justine Cannon, MBIE

