



15 August 2023

The Electricity Authority
Wellington
New Zealand

Email: network.pricing@ea.govt.nz

Consultation Paper – Targeted Reform of Distribution Pricing Issues paper

Introduction

Orion appreciates the opportunity to provide feedback on the Electricity Authority (the Authority) consultation where the Authority is seeking feedback on Targeted Reform of Distribution Pricing Issues paper.

Feedback on the consultation paper

We have reviewed the Consultation Paper which was published on the Electricity Authority's website on 05 July 2023. Orion's detailed responses are included in Appendix G. However, we would like to emphasise the following:

- For pricing reform to be successful, end consumers need to be engaged and respond.
- Engagement and Industry collaboration should be considered as a fourth option.
- EDB pricing innovation is critical to enable and appropriately incentivise the market moving forward.
- Regulation (including backstop regulation) will set the requirements for pricing reform and is likely to lead to poor consumer outcomes if made before the issues and inefficiencies are understood and there are practical actions to address.
- The Commerce Commission should be involved in any changes that materially impacts costs faced by EDBs and consumers, including connection costs.

Other Feedback

In principle, Orion supports the Electricity Network's Association's submission.

Orion and Wellington Electricity have been collaborating through an innovation project called Resi-flex, to explore incentives for residential consumers to provide flexibility. Through understanding the requirements of all users across the value chain for flexibility (from consumers to flexibility stakeholders, to distribution network companies) Resi-Flex will help to define and trial commercial mechanisms (including distribution pricing or payments) needed to incentivise household participation in flexibility in the future.

Consumers and flexibility Stakeholders' perceptions, motivations, barriers and requirements were recently published in Release 1 of the [Resi-Flex Public Report](#). During the next phase of the project, we will partner with flexibility suppliers (such as retailers) to translate the commercial mechanisms into offerings (such as tariffs) to trial with consumers and inform our pricing strategies.

Concluding Remarks

Thank you for the opportunity to provide feedback. We do not consider any part of this feedback as confidential. If you have any questions or queries or aspects of the submission which you would like to discuss, please contact me on 027 204 7833.

Yours sincerely



Tarryn Butcher
Pricing Manager