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Ministry of Business, Innovation, and Employment
Wellington
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Retail NZ submission: Options to improve the efficiency of electricity distribution businesses (EDBs).

Overview

1. Retail NZ is a membership organisation that represents the views and interests of New Zealand's retail sector. We are the peak body representing retailers across Aotearoa, with our membership accounting for nearly 70% of all domestic retail turnover. New Zealand's retail sector comprises approximately 30,000 businesses and employs around 222,000 Kiwis.
2. Retail NZ consulted our membership in the preparation of this submission.
3. Retail NZ welcomes MBIE's discussion paper and strongly supports measures that improve the efficiency, performance, and standardisation of New Zealand's electricity distribution sector. Electricity represents a critical fixed overhead for brick-and-mortar retailers, with line charges forming a substantial portion of commercial energy bills.
4. We support efficiency initiatives that drive real cost savings for businesses, streamline network connectivity, and reduce the administrative load across regional operations, ensuring the distribution network actively supports commercial growth and the broader energy transition.

Impact on Business

5. According to Retail NZ members, Electricity Distribution Business (EDB) charges are increasingly becoming a factor when retailers are assessing where to build new stores, or considering the further development of existing stores and distribution sites. In particular, where new electrical infrastructure is needed, the connection costs can be significant.
6. The way EDBs structure their tariffs varies from region to region and company to company. Some EDBs rely on variable charges, others focus on peak demand or capacity charges. This adds complexity to budgeting and forecasting across regions, as the same operating decisions can have different cost impacts.
7. That complexity reduces transparency, which limits retailers' ability to properly weigh up investments that could reduce pressure on the network, such as solar generation or battery storage. Without clear and consistent information on charges and tariff structures, businesses cannot easily calculate the return on this kind of investment, including the

potential to feed energy back into the grid, and so are less able to participate in solutions that would benefit the wider system.

8. Businesses would benefit from nationally consistent pricing structures.

Collaboration and standardisation to drive efficiencies of scale

9. Currently, inconsistencies across different regions creates unnecessary cost, delay, and administrative burden for businesses investing in their infrastructure - for example when setting up stores, expanding fleets, or installing solar.
10. Mandatory national standards for network connections, pricing, and data availability would be an improvement on the present settings. Where possible, the standards should be co-designed with industry - including the retail sector. Small and medium size businesses, as well as larger businesses, should have an opportunity to have their say.
11. Network capacity data should be made available to businesses to support their decisions relating to investments and infrastructure development.
12. Retail NZ supports greater standardisation across EDBs, as it would reduce the complexity inherent in the current structure and make it more straightforward for businesses to plan investments and manage their costs. More transparent data and reporting would support businesses in making investment decisions.

Regulatory Oversight and Asset Efficiency

13. The Commerce Commission should have greater oversight of EDBs, including those owned by consumers.
 - a. When necessary, it should be able to enforce the rules.
 - i. If voluntary compliance with regulations does not achieve beneficial outcomes within the necessary timeframe, the Commerce Commission should be able to step in.
 - b. When necessary, the Commission should be able to request evidence from EDBs to ensure they are efficiently utilising assets and have considered the demand-side flexibility and other non-network alternatives before spending on new infrastructure.
 - c. When necessary, it should be able to mandate EDBs to consult locally with business on major investment decisions. A framework for consultation should be developed to ensure the business sector is provided adequate opportunity to have their say.
 - d. Where necessary, the Commission should be able to mandate and enforce deadlines. Connection delays, for example, impose costs on businesses. These could be enforced through Service Level Agreements.
 - e. When necessary, it should be able to enforce a regime of regular reporting from EDBs demonstrating their efficiency performance.
14. EDBs should be incentivised to maximise existing assets and utilise non-network solutions to increase the electricity flow over the network. The Commerce Commission should have

visibility of efforts to, for example, implement flexible demand management and battery storage. This would lower costs without additional capital expenditure.

15. Where possible, large upfront costs should be able to be spread over the lifetime of the contract or asset. For example, a retail business building EV fleet capacity should be able to distribute the costs over the lifetime of the asset. This would incentivise business to roll-out regional or national modernisation projects whilst keeping costs manageable.
16. Large commercial consumers, such as supermarkets, often own assets like refrigeration systems, on-site batteries, solar generation, or EV charging infrastructure that can be shifted or drawn on at different times of day. This consultation should recognise that these businesses are not simply large consumers of electricity, but can actively help manage network demand by shifting their usage or providing additional energy back to the grid. Where a business's assets are used in this way, EDBs should reward that contribution, whether through lower charges, payments, or another mechanism that reflects the value the flexibility provides.
17. Large commercial consumers with sites across multiple regions and EDB frameworks are subject to different rules for measuring and rewarding flexibility depending on location. National consistency would allow the flexibility offered by these sites to be pooled and treated as a single resource, rather than requiring separate arrangements in every region. This would make it easier for retailers and aggregators to bring flexibility to the market at a scale that is worth contracting for.

Conclusion

18. Thank you for the opportunity to make a submission.
19. Retail NZ is happy to discuss any aspect of this submission further.
20. No part of this submission should be withheld under the OIA.

Sincerely,



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