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SUBMISSION ON GREEN PAPER: WORKING TOGETHER TO ENSURE OUR ELECTRICITY SYSTEM MEETS THE FUTURE NEEDS OF ALL NEW ZEALANDERS

1. Introduction

Thank you for the opportunity to comment on the Electricity Authority's Green Paper on Working Together to Ensure Our Electricity System Meets the future Needs of All New Zealanders. This submission is from Consumer NZ, an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer NZ provides fair, impartial and comprehensive consumer information and advice.

We support efforts to explore new ways to deliver an affordable, secure and resilient energy future. However, our perspective is shaped by what we hear from consumers: many of whom feel disengaged from the electricity system, mistrustful of providers, and apathetic to emerging opportunities.

We outline below our broad response to the Green Paper, followed by direct comments on the questions posed.

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1. Summary Position

The vision of a more decentralised electricity system has potential – but that promise must be tempered by realism. While decentralisation may offer benefits, such as improved local resilience, innovation and sustainability, there are significant risks of unintended consequences if it proceeds without a deep understanding of how ordinary consumers think, behave and prioritise.

We are concerned the Green Paper overstates the readiness and willingness of the general population to actively participate in a decentralised energy future. Access to capital, competing household needs, the complexity of technology choices and plain disinterest are all likely to constrain uptake – particularly among less affluent households. There is a real danger that decentralisation, without safeguards, will deepen existing inequalities.

2. Summary of Consumer NZ position

- Consumers are not a homogenous group. Many have become disengaged from the energy industry and as such are unlikely to readily invest time or capital in distributed energy technologies, even where those technologies are cost-effective for them.**
- Trust in the electricity industry is low. Research shows consumers are cautious, apathetic, and feel the current system is not working in their interests.**
- Access to capital is a major barrier. Even if solar panels or batteries offer savings over time, the up-front cost remains unaffordable for many.**
- Early adopters are not representative. The Green Paper may overestimate assumed future uptake and consumer interest by extrapolating from a vocal and enthusiastic, but relatively small consumer segment.**
- Equity must be a central concern. Wealthier households can shield themselves from rising costs by investing in distributed energy resources, with those left bearing a greater share of infrastructure costs and higher energy costs.**
- We must not lose sight of the strengths and consumer benefits delivered by a centralised and interconnected electricity network. New Zealand's electricity system began as a decentralised patchwork that served only a few. It was only through centralisation that we achieved a reliable, equitable, and universal service for all.**

- **Historical lessons matter. Decentralisation is not a new idea. We caution against repeating poor policy decisions based on unproven or overstated assumptions on a future state. For example, in the 1990s, Transpower adopted a 'glide path' strategy based on the assumption that small-scale distributed generation would significantly reduce the need for grid investment. However, the growth of distributed generation was overestimated, leading to underinvestment in critical grid infrastructure. This resulted in increased outages, aging infrastructure, and ultimately a strategic reversal in the early 2000s, requiring substantial investment to restore the network.**

3. Responses to Green Paper questions

1. Do you agree with the description of decentralisation?

Broadly, yes. However, we feel the framing is overly optimistic and underplays the real challenges for everyday consumers, particularly in terms of access, engagement and equity.

2. Do you agree with the articulation of the potential outcomes and benefits?

We agree these are potential benefits, but they should not be presented as inevitable. Without targeted policy and financial support, the benefits will accrue mainly to early adopters and wealthier households.

3. Do you agree with the challenges outlined?

Yes, and we strongly encourage the need for deeper insight into consumer behaviour. The Electricity Authority must actively commission qualitative and quantitative research to test assumptions about uptake, engagement and trust.

4. Do you agree with the opportunity statement?

We agree with the aspirations but would stress the need for scenario planning in which decentralisation does not scale as expected.

5. What might be needed to unlock benefits for consumers?

A credible plan to prevent a two-tier electricity system emerging:

- Targeted subsidies, financing tools or ownership models that reduce capital barriers.
- Protections for those who remain solely grid-dependent.
- Strong regulatory oversight to ensure industry does not shape markets to its own advantage.
- Independent consumer research to ground policy in real-world consumer needs and behaviours.

6. Emerging case studies?

While they can provide useful insights, we would be against relying solely on the results of case studies which may not be representative of wider consumer behaviours or living situations.

7. Final thoughts

Consumer NZ is not opposed to decentralisation, but we are concerned about an industry-assumed future being projected onto consumers, many of whom neither asked for it, desire it, nor have the means to participate. The industry must meet consumers where they are, not where they want them to be. The transition to a more decentralised electricity system should be driven by robust evidence, consumer need, and inclusive design – not just technological enthusiasm.

We urge the Electricity Authority to take a cautious, consumer-centred, evidence-based approach. That means starting with the realities of consumers' lives not just the possibilities of emergent technologies.

Thank you for the opportunity to provide comment.