



Press Release

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OECD's International Energy Agency backs electricity retailers on technologies stance

The stance by electricity retailers that the line between the monopoly and competitive parts of the sector must be carefully managed has been shown to be entirely consistent with the OECD's International Energy Agency (IEA), says the Electricity Retailers' Association of New Zealand.

"The IEA's regular five-yearly review of New Zealand's energy market echoes what ERANZ has been saying all along – that consumers will be the losers if the line between the monopoly and competitive parts of the sector are allowed to become blurred," says ERANZ Chief Executive Jenny Cameron.

"ERANZ is concerned that the opportunity for business to develop, test and release new products, and the freedom of consumer choice, could be impaired by the current regulatory approach and leave new business models and customers behind. The fact that the IEA report highlights that New Zealand is becoming an outlier because of this approach should also be a worry for the Government.

"New technologies and falling costs are creating opportunities for people to add convenience and enhance their lifestyles by way of the likes of smart appliances, home energy management systems, solar panels, storage batteries, smart meters, and electric vehicles.

"The real problem, practically speaking, is that not everyone will be able to compete in the emerging technology market because the existing regulatory system does not support a level playing field. Unless the regulatory environment is changed, consumers might have reduced choice in solar/battery products and services, and pay higher prices than necessary for those products and services.

"Some people don't want that technology and they shouldn't be forced to cross-subsidise those who do. This is happening under current regulatory settings. We need to restrict the ability to impose either a technology bottleneck or inefficient cross-subsidisation on consumers who have no choice in the matter and who will bear the risk of new technology deployment.

"New Zealand needs a coordinated approach to the future energy landscape. To support that we need a regulatory framework that supports a level playing field, before the market for these technologies becomes distorted and has a real impact on people."

Ms Cameron said ERANZ welcomed the IEA's suggestion that the Productivity Commission review the distribution sector, with a view to identifying opportunities to improve its productivity, flexibility and capacity to respond to challenges, and that the Government encourage the development of more efficient structural arrangements in consultation with key stakeholders.

"The sector needs to look harder at this, and the retailers are willing to play their part in examining how best to achieve it."

About the International Energy Agency review: The IEA works to ensure reliable, affordable and clean energy for its 29 member countries. It has been conducting five-yearly country reviews since 1976.

About ERANZ

The Electricity Retailers Association of New Zealand was established in August 2015 to represent the electricity retail industry on important sector-wide issues such as delivering value to stakeholders and consumers, and supporting the continued development of an open, competitive, sustainable and effective electricity market.

For further information, contact Brent Webling on 021 821 383 or email media@eranz.org.nz