



7 May 2025

Energy Competition Task Force

c/- Electricity Authority

By email: levelplayingfield@ea.govt.nz

Dear team,

Re: Level Playing Field measures Options Paper

The Independent Electricity Generators Association Inc. (IEGA) appreciates the opportunity to make this submission on the Energy Competition Task Force (ECTF) proposed options to level the playing field for independent generators and retailers to have even handed access to hedge contracts from gentailers.¹

The IEGA is unconvinced that broad principles-based non-discrimination obligations will change the behaviour of gentailers in transacting with independent generators. This conclusion is based on analysis of the information published in the last few months by the Electricity Authority (Authority) on Power Purchase Agreements (PPAs). These two datasets have been combined – see Appendix 1. Of the 22 contracts signed between May 2019 and September 2024:

- there are no contracts where a Gentailer is a counterparty with an independent generator
- there are no contracts where a Gentailer is a counterparty with an independent retailer
- there are two contracts where a Gentailer is in a joint venture with an independent generator to construct new generation capacity
- for 50% of the PPAs signed over the period a counterparty is an independent generator or independent retailer

The Concept Consulting Generation Investment Survey 2023 update² indicates the ‘actively being pursued’ investment intentions by independent generators (from 2023 to 2027) exceed gentailers by over 2 times. These independent generators could continue to contract with independent retailers (to the extent they survive) or commercial customers but, as MDAG and the Authority has highlighted, new generation is expected to be intermittent and gentailers own and operate the bulk of New Zealand’s flexible generation.

¹ The Committee has signed off this submission on behalf of members.

² [Source](#) Graph from page 47 copied in Appendix 2

Also offtake agreements are critical to underpin debt financing of new independent generation projects prior to making the Final Investment Decision and proceeding to construction.³

There are two key shortcomings to these non-discrimination proposals from an independent generators' perspective:

1. If the gentailer's portfolio of economically meaningful contracts does not include a long-term contract – say 10-15 years – between its generation and retail business then it appears that the gentailer has no obligation to offer this type of contract to an independent generator; and
2. the gentailer's generation business will be obligated to offer the same contract to a third party as it offers its internal retail business. The draft guidance in the options paper⁴ clarifies the obligation is one way – the gentailer's generation business is offering hedge contracts to **buyers** who are non-integrated retailers and non-integrated generators. There is no obligation on the gentailer's generation business to be a buyer creating an opportunity for the gentailer to purchase electricity from independent generators. The proposals will make no difference to the availability / liquidity of offtake agreements.

Any non-discrimination obligations on gentailers should apply equally to contracting for generation output from independent generators.

It is unclear at this stage what the relationship is between the ECTF's work on PPAs specifically and the non-discrimination obligations. The IECA submits the ECTF has the opportunity to design non-discrimination obligations which include transactions when the gentailer (generation or retail activities) is purchasing electricity from any third party.

Nothing in this submission is confidential.

Yours sincerely

David Inch
Secretary

³ Harmony Energy's [submission](#) on the PPA Working Paper (February 2025) states their "Tauhei Solar farm project is supported by a power purchase agreement with a large NZ gen-tailer, who will purchase 100% of the output for the first 10 years of operation. That PPA is key to the successful project financing of the project."

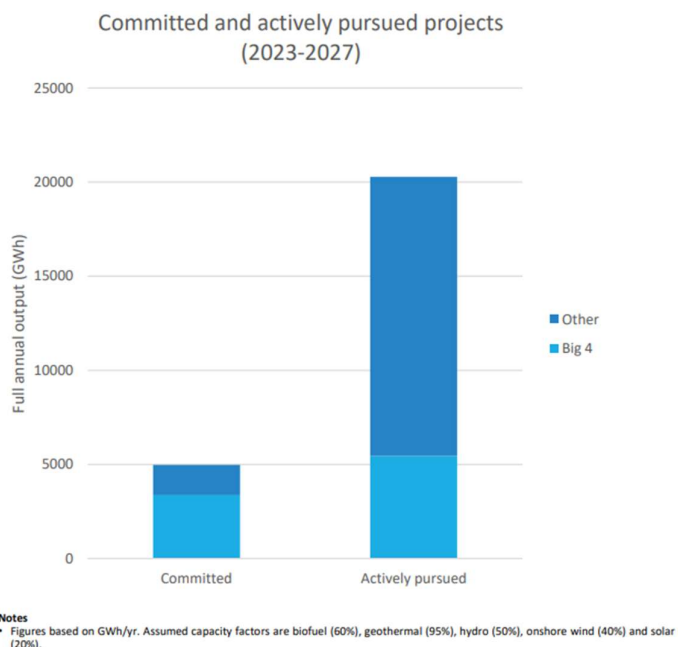
⁴ Definitions on page 78 of the Options Paper

Appendix 1: Electricity Authority data about Power Agreements signed between May 2019 and September 2024

The information from 'Table 3: PPAs signed during 2023 and 2024 (to June)' in the Authority's Risk Management Review paper⁵ and 'Table 4.1 – Identified PPAs' from the Authority's PPA Working Paper⁶ has been copied into the following table (in date order). In both reports the contracts have been classified as 'PPAs' but the PPA Working Paper excluded some of the contracts due to a set of criteria. A column about the type of counterparties has been added.

Date	Seller	Buyer	Project	Technology	Size (MW)	Term (yrs)	Counterparties
May-19	Tilt (Mercury)	Genesis	Waipipi	Wind	133	20	between gentailers
Aug-21	Contact	Genesis	Tauhara	Geothermal	63	15	between gentailers
Aug-21	Tilt (Mercury)	Genesis	Kaiwaikawe	Wind	75	20	between gentailers
Oct-21	Contact	Oji Fibre Solutions	Tauhara	Geothermal	n/a	10	gentailer to commercial
Oct-21	Contact	Pan Pac	Tauhara	Geothermal	n/a	10	gentailer to commercial
Sept-22	Lodestone	Prime Energy	n/a	Solar	n/a	7	Ind Gen & Ind Retail
Oct-22	Omanawa Falls Hydro	Pulse	Omanawa Falls	RoR hydro	0.2	2	Ind Gen & Ind Retail
Oct-22	Lodestone	Pulse	n/a	Solar	19	5	Ind Gen & Ind Retail
Mar-23	Solar Bay/Mercury	Mercury/Ryman	Maungaturoto	Solar	20	10	gentailer + Ind Gen to commercial
Apr-23	Mercury	Amazon	Turitea South	Wind	51.5	15	gentailer to commercial
May-23	Contact	NZ Steel	n/a	n/a	30	10	gentailer to commercial
Aug-23	Energy3	Pulse	n/a	Wind	0.4	5	Ind Gen & Ind Retail
Sept-23	Lodestone	Warehouse Group	n/a	Solar	20	20	Ind Gen to commercial
Sept-23	Lightyears	Prime Energy	n/a	Solar	2.4	7	Ind Gen & Ind Retail
Jan-24	Xtream Energy Piopio	Pulse	Piopio	RoR hydro	0.1	2	Ind Gen & Ind Retail
Jan-24	Xtream Energy Marok	Pulse	Marokopa	RoR hydro	<0.1	2	Ind Gen & Ind Retail
Jan-24	Inchbonnie Hydro	Pulse	Inchbonnie Hyc	RoR hydro	1	1	Ind Gen & Ind Retail
May-24	Genesis	Spark	Lauriston	Solar	63	10	gentailer to commercial
Jun-24	NZ Windfarms	Meridian	Tararua	Wind	46	1.5	now taken over
Aug-24	Contact & Lightsources	Christchurch Airport	Kowhai Park	Solar	n/a	15	gentailer + Ind Gen to commercial
Sept-24	Lodestone	Inghams	n/a	Solar	n/a	20	Ind Gen to commercial
Sept-24	Lightyears	Prime Energy	Waiuku	Solar	2.4	7	Ind Gen & Ind Retail

Appendix 2: Concept Consulting Generation Investment Survey 2023 update graph on generation investment intentions



⁵ [Source](#), 7 November 2024

⁶ [Source](#), February 2025