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Submissions
Electricity Authority
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ERGANZ SUBMISSION ON ELECTRICITY AUTHORITY 2026/27 LEVY

The Electricity Retailers' and Generators' Association of New Zealand ('ERGANZ') welcomes the opportunity to provide feedback on the Electricity Authority's consultation paper, 'Electricity Authority 2026/27 levy-funded appropriations consultation' from November 2025.

ERGANZ is the industry association representing companies that sell electricity to Kiwi households and businesses. Collectively, our members supply almost 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

Firstly, we commend the Authority for publishing the results of its recent Consumer Perceptions and Sentiment Survey. Pleasingly, 92% of respondents reported themselves as either "Very satisfied", "Somewhat satisfied" or "Neutral" with their current electricity retailer. There is always more work to do to increase public confidence, but given the nationwide challenges with the cost-of-living and the survey's timing in winter, this provides a benchmark for the sector to build from.

Submission points

ERGANZ appreciates that the Authority is proposing only a very modest levy increase for 2026/27 and that it intends to absorb significant internal cost pressures rather than passing them on to consumers. That discipline is important in the current cost-of-living environment for consumers.

ERGANZ sees value in maintaining strong incentives on the Authority and its service providers to find efficiencies. It is important that any incremental funding for new initiatives is contingent on a clear problem definition, robust cost-benefit analysis and well-specified outcomes.

Our comments focus on ensuring that levy-funded activities are tightly aligned to clearly articulated consumer benefits, the scope and scale of new regulatory initiatives are evidence-based and

proportionate, and the growing volume of consumer data collected and held by the Authority is handled in a way that maintains public trust.

We are particularly conscious that the Authority is signalling an expansion of monitoring, enforcement and data-driven market oversight functions over the coming years. Those capabilities can be valuable, but they must be calibrated to demonstrable risks and benefits for consumers, rather than driven by a desire simply to “do something”. In addition, it would be valuable for the Authority to benchmark its size and capability against similar regulators before adding additional resources.

We welcome the opportunity to discuss these points further with the Authority and to work together on regulatory settings that promote competition, reliability and consumer welfare, while keeping overall regulatory and levy costs under control.

Authority’s strategic outlook

In ERGANZ’s view, the Authority has become focused on trying to achieve ‘perfect’ rather than making iterative and continual progress towards improving regulatory settings in response to proven issues. Particularly with regards to digitisation, consumer plan design, and consumer consumption data, the Authority is catering for niche consumer segments with a justification that such work will become relevant in the coming years. Yet, with very low consumer demand for some products and the fast pace of technology development, the Authority risks designing regulations which become out of date before mass uptake or simply irrelevant.

The compliance costs on retailers is currently so high that some retailers are having to commit their whole consumer-facing development team to implementing new Authority regulations. This creates an opportunity cost where rather than meeting consumer demand, a retailer’s entire development capacity is working to meet the Authority’s demands. This risks the Authority becoming the only driver of retail innovation in what should be a competitive marketplace.

Two key documents for the electricity sector have been published recently, the Government Policy Statement on electricity and the Frontier Economics review. However, neither are strongly referenced in the Authority’s work programme. Given Ministers see both the GPS and the outcomes of the Frontier Economics review as effectively an ‘energy strategy’ for the country, how is the Authority going to use these documents to prioritise its work programme?

Furthermore, the largest risks to New Zealand’s security of supply and affordability is the rapidly declining gas supply and the regulated revenues of the transmission and lines networks respectively (which, combined with the historic uncertainty about the future of the Tiwai aluminum smelter and ongoing difficulties with consenting projects under the Resource Management Act, has delayed new generation coming online as quickly as it could have). However, on these two strategic issues, the Authority has dedicated relatively little attention. Instead, the Authority’s work programme is intently focused on the so-called ‘Level playing field’ measures, collecting consumers’ half-hourly consumption data, and the Consumer care obligations.

'Level playing field' measures

ERGANZ remains concerned about the Authority progressing its “level playing field” reforms. We note that the policy development process for this regime is not yet complete. The final scope of obligations, the compliance model, and the nature of monitoring and enforcement are still being worked through.

Submissions from ERGANZ and our members questioned the problem definition and proportionality of the proposed design. There is very little evidence of widespread or material harm and that some of the proposed rules risk creating high compliance costs for modest, uncertain benefits. Frontier Economics’ analysis found many of the concerns raised by complainants were not well-founded.

Given these factors, we consider it premature for the Authority to lock in significant implementation and ongoing monitoring resources for the “level playing field” regime at this stage.

Data collection from the public

ERGANZ members are increasingly concerned about the scale and granularity of consumer data being collected and held by the Authority, particularly half-hourly consumption data. From our perspective the Authority is building a very large repository of private consumer information. Half-hourly consumption data can reveal highly sensitive insights into household routines, occupancy patterns and appliance use. Yet, almost all market-monitoring tasks and compliance work can be reasonably undertaken with less granular or less centralised data. So far, the purpose and use cases for the government collecting this data are not clearly and simply explained to consumers.

Public trust is at risk if the collection appears “by default” and open-ended. In an environment of heightened awareness of data breaches and surveillance concerns, it is not enough to say that data “may” assist with future analysis. Consumers are entitled to understand why their information is being gathered and how it will tangibly improve outcomes for them.

We therefore recommend that the Authority explores how this data can be utilised as part of the new Consumer Data Regime to enable ‘open electricity’.

Consumer care obligations

ERGANZ supports the objective of treating vulnerable and financially stressed consumers fairly and consistently, and that disconnection is a last resort. Our members have long maintained high standards of consumer care, including transparent reporting and robust hardship policies. ERGANZ members established the original Consumer Care Obligations over ten years ago. However, the experience of implementing the Authority’s Consumer Care Obligations has revealed several problems:

- Retailers have undertaken extensive IT and process changes, staff training, and reporting system build-outs to comply with the new obligations. These changes have been resource-intensive and ongoing.

- Yet, for the large majority of residential consumers served by ERGANZ members, there has been little evidence of any material service uplift because high standards of practice were already in place.

If the Authority's consumer care concerns lay primarily with a small number of very small retailers or particular practices, then more targeted tools (such as direct engagement, tailored enforceable undertakings, or focused guidance) would almost certainly have delivered similar or better outcomes to consumers at lower cost to the market as a whole.

Looking ahead, we recommend that the Authority undertakes and publishes a transparent ex-post evaluation of the Consumer Care Obligations. This should assess actual measured changes in consumer outcomes (e.g. disconnection trends, complaint patterns, hardship support), relative to the implementation costs incurred across the industry.

Before committing further resources to monitoring and enforcement in this area, the Authority should identify whether there are discrete segments or issues that genuinely warrant additional intervention, rather than applying further generic requirements to all retailers.

Where there is evidence of adverse behaviour by a minority of retailers, the Authority should rely on direct engagement and proportionate enforcement, rather than repeatedly redesigning frameworks that apply to the entire industry.

From a levy perspective, our concern is that without clear benefit assessments, the Authority risks building up a permanently larger compliance and monitoring architecture around consumer care, funded by all consumers, without demonstrating that this is the most efficient or effective way to protect those at risk.

Use of advisory groups

ERGANZ supports the Authority's use of expert advisory groups, technical panels and stakeholder workshops to inform more complex market decisions, particularly in areas like trading, risk management and hedge markets. For example, the Market Development Advisory Group (MDAG) work was a very positive example and generated a set of concrete recommendations for the Authority.

Likewise, the Authority's Advisory Group plays an important role in providing feedback and advice on the work programme and helping the Authority understand the real-world impact of its initiatives on consumers and industry.

ERGANZ encourages the Authority to continue, and where possible expand, this model of co-design. We suggest the Authority look to establish similar advisory arrangements and workshop processes across upcoming trading-related workstreams (for example hedge market transparency), to ensure proposals are grounded in real trading practice, anticipate unintended consequences and command broad credibility with those who must operate under them.

Consultation questions

Questions	Comments
<p>Q1. Do you agree with the proposed approach to the Authority’s Electricity Industry Governance and Market Operations appropriation?</p>	<p>ERGANZ broadly agrees with the proposed approach to the Electricity Industry Governance and Market Operations (GMO) appropriation for 2026/27, particularly the decision to keep the overall levy increase very modest and to absorb a significant portion of internal cost pressures rather than passing these through to consumers.</p>
<p>Q2. Do you have any feedback on the Authority’s work programme for 2026/27?</p>	<p>Yes. ERGANZ believes the Authority’s work programme needs stronger emphasis on:</p> <ul style="list-style-type: none"> ● evidence-based problem definitions; ● proportionality and targeting of interventions; and ● transparent evaluation of whether new regimes (such as Consumer Care Obligations) are actually delivering net benefits for consumers. <p>This submission provides further feedback to the Authority and details the reasons supporting our recommendations.</p>
<p>Q3. Do you agree with the proposed approach to the Authority’s Managing the Security of New Zealand’s Electricity Supply appropriation?</p>	<p>ERGANZ agrees in principle with the proposed approach to the Managing the Security of New Zealand’s Electricity Supply appropriation.</p> <p>We support retaining a contingent, multi-year appropriation for security-of-supply activities, including heightened monitoring and official conservation campaigns, on the basis that:</p> <ul style="list-style-type: none"> ● such activities are event-driven; and ● it is prudent to have funding available to respond quickly when genuine security risks emerge.
<p>Q4. Do you agree with the proposed approach to the Authority’s Electricity Litigation Fund appropriation?</p>	<p>ERGANZ agrees with maintaining the Electricity Litigation Fund at its current level and with retaining it as a contingent appropriation.</p>

Conclusion

ERGANZ would like to thank the Authority for considering our submission.

If there are any outstanding questions or a need for further comments, please let me know.

Yours sincerely,

Kenny Clark
Policy Consultant