



2 December 2025

Energy Competition Task Force

c/- Electricity Authority

By email: levelplayingfield@ea.govt.nz

Dear team,

Re: Consultation paper feedback

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 the four large gentailers.¹

The IEGA remains unconvinced that broad principles-based non-discrimination obligations (NDOs) will change the behaviour of the four large gentailers in transacting with independent generators, particularly given the obligations only apply when a gentailer has 'uncommitted capacity'.² The 'uncommitted capacity' caveat is a key concern for the IEGA and we strongly submit the NDOs should not include a discretionary carve-out which is likely to result in very small (or negligible) hedge contract volumes being accessible to independent generators and/or retailers.³

At a high level, the mechanism for management of price and volume risk for both the four large gentailer's generation business and retail business is ownership – vertical integration:

- the generation business knows it can sell its generation volumes (regardless of time of day or weather conditions) with a generation following contract with the retail business. And the generation business manages the risk of supply by being responsible for purchases on the spot market or hedge market to cover any forecast differences; and
- the retail business has a Fixed Price Variable Volume contract with its generation business. The retail business does not face any risk of non-supply – namely, it is not responsible for

¹ The Committee who represents the IEGA has signed off this submission on behalf of members.

² Proposed *Principle 1: Non-discriminatory supply* includes four obligations. The obligation to “not discriminate against buyers in favour of its own internal business units for the supply of uncommitted capacity without an objectively justifiable reason” is the second obligation. The IEGA suggests this obligation, as written, is effectively a gateway and should be the first obligation. If there is no uncommitted capacity the other three obligations under this Principle of Non-discriminatory supply are irrelevant at a point in time.

³ It is unclear from the proposed Code definition of 'uncommitted capacity' (reflecting footnote 39 and paragraph 5.31 of the consultation paper), or paragraph B.6. of the proposed Guidance, whether generation capacity is considered 'committed' if it is uncontracted so that the generator can cover/back existing hedge contracts if it has an unplanned generation outage.

buying on the spot market or procuring hedges on the ASX or OTC. In theory, the internal FPVV price should reflect the fact that the generator is responsible for and is incurring the cost of ensuring load following supply to the retail business.⁴

From an independent retailers' perspective, there will only be a level playing field when all retail businesses have the same opportunity to secure load following supply, and pay the associated costs associated with offsetting this risk. Complicated non-discrimination obligations linked to "uncommitted capacity" on the gentailers' generation business are unlikely to achieve this. The IEGA suggests the NGOs are unlikely to result in independent retailers being able to procure a Fixed Price Variable Volume contract at an average price comparable to the four large gentailer's internal FPVV fixed price.

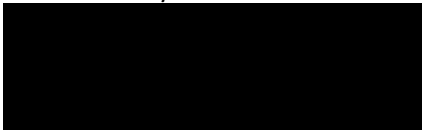
From an independent generators' perspective, the NDOs restrict independent generators' ability to buy hedge contracts from the four large gentailers which facilitate independent generators being able to sell Power Purchase Agreements to consumers, particularly those operating in the large commercial and industrial segment of the market. This is an important feature as this will reduce exposure faced by these consumers to supply variability / intermittency.

Independent generators are also going to be in direct competition with the four large gentailer's generation business as they attempt to sell these 'derisked' PPAs. The Authority is proposing a detailed monitoring regime to assess competition in the retail market (the Retail Price Consistency Assessment). The IEGA strongly submits the Authority must monitor gentailers' contracting with independent generators – to assess if access to firming contracts improves and contract terms are non-discriminatory.⁵

Creating a level playing field by making all retail businesses face the same risks around securing load following supply, and paying the costs associated with these risks, would also be positive for independent generators. This is because all retailers will be looking for fair prices and terms from any generator, liquidity in the entire hedge market would improve and independent generators will be on a level playing field with the four large gentailers' generation businesses.

Nothing in this submission is confidential.

Yours sincerely



Ben Gibson
Chair

⁴ The IEGA is not aware of any analysis by the Authority of the difference between the four large gentailers' internal FPVV prices and FPVV contracts with other parties.

⁵ As noted in our May 2025 submission, the NDOs place 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. The IEGA suggests the Authority monitor the liquidity and pricing of contracts where a gentailer signs an offtake agreement with an independent generator.