

9 February 2026

Electricity Authority

By email to: levelplayingfield@ea.govt.nz

Tēnā koe

Response to open letter on Energy Competition Task Force work programme

Thank you for the opportunity to provide our views on the Energy Competition Task Force work programme.

We support a continued close relationship between the Electricity Authority (the Authority) and the Commerce Commission (the Commission). However, we are unsure if a dedicated Task Force remains necessary. We recommend that the Authority and the Commission consider if it is more practical to determine the level of cross-agency engagement on a project-by-project basis.

We make the following comments on the list of potential projects in the table below.

Potential project	Contact Energy Comment
Level playing field implementation, monitoring and enforcement	Several clarifications and guidance are required before this regime can be implemented, including how uncommitted capacity is measured, how to practically implement the requirement to ensure equal access to commercial information, and how to carry out the Retail Price Consistency Assessments. If the Task Force wishes to retain the mid-2026 implementation date it is important that these clarifications and guidance are provided urgently. We consider that this should be the immediate focus of the Task Force.
Market Power and flexibility issues	EECA recently estimated that the value of increased flexibility to the electricity system is in the range of \$3b, based on shifting 1,800MW out of peak periods. ¹ Contact Energy is one of the leading companies looking to utilise and grow flexible load capacity. Through our retail arm we are the largest supplier of time of use pricing and have been at the

¹ <https://www.eeca.govt.nz/insights/eeca-insights/understanding-the-full-potential-of-flexible-electricity-use-in-new-zealand/>

	<p>forefront of using hot water control more flexibly. Through our Simply Energy brand we are also at the cutting edge of commercial and industrial load control, including innovative flexibility contracts with NZ Aluminium Smelters and NZ Steel.</p> <p>Our ambition is to grow this part of the market materially. However, we are now hitting up hard against regulatory constraints. Simply Energy has submitted separately on market design challenges. We would like to highlight two other matters that will require coordination between the Authority and the Commission to address:</p> <ol style="list-style-type: none"> 1. Open competition for control of flexible assets in the home, and 2. Consideration of the proposed Load Management Protocol <p><i>Ensuring competition for control of flexible assets in the home</i></p> <p>We consider that ensuring open and competitive access to residential load control should be a priority for the Authority and the Commission. Currently there is a risk that this emerging market is constrained by some networks that wish to retain control of services like hot water ripple control, and to gain control of emerging markets like EV charging control.</p> <p>We have long highlighted that this enables networks to leverage off the regulated asset base to earn unregulated revenue in a way that is not in consumers' interests and constrains competition.²</p> <p>Ensuring that hot water, EV and other controllable load is used for consumers' benefit will require coordination of regulatory settings across the Authority and the Commission. It is therefore a perfect match for a joint project.</p> <p>We are happy to provide Task Force with examples of this behaviour and the resulting consumer harm.</p> <p><i>Load Management Protocol</i></p> <p>Last year the ENA began consulting on a proposed Load Management Protocol (LMP). The LMP includes several operational mechanisms that expand the Distributor's practical flexibility beyond what the Default Distributor Agreement expressly provides for.</p> <p>The effect is that a business entering into a flexibility arrangement with a retailer will automatically be categorised as flexible load and can have its usage curtailed in an "Emergency". Emergency is defined broadly and could encompass many network flexible load scenarios, such as managing local constraints.</p> <p>We have opposed this version of the LMP. Shifting consumption has a cost for businesses. If they believe that networks will take</p>
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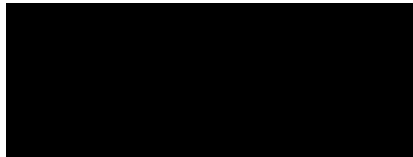
² https://www.comcom.govt.nz/data/assets/pdf_file/0018/61128/Contact-Energy-Submission-on-IM-review-draft-decision-4-August-2016.pdf

	<p>control of any flexible load in broad and undefined defined 'emergencies' - with no customer compensation – there is a disincentive for customers and retailers to develop flexible load arrangements. This will chill progress in this area.</p> <p>Getting these arrangements right will be challenging, and may require neutral regulatory oversight of all parties, including retailers, flexibility service providers, network companies, and metering companies. Accordingly, we propose that the Task Force work programme focus on this issue.</p>
Connection issues	<p>We support the work the Authority is undertaking to improve terms and pricing for network connections.</p> <p>We have previously highlighted that coordination between the Authority and the Commission would further enhance this work by better aligning the incentives of networks with the desired market outcomes.³ We therefore support network connections as being included as a joint project.</p>
Role of non-network solutions in Grid Exit Point (GXP) upgrades	No comment
Ensuring retail service bundling supports consumer choice	<p>Contact Energy offers service bundles to consumers across electricity, gas, broadband and mobile. These are very popular with our customers, simplifying their bills, and enabling sharp discounts.</p> <p>By bundling services we are able to use shared costs, such as overheads, and contact centres, more efficiently. We can then share the benefits of this efficiency with customers, offering discounts of up to \$60 per month.</p> <p>This shows in our customer satisfaction metrics, which are higher across the board for bundled customers, and have a stronger association with 'value for money', 'fair and transparent', and 'brand trust'.</p> <p>The open letter highlights some possible concerns with bundling, and I am happy to clarify that none of these features in the bundled services offered by Contact Energy</p> <ul style="list-style-type: none"> • Hidden costs – there are no hidden costs in our bundles. The "in bundle" and "out of bundle" pricing is the same for all services. An additional discount is applied to bundled customers to share the benefits of the economies of scope. • Complex terms – terms for bundled services are the same as for stand-alone services • Cross-service contracts – there is no fixed term component to any of the bundled services we provide.

³ https://www.comcom.govt.nz/assets/pdf_file/0015/323115/Contact-Energy-Submission-on-IM-Review-2023-Draft-Decisions-19-July-2023.pdf

	<p>Customers are free to come and go as they please. We impose no penalties for exiting bundled services, and consumers can choose between a range of different bundled packages at any time.</p> <ul style="list-style-type: none"> • Raise household costs – bundled services are offered at a discount to stand-alone services to share the benefits of the economies of scope. <p>We do not consider that “bundled services” meets the criteria the Task Force has set for itself to focus on the most material competition and regulatory issues in the electricity system.</p>
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Ngā Mihi



Brett Woods

Head of Regulatory and Government Relations

Contact Energy.