

9 February 2026

Electricity Authority  
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Submitted via email to [levelplayingfield@ea.govt.nz](mailto:levelplayingfield@ea.govt.nz)

## **Open Letter: Energy Competition Task Force work programme**

1. Orion welcomes the opportunity to submit on the Open Letter: Energy Competition Task Force work programme (Open Letter).
2. Orion owns and operates the electricity distribution infrastructure in central Canterbury, including Ōtautahi Christchurch City and Selwyn District. The network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north to the Rakaia River in the south; from the Canterbury coast to Arthur's Pass. Orion delivers electricity to more than 233,000 homes and businesses and is New Zealand's third largest Electricity Distribution Business (EDB).
3. The Open Letter considers the scope of five potential projects that could be delivered by the Energy Competition Task Force (Task Force) in 2026. The following submission provides feedback on three of these projects.

## **Market power and flexibility issues**

4. The Open Letter discusses a project to identify and evaluate potential risks to the competitive provision of flexibility services arising from market power in adjacent markets and identify possible solutions. The examples of adjacent markets provided in the Open Letter are EDBs and Transpower.
5. Orion Submits that Meter Equipment Providers (MEPs) and retailers with large customer bases are important adjacent markets that often hold significant market power too. To fully address the potential risk of market power issues deterring new participants and investment in flexibility services, then MEPs and retailers should be considered alongside EDBs and Transpower. This all of system approach will ensure the review is comprehensive and no risks are missed.

## **Connection issues**

6. Whilst Orion is not opposed in principle to a project relating to distribution connection pricing methodologies, it seems unnecessary given the Electricity Authority (Authority) already has a comprehensive distribution connection pricing reform underway. Any project on this matter will need to be carefully considered to ensure that there is no misalignment with the reform. Any inconsistencies or timing issues will create unnecessary complexity and delays.

### **Roles of non-network solutions in Grid Exit Point (GXP) upgrades**

7. Orion is supportive of the Task Force assessing “...the pipeline of GXP upgrades to understand whether EDBs are adequately considering alternatives, at the right cadence, and identifying ways to encourage more competition in the solutions considered.” To ensure this project has a successful outcome Orion submits that the scope should consider the following points:
- a. Decisions for new GXPs are underpinned by the security of supply standards of EDBs and Transpower. To ensure consistency across GXP upgrade decisions, it will be necessary to review the alignment between these different standards.
  - b. Orion recently went through the build process of Norwood GXP. As part of the process Transpower requested a Grid Investment Test (GIT). The Australian Energy Regulator oversees a similar test for both transmission and distribution<sup>1</sup>. It would be useful for the project to consider how a GIT could be applied to distribution in New Zealand. This will help to better identify the preferred network, or non-network, solution to deliver the greatest economic benefit and ensure decisions are made in the best long-term interests of consumers.
  - c. It would be useful to consider the use of information disclosure under the Commerce Commission (Commission) and a requirement to publish business cases for GXP projects when the value is greater than \$30m. Transpower’s fourth Regulatory Control Period (RCP4) has a major capex threshold of \$50m. Orion’s recent experience highlighted that GXP projects from the EDB side are often significantly below this amount. Benefit based charges under the Transmission Pricing Methodology’s (TPM) simple method is set at \$30m and creates the basis for this suggestion. This would provide a level of alignment to the Transpower major capex project concept, as an important aspect of GXP development is determining the demarcation between Transpower and EDB equipment.
  - d. Orion recommends that a working group for this project is set up that includes planning engineers and EDBs that have recently built GXPs or are contemplating GXP builds. This will ensure that the most recent learnings and experience are used and integrated into the review.
  - e. Whilst Orion is supportive of this project, it is unclear whether it meets the Task Force’s criteria relating to needing to involve both the Authority and the Commission. It is Orion’s view that this particular project will be more appropriately dealt with by the Commission individually.

Yours sincerely,

Grace Burtin

**Regulatory Lead -Electricity Authority**

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<sup>1</sup> <https://www.aer.gov.au/industry/networks/system-planning/guidelines-system-planning/regulatory-investment-test#regulatory-investment-test-distribution>