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Electricity Authority  
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By email: [consumer.mobility@ea.govt.nz](mailto:consumer.mobility@ea.govt.nz)

Tēnā koutou,

### **Electric Kiwi Submission on Improving Consumer Access and Choice Issues Paper**

Electric Kiwi welcomes the opportunity to respond to the Authority's issues paper. We share the Authority's concern that no New Zealander should be excluded from safe, reliable electricity supply.

We support the Authority's evidence-first approach. Given the paper is candid that the evidence base is still preliminary, it is important the Authority takes the time to build a robust picture of the problem and ensures any interventions are proportionate to what that evidence shows. Interventions introduced too early, or that go beyond what the problem warrants, risk creating costs and market distortions that outweigh the benefits.

#### **Anchoring the work in the Authority's statutory objectives**

Both limbs of the Authority's section 15 objectives are engaged by this work. They generally reinforce one another. A competitive, efficient retail market delivers better outcomes for consumers over time. That said, there can be tension between short-term measures aimed at protecting a subset of consumers and the longer-term benefits that flow from a competitive, innovative market. We think any interventions should be tested against both limbs of section 15. Measures that protect one group of consumers in the short term can, if not carefully designed, end up disadvantaging the wider consumer base or weakening competition over time.



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### **This is a shared challenge**

The barriers described in the paper, including adverse credit histories, poor housing, income inadequacy, health needs, digital exclusion and insecure tenancies, sit largely outside the retail electricity market. Retailers play a constructive role through the Consumer Care Obligations, hardship programmes, referrals to support agencies and payment flexibility, but cannot resolve the underlying drivers. We appreciate the issues paper itself acknowledges this and encourage the Authority to hold to that framing.

Costs and risks placed on retailers, whether through obligations to connect, expanded bad-debt exposure, mandated bonds, or requirements to serve regardless of credit risk, do not disappear. They are recovered through prices paid by every other customer, many of whom are themselves on modest incomes. Lifting prices across the board to fund support for a smaller group is difficult to reconcile with the long-term consumer benefit test. These obligations also fall unevenly. Independent retailers, without the hedge, scale or balance sheet of vertically integrated gentailers, are less able to absorb additional costs or credit risk, which over time concentrates the market and erodes the competition and innovation that has driven better outcomes for consumers.

### **Proposed outcomes**

We broadly agree with the outcomes the Authority has proposed, in particular that all consumers should have reasonable pathways to secure electricity supply, that retailers remain able to manage legitimate commercial risks proportionately, and that market settings continue to support consumer choice, competition, innovation and efficient investment. We suggest one addition drawn from the statutory framework. Interventions should be competitively neutral, and designed so they do not disproportionately burden any part of the retail sector or undermine incentives for innovation and price competition.

### **Applying these principles to potential interventions**

On credit risk and mainstream access, credit risk exists for a reason. Retailers supply electricity before payment, and unrecovered costs are ultimately borne by other consumers. The ConnectMe pilot showed that consumers with poor credit can sustain post-pay supply where third-party guarantee, WINZ redirection and wraparound support are in place. The key ingredient was that the credit risk was underwritten by someone other than the retailer. Mainstream



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access can be expanded, but works best when a third-party or agency-backed mechanism supports it.

We would caution strongly against importing overseas models such as Australia's default-retailer/obligation-to-connect framework. They sit within a very different market structure and would transfer credit risk onto retailers, with costs ultimately falling on other consumers.

On social retailing, social retailing has an important role for consumers who benefit from tailored support and trusted community relationships. However, we would encourage caution about mechanisms that mandate wholesale hedge provision on preferential terms, or that require retailers to cross-subsidise social retailing operations. Those approaches risk distorting the wholesale market and shifting costs in ways that are not transparent. A directly and transparently funded model is likely to be more sustainable.

### **Cross-agency response**

The most durable improvements will come from action beyond the electricity sector. Other agencies hold the levers that address root causes more effectively than retail regulation can. MSD has tools around benefit adequacy and redirection, MHUD on housing quality, EECA on insulation, and health agencies on support for medically dependent and vulnerable consumers. A coordinated, cross-agency approach, led by the agencies best placed to address these underlying drivers, is likely to deliver better outcomes than interventions confined to the electricity sector alone.

### **Conclusion**

Our overall message is that access and choice are best improved through targeted, transparent, cross-agency responses, informed by robust evidence and proportionate to the problem, rather than through obligations placed on retailers. We would welcome the opportunity to engage further as the Authority develops its thinking, and would be happy to discuss any aspect of this submission



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Yours sincerely,

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CEO, Electric Kiwi