

# **Quarterly report to the Minister for Energy 1 January to 31 March 2026**

30/04/2026

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# 1. Purpose

- 1.1 The Electricity Authority Te Mana Hiko (Authority) provides the Minister for Energy with this quarterly report in accordance with the *Letter of Expectations 2025/26*. It summarises the Authority’s delivery and performance from **1 January to 31 March 2026**.
- 1.2 This report sets out our quarterly progress on delivering the performance measures in our *Statement of Performance Expectations 2025/26* to ensure affordable, reliable electricity for consumers. It also shows how our work aligns with the *Statement of Government Policy 2024* for the electricity industry, and includes our usual reporting on organisational health, audit and risk, and finance.

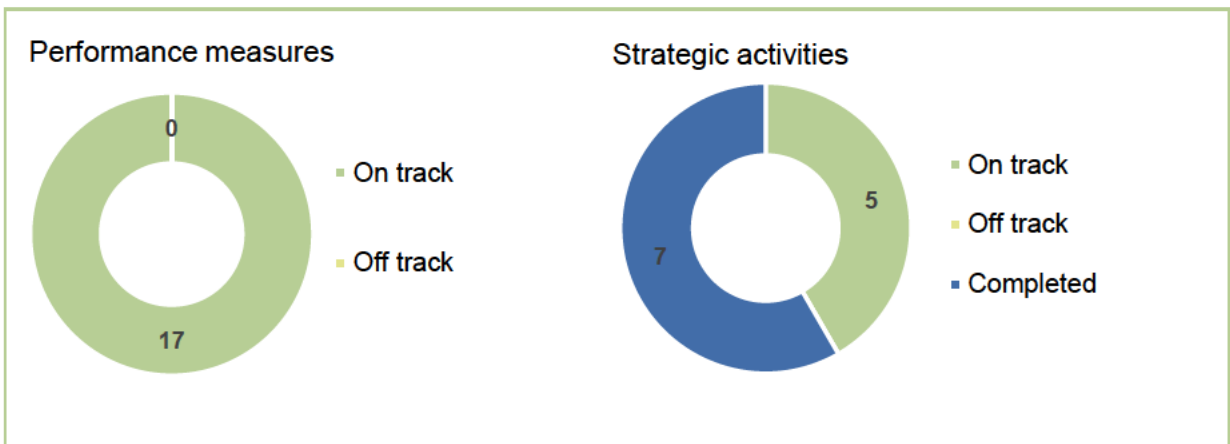
# 2. Summary of the quarter

- 2.1 This quarter we have continued our work to ensure the electricity system delivers reliable electricity at lowest cost for New Zealand consumers. As the economy electrifies and the power system changes, we are focused on driving affordable, reliable electricity through five strategic priorities: strengthening the wholesale market, ensuring system security, enabling flexibility, supporting network efficiency, and acting as a strong, responsive regulator.

## 2.2 Regulatory highlights for this quarter

<b>Improved power bills</b> , protecting consumers with clearer information, an annual best plan check, and banning long back bills		<b>Emergency Reserve Scheme</b> to boost system security and protect consumers from unplanned disconnections
<b>Doubled the default export limit to 10kW</b> for residential connections, supporting community resilience and lowering bills	<b>New, free comparison and switching site, 'Billy'</b> , to give households a simple way to check their power plan and make sure they're getting the best deal	Required distributors to pay <b>rebates</b> when households and small businesses <b>supply power to the network at peak times</b>

## 2.3 Organisational performance for this quarter



## Delivering on our strategic priorities

### 2.4 Strengthening the wholesale market

- (a) Issued an open letter to stakeholders seeking feedback on a new Task Force work programme focused on the most material issues affecting competition in the sector, in addition to the ongoing level playing field work
- (b) Announced decision to collect trading information on standardised super-peak electricity contracts and publish this regularly, supporting transparency on prices and trading of these key risk management tools for independent generators and retailers.
- (c) Sought targeted feedback on specific aspects of proposed non-discrimination obligations to help level the playing field between the gentailers and independent generators and retailers, strengthening competition in wholesale and retail markets.

### 2.5 Ensuring system security

- (a) Announced establishment of an Emergency Reserve Scheme to protect consumers from unplanned disconnections, strengthening system security and supporting resilience to unexpected shocks.
- (b) Updated Part 8 of the Code to improve how generating stations support frequency management and voltage stability, ensuring the power system remains resilient with the increase in variable and intermittent generation, such as solar, wind and battery energy storage systems (BESS).

### 2.6 Enabling flexibility

- (a) Amended the Code to require distributors to pay rebates when households and small businesses supply power to the network at peak times. This will reduce pressure on network costs, which flows through to power bills over time.
- (b) Finalised guidance for distributor involvement in flexibility services, setting out seven principles and examples for how we expect distributors to implement them. These principles aim to minimise the risk – real or perceived – that distributors use their natural advantage to inhibit others providing flexibility services, ultimately supporting a more competitive flexibility services market.

### 2.7 Supporting network efficiency

- (a) Doubled the mandated default export limit for residential connections to 10kW, building on new monthly tracking of distributors voluntarily increasing their default export limits. This supports homes and businesses to contribute more solar, wind, and other distributed generation to power New Zealand – strengthening resilience and lowering bills and long-term electricity costs for consumers.
- (b) Issued a joint open letter with the Commerce Commission and the Energy Efficiency & Conservation Authority (EECA) to ask distributors to actively consider and support non-network solutions where these improve network efficiency and reduce costs. This will help ensure efficient infrastructure spending, lowering the overall system costs borne by consumers over time.

### 2.8 A strong, responsive regulator

- (a) Launched our new, comparison and switching service, Billy, so New Zealanders can compare and switch power plans with confidence. Billy makes it easier for households to take control of their power costs, better understand their options and make informed choices, strengthening retail competition and empowering New Zealand consumers.

- (b) Announced new rules to protect consumers and give them the information they need to make decisions and get a better deal on their power. We are requiring power companies to improve their bills by making key information clearer, more consistent and easier to use to compare retailers. Retailers must check annually that customers are on the best plan they offer, and we have limited the amount of time they can back bill a consumer to six months. They must also provide standardised information on their plans and tariffs to enable accurate comparison and help consumers choose the right plan for their needs.
- (c) Continued working closely with MBIE to prepare for the introduction and implementation of the Government's proposed stronger regulatory powers for the Authority. These include higher maximum penalties for serious breaches, infringement fines for minor or repeat breaches, and greater flexibility for the Authority to update rules and monitor the market. Stronger powers will enable the Authority to better support competition and ensure the market delivers reliable electricity at lowest cost for consumers.
- (d) Launched four new investigations this quarter into alleged Code breaches by Meridian Energy, Pulse Energy Alliance LP, Glo-Bug Limited and Manawa Energy Limited. The investigation into Pulse Energy focuses on potential breaches of the Consumer Care Obligations concerning the alleged disconnection of a medically dependent consumer.
- (e) Published our first Consumer Care Obligations Annual Compliance Report. While most power companies are following the rules there were instances of non-compliance, mostly arising from gaps in their processes. The most common involved retailers' obligations to request, record and share information about medically dependent consumers. We are continuing to work through the cases identified to ensure households are treated fairly, stay connected, and receive support when they have difficulty paying their power bills.
- (f) Ongoing Code review and amendment programmes, market monitoring, and compliance and enforcement work to ensure that our regulation remains fit-for-purpose, unlocks innovation, and drives affordability and reliability, while ensuring accountability.
- (g) Announced three more energy innovators who will receive enhanced support through our Power Innovation Pathway, driving innovation and reducing regulatory barriers.
- (h) Continued robust management of our commercial contracts with the System Operator and market operation service providers to ensure value for money for levy payers.

2.9 The Authority Board is also considering a review of organisational design from independent advisory firm KordaMentha. The Board commissioned this review to advise on how the organisation can best incorporate additional regulatory powers while delivering its statutory objectives and regulatory responsibilities in the smartest and most cost-effective way.

### Key internal performance indicators

2.10 All of the Authority's performance measures are on target (see section 3 below).

2.11 12 out of 12 (100%) work programme activities are on track, including seven completed. These activities aim to drive affordability, security and efficiency (see Appendix A).

2.12 Total expenditure across all appropriations was \$0.7 million lower than budgeted for the quarter. This was driven in part by phasing of delivery of key projects, such as the launch of the new comparison and switching site slightly later than budget assumptions.

2.13 System Operator expenses were \$0.3 million lower than budgeted for the quarter due to reductions in capex recovery by the System Operator.<sup>1</sup> Other service provider contracts

<sup>1</sup> The System Operator has advised the Authority that this will continue, and full year expenditure is forecast to underspend by \$0.5m. This is due to the phasing of recovery of new capital spend, with these costs expected to instead be recovered in the next financial year.

were \$0.2 million lower than budgeted for the quarter due to phasing of the comparison and switching site launch, and savings on the intermittent generation forecasting contract.

- 2.14 Full year expenditure is forecast to be \$1.8 million lower than budget, largely driven by delivery phasing and service provider underspends as above. We expect an increased rate of expenditure in the final quarter, with comparison and switching live and increased activity in relation to the litigation fund. Full financial information is at Appendix C.
- 2.15 The Authority's overall residual risk profile is largely stable, although people and capability risk has increased due to growth and delivery pressures. Work is underway to address this.
- 2.16 Full-time equivalent staff numbers have increased slightly to support delivery of an expanded work programme, however personnel costs continue to track below budget for the quarter. Year-to-date personnel costs are \$1.2 million lower than budget due to phased recruitment and a partial recruitment pause while the organisational review is ongoing. This is set against \$1.3 million in increased contractor costs to backfill vacant and subject-matter expert roles.

### Authority Board changes

- 2.17 Finally, the Authority welcomed three new Board members this quarter. Tony Baldwin, Benjamin Bolot and Murray Parrish joined existing Board members Paula Rose and Erik Westergaard, who is also our Deputy Chair and Acting Chair.

#### For any questions, contact:

Sarah Gillies  
Chief Executive

Iona Mylek  
General Manager, Strategy and  
Organisational Development








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### 3. Statement of performance expectations measures

3.1 This section provides an update on the Authority's progress against our *Statement of performance expectations 2025/26* measures, by appropriation.

#### Key









Statutory objectives			
 Competition	 Reliability	 Efficiency	 Protection of small consumers
Progress indicators			
			
On track to achieve target	Some risks / issues with achieving target	Target will not be achieved	

#### Statement of performance expectations 2025/26 summary

Activity area	Non-financial targets (#)			Financial (\$000's)	
				YTD actual	% spent of YTD budget <sup>2</sup>
Electricity industry governance and market operations	14	0	0	85,325	73%
Managing the security of New Zealand's electricity supply	2	0	0	0	0%
Electricity litigation fund	1	0	0	326	69%

#### Statement of performance expectations 2025/26 measures





3.2 Electricity industry governance and market operations

Performance measures	Target 2025/26	YTD result	Relevant statutory objective
1. Market operation service providers' performance meets agreed standards and contract requirements, or a remedial plan is agreed and actioned by specified date	Achieved		
2. Any significant issues in market operation service providers' systems, as identified in audit processes, have a remedial plan agreed and actioned by specified date	Achieved		
3. Increased monitoring of and reporting on retail competition	Regular monitoring and reporting of retail competition		
4. Enquiries into alleged breaches of the Consumer Care Obligations are dealt with in a timely manner	Measure enquiry time to benchmark an appropriate target		



<sup>2</sup> The percentage of year to date spend is calculated on the total appropriations for the year.

Performance measures	Target 2025/26	YTD result	Relevant statutory objective
5. The Authority regularly publishes evidenced based monitoring reports	Quarterly reviews, weekly trading conduct reports	●	🏆
6. The Authority actively promotes understanding of its work and the electricity system to a wide audience	Increase in activity across all public facing channels	●	✓
7. Content on the <i>Electricity Market Information</i> website is reviewed and revised to maintain relevance*	Increase on prior year	●	📈
8. The frequency and sophistication of data and analytics are improved to support the Authority's evidence based decision-making processes	Increase on 3-year rolling average	●	🏆 ✓ 📈
9. Investigations into alleged breaches of the Electricity Industry Participation Code categorised as low to medium complexity, are addressed in a timely manner	Median time to make case decision is 6 months or less	●	🏆 ✓ 👤
10. Our compliance decisions are lawful and appropriate	0 legal challenges that result in a compliance decision being overturned	●	🏆 ✓ 👤
11. Strategic activities deliver desired outcomes in planned timeframes (appendix A)	80%	●	🏆 ✓ 📈 👤
12. Our market development decisions and processes are lawful and appropriate	0 legal challenges that result in an Authority market development decision being overturned	●	🏆 ✓ 📈 👤
13. Code amendments or market facilitation measures deliver intended benefits and impacts on market behaviour	At least 1 post implementation review is completed with an agreed action plan (where appropriate).	●	🏆
14. Proactive engagement to support innovators across the Authority's regulatory functions	2+ proactive innovator outreach events or initiatives	●	✓ 📈
<b>Note</b>			
* We have created a new ' <a href="#">Data &amp; insights</a> ' hub to provide improved access to the latest electricity market data, tools and insights. We will decommission the EMI website at the end of the 2025/26 financial year after moving all content over to the new hub. As well as adding new content over time, we will continue to review and revise content on the hub over time to maintain relevance.			

### 3.3 Managing the security of New Zealand's electricity supply

Performance measures	Target 2025/26	YTD result	Relevant statutory objective
15. Electricity Authority decisions relating to System Operator requests for access to funding are made in accordance with the agreed process and criteria	Achieved		
16. Post-implementation review of dry year or emergency event shows use of funding achieved its intended outcomes	Achieved		

### 3.4 Electricity litigation fund

Performance measures	Target 2025/26	YTD result	Relevant statutory objective
17. The electricity litigation fund is used in accordance with the agreed criteria	Achieved		

## 4. Performance achievements

4.1 This section provides a detailed update on the Authority’s progress towards achieving the priorities outlined in our [Statement of performance expectations 2025/26](#) and expectations set out in the [Letter of expectations 2025/26](#). It is organised by our five regulatory functions. More detail on specific strategic activities is in Appendix A: 2025/26 Strategic activities.

Regulatory function	Progress this quarter	Future delivery
<b>Promote market development</b>	<ul style="list-style-type: none"> <li>• Announced the establishment of an Emergency Reserve Scheme to support system security and increase protection against unplanned disconnections for New Zealand households and businesses</li> <li>• Issued a joint open letter asking distributors to consider non-network solutions and support usage when they improve network efficiency and reduce costs</li> <li>• Approved changes to the Security of Supply Forecasting and Information Policy (SOSFIP), in particular improving arrangements for when generators may access contingent storage in Lakes Pukaki, Tekapo and Hawea to better support market participants to ensure security of supply</li> <li>• Announced three successful applications in the Power Innovation Pathway’s second priority round, working with innovators who are bringing fresh ideas to market</li> <li>• New fixed price variable volume (FPVV) hedge settlement agreements took effect, reflecting the growing use of FPVV products and enabling participants to offset wholesale risk against prudential and settlement obligations via the clearing manager</li> <li>• Released guidance for distributors to support the growth of flexibility services and distributed energy resources, reducing system costs and giving consumers more choice in how they use and supply electricity</li> <li>• Established an industry technical group to co-design a standardised demand flexibility product, aiming to remove barriers for buyers and sellers, making it easier to offer and access demand flexibility services</li> <li>• Amended the Code to update requirements for distributors’ connection pricing methodologies, reducing barriers for new connections and encouraging efficient investment</li> <li>• Established the ‘Network Services Technical Group’ to provide independent advice to the Authority to support the effective operation of networks, enable efficient processes and promote flexibility solutions</li> <li>• Consulted on:             <ul style="list-style-type: none"> <li>○ Code changes through Omnibus 6 including a tie-breaker enhancement to improve handling of identically priced generator offers in constrained areas; amendments to the application of materially large contract rules; refining hedge disclosure obligations to increase transparency</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Prepare for implementation of level playing field measures, subject to consultation this quarter and Board decision</li> <li>• Release decision on our review of market making rules, looking at the length of the forward curve and market making the super-peak hedge contract</li> <li>• Publish a feasibility study on establishing a regulatory sandbox, building on work underway through the Power Innovation Pathway</li> <li>• Consult on proposed changes to the Distributed Generation Pricing Principles, including an information webinar</li> <li>• Consult on proposed Transmission Pricing Methodology changes – proposals from the Authority and any received from</li> </ul>

Regulatory function	Progress this quarter	Future delivery
	<ul style="list-style-type: none"> <li>○ Specific parts of the proposed non-discrimination obligations to address competition concerns in hedge markets arising from gentailers' vertical integration and control of flexible generation</li> <li>○ A revised approach for multiple trading relationships (MTR) to make the proposal simpler, more cost-effective, and quicker to implement, with earlier benefits for consumers</li> <li>○ Proposals aimed at addressing six common quality issues in the Code to support system security</li> <li>○ Weighted average cost of capital estimate for connection charge reconciliation to improve consistency and help keep total system costs as low as possible</li> <li>● Published decisions on: <ul style="list-style-type: none"> <li>○ Requirements for distributors pay rebates to small businesses with network connections up to 45kVA and that export up to 45kW of electricity back to the network at peak times</li> <li>○ Part 8 of the Code amendments to improve how generating stations support frequency management and voltage stability and to update the rules for asset owners to provide information to the system operator, to ensure system security as the generation mix changes</li> <li>○ Collection of standardised super-peak electricity contract trading information and plans to publish it regularly to support competition through transparency of these key risk management products</li> <li>○ Requirements for traders to submit aggregated half-hourly metered volume data to the reconciliation manager when available to improve price signals and strengthen incentives for flexible electricity use</li> </ul> </li> </ul>	<p>Transpower following its operational review</p>
<p><b>Monitor, inform and educate</b></p>	<ul style="list-style-type: none"> <li>● Launched a tracker to show progress of distributors voluntarily increasing their default export limit for residential connections to 10kW or more, supporting community resilience and lowering network costs</li> <li>● Published a case study for industry participants on reviewing registry management processes and having robust checks to ensure accuracy and compliance when providing information to the Electricity Registry</li> <li>● Published six 'Eye on electricity' articles relating to security of supply to educate and inform consumers</li> <li>● Spoke at conferences and stakeholder meetings to educate and inform on the Authority's work, including the Downstream energy sector conference</li> <li>● Launched 'The Electricity Brief' podcast, to provide updates and practical insights for our stakeholders</li> <li>● Hosted workshops and webinars on key initiatives, including a technical workshop on managing reactive power flows and voltage coordination across grid exit points to support system security</li> <li>● Attracted 44 net new subscribers to our Market Brief newsletter and received 735,724 website views</li> </ul>	<ul style="list-style-type: none"> <li>● Industry exercise in May simulating a response to a significant space weather event</li> <li>● Events and engagements including flexibility workshops, Power Innovation Pathway day, Electrify Queenstown</li> <li>● Auditor Forum and Registry Managers users' courses as part of compliance education</li> </ul>

Regulatory function	Progress this quarter	Future delivery
<b>Operate the electricity system and markets</b>	<ul style="list-style-type: none"> <li>• Sought proposals for an over-the-counter trading platform that can deliver voluntary or mandatory market-making of standardised super-peak hedge contracts</li> <li>• Completed the Annual review of the System Operator’s performance and compliance with the Code and Electricity Industry Act. We are satisfied with the System Operator’s day-to-day business during this period and with its implementation of last year’s recommendations, and have made 10 new recommendations</li> <li>• Appointed members to the Security and Reliability Council which provides independent advice to the Authority on reliability of electricity supply issues and the performance of the System Operator and electricity system</li> </ul>	<ul style="list-style-type: none"> <li>• Re-procure new commercial market making services contract, to start in 2027</li> <li>• Procure new contracts for five Market Operation Service Providers that expire in 2027</li> </ul>
<b>Enforce compliance</b>	<ul style="list-style-type: none"> <li>• Launched four new investigations into alleged Code breaches by Meridian Energy, Glo-Bug Limited, Manawa Energy Limited and Pulse Energy Alliance LP (the investigation into Pulse Energy is a potential breach of the Consumer Care Obligations)</li> <li>• Published the <a href="#">2025 Consumer Care Obligations Annual Compliance Report</a> and alleged 13 Consumer Care Obligations breaches and a further 27 breaches as a result of 2025 Consumer Care Obligations reporting</li> <li>• Discontinued one investigation into Genesis Energy Limited, which was opened in December 2025</li> <li>• Closed seven low and medium complexity cases this quarter with a median time of 105 days. Under regulation 11(1)(c) of the Electricity Industry (Enforcement) Regulations 2010, it was determined for all seven of these cases that the alleged breach did not warrant further action being taken. No warning letters were issued</li> <li>• Determined that Transpower was the causer of the 23 October 2025 under-frequency event</li> <li>• Continued to progress three cases currently before the <a href="#">Electricity Rulings Panel</a></li> <li>• Rulings Panel decision published where a pecuniary penalty was imposed on South Pacific Energy Limited for multiple breaches of the Code during 2024 and 2025</li> </ul>	<ul style="list-style-type: none"> <li>• Progress Rulings Panel cases</li> <li>• Progress compliance cases and investigations</li> <li>• Prepare for potential new enforcement powers subject to legislation being passed</li> <li>• Final determination into 11 July 2025 under-frequency event</li> </ul>
<b>Protect interests of small consumers</b>	<ul style="list-style-type: none"> <li>• Launched our new comparison and switching website ‘Billy’, making it easier for households to take control of their power costs</li> <li>• Announced new rules to protect consumers by improving electricity bills, including standardising key information, requiring retailers to check annual that their customers are on the best plan that they offer, and prohibiting billing of electricity use over six months to prevent large back bills</li> <li>• Introduced a new, mandatory suite of electricity information exchange protocols to ensure retailers provide consistent information about power plans and tariffs, including introducing unique product Codes</li> <li>• Consulted on the first of these new electricity information exchange protocols - <i>Electricity Information Exchange Protocol 14A – Retailer product information</i></li> </ul>	<ul style="list-style-type: none"> <li>• Release industry guidance on billing changes</li> <li>• Consult on emerging issues related to consumer access to electricity</li> <li>• Consult on additional information exchange protocols</li> </ul>

Regulatory function	Progress this quarter	Future delivery
	<ul style="list-style-type: none"> <li>Continued to support MBIE to develop and implement the Consumer Data Right for electricity</li> </ul>	<ul style="list-style-type: none"> <li>Hold fifth Consumer and Industry Wānanga</li> </ul>
<b>Support functions</b>	<ul style="list-style-type: none"> <li>Collaborated with MBIE on the policy and legislative development of the Government's proposed changes to strengthen the Authority's powers, including proposed changes to regulations to support these decisions</li> <li>Submitted our funding request to the Minister for Energy on our proposed levy-funded appropriations for 2026/27</li> <li>Updated our strategic framework to place even greater focus on ensuring reliable electricity at lowest cost for New Zealand consumers through delivering across five core strategic priorities</li> <li>Findings and recommendations from organisational design review presented to Authority Board</li> </ul>	<ul style="list-style-type: none"> <li>Submit 2026/27 Statement of Performance Expectations to Minister for Energy</li> <li>Finalise Authority budget for 2026/27</li> </ul>

## 5. Organisational performance

### People and capability

- 5.1 Delivery of our work programme and core regulatory functions requires a responsive and capable workforce. We continue to work to ensure we have the right people in the right roles to deliver.
- 5.2 This quarter, we slightly increased our number of full-time equivalent staff. Some roles were filled internally, which reduced our number of vacancies. Our average salary rose slightly as a result of appointments being made to roles in higher salary bands. At the same time, we are looking for ways to improve how we operate, including using software and digital tools to streamline our workflows and processes.

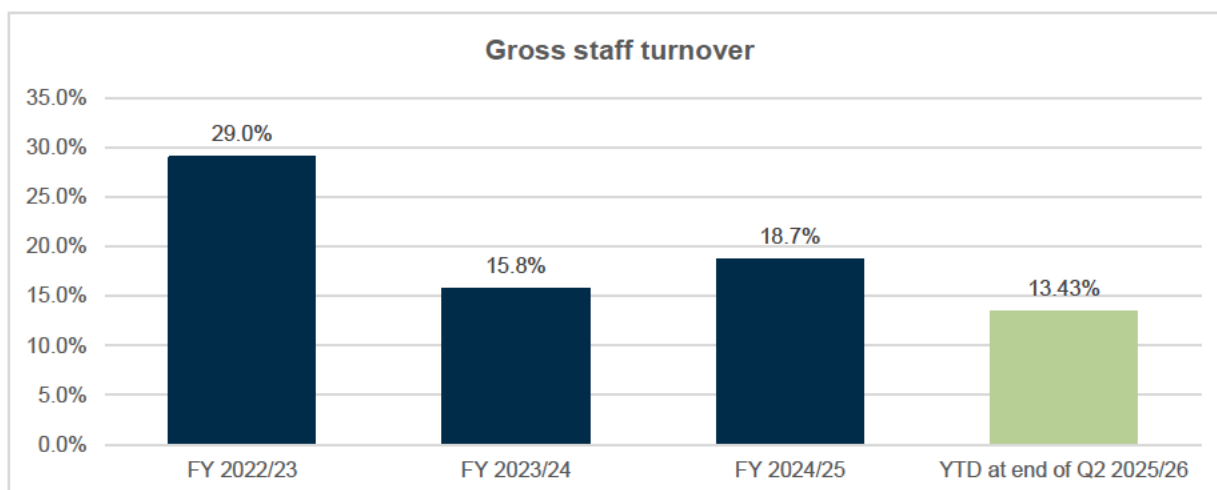
**Figure A: Staffing information**

	Current year 25/26		
	Q1 at 30 Sep 25	Q2 at 31 Dec 25	Q3 at 31 Mar 26
<b>FTE</b>	156.97	165.79	167.7
<b>Vacancies</b>	12	19	12
<b>Average salary</b>	\$158,477	\$158,491	\$159,808

### Staff turnover

- 5.3 Gross staff turnover<sup>3</sup> for Q3 was 4.61% and is 13.43% year to date. Current permanent turnover<sup>4</sup> year to date is 9.02% which remains within our expected target range.

**Figure B: Gross staff turnover**



<sup>3</sup> Gross turnover is all staff leaving the Authority, including fixed term staff who leave before their contracted last day of duty.

<sup>4</sup> Permanent turnover only includes permanent staff leaving the Authority through voluntary means.

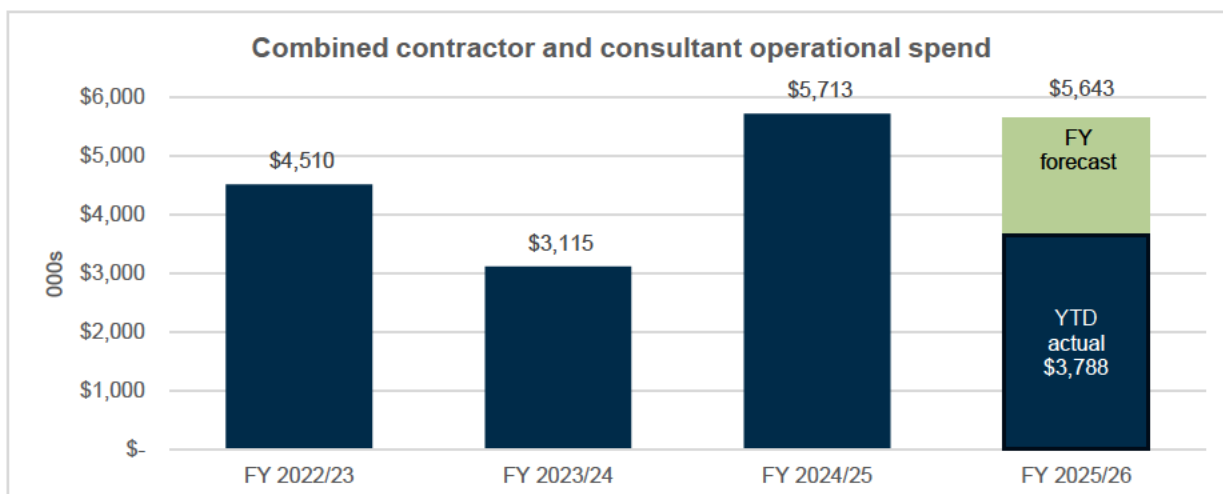
## Information on contractors<sup>5</sup> and consultants<sup>6</sup> 1 January to 31 March 2026

**Figure C: Contractor and consultant expenditure**

2024/25 Full Year Actual \$000	Contractors and consultants	Mar 2026 Current Quarter			Mar 2026 Year to Date			2025/26 Full Year	
		Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
	<b>Operational</b>								
1,428	Contractors	414	66	(348)	1,627	333	(1,294)	2,094	363
4,285	Consultants	916	1,228	312	2,161	3,370	1,208	3,549	4,718
<b>5,713</b>	<b>Total operational spend</b>	<b>1,330</b>	<b>1,294</b>	<b>(36)</b>	<b>3,788</b>	<b>3,703</b>	<b>(85)</b>	<b>5,643</b>	<b>5,081</b>
	<b>Capital</b>								
32	Contractors	-	-	-	-	-	-	-	-
119	Consultants	-	-	-	7	-	(7)	7	-
<b>151</b>	<b>Total capital spend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>(7)</b>	<b>7</b>	<b>-</b>
<b>5,864</b>	<b>Total contractors and consultants</b>	<b>1,330</b>	<b>1,294</b>	<b>(36)</b>	<b>3,795</b>	<b>3,703</b>	<b>(92)</b>	<b>5,650</b>	<b>5,081</b>

- 5.4 Total operational spend on contractors and consultants was \$0.036 million higher than budget for the third quarter of 2025/26, with above budget spend on contractors offsetting below budget spend on consultants. This was in part to backfill vacancies being held while the organisational design review took place.
- 5.5 For the full year, contractor and consultant spend is forecast to exceed budget by \$0.57 million. The primary contributor is the additional consultant spend for the Board-commissioned organisational design review (\$0.38 million). Overall contractor and consultant spend is expected to be slightly less than 2024/25.

**Figure D: Contractor and consultant operational spend year on year**



## Update on Strategic Baseline review

- 5.6 In February 2025, Sapere released an assessment of our progress towards addressing the findings from its 2023 Strategic Baseline Review (SBR). The progress assessment report was generally positive, noting the Authority's progress towards addressing the most material

<sup>5</sup> Definition of contractor: An individual who is hired via a third party to provide temporary specialist skills or perform duties that would normally be done by a staff member, either in their normal day-to-day duties or on a project.

<sup>6</sup> Definition of consultant: A company or an individual where service provision is linked to a defined outcome, typically with remuneration linked to agreed milestones or deliverables. The Authority's functions may require use of consultants who bring with them specialist and technical knowledge that it is not cost-effective to retain inside the Authority on a full-time basis.

findings and recommendations of the SBR. It recommended continued focus in some areas, and this quarter we have:

- (a) Introduced new project and portfolio Management software to improve project management and reporting and enable better strategic decision-making.
- (b) Ongoing improvements to our IT environment including the development and rollout of new integrated digital and information systems to better manage workflows.

5.7 In late 2025, the Board commissioned an independent organisational design review of the Authority to advise on how the Authority can best incorporate the Government's proposed additional powers, while delivering its statutory objectives and regulatory responsibilities in the smartest, most cost-effective way. The review took place from December 2025 to March 2026. The Board is currently considering its findings and recommendations, which also considered progress on the SBR recommendations.

## 6. Risk and assurance

6.1 We have continued to develop our risk and assurance maturity over the quarter.

### Risk

6.2 There has been one change to the risk profile, relating to our Health, Safety and Wellbeing (HSW) approach, and the work required to ensure the appropriate controls and systems are in place to meet our legislative obligations. Developing and implementing an Authority-wide People Strategy and associated actions will bring this risk back within appetite. The Board has approved to split this risk into 'Organisational Capability' and a 'Wellbeing Health & Safety' risks for future reporting, to ensure sufficient attention and oversight on both aspects.

6.3 All other current and target ratings remain the same as last quarter and within their defined risk appetite.

6.4 We are confident that management actions to address these risks are proportionate and aligned with the Authority's risk appetite (i.e. the risks are not being over-managed). Target ratings have been defined in accordance with the Board's risk appetite statements.<sup>7</sup>

6.5 It is important to note that the Authority's enterprise risks are not the same as risks to the electricity market (though there are strong linkages). Risk assessments continue to be carried out on market risks, noting that the Authority is one of many who contribute to, and are responsible for, the management of these risks, as outlined in the Government Policy Statement.

### Assurance

6.6 Our internal audit on financial controls is progressing and we are commencing our internal audit on suspicious transactions. The internal audit programme has been put on hold to avoid any overlap with the organisational review and will be refreshed once the findings are known. For further detail on our risk and assurance progress, please refer to Appendix B.

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<sup>7</sup> These risk target ratings were considered by the Authority Board in April 2025. The Board intends to review the Authority's risk appetite and target ratings in the coming months.




## 7. Financial analysis and update

- 7.1 The Authority's financial performance is provided for the March 26 quarter (the period from 1 January to 31 March 2026), and the full year period (1 July 2025 to 30 June 2026).
- 7.2 Total Authority expenditure year-to date funded by Crown appropriations was \$85.7 million, \$3.4 million lower than the budgeted \$89.1 million.
- 7.3 The underspend of \$3.4 million is driven by a combination of factors including higher vacancies, delays in capital recovery invoicing by the Service Operator and the phasing of delivery of major projects such as the new comparison and switching website.
- 7.4 Full year expenditure is expected to be \$1.8 million lower than budget. This reflects expected increased monthly spend in the final quarter, following the launch of the new comparison and switching website and an expected increase in expenditure from the litigation fund due to several cases pending with the independent Rulings Panel.
- 7.5 For full financial tables and commentary please refer to *Appendix C*.













## Appendix A Strategic activities list




- A.1 The following table expands on the Authority’s strategic activities in 2025/26. These relate to performance measure 11 ‘Strategic activities deliver desired outcomes in planned timeframes’. The annual outcomes are tangible milestones that the Authority aims to deliver within the year and will be used to assess our performance against performance measure 11.
- A.2 Below is the progress update on the activities as outlined in our *Statement of performance expectations 2025/26*. Note: The measure is for delivery of milestones by 30 June 2026, and delivery dates under each activity are indicative.

Strategic outcomes			Progress indicators			
						
Secure and resilient	Affordable	Efficient	Completed	Successful delivery is on track	Successful delivery is feasible but significant risks/issues already exist	Successful delivery is unlikely to be achieved

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress			Comments as required
					Q1	Q2	Q3	
Electricity Competition Task Force (ECTF) and Market Development Advisory Group (MDAG) recommendations	<p>Continuing to implement MDAG recommendations and advancing any ECTF initiatives that extend beyond 30 June 2025.</p> <p>ECTF initiatives are aimed at enabling new generators and independent retailers to enter and better compete in the market, and providing more opportunities for consumers to manage their own electricity use and costs.</p> <p>Implementing the recommendations from MDAG’s final report ‘Price discovery in a renewables-based electricity system: Final Recommendations Paper 2023’ aims to strengthen the performance of the wholesale market.</p>	<p>We expect to deliver a series of discrete regulatory and operational improvements. Their exact nature and timing depends on decisions that are yet to be made.</p> <p>We will report regularly and publicly on progress.</p>	\$	<p>Keeping the lights on</p> <p>Affordability through downward pressure on prices</p> <p>Build trust and confidence</p>				

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress			Comments as required
					Q1	Q2	Q3	
Retail market data and insights	Collection of new retail market data and insights supported by data visualisation to enhance market monitoring and insights, as well as inform the need for policy intervention. Publication of outputs from the anticipated monitoring programme, including sector insights, will occur from December 2025.	This multi-year project will improve collecting and monitoring of retail data to enable better visibility of the retail market. This increased visibility of retail market activity will enable us to identify potential issues, publish more insights and make well-informed policy decisions that will benefit consumers	\$	Reporting on market trends and activities	●	✓	✓	
Consumer understanding	Delivery of a campaign to educate and support consumer understanding of how to manage their electricity (rolling out in tranches throughout the year) and their rights under the Consumer Care Obligations.	Consumer understanding of the system as a whole is increased through education campaigns, supporting their ability to actively engage with changes to the market.	\$	Ease of switching providers	●	●	●	
Consumer mobility - empowerment and bill consistency	Consumer Mobility Roadmap published with clear milestones for a three year, phased programme of work, including digitalisation and standardisation of data, consumer data access, and consumer switching support. Publication of roadmap and complete consultation on standardisation of product data by December 2025.	Consumer mobility increases, including support for consumers to compare and switch electricity plans which will promote increased retail competition.	\$	Bill consistency and ease of switching providers	●	✓	✓	
Consumer mobility – service provider onboarding	A provider of a comparison and switching service will be procured and onboarded by 31 March 2026. This provider will support the Authority in ongoing service improvements and exploring alternative consumer data delivery, including an AI-enabled “push” recommendation service.	Consumers can easily compare and switch electricity retailers, supporting competition and driving affordability.	\$	Affordability through downward pressure on prices Ease of switching providers	●	●	✓	
Protections for domestic and small business consumers	Identify further protections for domestic and small business consumers (consultation by 30 June 2026).	Additional protections for domestic and small business consumers are enhanced (including disconnections, reconnections and prepay).	\$	Build trust and confidence	●	●	●	

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress			Comments as required
					Q1	Q2	Q3	
Review of common quality requirements in Part 8 of the Code (Future security and resilience)	Complete phase 1 of Code amendments: Decision on Phase 1 of the Code amendments by 31 March 2026. The common quality requirements in the Code have been largely unchanged since 2003. In its current format, it does not enable new technologies, nor does it address bi-directional power flows – both a result of distributed energy resources connecting to the power system. This activity is reviewing these Code requirements.	Strengthen common quality requirements to address power system challenges associated with increasing distributed generation and to enable investment in new technologies.		Keeping the lights on				Decisions to amend Part 8 of the Code to improve how generating stations support frequency management, voltage stability and to update the rules for asset owners to provide information to the system operator
Enabling Innovation	Supporting and enabling sector-wide innovation through an innovation growth paper and supporting engagement events that highlight barriers, opportunities, and regulatory action relating to the growing number of innovators receiving support from the Authority. Paper to be published by 1 December 2025.	Perspectives and lessons from innovators and new market entrants are shared to boost competition, enhance security of supply, and ensure that all perspectives are considered in the Authority's regulatory functions.		Enhance collaboration with agencies and participants to support market monitoring Keeping the lights on				
Security of supply monitoring	Security of supply and demand outlook published so stakeholders have access to timely data and have improved forward price discovery. Publication of reports will occur regularly throughout the year.	Accelerate the security of supply monitoring function, including enhancing the quality and frequency of insights and the way we present them so they're meaningful for consumers and industry. Collaboration with other agencies, and the System Operator, where appropriate.		Keeping the lights on Build trust and confidence Report on trends in contracting, risk management behaviour and market performance				

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress			Comments as required
					Q1	Q2	Q3	
Promoting flexible use of distributed energy resources	Work to promote the participation of distributed energy resources through enhanced network visibility and to ensure the power system can support the integration of more variable and intermittent generation resources. The Authority expects to make a decision in this space by 30 June 2026.	Lay the foundations for a competitive flexibility services market that maximises value for consumers from flexibility services, and confirm an efficient distribution system operation model to facilitate uptake and connection of distributed energy resources for the benefit of consumers.		Keeping the lights on Affordability through downward pressure on prices	●	●	✓	On 2 Feb 2026 we released finalised Guidance for distributor involvement in flexibility services.
Distribution connection pricing	Proposal for reform of distribution connection pricing, including fast track measures for load connections to standardise electricity distribution connection pricing and improve efficiency. Code amendments for appropriate fast track measures will come into effect on 1 April 2026.	Unlock more network connections and encourage efficient network investment. This will enable consumers to benefit from new investment and services (such as vehicle charging, heating electrification and more affordable new housing).		Harmonise and simplify/standardise electricity distribution business connection requirements	●	●	✓	Fast track measures are completed and come into force on 1 April. Targeted intervention and further reform components will continue ahead of the Commerce Commission's DPP5.
Future market services	Develop and engage with stakeholders on a strategic roadmap for market operation service providers by 30 June 2026 to enable innovation, efficiency, and competitive procurement as market operation services evolve.	Market operation service provider contracts have a long-term development plan to underpin investment in the future operation of the wholesale market.		Provide value for money Keeping the lights on	●	●	●	

## Appendix B Risk and assurance

### Assurance

- B.1 The 2025/26 audit plan was approved at the July 2025 Audit and Finance Committee. The planned internal audit of the Project Management Office has been put on hold to avoid any duplication with the areas being covered under the organisational review. Once the review is complete we will refresh and update the plan.
- B.2 The suspicious transactions internal audit is now in progress and is expected to be complete before the end of quarter 4.

Internal audit	Reporting stage
Suspicious transactions internal audit (a component of the Financial Controls audit)	In progress
Project Management Office	On hold

### Risk management overview

- B.3 The overview below shows a stable position compared to last quarter, with the exception of the People and Capability risk. Comments relating to worsening trends are included below.

Enterprise risk	Regulatory function enterprise risks				Organisational enterprise risks			
	Strategic direction	Stakeholder	Regulatory Decisions	Market operation	Business Resilience	Funding	People and Capability	Regulatory, Compliance and Assurance
Control status	●	●	●	●	●	●	●	●
Likelihood trend	↔	↔	↔	↔	↔	↔	↓	↔
Consequence trend	↔	↔	↔	↔	↔	↔	↔	↔
Key	↔	↑	↓	●	●	●	●	●
	Steady	Improving	Worsening	Inadequate	Cause for concern	Adequate		

### Comments

- B.4 The likelihood of the people and capability risk occurring has increased with the continued period of growth and accelerated delivery since the start of the year, putting pressure on staff capacity and key resources. There is work underway to address this risk, and it will be addressed by the organisational design review and a new People strategy and Health, Safety and Wellbeing strategy.

## Risk management summary

B.5 This table contains a summary of our enterprise risks and the associated trend and context at 31 March 2026.

ID	Enterprise Risk	Current Rating	Target Rating	Trend / context
1	<b>Strategic direction:</b> Maintaining a clear and effective strategy for the Authority in a rapidly changing sector.	<b>High</b> Reputation: Moderate x Likely	<b>High</b> Reputation: Moderate x Likely	<ul style="list-style-type: none"> <li>Given affordability and reliability challenges, gas supply tightness, and a rapidly changing sector, there is heightened focus on the Authority's strategic direction and clearly communicating this both internally and externally.</li> </ul>
2	<b>Stakeholder:</b> Ability to build and maintain trust and constructive engagement with stakeholders.	<b>Medium</b> Reputation: Moderate x Unlikely	<b>Medium</b> Reputation: Moderate x Unlikely	<ul style="list-style-type: none"> <li>Sector expectations for transparency, consistency, and responsiveness continue to rise as the Authority's profile and programme activity increase.</li> <li>Energy affordability and security concerns have been widely reported via mainstream news media, with differing perspectives on the solution being provided by various market participants.</li> <li>High number of live consultations with a more concerted effort to engage across the wider spectrum of stakeholders.</li> <li>The Industry and Consumer Wānanga show that face-to-face engagement builds shared understanding and addresses challenges where conventional written approaches are less effective. We identified 9 priorities for the next Wānanga and will be working with participants to develop content for the next Wānanga.</li> </ul>
3	<b>Regulatory decisions:</b> Ability to manage the work programme through consistent and independent decision making, and to ensure the work programme is aligned to the sector's needs.	<b>Medium</b> Reputation: Moderate x Unlikely	<b>Medium</b> Reputation: Moderate x Unlikely	<ul style="list-style-type: none"> <li>We monitor security of supply and the market closely, interrogating trends and data to understand behaviour and risks which may require action.</li> <li>Business planning and prioritisation remains a focus, with a quarterly business planning review in March 2026.</li> <li>Energy Competition Task Force work continues at pace, with processes for our regulatory decisions being coordinated across workstreams. The Task Force published an open letter to stakeholders, seeking feedback on potential competition-based issues in the electricity sector to shape its 2026 work programme.</li> <li>We have been working with MBIE on legislative changes to strengthen the Authority and clarify its functions.</li> <li>We have been considering findings from the Government-commissioned electricity market performance review and work to improve our monitoring.</li> <li>The Board-led organisational review will advise how we can deliver our statutory objectives and regulatory responsibilities in the smartest, most cost-effective way.</li> </ul>

ID	Enterprise Risk	Current Rating	Target Rating	Trend / context
4	<b>Market operation:</b> Ability to manage third party service providers to implement the Authority's strategic vision.	<b>Medium</b> Reputation: Moderate x Unlikely	<b>Medium</b> Reputation: Moderate x Unlikely	<ul style="list-style-type: none"> <li>No new external factors in the last quarter that would impact the Authority's ability to manage third party providers.</li> <li>The new intermittent generation forecast service went live in August 2025 and there are early signs of improved forecast accuracy by market participants.</li> <li>The Authority's own comparison and switching website for consumer retail plans went live in March 2026.</li> </ul>
5	<b>Business resilience:</b> Resilience against and preparedness for managing interruptions to operations.	<b>Medium</b> Operations: Moderate x Unlikely	<b>Medium</b> Operations: Moderate x Unlikely	<ul style="list-style-type: none"> <li>Interruptions from external IT service providers (for corporate functions) have highlighted the dependencies on third party systems and will be used in ensuing we build sufficient options for business continuity when key digital systems are unavailable.</li> <li>We are reducing our reliance on external IT providers where it is more effective and value for money to do so, and are undertaking Certification &amp; Accreditation (C&amp;A) of several major external providers (Microsoft 365, new Comparison &amp; Switching site, intermittent generation forecasting).</li> <li>We will undertake a simulation to test our business continuity and incident response plans and capabilities in Q4 25/26.</li> </ul>
6	<b>Funding:</b> Ability to maintain support for funding levels to deliver the Authority's functions and strategic direction, and to effectively manage this funding.	<b>Medium</b> Financial: Moderate x Unlikely	<b>Medium</b> Financial: Moderate x Unlikely	<ul style="list-style-type: none"> <li>We have proposed a small increase to only cover third-party service provider inflationary pressures (\$0.3m) in our 26/27 funding request.</li> <li>We have proposed to absorb significant additional internal costs (approx. \$3.2m) through work already underway to drive continuous improvement and operational efficiency and building on the Board-led organisational design review of the Authority. This has not impacted the risk rating.</li> </ul>
7	<b>People and capability:</b> Maintaining a resilient, healthy, safe and high performing workforce that can adapt to the sector's shifting needs.  <i>Note: In future reports this risk will split into two risks – 'Organisational Capability' and 'Wellbeing, Health &amp; Safety'</i>	<b>High</b> Operations: Possible x Unlikely	<b>Medium</b> Operations: Moderate x Unlikely	<ul style="list-style-type: none"> <li>The Authority has outgrown its existing HSW approach, and work is required to ensure the appropriate controls and systems are in place to meet our obligations under the HSW Act. As a result of this we have increased the likelihood of this risk. We are proposing to separate out HSW as its own enterprise risk to reflect this risk in more detail, and the emerging work to address it</li> <li>The Authority continues to operate in a dynamic and evolving sector that demands agility, technical expertise, and cross-functional collaboration.</li> <li>Workforce expectations are shifting, with greater emphasis on flexibility, wellbeing, and career development.</li> <li>Competition for specialist talent remains high, particularly in regulatory and technical fields.</li> <li>We have undergone a sustained period of growth and accelerated delivery which has increased the likelihood of wellbeing and key person risks.</li> </ul>

ID	Enterprise Risk	Current Rating	Target Rating	Trend / context
8	<b>Regulatory, compliance and assurance:</b> Ability to meet regulatory and compliance obligations.	<b>Medium</b> Legal: Moderate x Unlikely	<b>Medium</b> Legal: Moderate x Unlikely	<ul style="list-style-type: none"> <li>• We continue to monitor legislative and compliance obligations, including across broader regulatory obligations (for example privacy and government procurement rules) with no issues identified this quarter and no material changes in the overall compliance risk trend.</li> <li>• The retail data monitoring project increases the amount of personal information held by the Authority.</li> <li>• Privacy breaches are dealt with if they arise, however, they are infrequent and minor to date.</li> </ul>

## Appendix C Financial performance

C.13 This appendix provides more information about the Authority's financial performance for the quarter, the year to date, and the latest forecast for the full 2025/26 year, plus the financial position as at 31 March 2026.

### Appropriations and expenditure

C.14 The Authority is funded by the Crown from three appropriations within Vote Business, Science and Innovation.

- (a) The *Electricity industry governance and market operations appropriation* is the Authority's operating appropriation.
- (b) *Managing the security of New Zealand's electricity supply* and the *Electricity litigation fund* are both contingent appropriations that may only be drawn down for specific activities. As the timing and extent of any activity funded through these appropriations are unknown, they are not included in the Authority's published budget.

C.15 Expenditure incurred against the three appropriations is as follows:

**Table 1: Appropriation revenue, 1 January to 31 March 2026**

2024/25 Full Year		Mar 2026 Current Quarter			Mar 2026 Year to Date			2025/26 Full Year		
Actual \$000	Appropriations	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
106,648	Electricity industry governance and market operations	28,505	29,388	(883)	85,325	89,081	(3,756)	117,410	119,697	(2,287)
100	Managing the security of New Zealand's electricity supply	-	-	-	-	-	-	-	-	-
50	Electricity litigation fund	178	-	178	326	-	326	472	-	472
<b>106,798</b>	<b>Total Appropriations</b>	<b>28,683</b>	<b>29,388</b>	<b>(706)</b>	<b>85,651</b>	<b>89,081</b>	<b>(3,430)</b>	<b>117,882</b>	<b>119,697</b>	<b>(1,815)</b>

**Table 2a: Appropriation expenditure, 1 January to 31 March 2026**

2024/25		Mar 2026			Mar 2026			2025/26		
Full Year	Electricity industry governance and market operations appropriation expenditure	Current Quarter			Year to Date			Full Year		
Actual		Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
31,305	System operator - operating expenses	8,813	8,813	-	26,439	26,439	-	35,625	35,452	(173)
18,122	System operator - capital-related expenses	4,655	4,916	262	14,365	14,749	385	19,206	19,696	489
<b>49,427</b>	<b>System operator expenses</b>	<b>13,468</b>	<b>13,729</b>	<b>262</b>	<b>40,804</b>	<b>41,189</b>	<b>385</b>	<b>54,832</b>	<b>55,148</b>	<b>316</b>
1,462	Service provider - market making	2,007	2,007	-	6,119	6,185	66	8,126	8,192	66
3,066	Service provider - clearing manager	663	675	12	1,989	2,025	36	2,700	2,700	0
1,669	Service provider - wholesale information and trading system	358	364	6	1,073	1,089	17	1,437	1,453	16
952	Service provider - reconciliation manager	204	204	-	602	611	9	806	815	9
879	Service provider - registry	226	231	5	674	692	18	909	923	14
1,060	Service provider - FTR manager	272	272	-	815	815	-	1,087	1,087	0
7,197	Service provider - intermittent generation forecasting	37	101	64	109	303	194	190	405	215
-	Service provider - consumer mobility	172	263	91	952	1,270	318	1,311	1,533	222
-	Service provider - consumer contact centre	4	20	16	16	59	42	25	78	53
1,612	Service provider - depreciation and amortisation	447	469	22	1,139	1,375	236	1,538	1,873	335
183	Service provider - IT costs	7	7	-	23	23	0	50	51	1
<b>18,080</b>	<b>Other service provider expenses</b>	<b>4,397</b>	<b>4,613</b>	<b>216</b>	<b>13,511</b>	<b>14,447</b>	<b>936</b>	<b>18,179</b>	<b>19,110</b>	<b>931</b>
6,728	Authority operations - work programme	1,584	1,850	266	3,732	5,346	1,614	6,717	7,489	772
24,278	Authority operations - personnel	7,354	7,107	(248)	22,012	21,923	(89)	29,684	29,118	(565)
8,135	Authority operations - other operating costs	1,702	2,090	388	5,267	6,176	910	8,000	8,832	832
<b>39,141</b>	<b>Authority operating expenses</b>	<b>10,640</b>	<b>11,046</b>	<b>406</b>	<b>31,010</b>	<b>33,446</b>	<b>2,435</b>	<b>44,400</b>	<b>45,439</b>	<b>1,039</b>
<b>106,648</b>	<b>Total expenditure</b>	<b>28,505</b>	<b>29,388</b>	<b>883</b>	<b>85,325</b>	<b>89,081</b>	<b>3,756</b>	<b>117,410</b>	<b>119,697</b>	<b>2,287</b>

C.16 Expenditure in the Electricity industry governance and market operations appropriation for the quarter ended 31 March 2026 was \$0.88 million lower than budget, mainly due to:

- (a) **Other service provider expenses** – expenditure is \$0.2 million below budget for the quarter, due largely to a rephasing of \$0.1 million to reflect revised launch dates and functionality for the new Comparison and switching website, lower spend on intermittent generation \$0.06 million, and lower depreciation and amortisation costs of \$0.02 million.
- (b) **Authority Operations: Work programme** – expenditure is \$0.27 million under budget for the quarter, and \$1.6 million underspent year to date. This is primarily due to underspend against the budget for consultant of \$1.2 million and the timing of the launch of the comparison and switching website.
- (c) **Authority Operations: Personnel costs** – were \$0.25 million over budget for the quarter, and \$0.09 million over budget year to date. Savings on staff vacancies have been offset by use of contractors. Contractor spend is a combination of backfill for staff including key roles on long term sick leave and in support of the delivery of key work programmes. Contractors have also been used tactically to reduce the use of external consultants (refer to section 5.5 for further analysis). Full year personnel costs are forecast to be \$0.57 million over budget.

- (d) **Other Authority operating expenses** - expenditure is \$0.39 million below budget for the quarter. This is across various expense types, including board fees, travel, information technology, professional development, and depreciation and amortisation.

**Table 2b: Managing the security of New Zealand's electricity supply appropriation**

2024/25 Full Year Actual \$000	Managing the security of New Zealand's electricity supply appropriation expenditure	Mar 2026 Current Quarter			Mar 2026 Year to Date			2025/26 Full Year		
		Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
100	System operator - operating expenses	-	-	-	-	-	-	-	-	-
<b>100</b>	<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- C.17 There have been no security of supply events that have required access to this funding in 2025/26.

**Table 2c: Electricity litigation fund appropriation**

2024/25 Full Year Actual \$000	Electricity litigation fund appropriation expenditure	Mar 2026 Current Quarter			Mar 2026 Year to Date			2025/26 Full Year		
		Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
50	Authority operations - work programme	178	-	(178)	326	-	(326)	472	-	(472)
<b>50</b>	<b>Total expenditure</b>	<b>178</b>	<b>-</b>	<b>(178)</b>	<b>326</b>	<b>-</b>	<b>(326)</b>	<b>472</b>	<b>-</b>	<b>(472)</b>

- C.18 There has been low to moderate expenditure in the Electricity litigation fund appropriation year to date. However, at the end of December, four cases were referred to the independent Rulings Panel. As the cases progress through the Rulings Panel process, costs will increase.

## Comprehensive revenue and expenditure

**Table 3: Statement of comprehensive revenue and expense - 1 January to 31 March 2026**

2024/25 Full Year Actual \$000	Comprehensive revenue and expense	Mar 2026 Current Quarter			Mar 2026 Year to Date			2025/26 Full Year		
		Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
106,798	Crown appropriations	28,683	29,388	(705)	85,651	89,081	(3,430)	117,882	119,697	(1,815)
1,438	Interest revenue	170	144	26	639	542	97	781	684	97
<b>108,236</b>	<b>Total revenue</b>	<b>28,853</b>	<b>29,532</b>	<b>(679)</b>	<b>86,290</b>	<b>89,623</b>	<b>(3,333)</b>	<b>118,663</b>	<b>120,381</b>	<b>(1,718)</b>
22,850	Personnel costs	6,940	7,041	101	20,385	21,590	1,205	27,590	28,756	1,166
1,428	Contractors	414	66	(348)	1,627	333	(1,294)	2,094	363	(1,731)
4,285	Consultants	916	1,228	312	2,161	3,370	1,208	3,549	4,718	1,169
2,364	Depreciation and amortisation	657	769	112	1,762	2,147	384	2,616	2,852	236
65,995	Service provider contracts	17,417	17,872	455	53,177	54,261	1,084	71,472	72,382	911
9,876	Other expenses	2,338	2,412	74	6,539	7,381	842	10,562	10,626	64
<b>106,798</b>	<b>Total expenditure</b>	<b>28,683</b>	<b>29,388</b>	<b>705</b>	<b>85,651</b>	<b>89,081</b>	<b>3,430</b>	<b>117,882</b>	<b>119,697</b>	<b>1,815</b>
<b>1,438</b>	<b>Total comprehensive revenue and expense</b>	<b>170</b>	<b>144</b>	<b>26</b>	<b>639</b>	<b>542</b>	<b>97</b>	<b>781</b>	<b>684</b>	<b>97</b>

- C.19 The Authority's work programme continues to be actively reviewed with spending reprioritised towards higher value-add opportunities during the year. The latest such review was in March 2026.
- C.20 Service provider contracts and depreciation and amortisation underspends are forecast to continue over the next quarter.

**Table 4: Additional information – Breakdown of Other expenses 1 January to 31 March 2026**

2024/25 Full Year Actual \$000	Other Expenses	Mar 2026 Current Quarter			Mar 2026 Year to Date			2025/26 Full Year		
		Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
81	Advisory and working group fees	19	21	2	63	66	3	88	88	0
84	Auditor fees for external audit	24	-	(24)	82	-	(82)	106	97	(9)
11	Auditor fees for other services	3	10	7	19	26	7	19	36	17
800	Board member remuneration	164	225	61	480	675	195	660	900	240
2,265	External work programme support	668	622	(46)	1,571	1,977	406	3,168	2,770	(398)
178	Litigation fund	178	-	(178)	326	-	(326)	472	-	(472)
-	Managing the security of New Zealand's electricity supply	-	-	-	-	-	-	-	-	-
762	Operating lease expenses	206	201	(5)	604	604	0	909	809	(100)
5,386	Other operating expenses	959	1,177	219	3,115	3,595	481	4,666	5,323	657
49	Rulings Panel remuneration	36	45	9	86	135	49	146	180	34
260	Travel expenses	82	111	29	193	303	110	328	424	96
<b>9,876</b>	<b>Total Other Expenses</b>	<b>2,338</b>	<b>2,412</b>	<b>74</b>	<b>6,539</b>	<b>7,381</b>	<b>842</b>	<b>10,562</b>	<b>10,626</b>	<b>64</b>

**Table 5: Information on capital expenditure 1 January to 31 March 2026**

2024/25 Full Year Actual \$000	Capital expenditure	Mar 2026 Current Quarter			Mar 2026 Year to Date			2025/26 Full Year		
		Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
63	IT Hardware	33	70	37	46	151	105	74	197	123
11	Office Equipment	15	-	(15)	81	10	(71)	88	20	(68)
9	Furniture and Fittings	-	5	5	-	15	15	-	20	20
-	Leasehold Improvements	8	-	(8)	8	-	(8)	613	-	(613)
436	Authority IT Software	382	100	(282)	1,922	1,566	(356)	1,922	1,666	(256)
1,207	Service Provider IT Software	193	151	(42)	666	590	(76)	1,250	2,069	819
<b>1,726</b>	<b>Total capital expenditure</b>	<b>632</b>	<b>326</b>	<b>(306)</b>	<b>2,724</b>	<b>2,332</b>	<b>(392)</b>	<b>3,947</b>	<b>3,972</b>	<b>25</b>

C.21 Total capital expenditure was \$0.3 million over budget for the quarter and is \$0.4 million over budget year to date, this mainly relates to the build of the comparison and switching website which launched at the end of March.

C.22 The Authority office in Wellington's Aon Centre can no longer accommodate staff in terms of the floor fire safety limit. After managing this with monitoring and flexible working measures, and extensively considering a range of temporary options, we have signed a 5-year lease for an additional half floor in the Aon Centre. This will incur additional capital expenditure for fit out. The full year forecast capital expenditure remains within the overall annual budget.

### Current financial position

**Table 6: Statement of changes in equity - 1 January to 31 March 2026**

2024/25 Actual \$000	Changes in equity	2025/26 Year to Date			2025/26 Full Year	
		Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Variance \$000
15,391	Opening balance at 1 July	16,829	16,780	(49)	16,829	16,780
1,438	Total comprehensive revenue and expense	639	542	(97)	781	684
<b>16,829</b>	<b>Closing balance</b>	<b>17,468</b>	<b>17,322</b>	<b>(146)</b>	<b>17,609</b>	<b>17,464</b>

**Table 7: Statement of financial position – 1 January to 31 March 2026**

2024/25		2025/26 Year to Date			2025/26 Full Year	
Actual \$000	Assets & Liabilities	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Variance \$000
	<b>Assets</b>					
	<b>Current assets</b>					
24,403	Cash and cash equivalents	20,555	9,875	(10,680)	18,019	10,017
5,000	Investments	5,000	10,000	5,000	5,000	10,000
405	Receivables and prepayments	606	500	(106)	500	500
<b>29,808</b>	<b>Total current assets</b>	<b>26,161</b>	<b>20,375</b>	<b>(5,786)</b>	<b>23,519</b>	<b>20,517</b>
	<b>Non-current assets</b>					
982	Property, plant and equipment	948	982	34	998	984
6,426	Intangible assets	7,464	6,383	(1,081)	7,073	7,316
<b>7,408</b>	<b>Total non-current assets</b>	<b>8,412</b>	<b>7,365</b>	<b>(1,047)</b>	<b>8,071</b>	<b>8,300</b>
<b>37,216</b>	<b>Total assets</b>	<b>34,573</b>	<b>27,740</b>	<b>(6,833)</b>	<b>31,590</b>	<b>28,817</b>
	<b>Liabilities</b>					
	<b>Current liabilities</b>					
12,246	Payables and accruals	10,510	7,746	(2,764)	10,070	9,257
1,937	Employee entitlements	1,615	1,500	(115)	1,600	1,600
51	GST payable (receivable)	543	200	(343)	200	200
5,824	Funds repayable to the Crown	4,122	691	(3,431)	1,815	-
<b>20,058</b>	<b>Total current liabilities</b>	<b>16,790</b>	<b>10,137</b>	<b>(6,652)</b>	<b>13,685</b>	<b>11,057</b>
	<b>Non-current liabilities</b>					
109	Employee entitlements	109	79	(30)	79	79
220	Other provisions	206	202	(5)	217	217
<b>329</b>	<b>Total non-current liabilities</b>	<b>315</b>	<b>281</b>	<b>(35)</b>	<b>296</b>	<b>296</b>
<b>20,387</b>	<b>Total liabilities</b>	<b>17,105</b>	<b>10,418</b>	<b>(6,687)</b>	<b>13,981</b>	<b>11,353</b>
<b>16,829</b>	<b>Net assets</b>	<b>17,468</b>	<b>17,322</b>	<b>(146)</b>	<b>17,609</b>	<b>17,464</b>
	<b>Equity</b>					
9,011	Contributed capital	9,011	9,011	-	9,011	9,011
7,818	Accumulated surplus/(deficit)	8,457	8,311	(146)	8,598	8,453
<b>16,829</b>	<b>Taxpayers' funds</b>	<b>17,468</b>	<b>17,322</b>	<b>(146)</b>	<b>17,609</b>	<b>17,464</b>

- C.23 Combined funds held (cash and cash equivalents, plus investments) year to date of \$20.6 million is \$10.7 million higher than budget. This reflects the year-to-date underspend of operational funds, higher payables and accruals.
- C.24 The unspent appropriation of \$5.8 million in the 2024/25 financial year was returned to MBIE in December 2025. The 2024/25 levy reconciliation and audit has been completed and approved in quarter 3. Levy payers will receive refunds in quarter 4.

**Table 8: Statement of cash flows - 1 January to 31 March 2026**

2024/25 Full Year Actual \$000	Statement of cash flows	Mar 2026 Current Quarter			Mar 2026 Year to Date			2025/26 Full Year	
		Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
	<b>Cash flows from operating activities</b>								
112,622	Receipts from the Crown	29,924	29,924	-	89,772	89,772	-	117,882	119,697
1,438	Interest from investments	170	144	(26)	639	542	(97)	781	684
(353)	Funds repayable to the Crown	-	-	-	(5,824)	(6,789)	(965)	(4,009)	(6,789)
(80,223)	Payments to suppliers	(19,497)	(22,752)	(3,255)	(63,827)	(67,015)	(3,188)	(87,856)	(87,406)
(23,851)	Payments to personnel	(6,930)	(6,846)	84	(22,334)	(21,124)	1,210	(30,051)	(29,019)
392	Goods and services tax (net)	423	-	(423)	492	700	208	149	700
<b>10,025</b>	<b>Net cash flows from operating activities</b>	<b>4,090</b>	<b>470</b>	<b>(3,620)</b>	<b>(1,082)</b>	<b>(3,914)</b>	<b>(2,832)</b>	<b>(3,104)</b>	<b>(2,133)</b>
	<b>Cash flows from investing activities</b>								
-	Receipts from the sale of fixed assets	-	-	-	-	-	-	-	-
7,000	Withdrawal / (purchase) of Investments	-	-	-	-	(5,000)	(5,000)	-	(5,000)
(83)	Purchase of property, plant and equipment	(47)	(75)	(27)	(126)	(177)	(51)	(952)	(237)
(1,595)	Purchase of intangibles	(628)	(251)	377	(2,640)	(2,156)	484	(2,328)	(3,735)
<b>5,322</b>	<b>Net cash flows from investing activities</b>	<b>(675)</b>	<b>(325)</b>	<b>349</b>	<b>(2,766)</b>	<b>(7,333)</b>	<b>(4,567)</b>	<b>(3,279)</b>	<b>(8,972)</b>
<b>15,347</b>	<b>Net increase/(decrease) in cash and equivalents</b>	<b>3,415</b>	<b>144</b>	<b>(3,271)</b>	<b>(3,848)</b>	<b>(11,247)</b>	<b>(7,399)</b>	<b>(6,384)</b>	<b>(11,105)</b>
9,056	Cash and cash equivalents at beginning of period	24,403	9,731	(14,672)	24,403	21,122	(3,281)	24,403	21,122
<b>24,403</b>	<b>Cash and cash equivalents at end of period</b>	<b>27,818</b>	<b>9,875</b>	<b>(17,943)</b>	<b>20,555</b>	<b>9,875</b>	<b>(10,680)</b>	<b>18,019</b>	<b>10,017</b>

- C.25 Cash held at 31 March 2026 is \$10.6 million higher than budgeted and \$3.4 million higher than the 31 December 2025 close
- C.26 Net cash outflows from operating activities were \$2.8 million lower than budget mainly due to lower supplier payments to suppliers (+\$3.2 million).
- C.27 Net cashflow from investing activities were \$4.6 million higher, mainly due to \$5 million being retained as cash on hand rather than being invested, as the investment rates on offer were not competitive.