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ELECTRICITY AUTHORITY
TE MANA HIKO

Statement of performance expectations 2026/27

1 July 2026 – 30 June 2027

Presented to the House of Representatives in line with section 149L of the Crown Entities Act 2004.

Contents

Statement of responsibility

This is the *Statement of performance expectations 2026/27* for the Electricity Authority Te Mana Hiko as required under the Crown Entities Act 2004.

The descriptions of our purpose, role and functions are consistent with the Electricity Industry Act 2010.

This *Statement of performance expectations* covers a one-year period between 1 July 2026 and 30 June 2027 and should be read in conjunction with our *Statement of intent 2024-28*.

The Board is responsible for the content of this *Statement of performance expectations*, which includes the prospective financial and non-financial statements for the year, as well as the assumptions on which they are based and the judgements used in preparing them.

The Board has prepared this *Statement of performance expectations* in accordance with the Crown Entities Act and the prospective financial statements in accordance with generally accepted accounting practice in New Zealand.

In accordance with the Crown Entities Act, the Electricity Authority Te Mana Hiko has consulted with the Minister for Energy in preparing this *Statement of performance expectations*.

Erik Westergaard
Acting Chair
30 June 2026

Paula Rose QSO
Audit and Finance Committee Chair
30 June 2026

Electricity Authority Board

Erik Westergaard
Acting Chair

Paula Rose QSO

Tony Baldwin

Ben Bolot

Murray Parrish

Foreword

New Zealand's electricity system is experiencing a period of significant and accelerating change. Electrification is driving sustained growth in demand, the generation mix is changing with the decline in gas and the shift toward renewables, and new technologies are transforming how electricity is produced, traded, and used. While these developments create opportunities they also place pressure on system security, market performance, and affordability.

The Electricity Authority Te Mana Hiko's vision in this context is critical: to ensure the electricity system delivers reliable electricity at lowest cost for New Zealand consumers, now and in future. We do this by setting a regulatory framework that promotes competition, supports investment, protects consumers, and enables the system to operate securely.

Affordability remains a central concern for the Authority. While we do not set electricity prices, we are committed to strengthening competitive market outcomes, transparency, and consumer choice. A well-functioning electricity market is critical to placing downward pressure on prices over time and ensuring consumers benefit from effective competition delivering lower cost ways of meeting demand with innovation, new technologies, and more efficient business models.

Reliability – maintaining a secure and resilient power system with sufficient generation and demand-side flexibility to continuously meet consumers' demand for electricity at an efficient level – is also critical. Rising demand, declining gas supply, an increasing share of intermittent generation, and greater exposure to extreme weather all increase the importance of foresight, coordination, and system adaptability.

The energy transition means households and businesses can more actively engage with, manage, generate, store and adapt their electricity use. This shift requires regulation that better enables flexibility, efficiency, and consumer participation, while safeguarding reliability and affordability across the system.

This *Statement of performance expectations 2026/27* sets out how we will deliver on our vision over the coming year. It outlines a programme of work which aims to ensure that the system delivers reliable electricity at lowest cost for consumers. This work programme focuses on five strategic priorities: strengthening the wholesale market, ensuring system security, enabling flexibility, supporting network efficiency, and effectively governing the electricity industry as a strong, responsive regulator.

Delivering enduring outcomes depends on strong evidence, transparency, and collaboration. We will continue engaging with consumers, industry participants, market service providers, government agencies, and other regulators, and monitoring the impacts of our decisions. As the system continues to evolve, we will adapt our approach to ensure our regulatory framework remains fit for purpose and focused on driving long-term benefits for New Zealand consumers.

Nā mātou, me te ngākau pono,

Erik Westergaard
Acting Chair
30 June 2026

Who we are

The Electricity Authority Te Mana Hiko (Authority) is responsible for the governance and regulation of New Zealand's electricity system and market.

Our core focus is to ensure the electricity system and market deliver reliable electricity at lowest cost for consumers. Electricity is a lifeline, not a luxury; it powers our homes, lives, businesses and economy. Every New Zealander should have access to reliable, affordable electricity.

The Authority makes and enforces rules to regulate the electricity market for the long-term benefit of consumers. We do not set power prices or operate the system ourselves; instead, we work to ensure a reliable, efficient and competitive electricity industry that meets consumers' demand from the lowest cost source.

A well-functioning and competitive electricity market is essential to economic growth, especially as New Zealand's economy rapidly electrifies. This transition is driving significant changes in the electricity system, providing both opportunities and challenges to delivering the affordable, reliable power New Zealand needs.

To address the challenges and unlock opportunities of the transition, our work focuses on five strategic priorities: strengthening the wholesale market, ensuring system security, enabling flexibility, supporting network efficiency, and – underpinning all of these – acting as a strong, responsive regulator for the long-term benefit of New Zealand consumers.

This *Statement of performance expectations* outlines what we plan to deliver in 2026/27. It is underpinned by our *Statement of intent 2024-28*, has regard to the June 2026 *Statement of Government Policy*,[1] and is informed by the enduring Letter of expectations issued to statutory Crown Entity Boards and the February 2026 Letter of expectations from the Minister for Energy.

Our statutory objectives

Section 12 of the Electricity Industry Act 2010 (Act) establishes the Authority as an independent Crown entity governed by the Crown Entities Act 2004. Section 15 of the Act sets out our main statutory objective:

> *"To promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers."*

The Electricity Industry Amendment Act 2022 amended section 15 of the Act to set out an additional objective for the Authority:

> *"To protect the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers."*

Our strategic framework

Our strategic framework sets out how we deliver on our statutory objectives and fulfil our role as New Zealand's electricity regulator. It provides a clear line of sight between our legislative mandate, our vision for the electricity system, the consumer outcomes we are seeking, and the way we deliver our work through our regulatory functions.

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[1] The 2026 Statement of Government Policy (GPS) provides a clear and positive market framework for the industry to deliver the Government's goals of abundant and affordable electricity. As the GPS puts it, this means reliable electricity at lowest possible cost to consumers achieved by an efficient wholesale market, efficient transmission and distribution networks, and effectively competitive markets for retail services. The Authority also notes that framework consistency is a strong attribute of effective regulatory policy.

Electricity Authority strategic framework*

"WHY"

Our statutory objectives

To promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers. AND:

To protect the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers.

Our vision

Reliable electricity at lowest cost for New Zealand consumers

"W H AT"

Affordable

Electricity is generated and delivered at lowest cost over time for New Zealand consumers

Reliable

Our electricity system is secure and resilient, and meets consumers' demand at an efficient level of reliability

These outcomes are delivered by an **efficient electricity market** for the long-term benefit of consumers

"HOW"

We take a whole-system view to carrying out our work, which we deliver through our regulatory functions:

Make and administer the Code and promote market development; monitor and enforce compliance; contract to operate the electricity system & markets; inform & educate; protect the interests of small electricity consumers

We engage with agencies, industry, consumers and other stakeholders to perform our regulatory functions

* This strategic framework is intended to deliver on the Authority's Statement of Intent 2024-28 and Statement of Performance Expectations 2026/27 (SPE).

Our role

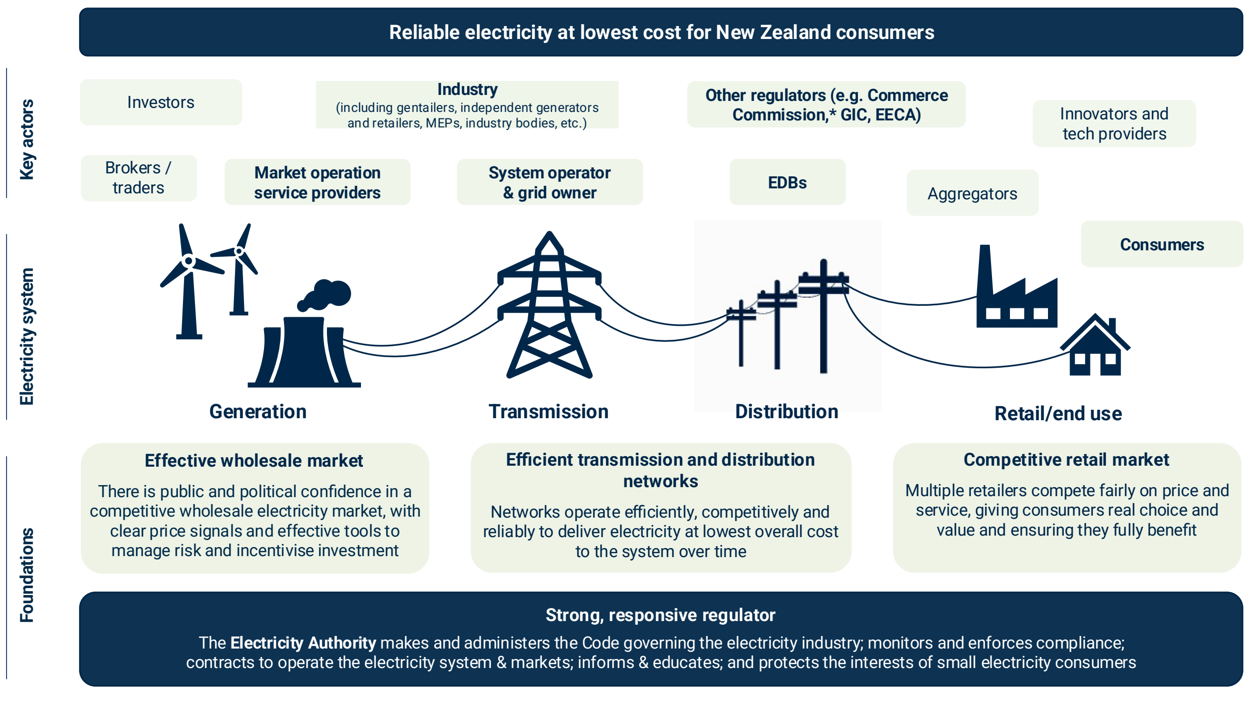
As illustrated below, delivering reliable electricity at lowest cost involves many parties. The Authority's role is to set rules and processes by which these various parties operate in the system to achieve that goal, and to monitor and enforce compliance with these rules, for the long-term benefit of consumers.

To be clear, we do not set wholesale or retail electricity prices. Nor do we own or invest in any part of the electricity system, or operate the power system in real time.[2] As the regulator, we make rules and oversee the regulatory framework within which the industry operates.

In particular, we make and administer the Code governing New Zealand's electricity system and markets; we undertake market facilitation; we contract for market operation services; and we monitor compliance with the rules, and hold industry participants to account through enforcement processes. We also act to protect the interests of residential and small business consumers.

We work closely with other regulators and agencies, industry, consumers and other stakeholders. This includes the Commerce Commission, which sets the allowed price paths (regulated returns) that network owners can charge for the transmission and distribution of electricity; the Ministry of Business, Innovation and Employment (MBIE); the Energy Efficiency and Conservation Authority (EECA); and the Gas Industry Company. This collaboration[3] aims to ensure there is regulatory alignment across the system to promote efficient operation and competition, together delivering reliability and affordability.

Our role: we regulate the industry to deliver reliable electricity at lowest cost for NZ consumers



[2] This is done by Transpower in accordance with the Code under contract from the Electricity Authority.

[3] Our memoranda of understanding with these and other agencies are available on our website.

New Zealand’s electricity system is changing, driving new strategic challenges

New Zealand’s electricity system is changing rapidly. Electrification across transport, industry, and process heating is accelerating as the cost of renewable generation (particularly wind and solar) continues to fall. At the same time, domestic gas supply is declining more quickly than expected. Together, these dynamics are driving sustained growth in electricity demand and a major shift in the generation mix toward renewable supply.

This transition is transforming the physical and commercial dynamics of the power system. Greater reliance on wind and solar increases exposure to short duration weather events, leading to more variability in supply and greater volatility in spot prices. The combination of higher gas prices and hydro dry year risk will continue to put pressure on wholesale prices in periods of fuel scarcity.

Meeting rising demand while maintaining reliability will require a step change in investment. New Zealand needs significant new generation, alongside firming and flexible resources such as storage, demand response, and fast acting peaking capacity. Getting this investment right is critical. Efficient, well-timed investment is a major prize for consumers, enabling the system to deliver reliable electricity at lowest cost, while avoiding wasted capital that could otherwise be directed to higher value uses.

Rapid technological change is both accelerating these trends and opening up new opportunities. Advances in digital technologies, batteries, distributed generation, and demand-side flexibility are enabling households and businesses to participate in the electricity system in new ways. Over time, this can unlock substantial efficiency gains and give consumers greater choice and control over how and when they use and supply electricity. However, it also increases the complexity of the system to manage. As the share of inverter based and distributed resources grows, the system will rely more heavily on short duration flexibility and effective coordination to remain in balance.

As the system evolves, regulatory settings must continue to adapt to support reliable lowest cost outcomes for consumers. Markets need to provide clear signals to support timely investment. System and network arrangements must accommodate increasing cost pressures in transmission and distribution, while ensuring connections and access are delivered efficiently. At the same time, consumers must be able to benefit from competition delivering lower cost ways of meeting increased demand for electricity.

Our work programme focuses on five key priorities to address these challenges

The Authority’s strategy and work programme seeks to address these systemic challenges and unlock the opportunities from this transition through five strategic priorities:

1. **Strengthening the wholesale market** through accurate pricing, risk management tools and incentives, sufficient competition, and building confidence in the market. This will drive investment in new generation and flexible and firming resources, helping to ensure security of supply and putting downward pressure on wholesale electricity prices.
2. **Strengthening system security** by improving the power system so it can consistently match supply and demand and operate within safe limits with an increasing share of intermittent, inverter-based and distributed energy resources.
3. **Enabling flexibility** services and flexible resources to efficiently firm renewables and balance the system to deliver reliability at least cost, including to efficiently manage peaks and provide longer duration, secure supply.

4. **Supporting network efficiency** through greater standardisation across distribution companies and enabling non-network solutions to compete efficiently with traditional infrastructure. This will be critical to unlock innovation and reduce cost pressures on transmission and distribution networks as an increasing share of the economy electrifies.
5. **Acting as a strong, responsive regulator** to deliver on our statutory objectives, including to protect consumers. We do this by monitoring and enforcing compliance with the rules, ensuring consumers have information and tools to make informed choices, unlocking the potential of data and digital technologies, and measuring the impact of our regulatory work in driving affordable, reliable electricity for consumers.

Our work programme for 2026/27 is built around these five priorities. It focuses on regulatory interventions which will have the biggest impact on delivering reliable electricity at lowest cost for consumers, and forms the basis of our strategic work programme activities for 2026/27 under our first performance measure (set out at ***Appendix A***).

Our strategic priorities: strengthening the foundations, and addressing new challenges

Reliable electricity at lowest cost for New Zealand consumers

STRATEGIC PRIORITIES *

Strengthening the wholesale market

- Ensuring **accurate and transparent pricing**
- Providing participants with better **tools and incentives to manage risk**
- Ensuring **sufficient competition**, particularly in long-duration flexible supply
- Building **public and political confidence** in the electricity market and system

Strengthening system security

- Improving the **power system so it can manage** an increasing share of intermittent, inverter-based and distributed energy resources to:
  - keep **supply and demand matched** at all points in time
  - keep **frequency and voltage** within safe operating limits (power quality)

Enabling flexibility

- Unlocking **efficient use of flexible resources and flexibility services** to firm renewables and balance the system, including:
  - **Short-duration** (hours to days, e.g. batteries, thermal, hydro, demand-side flexibility)
  - **Longer-duration** (days to weeks, e.g. hydro, thermal, large-scale demand response)

Supporting network efficiency

- Promoting **standardisation** of policies, processes, and pricing
- Ensuring **non-network solutions** are able to compete efficiently with traditional infrastructure to deliver lowest system costs over time

A strong, responsive regulator

- Strengthening the Authority's regulatory tools to deliver on its statutory objectives, including to protect consumers, by:
  - Effectively **monitoring, investigating and enforcing compliance** with the rules
  - Ensuring **consumers have information and tools** to make informed choices
  - Unlocking the full potential of **data and digital** technologies
  - Clearly **measuring and evaluating impact** and benefits for consumers

We take a whole-system view to carrying out our work, which we deliver through our regulatory functions:

Make and administer the Code and promote market development; monitor and enforce compliance; contract to operate the electricity system & markets; inform & educate; protect the interests of small electricity consumers

We engage with agencies, industry and consumers to perform our regulatory functions

* These strategic priorities are intended to deliver on the Authority's Statement of Intent 2024-28 and Statement of Performance Expectations 2026/27.

Electricity Authority 2026/27 work programme – priority policy initiatives

Priority initiative / project	Wholesale market	System security	Flexibility	Efficient networks	Strong regulator
Future Security & Resilience – Review of Part 8 of Code (common quality requirements)		✓			
Battery Energy Storage System (BESS) enhancements	✓	✓	✓		
Network connections pricing				✓	
Network connections – removing non-price barriers				✓	
Level playing field measures – implementation and compliance	✓		✓		
Wholesale products for long-duration firming investment	✓	✓	✓		
Develop standardised demand flexibility product	✓	✓	✓		
Transmission Pricing Methodology amendments and operational review				✓	
Implement market making updates, including for super-peak hedges	✓		✓		
Flexibility market and network visibility	✓		✓	✓	
Distribution pricing to encourage demand-side flexibility		✓	✓	✓	
System security review (including hedge cover stress testing, security standards review, updating Value of Lost Load and scarcity pricing)	✓	✓		✓	
Market Operation Service Providers (MOSP) long-term roadmap	✓	✓			✓
Consumer access and choice: consumer protections (prepay customers, medically dependent consumers and Consumer Care Obligations)					✓
Data programme (including supporting the Consumer Data Right for electricity, standardising electricity product and consumption data)					✓

This is an intended priority work programme, with any measures subject to consultation and Authority Board decisions. We will continue to assess expected costs and benefits of each measure and will adapt our work programme as needed to ensure it continues to focus on measures that are likely to deliver the greatest net benefits for consumers.

There are also a number of non-discretionary initiatives which we plan to deliver in 2026/27 and future years alongside our priority work programme, many of which will also contribute to achieving our strategic priorities. The full scope of some of these initiatives will be confirmed with the passage of legislation, and may require additional resources and/or reprioritisation of our work programme to deliver. In addition, some initiatives from our 2025/26 work programme will require further implementation work in 2026/27. These are set out below.

Electricity Authority 2026/27 work programme – non-discretionary and implementation work

Non-discretionary initiatives and implementation	Wholesale market	System security	Flexibility	Efficient networks	Strong regulator
Compliance and enforcement (deliver on legislative changes)	✓				✓
Dry-year regulatory framework (deliver on legislative changes)	✓	✓	✓		✓
Monitoring enhancements (deliver on legislative changes)	✓				✓
System Operator Service Provider Agreement (SOSPA) renewal		✓			✓
Procurement of new MOSP contracts for 2027	✓				✓
Refresh Authority's statutory interpretation document					✓
Determine Electricity Allocation Factor (existing legislative requirement)					
Implement and enhance new comparison and switching service					✓
Implement better bills (standardisation and best plan)					✓
Implement Emergency Reserve Scheme		✓	✓		
Implement peak injection rebates			✓	✓	
Implement time-of-use pricing requirements			✓		✓

Our funding and performance

Our funding

The Electricity Authority is funded by the Crown through three appropriations within Vote Business, Science and Innovation. Funding is fiscally neutral for the Crown, as it is fully recovered through a levy on electricity industry participants, who may pass costs on to consumers. Any annual underspend is returned to levy payers through the annual levy reconciliation process.

Each year, we submit an appropriations request to the Minister for Energy outlining the funding needed to carry out our functions under the Electricity Industry Act 2010. We consult on our proposed appropriation levels[4] and report consultation results and recommendations as part of this request. The appropriations below support the Authority's regulatory, operational, and system oversight responsibilities and enable us to progress our strategic priorities and work for the year.

Table 1: Electricity Authority appropriations

Funding 2026/27	Purpose	Activities	Functions
Appropriation 1: Electricity industry governance and market operations			

$119.997 million	The Authority's core operational funding, used for
	• Third party service providers: 65%
	  ○ System Operator (Transpower): 47%
	  ○ Other market service providers[5]: 18%
	• Authority's own operating costs: 35%
		Develop, monitor, and enforce rules under the Electricity Industry Act 2010, and deliver core system and market operations through contracted service providers	1. Promote market development (including through making and administering the Code)
			2. Monitor, inform and educate
			3. Operate the electricity system and markets
			4. Enforce compliance
			5. Protect the interests of small electricity consumers

Appropriation 2: Managing the security of New Zealand's electricity supply			
$6.000 million over five years (2022/23 to 2026/27), or $1.200 million a year	Support enhanced security of supply during rare emerging or actual supply issues; not used in normal circumstances	The System Operator can request funding to: • Increase monitoring and management during supply issues • Plan and run an official conservation campaign	Provide case-by-case funding to the System Operator for managing security-of-supply events
Appropriation 3: Electricity litigation fund			
$1.5 million	Ensure the Authority can participate in litigation effectively and without delay	Covers litigation costs arising from the Authority's statutory functions under the Electricity Industry Act 2010 and regulations	Support judicial review and appeal cases, and fund enforcement actions under the compliance function

[4] Electricity Authority 2026/27 Levy-funded appropriations consultation.

[5] Under section 16 of the Electricity Industry Act, the Authority is required to contract out for these services.

Measuring our performance

This section outlines the specific targets the Authority is working to achieve in 2026/27 under each of our three appropriations.

We will assess our performance against the following criteria and rating system and report on each of our performance measures in our *Annual report 2026/27*.

Table 2: Non-financial performance ratings

Criteria	Rating
On target or better	Achieved
Within 5% of the target	Substantially achieved
More than 5% below the target	Not achieved

We seek to improve our performance year-on-year to deliver long-term benefit for consumers. Due to the long-term nature of our vision and strategic outcomes, it may take several years for measurable change or trends to become clear. We closely monitor trends to confirm we are moving towards the desired results.

When we refresh our *Statement of intent* for 2027–2031 in accordance with our obligations, our current suite of performance measures for the SPE will be comprehensively reviewed to ensure they remain relevant, meaningful, and aligned with our strategic priorities, intended outcomes, and stakeholder expectations.

Service performance reporting standard

The New Zealand Accounting Standards Board (XRB) issued a Standard for Service Performance Reporting: Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48), effective for annual reporting on or after 1 January 2022.

The Standard provides requirements for selecting and presenting service performance information so that it is appropriate and meaningful to users. We have prepared this statement to align with the Standard.[6]

Service performance judgements and assumptions

The Authority has made the following judgements and assumptions about our performance measures and targets when preparing this document:

- that the performance measures selected best capture the work we deliver to achieve our functions
- that the selected performance measures adequately inform progress towards delivering the strategic outcomes in our *Statement of intent 2024-28*
- the performance information in this *Statement of performance expectations* will meet the expectations of our stakeholders, including industry participants, consumers and related government entities.

[6] For the purposes of PBE FRS 48, this *Statement of performance expectations 2025/26* is our forecast statement of service performance. 'Non-financial performance information' refers to service performance in the standard.

The Board has a full understanding of our performance against key outcomes and can clearly demonstrate these in our accountability documents.

We have also applied judgements in measuring, aggregating, and presenting performance information. In alignment with PBE FRS 48, judgements and assumptions based on performance measures and results will be disclosed in our *Annual report 2026/27*.

Electricity Authority non-financial performance measures

Table 3: Electricity Authority non-financial performance measures

Measure	2024/25 result	2025/26 target	2026/27 target	Notes
Appropriation 1: Electricity industry governance and market operations				
Function: Promote market development (including through making and administering the Code)				
1. Strategic work programme delivered in planned timeframes	Achieved 96%	80%	80%	The Electricity Authority's strategic work programme is outlined in Appendix A.
2. Our market development decisions and processes are lawful and appropriate	Achieved There were zero successful market development challenges in 2024/25	0 legal challenges that result in an Authority market development decision being overturned	0 legal challenges that result in an Authority market development decision being overturned	Authority decisions include market development decisions to implement Code amendments or market facilitation measures. These decisions can be disallowed, appealed, or judicially reviewed – on the process used to reach the decision, and/or on the lawfulness, or reasonableness of the decision itself. The House may also overturn a Code amendment if it accepts a Regulations Review Committee recommendation for it to be 'disallowed' – meaning the Code amendment decision will no longer have force. An appeal or judicial review can overturn a market development decision and can require us to reconsider a decision or re-run a process.
3. Significant code amendments or market facilitation measures are evaluated to determine whether they have had the intended benefits and impacts on market behaviour	Achieved We completed three post-implementation reviews	At least 1 post implementation review is completed with an agreed action plan (where appropriate)	At least 2 post implementation reviews are completed with an agreed action plan (where appropriate)	The Authority is committed to a principled work programme for transparent and rigorous post-implementation reviews being undertaken to establish the outcomes of Code amendments or market facilitation measures.
4. The Authority undertakes proactive engagement to support innovators	New measure	2+ proactive innovator outreach events or initiatives	2+ proactive innovator outreach events or initiatives	We introduced this measure to increase the visibility of innovation and to track performance of our innovation-related work.

Measure	2024/25 result	2025/26 target	2026/27 target	Notes
Function: Monitor, inform and educate				
5. The Authority regularly publishes evidence-based monitoring reports and reviews	Substantially achieved[7] Three out of four quarterly reviews published 51 regular trading conduct reports published	4 quarterly reviews published, regular trading conduct reports published	4 quarterly reviews published and weekly trading conduct reports published	The Authority publishes weekly trading conduct reports throughout the year, except for the December holiday period, and quarterly market performance reviews. Quarterly reviews may be in dashboard form.
6. The Authority actively promotes understanding of its work and the electricity system and market to a wide audience, including industry and consumers	Achieved Total website views: 2,824,495 Total social media followers: 5,625 (X and LinkedIn)	Increased engagement in all public-facing channels	Increased engagement across channels	The Authority's channels include: website (www.ea.govt.nz), Market Brief e-newsletter, social media, media, webinars, podcasts, presentations and outreach engagement.
7. The Authority's data and insights published on its website provide relevant information on the electricity system and markets for market participants and to inform the Authority's evidence-based decision making processes	Achieved Authority website updated with three new reports	Increase on prior year	Increase on prior year of number of data and insights reports published via our website which provide information related to security of supply and electricity market performance	The Electricity Market Information website (www.emi.ea.govt.nz) was previously the Authority's channel for publishing data, market performance metrics, and analytical tools to facilitate decision making within the New Zealand electricity industry. The Authority has recently migrated its data and analytics to its 'data and insights hub' on the Authority's website, a new platform with advanced abilities to develop and display insights and data to inform external stakeholders as well as internal decision making. Data and analytics reports are displayed in various forms, including reports and regularly updated dashboards.
Function: Operate the electricity system and markets				
8. Market operation service providers' performance meets agreed standards and	Achieved	Achieved	Achieved	Performance in measure 8 is focused on processes and procedures (measured through the System Operator annual performance assessment, and regular monitoring and reviews), while measure 9 is

[7] "Substantially achieved" is defined as within 5% of the target.

Measure	2024/25 result	2025/26 target	2026/27 target	Notes
contract requirements, or a remedial plan is agreed and actioned by specified date				focused on market operation service providers' software systems (measured through audits of the systems). For example, significant service provision issues identified in audit processes may include breaches of the Code and/or issues that have affected market confidence, and/or issues that have resulted in multiple complaints and/or a warning letter to the CE.
9. 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	Achieved	Achieved	
Function: Enforce compliance				
10. Investigations into alleged breaches of the Electricity Industry Participation Code categorised as low to medium complexity[8], are addressed in a timely manner	Achieved Closed 75 cases at a median time of 97 days	Median time to make case decision is 6 months or less	Median time to make case decision is 6 months or less	Investigations in this context include all fact-finding enquiries and formal investigations. All notifications of alleged breaches are recorded in the Authority's compliance portal. Staff classify breaches as either low, medium or high complexity in accordance with internal guidance. When recording the alleged breach in the portal, compliance staff complete a 'severity and complexity' check sheet, and the portal then generates the complexity classification of the alleged breach. The Authority may elect not to include the time that passes when: • A participant has not resolved an issue or implemented a remedial action within expected timeframes; and • The delay prevents the Authority from closing the case. All "stop the clock" decisions will be recorded with the reason, the period affected and will be included in performance reporting.
11. Our compliance decisions are lawful and appropriate	Achieved	0 legal challenges that result in a	0 legal challenges that result in a	Decisions on alleged breaches of the Act, certain Regulations, and the Code are made by decision makers, including the Compliance

[8] Examples of low to medium complexity include audit reports or stress test statement not submitted by the due date.

Measure	2024/25 result	2025/26 target	2026/27 target	Notes
		compliance decision being overturned	compliance decision being overturned	Committee and the Board. The Committee determines appropriate enforcement responses, whether settlements should be approved, or further investigation undertaken, and makes recommendations to the Board regarding the laying of formal complaints with the Rulings Panel and instigating prosecutions with the Courts. These decisions can be appealed or judicially reviewed – on the process used to reach the decision, and/or on the lawfulness, reasonableness of the decision itself. A successful appeal or judicial review could overturn a compliance decision.
Function: Protect the interests of small electricity consumers				
12. Increased monitoring of and reporting on retail competition	Achieved - Establish regular monitoring and reporting of retail competition	Publish regular monitoring and reporting of retail competition	Publish at least annual monitoring reviews on retail competition	The Authority has undertaken a data improvement programme to get even more visibility of the retail market, better identify potential issues, publish more insights and make well-informed policy decisions that will benefit consumers. Reviews may be in dashboard form.
13. Alleged breaches of the Consumer Care Obligations categorised as low to medium complexity are dealt with in a timely manner	New measure starting in 2025/26	Measure enquiry time to benchmark an appropriate target	Median time to make case decision on an alleged breach is 6 months or less	The Authority implemented the Consumer Care Obligations which came into full effect on 1 April 2025. For the initial year, the target is to measure enquiry times and increase visibility of compliance to support our regulatory function: protect the interests of small electricity consumers. Investigations in this context include all fact-finding enquiries and formal investigations. All notifications of alleged breaches are recorded in the Authority's compliance portal. Staff classify breaches as either low, medium or high complexity in accordance with internal guidance. When recording the alleged breach in the portal, compliance staff complete a 'severity and complexity' check sheet, and the portal then generates the complexity classification of the alleged breach.
Appropriation 2: Managing the security of New Zealand's electricity supply				
14. Electricity Authority decisions relating to System Operator requests for access to	Achieved	Achieved	Achieved	We have an agreed process and criteria for the System Operator to follow. For example, correct documentation is provided; appropriate signoff by System Operator management; evidence there is an actual

Measure	2024/25 result	2025/26 target	2026/27 target	Notes
funding are made in accordance with the agreed process and criteria				or emerging security event; intended actions are clearly described; and monitoring and reporting are specified.
15. If a dry year or emergency event occurs, a post-implementation review is undertaken to assess whether use of funding achieved its intended outcomes	Achieved No funding used this year	Achieved	Achieved	
Appropriation 3: Electricity litigation fund				
16. The Electricity litigation fund is used in accordance with the agreed criteria	Achieved	Achieved	Achieved	The criteria are set out in our output agreement with the Minister for Energy.

Prospective financial statements 2026/27

The purpose of these prospective financial statements is to provide a base against which the Authority’s actual financial performance can be assessed to promote public accountability.

These prospective financial statements are prepared for the purpose described above, and the information may not be appropriate for any other purpose. Actual financial results achieved for the period covered may vary from the information presented, and the variations may be material. The information in the prospective financial statements is unaudited.

These prospective financial statements have been prepared to comply with the *Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements*.

Reporting entity

The reporting entity is the Electricity Authority, which is an independent Crown entity as set out in the Crown Entities Act 2004 and the Public Finance Act 1989. The Authority was established under the Electricity Industry Act 2010.

The Authority is a Tier 1 public benefit entity, as defined under the *External Reporting Board Accounting Standards Framework*, and a reporting entity for the purposes of the Financial Reporting Act 1993, Public Finance Act 1989 and Crown Entities Act 2004.

Statement of compliance and basis of preparation

These prospective financial statements have been prepared on a going-concern basis in accordance with the requirements of the applicable International Public Sector Accounting Standards.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand.

The accounting policies below have been applied consistently to all periods presented in the financial statements. The financial information presented for the 2024/25 year reflects the actual results as published in the Authority’s 2024/25 Annual Report. The financial information presented for the 2025/26 year reflects forecast expenditure as at 30 April 2026.

The financial information presented for the 2026/27 year reflects the Authority’s budget for the year based on the Estimates of Appropriations for the year ending 30 June 2027. Since then, the Authority has identified additional costs required to deliver on new responsibilities in the June 2026 Government Policy Statement (GPS) and has updated its budget accordingly. These costs reflect the minimum required following a rigorous prioritisation exercise and further efficiency initiatives.

As a result of a transition in the Authority’s approach to treatment of interest revenue, the Authority can apply interest revenue towards meeting these additional costs in 2026/27 without the need to reconsult or seek additional levy funding.

Budgeted financial information does not include actual transactions and events.

Statement of significant assumptions

These prospective financial statements have been compiled on the basis of Government policies and legislation at the time the statements were finalised.

The prospective financial statements are consistent with the delivery of strategies and impacts disclosed in this *Statement of performance expectations* and the programme of work the Authority expects to undertake during the forecast period.

We have assumed that funding will remain at the currently appropriated levels over the forecast period of these statements.

Draft budget expenditure assumes that the costs of most service provider contracts, which account for about two thirds of total Authority expenditure, increase in line with general inflation, in accordance with the terms of those contracts. The effect is that funding available for the Authority's operational costs will be reduced, driving a need for cost-saving measures.

We have prepared the prospective financial statements using the most appropriate assumptions at the time the statements were prepared. As the statements are prospective in nature, actual results will vary from those presented in this *Statement of performance expectations*.

Factors that may lead to material differences between the prospective financial statements and the subsequent actual financial results reported include:

- **The level of litigation activity:** In the 2026/27 year, the *Electricity Litigation Fund* appropriation provides the Authority with funding of up to $1.500 million to ensure that it can participate in litigation effectively and without delay. The actual amount of expenditure incurred will primarily be driven by the number and complexity of legal challenges the Authority is a party to, if any, during 2026/27. As this appropriation is contingent in nature, no revenue or expenditure in relation to this appropriation has been included in the 2026/27 budgets in the prospective financial statements.
- **The security of supply emergency events:** *The Managing the Security of New Zealand's Electricity Supply* appropriation is available to fund the management of emergency events by the System Operator. This is a multi-year appropriation of $6.000 million over five years (starting on 1 July 2022 and expiring on 30 June 2027). As this appropriation is contingent in nature and is not routinely used, no revenue or expenditure in relation to this appropriation has been included in the 2026/27 budgets in the prospective financial statements.

Prospective statement of comprehensive revenue and expense

Table 4: Prospective statement of comprehensive revenue and expense

	Note	Actual 2024/25 ($000)	Forecast* 2025/26 ($000)	Budget** 2026/27 ($000)
Funding from the Crown ***	1	106,798	120,091	119,997
Interest revenue		1,438	794	578
Total revenue		**108,236**	**120,885**	**120,575**
Personnel costs	2	24,278	30,025	28,130
Depreciation and amortisation - Authority		751	759	649
Depreciation and amortisation - Service Provider		1,613	1,715	2,526
Service provider contracts		65,994	71,335	75,408
Other expenses	3	14,162	13,952	13,862
Total expenditure		**106,798**	**117,786**	**120,575**
Total comprehensive revenue and expense****		**1,438**	**3,099**	**0**

Notes

* Expenditure for 2025/26 is based on the forecast as at 30 April 2026.

** The initial budget provided by the Authority on 30 April 2026 for 2026/27 corresponded to the Estimates of Appropriations for the year ending 30 June 2027. Since then, the Authority has identified additional costs required to deliver on new responsibilities in the June 2026 Government Policy Statement (GPS) and the budget has been updated accordingly. These costs reflect the minimum required following a rigorous prioritisation exercise and introduction of multiple efficiency initiatives.

As a result of a transition in the Authority's approach to treatment of interest revenue, the Authority can apply interest revenue towards meeting these additional costs in 2026/27 without the need to reconsult or seek additional levy funding. The Authority has engaged with its MBIE monitor on these changes, who agrees that this approach sensibly balances delivery of our statutory responsibilities with ensuring value for money for levy payers.

*** The Authority received a permanent baseline increase of $10.9 million for 2024/25 and outyears to fund key workstreams and increase the Authority's capacity and capability.

The Authority received funding movement increases for the Real-Time Pricing project of $2.6 million in 2024/25, $2.0 million in 2025/26, and $1.5 million in 2026/27 transferred from future years allocations.

The Authority received a permanent baseline increase of $7.8 million for 2025/26 and outyears to improve competition and security of supply, to achieve better outcomes for consumers.

The Authority received a permanent baseline increase of $0.8 million for 2026/27 and outyears to meet contractual inflation-linked increases for service provider contracts.

**** The total comprehensive revenue and expense surplus for a year does not always equate to the movements in equity for that financial year. While the Authority is funded by appropriation these costs are recovered via levy. Under the levy regulations any underspend in levy funded or net levy related activity for a financial year should be picked up in the levy reconciliation process and returned to levy participants.

Total expenditure by core regulatory function

Table 5: Total expenditure by core regulatory function

		Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Promote market development		19,354	19,108	18,347
Monitor, inform and educate		8,997	11,644	11,966
Protect the interests of small consumers		3,939	5,618	4,624
Operate the electricity system and markets		69,455	75,803	80,502
Enforce compliance		5,053	5,614	5,136
Total expenditure *		**106,798**	**117,787**	**120,575**

Notes

* The Authority's costs have been attributed to its core functions, as detailed above. The underlying methodology allocates directly attributable personnel and external costs to the appropriate function. Where this is not possible then those costs are treated as overheads, e.g. office rent costs or support staff costs. Overheads are then allocated across our functions based on an appropriate underlying measure e.g. full-time employee numbers. Expenditure for 2025/26 is based on the forecast as at 30 April 2026.

Prospective statement of changes in equity

Table 6: Prospective statement of changes in equity

		Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Opening balance at 1 July		15,391	16,829	17,623
Total comprehensive revenue and expense		1,438	794*	-
Closing balance at 30 June		**16,829**	**17,623**	**17,623**

* This figure differs from “Total comprehensive revenue and expense forecast” for 2025/26 in Table 4, which reflects the Authority’s total forecast surplus. Of this amount, $794,000 is retained as accumulated equity. The balance represents the portion to be returned to levy payers through the levy reconciliation process.

Prospective statement of financial position

Table 7: Prospective statement of financial position

	Note	Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Assets				
Current assets				
Cash and cash equivalents		24,403	16,646	10,811
Receivables and prepayments		405	748	748
Investments		5,000	5,000	10,000
Total current assets		**29,808**	**22,394**	**21,559**
Non-current assets				
Property, plant and equipment	4	982	1,556	1,352
Intangible assets	5	6,426	7,483	6,865
Total non-current assets		**7,408**	**9,039**	**8,217**
Total assets		**37,216**	**31,433**	**29,776**
Liabilities				
Current liabilities				
Payables and accruals		12,246	9,824	10,455
Employee entitlements		1,937	1,147	1,147
GST payable		51	200	200
Funds repayable to levy-payers		5,824	2,305	-
Total current liabilities		**20,058**	**13,476**	**11,802**
Non-current liabilities				
Employee entitlements		109	79	79
Provisions		220	255	272
Total non-current liabilities		**329**	**334**	**351**
Total liabilities		**20,387**	**13,810**	**12,153**
Net assets		**16,829**	**17,623**	**17,623**
Equity				
Contributed capital		9,011	9,011	9,011
Accumulated surplus/(deficit)		7,818	8,612	8,612
Total equity		**16,829**	**17,623**	**17,623**

Prospective statement of cash flows

Table 8: Prospective statement of cash flows

		Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Cash flows from operating activities				
Receipts from the Crown		106,798	120,091	119,997
Interest received		1,438	794	578
Repayment of funds to levy-payers		5,471	(5,824)	(2,305)
Payments to suppliers		(80,223)	(88,018)	(88,623)
Payments to personnel		(23,851)	(30,845)	(28,130)
Goods and services tax (net)		392	149	-
Net cash flows from operating activities		**10,025**	**(3,653)**	**1,517**
Cash flows from investing activities				
Purchase / withdrawal of Investments		7,000	-	(5,000)
Purchase of property, plant and equipment		(83)	(811)	(170)
Purchase of intangibles		(1,595)	(3,293)	(2,182)
Net cash flows from investing activities		**5,322**	**(4,104)**	**(7,352)**
Net increase/(decrease) in cash and equivalents		**15,347**	**(7,757)**	**(5,835)**
Cash and cash equivalents at beginning of the year		9,056	24,403	16,646
Cash and cash equivalents at the end of period		**24,403**	**16,646**	**10,811**

Notes to the prospective financial statements

Table 9: Notes to the prospective financial statements

Appropriation revenue		Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Electricity Industry Governance and Market Operations *		106,648	119,697	119,997
Managing the Security of New Zealand's Electricity Supply **		100	-	-
Electricity Litigation Fund **		50	394	-
		106,798	**120,091**	**119,997**

Notes

* The Authority received a permanent baseline increase of $10.9 million for 2024/25 and outyears to fund key workstreams and increase the Authority's capacity and capability.

The Authority received funding movement increases for the Real-Time Pricing project of $2.6 million in 2024/25, $2.0 million in 2025/26, and $1.5 million in 2026/27 transferred from future years allocations.

The Authority received a permanent baseline increase of $7.8 million for 2025/26 and outyears to improve competition and security of supply, to achieve better outcomes for consumers.

The Authority received a permanent baseline increase of $0.8 million for 2026/27 and outyears to meet contractual inflation-linked increases for service provider contracts.

** The *Managing the security of New Zealand's electricity supply* appropriation, and the *Electricity litigation fund* appropriation, are both contingent in nature and not routinely used. For this reason, the Authority's prospective financial statements do not include any budgeted revenue or expenditure in relation to these appropriations.

Table 10: Personnel costs

Personnel costs		Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Salaries		21,931	26,443	26,782
Contractor costs		1,428	2,249	-
Contributions to defined superannuation plans		925	1,177	1,348
Movements in employee entitlements		(6)	156	-
		24,278	**30,025**	**28,130**

Table 11: Other expenses

Other expenses		Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Electricity litigation fund*		50	394	-
Advisory and working group fees		81	95	100
Auditor fees for external audit		84	126	108
Auditor fees for other services		11	22	77
Authority member remuneration		800	662	900
External work programme support		6,728	6,565	4,955
Operating lease expenses		762	896	1,248
Other operating expenses		5,337	4,769	5,804
Rulings Panel remuneration		49	166	300
Travel expenses		260	257	370
		14,162	**13,952**	**13,862**

Notes

* The *Managing the security of New Zealand's electricity supply* appropriation, and the *Electricity litigation fund* appropriation are both contingent in nature and not routinely used. For this reason, the Authority's perspective financial statements do not include any budgeted revenue or expenditure for these appropriations.

Table 12: Property, plant and equipment

Property, plant and equipment		Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Computer hardware		74	105	137
Office equipment		39	102	43
Furniture and fittings		155	120	24
Leasehold improvements		714	1,229	1,148
Net book value at 30 June		**982**	**1,556**	**1,352**

Table 13: Intangible assets

Intangible assets		Actual 2024/25 ($000)	Forecast 2025/26 ($000)	Budget 2026/27 ($000)
Software		6,426	7,483	6,865
Net book value at 30 June		**6,426**	**7,483**	**6,865**

Appropriation 1: Electricity industry governance and market operations

Table 14: Electricity Industry Governance and Market Operations appropriation

Electricity Industry Governance and Market Operations appropriation	Actual 2024/25 ($000)	Forecast* 2025/26 ($000)	Budget** 2026/27 ($000)
Revenue from the Crown	106,648	119,697	119,997
Expenditure	106,648	117,392	120,575

Notes

* Expenditure for 2025/26 is based on the forecast as at 30 April 2026.

** The initial budget provided by the Authority on 30 April 2026 for 2026/27 corresponded to the Estimates of Appropriations for the year ending 30 June 2027. Since then, the Authority has identified additional costs required to deliver on new responsibilities in the June 2026 Government Policy Statement (GPS) and the budget has been updated accordingly. These costs reflect the minimum required following a rigorous prioritisation exercise and introduction of multiple efficiency initiatives.

As a result of a transition in the Authority's approach to treatment of interest revenue, the Authority can apply interest revenue towards meeting these additional costs in 2026/27 without the need to reconsult or seek additional levy funding. The Authority has engaged with its MBIE monitor on these changes, who agrees that this approach sensibly balances delivery of our statutory responsibilities with ensuring value for money for levy payers.

Table 15: Electricity Industry Governance and Market Operations expenditure breakdown

Electricity Industry Governance and Market Operations expenditure breakdown	Actual 2024/25 ($000)	Forecast* 2025/26 ($000)	Budget** 2026/27 ($000)
System operator - operating expenses	31,305	35,625	36,704
System operator - capital-related expenses	18,122	19,176	19,938
System operator expenses	**49,427**	**54,801**	**56,642**
Service provider - market making	7,197	8,126	9,795
Service provider - clearing manager	3,066	2,652	2,749
Service provider - wholesale information and trading system	1,669	1,453	1,498
Service provider - reconciliation manager	952	806	840
Service provider - registry manager	879	908	949
Service provider - financial transmission right manager	1,060	1,087	1,120
Service Provider - consumer mobility	1,462	1,256	1,531
Service provider - consumer contact centre	-	27	5
Service Provider - intermittent generation forecasting	-	189	225
Service provider - depreciation and amortisation	1,613	1,715	2,526
Service provider - IT costs	183	30	54
Other service provider expenses	**18,081**	**18,249**	**21,292**
Authority operating expenses	**39,140**	**44,342**	**42,641**
Total expenses	**106,648**	**117,392**	**120,575**

Notes

* Expenditure for 2025/26 is based on the forecast as at 30 April 2026.

** The initial budget provided by the Authority on 30 April 2026 for 2026/27 corresponded to the Estimates of Appropriations for the year ending 30 June 2027. Since then, the Authority has identified additional costs required to deliver on new responsibilities in the June 2026 Government Policy Statement (GPS) and the budget has been updated accordingly. These costs reflect the minimum required following a rigorous prioritisation exercise and introduction of multiple efficiency initiatives.

As a result of a transition in the Authority's approach to treatment of interest revenue, the Authority can apply interest revenue towards meeting these additional costs in 2026/27 without the need to reconsult or seek additional levy funding. The Authority has engaged with its MBIE monitor on these changes, who agrees that this approach sensibly balances delivery of our statutory responsibilities with ensuring value for money for levy payers.

Note: cost grouping is based on the general ledger for service provider costs, so does not necessarily reflect the full operational costs in all instances. Internal staff time and relevant contractor and consultant spend related to service provider costs are currently being presented in the 'Authority operating expenses' line item. We plan to increase the sophistication around tracking cost drivers to provide a more accurate activity-based costing view in time.

Appropriation 2: Managing the security of New Zealand's electricity supply

Table 16: Managing the Security of New Zealand's Electricity Supply appropriation*

Managing the Security of New Zealand's Electricity Supply appropriation	Actual 2024/25 ($000)	Forecast** 2025/26 ($000)	Budget 2026/27 ($000)
Revenue from the Crown	100	-	1,200
Expenditure	100	-	1,200

Notes

* This is a multi-year appropriation of $6.000 million over five years. Following the expiry of the previous appropriation, a new appropriation was established, starting on 1 July 2022 and expiring on 30 June 2027. This appropriation is contingent in nature and is not routinely used. For consistency with the appropriations contained in the Government's Estimates documents for Vote Business, Science and Innovation, annual budgeted amounts have been included in the above appropriation table. However, as it is not routinely used, no amounts in relation to this appropriation have been included in the budgets within the other prospective financial statements contained in this *Statement of performance expectations.*

** Expenditure for 2025/26 is based on the forecast as at 30 April 2026.

Appropriation 3: Electricity litigation fund

Table 17: Electricity Litigation Fund appropriation*

Electricity Litigation Fund appropriation	Actual 2024/25 ($000)	Forecast** 2025/26 ($000)	Budget 2026/27 ($000)
Revenue from the Crown	50	394	1,500
Expenditure	50	394	1,500

Notes

* As this appropriation is contingent in nature and is only used where certain events or situations arise, no amounts in relation to this appropriation have been included in the budgets within the other prospective financial statements contained in this *Statement of performance expectations*.

** Expenditure for 2025/26 is based on the forecast as at 30 April 2026.

Statement of significant accounting policies

Revenue

The specific accounting policies for significant revenue items are explained below.

Funding from the Crown

The Authority is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Authority meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

The Authority considers there are no conditions attached to the funding, and it is recognised as non-exchange revenue at the point of entitlement. Appropriations received from the Crown are recognised as revenue to the extent that expenditure has been incurred. Appropriations received but not spent are treated as a Crown creditor and shown in the statement of financial position as a provision for refund of appropriations to the Crown.

Levies

The Authority administers a levy on industry participants under the Electricity Industry (Levy of Industry Participants) Regulations 2010 (Regulations). Levies are paid directly to the Crown for reimbursement of funding provided to the Authority. Levies are not recognised as revenue in the Authority’s financial statements.

Interest

Interest is earnt on bank deposits and is recognised in the period to which it relates.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised in the surplus/deficit as a reduction of rental expense over the lease term.

Term deposits

Term deposits of terms up to three months are recorded as cash and cash equivalents. Term deposits with a maturity date of greater than three months are recorded as investments.

Receivables and prepayments

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses.

The Authority applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

The Authority has not recognised any expected losses as there have been no significant history of debtors past due.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: computer hardware, furniture and fittings, office equipment and leasehold improvements.

Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of each asset class have been estimated as follows:

Table 18: Depreciation by asset class

Computer hardware	3–5 years	20%–33%
Furniture and fittings	5 years	20%
Office equipment	5 years	20%
Leasehold improvements	Shorter of the unexpired lease term and useful life	

Intangible assets

Software acquisition and development

Computer software licences are capitalised on the basis of the costs incurred to acquire the specific software and bring it to use.

Costs that are directly associated with the development of software are recognised as an intangible asset where this results in an asset controlled by the Authority. Work in progress is recognised at cost less impairment.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Authority’s corporate website are recognised as an expense when incurred.

Where software is provided under a software-as-a-service arrangement, configuration and customisation costs are recognised as an intangible asset only if they create an intangible asset that the Authority controls and asset recognition criteria are met. Costs, including ongoing fees for use of software, that do not result in an intangible asset, or a software finance lease are expensed as a service contract as incurred. However, where fees represent payment for future services to be received, the Authority recognises these as a prepayment and expenses these as subsequent services are received.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit. The value of additions made to an existing asset are amortised over the remaining useful life of the existing asset.

The useful lives and associated amortisation rates of each asset class are estimated as follows:

Table 19: Amortisation by asset class

Acquired computer software	3–17 years	6–33%
Internally developed computer software	3–17 years	6–33%

Impairment of capital assets

The Authority does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant and equipment, and intangible assets that have a finite useful life are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Value in use is determined using an approach based on either depreciated replacement cost, restoration cost, or service units. The most appropriate approach depends on the nature of the impairment and availability of information.

If an asset’s carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Payables and accruals

Short-term payables and accruals are recorded as exchange transactions at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date and sick leave.

Sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date to the extent that the Authority anticipates it likely to be used by staff to cover those future absences.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver and the State Sector Retirement Savings Scheme are accounted for as defined superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised for future expenditure of uncertain timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital
- accumulated surplus/(deficit).

Goods and services tax

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department at balance date is included as part of receivables, current assets, or payables, current liabilities, in the statement of financial position.

The net GST paid to, or received from, the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Authority is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Changes in accounting policies

There have been no material changes to accounting policies.

Appendix A Electricity Authority 2026/27 strategic work programme

The following table lists the Authority's strategic work programme for 2026/27 that are included in performance measure 1: 'Strategic work programme delivered in planned timeframes'. The deliverables are tangible milestones that the Authority aims to deliver within the year and are used to assess our performance while recognising that the Authority will progress the initiatives likely to deliver the greatest net benefits. **Note the performance measure is for delivery of these milestones by 30 June 2027, and delivery dates for each activity set out in Table 20 below are indicative.**

Table 20: Electricity Authority 2026/27 strategic work programme[9]

Priority initiative	Activity description and outcome	Deliverable
Future security and resilience: review of Part 8 of Code (common quality requirements)	Reviewing Part 8 of the Code will strengthen common quality requirements across distributors, improving reliability, power quality, and the coordination of information. This will lead to safer equipment, fewer stability risks, and ensure the costs of maintaining system strength and inertia are shared fairly across all technologies. In 2026/27 the Authority will consult on proposed changes relating to information requirements and hybrid plant.	Consult on information requirements and hybrid plant in Part 8 of the Code by June 2027.
Battery Energy Storage System (BESS) enhancements	Enhancing BESS arrangements will remove operational barriers that currently limit battery participation, allowing batteries to compete more effectively in energy and support services markets. This will strengthen competition, lower system risks, and reduce the need for manual intervention by the System Operator in dispatch.	Decision on Code amendments by October 2026 (implementation in subsequent financial years).
Network connection pricing	Updating connection pricing will mean greater consistency in pricing across distribution networks and ensure new customers pay fair and efficient costs when connecting to these networks. This supports faster electrification of transport, industry, and heating while preventing inefficient charges from slowing investment. Clearer, more consistent pricing protects consumers over the long term by encouraging well-planned and cost-effective network upgrades. In 2026/27 we will release an issues paper and proposed Code change on enduring rules for standardised distribution connection pricing to come into effect prior to the start of the next regulatory period (DPP5) and be reflected in distributors' 2029 asset management plans (AMPs).	This is an ongoing series of reforms to Part 6B of the Code. Consultation on further connection pricing reforms by June 2027.

[9] All strategic activities and deliverables set out are subject to consultation and Board decisions. This is an intended work programme, with any measures subject to consultation and Authority Board decisions. We will continue to assess expected costs and benefits of each measure and will adapt our work programme as needed to ensure it continues to focus on measures that are likely to deliver the greatest net benefits for consumers. There are a number of non-discretionary initiatives which we plan to deliver in 2026/27 and future years alongside our strategic work programme, many of which will also contribute to achieving our strategic priorities. The full scope of some of these initiatives will be confirmed with the passage of legislation, and may require additional resources and/or reprioritisation of our strategic work programme to deliver.

Priority initiative	Activity description and outcome	Deliverable
Removing non-price barriers to network connections	Streamlining and standardising connection processes will make it quicker and easier for homes, businesses, and generators to connect to the network. More consistent rules across distributors will reduce delays, avoid unnecessary costs, and support growth in technologies like solar and batteries. Overall, these improvements will lower connection costs for consumers and enable more efficient network investment. In 2026/27 we will release proposed Code changes on standardised rules for network connection, including on small-scale distributed generation connections.	This is an ongoing series of reforms to Part 6 of the Code. Consultation on the next stage of reforms by June 2027.
Implement level playing field measures	The Authority is introducing non-discrimination obligations (NDOs) on the four large generator-retailers (gentailers) to prevent them from giving preferential treatment to their retail arms for hedge contracts over other retail customers. Compliance will involve the Authority reviewing the gentailers' Retail Price Consistency Assessments and NDO implementation plans and policies to ensure they meet the NDO requirements. Implementing these measures will give us clearer visibility into how vertically integrated gentailers set wholesale and retail prices, helping ensure they treat competitors fairly. This transparency will build greater confidence in market conduct and strengthen competition.	Implementation of Non-Discrimination Obligations compliance programme by December 2026.
Wholesale products for long-duration firming investment	Exploring new wholesale products will help identify how big the risks are from not having enough long-duration firming or storage, and whether market tools could support investment in these assets. This will give clearer signals about how to secure electricity supply at lower prices as more intermittent generation comes online.	Industry co-design of a new standardised hedge product or other tradeable solution that provides a long-duration risk product by January 2027.
Develop standardised demand flexibility product	Developing a standard demand flexibility product or contract will make it easier for consumers and businesses to offer demand response in a consistent way, lowering system costs and helping manage peak demand and grid stress. A common design supports a more reliable electricity system by making consumer flexibility easier to use across the market.	Standardised demand flexibility product or contract in place by June 2027.
Transmission Pricing Methodology (TPM) amendments and operational review	Refining the TPM and improving its operation will better reflect how transmission costs are created and ensure generators and large loads face efficient investment signals. This helps lower costs for consumers over time, supports timely investment in transmission, and maintains confidence that the Authority is managing the system fairly and efficiently. In 2026/27 the Authority will make decisions on proposed changes to the TPM, after considering submissions received in response to the proposals.	First Code amendments to take effect from April 2027. Ongoing monitoring and proactive work relating to TPM.
Implement market making updates, including for 'super-peak' hedge contracts	Market making requirements make it easier for participants to manage price risks and plan ahead confidently. The requirements do this by ensuring there are always buyers and sellers available for key electricity products, including those needed during very high-demand "super-peak" periods.	Market making updates implemented by April 2027.

Priority initiative	Activity description and outcome	Deliverable
Flexibility market and network visibility	Improving visibility of network conditions will help flexibility providers better target when and where their assets are needed, allowing households and businesses to earn more value from flexible demand and generation. This will reduce infrastructure costs over time and improve overall system efficiency, resilience, and reliability.	This is an ongoing series of reforms to enable and incentivise flexibility. Code amendments on network visibility to come into effect by January 2027. Next stage of flexibility market work scoped and started by June 2027.
Distribution pricing to encourage demand-side flexibility	More cost-reflective distribution pricing will reward consumers who use electricity efficiently and avoid driving new demand peaks, supporting long-term affordability. It encourages investment in technologies like EVs, solar, and batteries, while helping ensure customers pay fairly for the costs they place on the network. This improves efficiency, supports innovation, and benefits both users and the wider system.	Formal engagement with stakeholders by June 2027.
System security review (including hedge cover stress testing; security standards review; and updating Value of Lost Load and scarcity pricing)	Reviewing core system security settings will support system reliability as demand grows, generation becomes more intermittent, and fuel availability changes. This work will assess whether current security standards and stress-testing arrangements remain fit for purpose and provide sufficient incentives for participants to manage risks to supply. This will improve confidence that market and regulatory settings support adequate preparation for system stress events, reduce the likelihood and severity of supply shortfalls, and protect consumers from avoidable reliability risks and extreme price outcomes. Updating the Value of Lost Load (VoLL) and associated scarcity pricing settings will ensure that scarcity prices accurately reflect the economic cost of lost supply to consumers. This will sharpen price signals during tight system conditions, supporting efficient investment in generation, storage, demand response, and other firming resources. Clearer and more contemporary scarcity pricing will improve incentives for both supply and demand-side participation during system stress, helping maintain reliability while ensuring consumers are not exposed to inefficient or outdated price settings over time.	Updated security standards in place to support the 2027 Security of Supply Assessment, by June 2027.
Long-term roadmap for Market Operation Service Providers (MOSPs)	Developing a long-term roadmap for market service providers will help the sector plan for how key market functions should evolve as the electricity system changes. A clearer, more strategic approach ensures MOSP services remain reliable, fit-for-purpose, and able to support future market needs.	Long-term MOSP roadmap finalised by September 2026.
Improving consumer access and choice (consumer protections – prepay customers, medically dependent consumers and Consumer Care Obligations)	Some consumers’ access to electricity or choice of power company or service may be constrained (for example, because of poor credit history, or they lack a communicating smart meter). This includes consumers of prepay plans, renters, and consumers in some regions with lower smart meter penetration. Understanding the barriers these consumers face and the options to overcome these barriers (including regulatory and non-regulatory) will help all consumers to realise greater benefits from a competitive retail electricity market.	Consultation on options completed by June 2027.

Priority initiative	Activity description and outcome	Deliverable
Data programme of work (supporting MBIE on the Consumer Data Right for electricity; standardising electricity product and consumption data)	Consumers benefit from greater accuracy and increased personalisation of electricity products and services – like retail plans, comparison and switching services and solar tools – when advice and recommendations are based on actual consumer data. Standardising and modernising access to electricity product and consumption data – and aligning these changes to the consumer data right (CDR) – can help unlock the full potential of consumers' data and enables the industry to create new, innovative, and enhanced products and services.	Existing electricity information exchange protocols updated by December 2026.

Appendix B 2026/27 performance measure review

In preparation for the 2026/27 financial year, we have reviewed the measures used in this Statement of performance expectations to ensure they are still fit for purpose. No new performance measures have been added, two have been merged and 11 measures have been amended. We have made minor adjustments to improve measure quality and/or update what is being measured to fit our current work. The amendments do not materially change the scope of the performance being assessed by the measure. The table below sets out the changes to affected measures.

Table 21: Non-financial performance measure changes

2025/26 measure	2025/26 target	2026/27 measure	2026/27 target	Action taken	Rationale
Strategic activities deliver desired outcomes in planned timeframes	80%	1. Strategic work programme delivered in planned timeframes	80%	Amended measure	The wording has been refined to improve clarity and precision, ensuring the measure accurately reflects what is actually being assessed when reporting performance.
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).	3. Significant code amendments or market facilitation measures are evaluated to determine whether they have had the intended benefits and impacts on market behaviour	At least 2 post implementation reviews are completed with an agreed action plan (where appropriate)	Amended measure and target	The wording has been amended to clarify that the measure assesses whether significant interventions are evaluated, rather than implying that completion of a post implementation review demonstrates that intended benefits were achieved. The target has been increased to two post-implementation reviews, reflecting the importance of evaluation of interventions.
Proactive engagement to support innovators across the Authority's regulatory functions	2+ proactive innovator outreach events or initiatives	4. The Authority undertakes proactive engagement to support innovators	2+ proactive innovator outreach events or initiatives	Amended measure	The wording has been refined to more clearly specify the entity responsible for undertaking proactive engagement activities.
The Authority regularly publishes evidenced-based monitoring reports	4 quarterly reviews published, regular trading conduct reports published	5. The Authority regularly publishes evidenced-based monitoring reports and reviews	4 quarterly reviews published and weekly trading conduct reports published	Amended measure and target	The measure has been updated to explicitly include reviews, ensuring all relevant monitoring outputs are captured. The target has been amended to specify the expected frequency of trading conduct reports, improving clarity and measurability.
The Authority actively promotes understanding of its work and the electricity system to a wide audience	Increase in activity across all public-facing channels	6. The Authority actively promotes understanding of its work and the electricity system and market to a	Increased engagement across channels	Amended measure and target	The measure has been refined to clearly specify both the subject matter being promoted and the intended audiences. The target has been broadened to cover engagement across all channels (as defined in the note in table 3),

2025/26 measure	2025/26 target	2026/27 measure	2026/27 target	Action taken	Rationale
		wide audience, including industry and consumers			providing a more comprehensive assessment of performance.
Content on Electricity Market Information (EMI) website is reviewed and revised to maintain relevance	Increase on prior year	7. The Authority's data and insights published on its website provide relevant information on the electricity system and markets for market participants, and to inform the Authority's evidence-based decision-making processes	Increase on prior year of number of data and insights reports published via our website which provide information related to security of supply and electricity market performance	Amended measure and target	The measure and target have been made more specific to clearly define what outputs are being assessed. References to publication channels have been updated to reflect the Authority's current data and insights platform, noting that the EMI website is no longer the primary source.
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	N/A	N/A	Removed measure (merged with measure 7)	This measure and its associated target have been merged with measure 7, as both assessed substantially the same outputs and performance. Consolidation improves coherence and avoids duplication.
Increased monitoring of and reporting on retail competition	Publish regular monitoring and reporting of retail competition	12. Increased monitoring of and reporting on retail competition	Publish at least annual monitoring reviews on retail competition	Amended target	The target has been clarified to be specific and measurable. Now we are collecting more retail data under the retail market monitoring notice, we will be able to increase the insights reported on retail competition.
Enquiries into alleged breaches of the Consumer Care Obligations are dealt with in a timely manner	Measure enquiry time to benchmark an appropriate target	13. Alleged breaches of the Consumer Care Obligations categorised as low to medium complexity, are dealt with in a timely manner	Median time to make case decision on an alleged breach is 6 months or less	Amended measure and target	The measure has been updated to use more accurate language aligned with the Authority's compliance processes and align itself with The prior-year target was to establish a benchmark, enabling a specific and measurable target to be set for 2026/27.
Post-implementation review of dry year or emergency event shows use of funding achieved its intended outcomes	Achieved	15. If a dry year or emergency event occurs, a post-implementation review is undertaken to assess whether use of funding achieved its intended outcomes	Achieved	Amended measure	Measure wording amended to note that performance can only be assessed if the contingent appropriation is drawn on, and to increase specificity based on what we're measuring when performance is assessed and avoid perception that the outcome of the post-implementation review is not predetermined.