



Mr Erik Westergaard
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By email to: erik.westergaard@ea.govt.nz

Dear Erik

Letter of Expectations for the Electricity Authority

Following your appointment as the Deputy and Acting Chair of the Electricity Authority (EA), as is usual for Crown entities, I am writing to set out my expectations for the EA. These should be read in conjunction with the most recent [Enduring Letter of Expectations to Statutory Crown Entity Boards](#) issued by the Minister of Finance / Minister for the Public Service on 23 April 2024.

Government priorities

The National/ACT/New Zealand First Coalition Government (the Government) is implementing a policy programme over this parliamentary term, which will contribute to the Government's overarching aim to improve outcomes for all New Zealanders. Among the Government's priorities are rebuilding the economy to ease the cost of living, and increasing prosperity for all New Zealanders by achieving economic growth. We will deliver public services so they are more efficient, effective and responsive to all who need and use them.

Crown-owned companies and entities through their operations play an important role supporting the Government's fiscally prudent economic programme. The Government expects all Crown entities to provide value for money. Consistent with this, the EA should maintain focus on improving the efficiency and effectiveness of market service providers and the EA's own activities. This includes the EA having a good understanding of its cost drivers, what is being delivered with the funding it receives, and the impact of its work. The EA is also expected to have regard to the [2024 Government Workforce Policy Statement](#).

Entity-specific expectations for 2026/27

Abundant and affordable electricity is vital for a competitive, growing economy. The Government wants to improve the affordability of electricity to ease the cost of living for New Zealanders and reduce a barrier to economic growth. On 1 October 2025 the Government announced its Energy Package which focuses on investing in security of supply and building better markets. The actions focus on security of supply and on competition, as both serve to drive affordability of power bills for industry, businesses and households. **This means an electricity system that delivers reliable electricity at the lowest possible cost to consumers.**

Following the recent *Review of Electricity Market Performance*, the Government is strengthening the EA to make it a more powerful, decisive regulator focused on ensuring a genuinely reliable and competitive market. To achieve this, I plan to introduce legislation in the near future to help the EA become a more effective regulator, and I expect the EA to develop the necessary organisational policies, procedures and culture to give full effect to the policy intent. Work is also underway on a regulatory framework to reduce dry year risk which, pending Cabinet decisions, may include an implementation and enforcement role for the EA.

As the Acting Chair, I expect you to ensure the interests of consumers are clearly placed at the core of EA decision-making. I expect this to include refreshing the EA's interpretation of its statutory objective. The 2011 interpretation has the potential to create doubt about the EA's focus on affordability and other benefits for consumers over the long-term because it values suppliers' interests equally with consumers' interests. I invite the EA to articulate a clearer position on consumer interests that reflects court decisions and legislative changes since 2011.

My specific expectations for the EA's focus on effective regulation and enforcement are as follows:

- **Build trust and confidence:** rigorously enforce compliance with market rules, and regularly publish information about electricity market performance so that electricity buyers and sellers can invest with confidence in a level playing field.
- **Keep the lights on:** promote secure and affordable electricity supply by ensuring market participants have enduring incentives to build or contract for dry year cover – fuel, generation and storage – to fill supply gaps from weather-dependent generation.
- **Affordability:** taking into account New Zealand's multiple and expanding renewable energy sources, I consider this should result in the country having the most abundant and affordable electricity in the world.
- **Improve market monitoring:** integrate best practice informed by international approaches to competition assessment, and international and domestic methodologies to the option value of hydro storage. I invite the EA to publish reports on the state of competition in the wholesale, contract and retail markets, on at least an annual basis.
- **Drive efficiencies in electricity distribution businesses (EDBs)** across the breadth of EDB activities including better facilitation of distributed flexibility, and greater collaboration and alignment in processes and pricing approaches across EDBs.

Response

Your advice on how you propose to respond to the expectations set out in this letter would be appreciated. This includes how my expectations will be reflected as the EA's Board prepares its draft 2026/27 Statement of Performance Expectations. I would be grateful if you could please provide your response by Monday 16 March 2026.

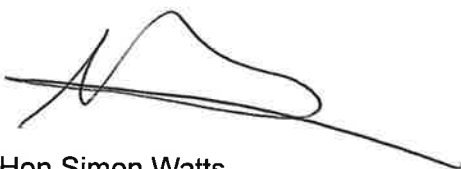
General governance and reporting expectations

The Ministry of Business, Innovation & Employment's publication [Monitoring arrangements for MBIE-monitored Crown entities](#) sets out general governance, 'no surprises' and reporting expectations for Crown entities. Consistent with this, please provide quarterly reports on the EA's progress one month after the end of each quarter.

The Government expects all Crown entity boards to operate with a high standard of integrity and to have procedures in place to appropriately manage conflicts of interest, should any arise.

Thank you in advance for your contribution to the successful operation of the EA and for its contribution to the Government's objectives. Should you have any questions about any of the above, please do not hesitate to contact my officials at MBIE.

Yours sincerely



Hon Simon Watts
Minister for Energy

Copy to: Sarah Gillies, Chief Executive, Electricity Authority Sarah.Gillies@ea.govt.nz