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**From:** David Riley [REDACTED]  
**Sent:** Wednesday, September 13, 2023 2:41 PM  
**To:** [REDACTED]  
**Subject:** Tauranga Trust Rebates

Hi Brent

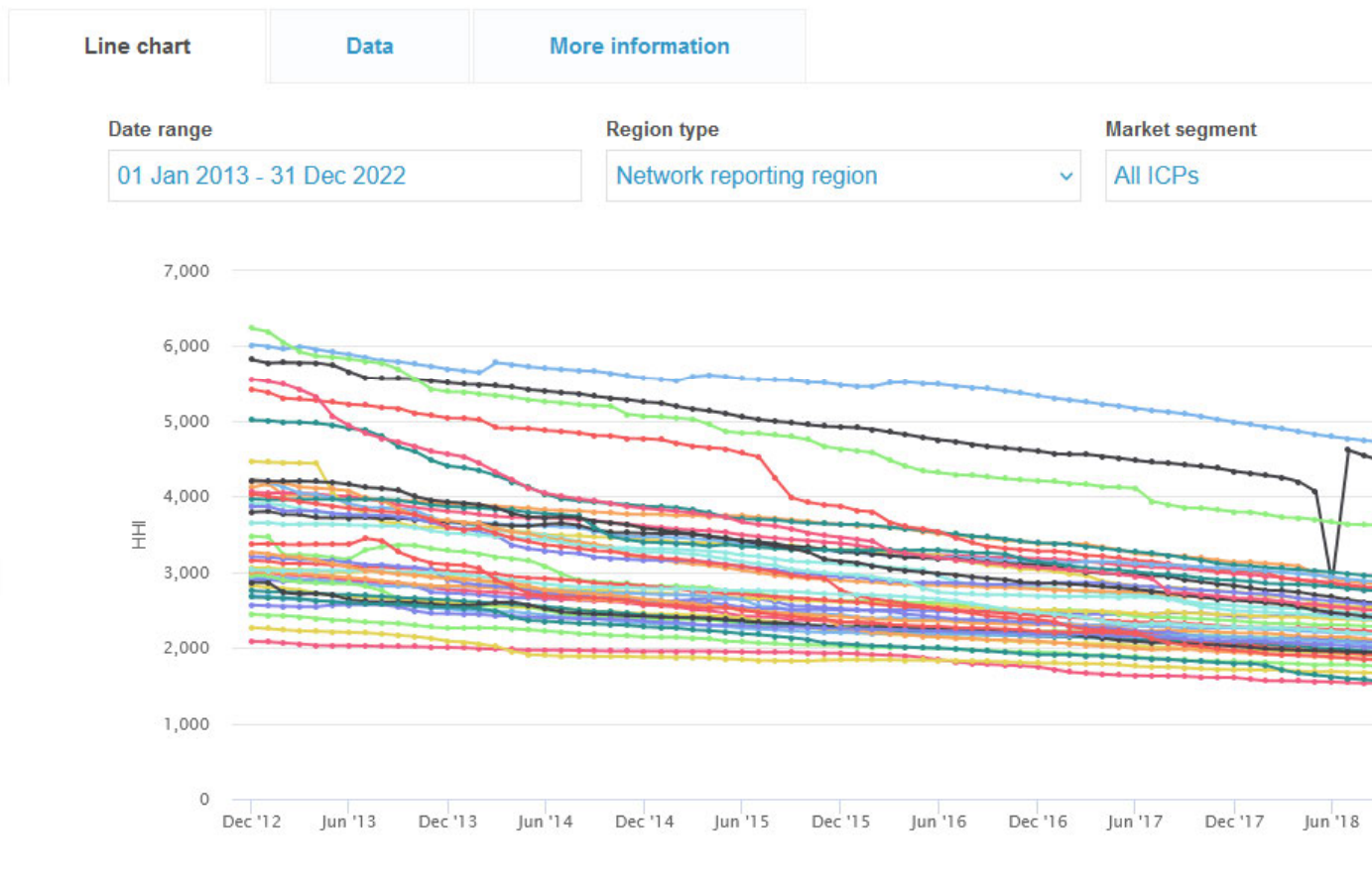
Paul Fuge has provided a good summary of the TECT Consumer Trust and Tauranga electricity situation. As a local resident and Child Poverty Action Group member I will add a few local perspectives.

The Tauranga retail electricity market is the most concentrated in NZ, has the highest "Energy and Other" costs in NZ, has low switching rates and has higher retail price offerings from most retailers (not just Mercury). The only explanation that has been proposed is the exclusive rebate/dividend structure of the local energy trust ,TECT Consumer Trust.

1. Looking at the QSDEP the Tauranga Lines component cost is reasonable at 11.2 c/kWh the same as Auckland Central and below NZ cost of 11.9 c/kWh. However the Energy and Other is the highest in NZ at 25.3 c/kWh some 24% more than Auckland Central, 19% more than Hamilton, 20% more than Whakatane. For a long time the energy and other cost in Tauranga has been clustered alongside Greymouth, Westport and Kerikeri. Tauranga is the fifth largest NZ city, it is neither remote nor geographically large.

2. The EA EMI reports on market concentration show that since 2013 the HHI index for Tauranga has been an outlier. Correction still looks years away.

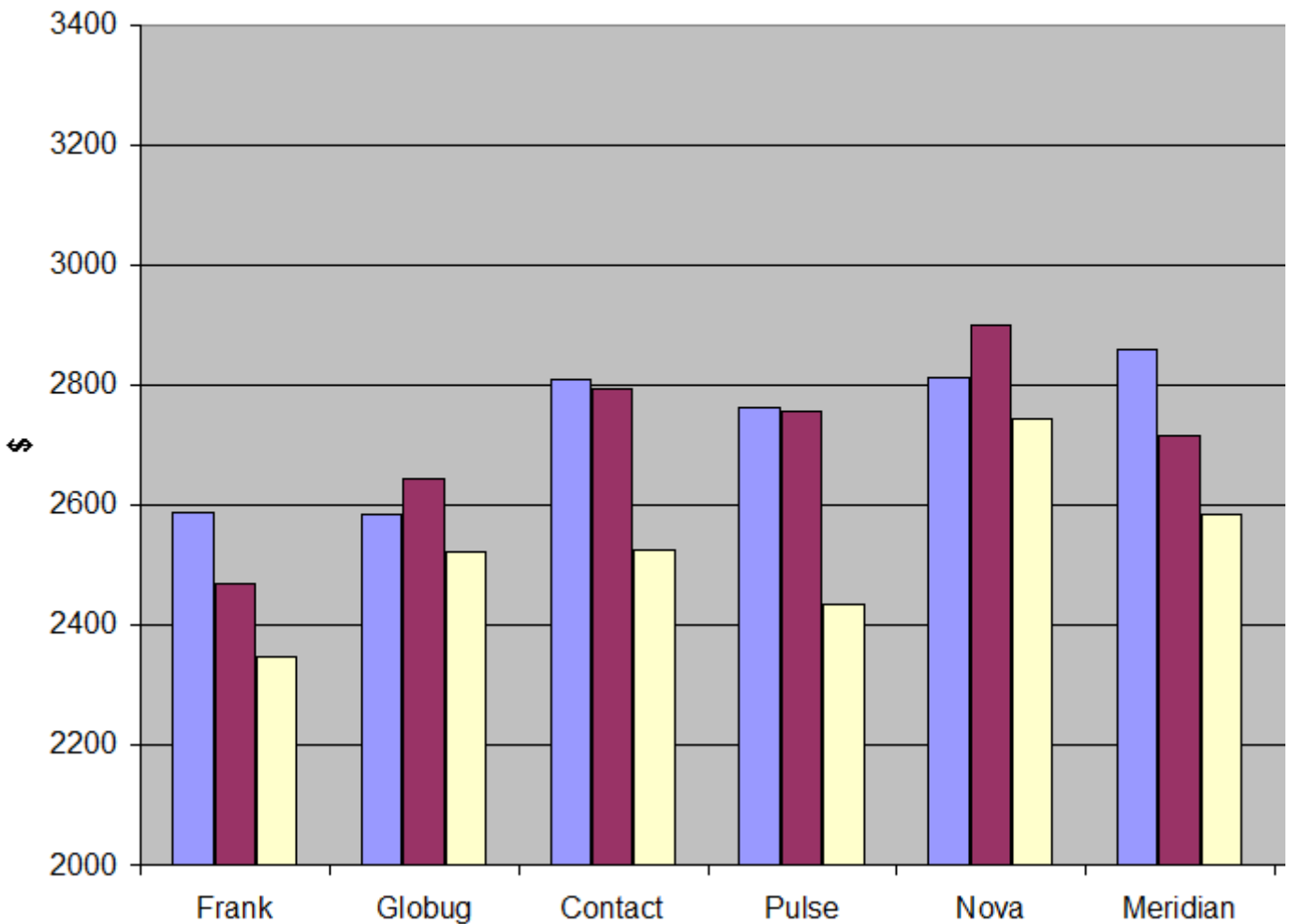
## HHI trends



3. Using Consumer Powerswitch modelling based on the QSDEP method ie 8000 kWh/y open contract the prices offered in Tauranga by the four main retailers are more than other regions. It would seem that the prices set by the dominant retailer Mercury are influencing the prices offered by the smaller players. EA-EMI market share today shows Mercury has 60% residential ICP share, the next largest largest is Genesis 13%.

Simple analysis I made using Consumer Powerswitch cost for 12 months electricity on 23 May 2023 for 8000 kWh/y using QSDEP method for Tauranga, Hamilton and Auckland is graphed.

## Cost of 8000 kWh



4. The Tauranga electricity trust TECT differs from all other community electricity trusts in that it has not been associated with a Lines company, it is not part of Electricity Trusts NZ and is apparently not an Industry Participant as described in the electricity code. As such TECT has not had to follow the requirement in the code to pay rebates/dividends to all local consumers regardless of retailer used. TECT has divided into TECT Community Trust which is an important and respected funder of local causes and TECT Consumer Trust which is solely to continue to pay rebates to legacy Trustpower customers who now remain with Mercury. Effectively it is seen to be necessary to remain with Mercury to continue to receive the rebates given the strict rules to be followed filling several pages of the Trust Consumer Trust Deed. New residents or those switching to Mercury will never receive a rebate. This is tough on young families.

5. The TECT Trustees are rightly proud of the TECT Community Trust, they are much less keen to talk about the problem of the TECT Consumer Trust, recently they claimed to me that the consumer trust as a private trust has ring fenced the rebate following a High Court ruling following public consultation. The High Court specifically would not make a ruling on the proposed structure, rather confirming the Trustees responsibility to make the appropriate decision. The public consultation did not acknowledge the possible retail competition issues nor offer any choices for the structure. Recent analysis using Consumer Powerswitch prices show that even at 4000 kWh/y, local residents who still do receive the \$500 rebate from TECT Consumer Trust could save more than the \$500 rebate by switching to the cheapest provider.

6. I submitted to the Select Committee in 2021 looking for the Electricity Industry Act to include a mechanism that could be used to include an entity such as TECT as an industry participant, this was included in the final version. In November 2022 I requested that the Minister use her powers to declare the TECT Consumer Trust as an Electricity Industry Participant following the procedures in the latest Electricity Industry Act. It seems clear to me that the current structure of the TECT Community Trust acts as a barrier to effective competition. The Minister agreed there was enough evidence to investigate fully but I have not heard more.

A competitive retail electricity market in Tauranga has never developed. It seems very wrong that new residents and young families are denied the best prices for electricity by the actions of a private Trust that continues to be able to avoid the oversight of the Electricity Authority and the Electricity Industry Code provisions that should ensure access to better electricity prices. Campaigns such as Consumer Powerswitch have reduced impact here. As a Tauranga resident I hope that you can consider the Tauranga problem and remind the Minister on every occasion.

David Riley

