



6 May 2025

Submission on the proposed Level Playing Field Measures

Common Grace Aotearoa is a community of Christians working to transform unjust structures for the common good. We lead campaigns toward climate, economic and Te Tiriti justice and mentor groups of advocates to engage in collective action alongside the wider community and civil society.

Energy hardship is one of our focus areas because we can see achievable changes that the Electricity Authority can make that would benefit thousands of people, especially people on lowest incomes.

We are grateful for this opportunity to give input.

Comments

- We support the proposed measures, however would like to see structural separation of generators and retailers included as an escalation.
- Urgent action is needed to improve competition. Electricity is unaffordable for thousands of households in New Zealand and this results in stress and electricity rationing. The Electricity Authority should use every available lever to improve competition - and urgently - to drive down prices for the sake of public health.
- The proposed phased approach of scaling up intervention as required MAY be effective. HOWEVER its success will rely on your willingness to actually follow through with further interventions. **Please have the courage and commitment to follow through with escalations, and in a timely manner.**
- You would be naive not to expect lobbying opposition from those who lose out financially to your proposal. **Please remember that five million people, including thousands of households literally struggling to maintain access to the essential service of electricity, are relying on you to escalate interventions as needed for these measures to be effective.**
- You would be naive not to expect delay tactics from those you propose to regulate. **Please ensure that you can escalate your interventions quickly.** If there are delays at every step, years could pass before anyone can even evaluate whether the measures are effective.

- **Please publish clear timeframes** on when you will assess compliance, escalate interventions, and when the public can expect to see the maximum escalation reached if compliance is not achieved. This is necessary for the public to trust the process.
- **Please add structural separation of generators and retailers as an escalation.**
- Please be mindful of the imbalance of (political) power in this sector. The technical nature of these proposed measures means that it will be hard for the public and consumer advocates to assess whether companies are complying. We also lack resources and transparency of information. Meanwhile, gentailers have far greater resources, information access, and the incentive to protect their profits. In light of this asymmetry, **please maximise transparency and publish reports on compliance and progress of interventions that the public can understand. Please also take seriously your statutory objective to protect domestic consumers** and therefore your responsibility to ensure these measures are effective.
- **Please ensure that nothing in these measures detracts the ability of social retailers to access hedges** and deliver low prices to those who need them most. Our working definition of social retailers in the electricity sector is entities whose *primary* purpose is to deliver affordable electricity to low-income households, and in which *this social objective trumps the need to return profit* to shareholders. We would like to see social retailers able to access hedges at the lowest possible prices to serve lowest-income New Zealanders.
- We recommend further steps to improve competition:
 - Lead the continued phase-out of legacy meters, which limit households' ability to switch.
 - Require companies to give each power plan a unique code (not just 'plan name' as these can double up) and upload these codes into registry for each ICP. That would enable price comparison websites to work more effectively by identifying the exact plan being used at each ICP, and comparing the price/s of that plan with other options.
- We recommend further steps to protect the interests of domestic consumers in relation to the supply of electricity (which necessitates that power is affordable so they can stay connected):
 - Explore options to ensure that everyone can access electricity, regardless of their credit history.
 - Closely monitor prepay power prices to ensure that these are never more expensive than standard plans.
 - Ban disconnection fees.

Thank you for considering this submission. Below are some of the above points in your suggested format.

Appendix E Format for submissions

Submitter	Common Grace Aotearoa
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Questions	Comments
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Problem definition — competition concerns from Gentailer vertical integration

<p>Q1. What are the benefits of vertical integration between generation and retail? Do you have any evidence to better specify and quantify these benefits? In particular, we are interested in benefits that would be realised by New Zealand’s electricity consumers.</p>	
<p>Q2. Do you agree with our description of the competition concerns that can arise from the combination of Gentailer vertical integration and market power? Why/why not? Do you have any evidence to better specify and quantify the competition risks of vertical integration?</p>	<p>Yes.</p> <p>Electricity is unaffordable for thousands of households in New Zealand and this results in stress and electricity rationing. The Electricity Authority should use every available lever to improve competition to drive down prices for the sake of public health.</p> <p>Because of the health implications, addressing unaffordable electricity is an urgent matter.</p>
<p>Q3. To what extent does vertical integration of smaller gentailers, such as Nova and Pulse, raise competition concerns? Should these smaller gentailers be subject to any proposed Level Playing Field measures?</p>	<p>There is still a lack of transparency, and a risk that if they grow they may hinder competition.</p> <p>Yes.</p>
<p>Q4. Are there other specific areas (other than access to hedges) where Gentailer market power and vertical integration are causing competition concerns?</p>	<p>Lobbying to prevent this kind of measure from happening sooner.</p>

<p>Q5. Do you agree with our preliminary view that the evidence indicates there may be good reasons to introduce a proportionate Level Playing Field measure to address the competition risks in relation to hedging/firming? Why/why not?</p>	<p>Yes</p> <p>Prices are rising and gentailer profits are (on the most part) very high.</p> <p>Small retailers report finding it hard to access hedges that allow them to compete.</p>
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Level Playing Field options we have identified

<p>Q6. Have we focused on the right Level Playing Field options? Are there other options that we should add or remove to the list in paragraph 4.1?</p>	<p>Please include structural separation of generators and retailers as an escalation.</p>
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<p>Q7. Are there any other important factors we should consider when identifying options (see paragraphs 4.2 to 4.5)?</p>	
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<p>Q8. Are there other key features, pros or cons we should consider in our description of the four Level Playing Field options?</p>	
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Our assessment of Level Playing Field options

<p>Q9. Have we identified the right criteria for assessing Level Playing Field options (Figure 6)? Is there anything we should add or remove?</p>	
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<p>Q10. Do you agree with our application of the assessment criteria (Table 5)? Are changes needed to the colour coding or reasoning?</p>	
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<p>Q11. Are there any other material benefits or risks that should be considered (but are currently not) in our assessment of options?</p>	<p>Please ensure that nothing in these measures detracts the ability of social retailers to access hedges and deliver low prices to those who need them most.</p> <p>Our working definition of social retailers in the electricity sector is entities whose <i>primary</i> purpose is to deliver affordable electricity to low-income households, and in which <i>this social objective trumps the need to return</i></p>
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	<p><i>profit</i> to shareholders. We would like to see social retailers able to access hedges at the lowest possible prices to serve lowest-income New Zealanders.</p>
<p>Q12. Do you agree with our selection of non-discrimination obligations as our preferred Level Playing Field measure? Why/why not?</p>	
<p>Roadmap for implementing non-discrimination obligations</p>	
<p>Q13. What are your views on our proposed roadmap for the implementation of non-discrimination obligations?</p>	
<p>Q14. Which products should any non-discrimination obligations apply to? Should all hedge contracts be captured, or should the rules be focused on super-peak hedges only? Are there are other interactions between Gentailers and their competitors which would benefit from non-discrimination rules?</p>	<p>All hedge contracts.</p>

<p>Q15. Do you have any feedback on the indicative draft non-discrimination principles (and guidance) set out in Appendix B? Without limiting your feedback, we would be particularly interested in your views on the following questions:</p> <p>a. Have we got the level of detail/prescription right? For example, do you consider that the principles and guidance will lead to economically meaningful Gentailer ITPs being put in place? What would be the costs and benefits of instead applying a more prescriptive ITP methodology?</p> <p>b. How far should the allowance in the principles for different treatment where there is a “cost-based, objectively justifiable reason” extend? Do you agree with the guidance that this allowance should not be extended to volume (at paragraph 13 of Appendix B)?</p>	
<p>Q16. Do you agree that escalation options are needed if principles-based non-discrimination obligations are implemented initially? Why/why not?</p>	
<p>Q17. Are prescribed non-discrimination requirements and mandatory trading of Gentailer hedges via a common platform suitable escalations given the liquidity, competitive pricing and even-handedness outcomes we are seeking? Why/why not? What alternatives would you suggest (if any)?</p>	

<p>Q18. What costs and benefits are likely to be involved in setting more prescriptive regulatory accounting rules which detail how ITPs should be calculated? What would be appropriate triggers for introducing more prescriptive requirements for ITPs?</p>	
<p>Q19. Do you have any views on how the non-discrimination requirements should best be implemented to ensure that Gentailers are no longer able to allocate uncontracted hedge volumes to their own retail function in preference to third parties? What are the key issues and trade-offs?</p>	
<p>Q20. Do you have any views on the triggers for implementing the stronger regulation proposed in our roadmap?</p>	
<p>Our current thinking on virtual disaggregation</p>	
<p>Q21. Does our proposed approach to implementing non-discrimination obligations (as set out in the roadmap in Figure 7) sufficiently address the underlying issue that originally led to MDAG recommending virtual disaggregation?</p>	
<p>Q22. Do you have any views on whether virtual disaggregation provides a useful response to the competition risks we have identified (relative to the proposed roadmap) and, if it does, how it should be best applied?</p>	