

FN-25-07 Fortnightly report 11 April 2025

This report summarises items that may be of interest to the Minister for Energy but do not necessarily require a formal briefing. Further information on any topic can be provided on request. Substantive items and decision papers will be provided to the Minister in the form of briefings.

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Mobile: s9(2)(a)

1. Upcoming publications

Consultation: Improving visibility of competition in Over-the-Counter contract market- Clause 2.16 information notice	
Strategic outcome	Affordable: <i>Effective competition</i>
Purpose	<p>Proposal to require all retailers (including gentailers) and large industrials (who buy electricity from the clearing manager) to regularly provide regular in the Authority on Over-the-Counter (OTC) requests for buying contracts (bids) and responses to those requests (offers).</p> <p>This will improve the transparency of, and competition in, the OTC hedge market to drive greater retail competition for the long-term benefit of consumers.</p> <p>The Authority is required by the Code to consult on any new clause 2.16 information requests. These are necessary to standardise data collection on OTC bids and offers, previously done via a Section 46 notice which had a limited duration (until the end of 2024).</p>
Action and timing	Intended publication: 15 April 2025
Decision: Code amendment omnibus #5	
Strategic outcome	Secure and resilient: <i>Effective risk management</i>
Purpose	<p>The Authority is looking to amend the Code to:</p> <ul style="list-style-type: none"> • update the stress test regime to reduce risk to consumers and security of supply and support companies to make informed decisions to manage their risk • extend the trader default provisions to all retailers to protect all consumers • introduce a back-up means of calculating wholesale prices to improve market confidence. <p>The updates in this paper will be implemented by July 2025 to support security of supply for winter 2025.</p>
Action and timing	<p>Board to consider: 8 April 2025</p> <p>Intended publication: 15 April 2025</p>
Consultation: Promoting reliable electricity supply- Frequency-related Code amendment proposal	
Strategic outcome	Secure and resilient: <i>Effective risk management</i>

Purpose	Proposed Code amendments to better enable the system operator to manage the frequency of our power system within the normal band. This will help address the issue of increasing variability in the frequency of our power system due to the rising amount of variable and intermittent resources (such as wind and solar generation) and decreasing system inertia.
Action and timing	Intended publication: 6 May 2025

2. Consultation underway

Level playing field measures options paper	
Strategic outcome	Efficient: <i>Innovation and distributed energy</i>
Purpose	<p>The Authority is seeking feedback on a proposal to introduce mandatory non-discrimination obligations for hedge contracts that the gentailers - Genesis, Contact, Meridian and Mercury would have to follow.</p> <p>This new rule would prevent the gentailers from giving preferential treatment to their retail arms for hedge contracts, ie make these contracts available to all industry participants on effectively the same terms they use when trading internally.</p>
Action and timing	Consultation period extended, now closes: 7 May 2025
Expiry of Urgent Code for market making under high stress conditions	
Strategic outcome	Secure and resilient: <i>Effective risk management</i>
Purpose	<p>We're seeking feedback on whether to make permanent, or allow to expire, an urgent amendment to the Code that provides relief from market-making requirements during periods of market stress.</p> <p>In response to market stress during August 2024, we implemented an urgent Code amendment to reduce obligations on regulated market makers during periods of high futures market prices.</p> <p>Under the amendment, a price-based test would be used to adjust market-making settings during times of stress. The Authority is consulting on options, including if there is an ongoing need for a relief mechanism for the effective operation of market making in the New Zealand electricity futures market.</p>

Action and timing	Consultation closes: 14 April 2025
Distributed generation pricing principles	
Strategic outcomes	Efficient: <i>Innovation and distributed energy</i>
Purpose	<p>The Authority is consulting on ways to improve the distributed generation pricing principles that guide the cost of connecting distributed generation, such as wind and solar farms, directly to the network.</p> <p>Distributed generation plays an important role in bringing electricity to where it is needed most, and we want to ensure it is efficiently rolled out at the right places and at the right time.</p>
Action and timing	Consultation period for cross-submissions closes: 16 April 2025

3. Upcoming Electricity Industry Participation Code 2010 amendments

- 3.1. The following table has Electricity Industry Participation Code amendments that need to be presented to the House by the Minister's office within 20 working days following the date on which it is made.

Tracking number	Name	Date made	Date of Gazette notification	Date in force	Due date for presentation to the House
EIEPCA-25-007	Common quality requirements	26 March 2025	27 March 2025	1 May 2025	28 April 2025

4. Key external engagements

- 14 and 15 April: NZ Energy Conference/CE
- 16 April: Council of Energy Regulators/CE/GM Communications and engagement
- 16 April: Northpower/CE - TBC
- 17 April: Top Energy/CE - TBC

5. Update on distribution connection pricing work

- 5.1. Connection pricing is key to network access. There are currently inconsistent practices across distributors, and regulation to date has not provided strong incentives for consistent and efficient pricing.
- 5.2. The Authority is developing amendments to the Electricity Industry Participation Code that specify how distributors must charge parties seeking access to networks. This is being done in two stages:
 1. Fast-track measures (2025/26)
 2. Full reform programme (estimated 2025 - 2028)
- 5.3. A consultation paper was released on 25 October 2024 with submissions closing on 6 December 2024. This was extended by two weeks, after requests from a number of participants. Cross-submissions closed on 24 January 2025. That paper outlined proposed pricing methodologies that would be a first step to improve the efficiency, transparency, consistency and predictability of connection pricing.
- 5.4. s9(2)(f)(iv) [REDACTED]
- 5.5. A mix of submissions was received from distributors and from those seeking access.
- 5.6. Access seekers are a significant audience for this proposed change. The Authority engaged with a range of stakeholders representing EV charge point operators and industry both during consultation and afterwards:
 - Despite the Authority's revised and streamlined approach to providing submissions, some responded that they did not have sufficient resourcing to engage with and submit on the proposals.
 - The Authority followed up with access seekers who provided anecdotal evidence as part of their submissions that current connection pricing and practices have deterred investment. The Authority continues to engage with access seekers on this point to fully understand the weighting inefficiently high connection prices on investment decisions.
- 5.7. The project team consider the number of submissions from, and level of engagement with access seekers has not negatively impacted the timing of progress towards final decisions.