



# **Statement of performance expectations 2025/26**

**1 July 2025 – 30 June 2026**

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

© Copyright

This document is protected by copyright owned by the Electricity Authority Te Mana Hiko. This copyright material is licensed for reuse under the Creative Commons Attribution (CC-BY) 4.0 New Zealand licence. In essence, you are free to copy, distribute and adapt the material, as long as you attribute it to the Electricity Authority Te Mana Hiko and abide by the other licence terms.

# Contents

<b>Statement of responsibility</b>	<b>4</b>
<b>Foreword</b>	<b>5</b>
<b>Who we are</b>	<b>7</b>
Our role and statutory objectives	7
Our strategic framework	9
Operating as a Crown entity	10
Regulating the electricity system and markets	11
Consulting on what we do	12
Meeting the needs of the consumer of the future	12
Reflecting Government priorities	12
<b>Our funding and performance</b>	<b>13</b>
Appropriation 1: Electricity industry governance and market operations	15
Appropriation 2: Managing the security of New Zealand's electricity supply	24
Appropriation 3: Electricity litigation fund	27
<b>Prospective financial statements 2025/26</b>	<b>28</b>
<b>Appendix A 2025/26 Performance measure review</b>	<b>39</b>
<b>Appendix B Strategic activities list</b>	<b>40</b>

# Statement of responsibility

This document constitutes the Electricity Authority Te Mana Hiko's *Statement of performance expectations 2025/26* 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 2025 and 30 June 2026 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*.



Anna Kominik  
Chair  
30 June 2025



Paula Rose QSO  
Audit and Finance Committee Chair  
30 June 2025

## Electricity Authority Board



Anna Kominik  
Chair



Paula Rose QSO



Dr Cristiano Marantes



Lana Stockman



Erik Westergaard

# Foreword

The energy transition is no longer in the future—it's happening now. New Zealand's electricity sector stands on the brink of a transformative era, and the Electricity Authority Te Mana Hiko, as part of the energy ecosystem, has an important role in shaping a secure, competitive, and future-ready market for consumers.

As we navigate this evolving landscape, keeping the lights on with a reliable and resilient electricity supply for all New Zealand consumers is paramount. The Electricity Authority's priorities, as outlined in our *Statement of performance expectations*, reflect the significant challenges and changes we face, both in the near term and for the future.

Alongside security of supply, affordability remains a central concern. The Authority wants consumers to have access to more choices, better prices, and improved services. We are working at pace to identify barriers to competition and create regulatory interventions to improve market dynamics by encouraging new entrants and reducing market concentration.

Our electricity system's resilience is being tested by many factors, including climatic impacts and supply issues. Strengthening our system's ability to become more resilient and withstand shocks, now and into the future, is a priority. The lessons learned from past events are guiding our efforts to improve preparedness and responsiveness.

Today's electricity system is built on the fundamentals of a strong market system that have served us well. But we cannot be complacent. We know that a competitive and efficient electricity market is vital in maintaining downward pressure on prices. Ensuring fair competition, preventing anti-competitive behaviour, and fostering conditions for new entrants and investments are key in building trust and confidence in the system. Having stability in delivering strong investment signals is also vital for the future of electrification.

The traditional model of gradual change in our sector has given way to a period of necessary growth, uncertainty, and adaptation. The electrification of transport, industrial processes, and the volatility of external conditions are reshaping our communities, market, and sector.

Responding to these changes requires different ways of thinking and working. In August 2024, we set up the Energy Competition Task Force in partnership with the Commerce Commission to identify and address barriers to competition, while implementing regulatory interventions that improve market dynamics. Our initial proposals have focused on encouraging consumer participation and investment, fostering a level playing field for independent retailers and generators, and supporting innovation. By having clear milestones, a drive for action and promoting competition, we are working quickly to provide consumers with more choices, better prices, and improved services.

Beyond competition, the Electricity Authority is also supporting consumers directly. Our Consumer Care Obligations now establish clear requirements for retailers and distributors to provide fair, transparent, and accessible services, particularly for vulnerable consumers. These guidelines ensure that households facing financial hardship receive appropriate support, preventing disconnections and promoting stronger engagement between consumers and providers. We will be actively monitoring compliance to ensure that consumers are getting the assistance they need.

Driving improved consumer mobility is also a priority. We are committed to ensuring consumers get the best deal possible – whether they are just consuming electricity, or also generating, storing, and trading it. This shift toward decentralised energy resources and increased demand-side participation presents both opportunities and challenges, adding complexity to the system. Data-driven decision making, automation, and improved connectivity are essential for modernising our electricity system. The Electricity Authority is developing key milestones for this work to ensure that regulatory settings support innovation while safeguarding consumer interests.

The Authority cannot affect change alone. We recognise the importance of working alongside industry, government, and consumers to deliver whole-of-government solutions, and shape policies and regulations that serve consumer and public interest. We encourage open dialogue and welcome feedback on key proposals to ensure diverse perspectives inform our decision making and the decision making of others.

Balancing affordability, reliability, and sustainability is not simple, but the long-term benefits of New Zealand consumers hinge on our collective ability to work through the transition well and sustain a world-class electricity system.

A handwritten signature in black ink, appearing to read 'Anna Kominik', with a stylized, cursive script.

Anna Kominik  
Chair  
30 June 2025

# 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.

As a kaitiaki of the electricity part of the energy system, we are focused on making sure New Zealand has a secure, adaptable and affordable electricity system that meets our country's net zero carbon goals and is accountable to consumers.

Through our work and our work with others, we seek to ensure a reliable, efficient and competitive electricity industry for the long-term benefit of all consumers. The Authority combines the functions of rule making and rule enforcement to regulate how the market operates, and support incentives for industry investment and development. A well-functioning and competitive electricity market is essential for New Zealand's transition to an electrified economy, delivering benefits across multiple industries and sectors.

The Authority has clear priorities for what we need to deliver next to achieve our vision and strategic outcomes that will improve consumer choice and access to secure and affordable electricity. This *Statement of performance expectations* outlines what we plan to deliver in 2025/26. It is underpinned by our [Statement of intent 2024-28](#), has regard to the October 2024 [Statement of Government Policy](#) and is informed by the enduring letter of expectations issued to statutory Crown Entity Boards, and the April 2025 letter of expectations from the Minister for Energy.

## Our role and statutory objectives

We regulate the electricity industry for the long-term benefit of consumers. Our focus is ensuring consumers have affordable and reliable electricity.

Our primary function is to regulate New Zealand's electricity system and markets, develop the rules, and hold industry participants to account through active monitoring and enforcement.

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."*

Protecting the interests of consumers, small and large, is key to ensuring that all New Zealanders have access to the electricity they need now and in the future.

Our statutory objectives articulate the benefit that we deliver to consumers as we work to realise our vision and strategic outcomes.

Our statutory objectives support the long-term benefit of consumers	<b>Competition</b>  <p>Competition focuses on facilitating and encouraging increased investment, innovation and participation in electricity markets and related services over the long term.</p> <p>Competition will help ensure New Zealanders have plenty of choice about how they receive and use increasingly affordable electricity.</p>	<b>Reliability</b>  <p>Reliability focuses on the continued delivery and quality of day-to-day and long-term security of electricity supply.</p> <p>As the country electrifies this will become increasingly essential to ensure New Zealand homes and businesses can depend on a continuous supply of electricity.</p>	<b>Efficiency</b>  <p>Efficiency focuses on enabling an electricity system where resources and investments are focused in the right areas and costs to operate the system can reduce.</p> <p>Innovation and ongoing improvements to drive efficiency should translate into more affordable electricity and services for consumers.</p>
	<b>Protection of small consumers</b>  <p>Protection of small consumers focuses on the conduct and dealings of electricity retailers and industry participants to deliver positive consumer outcomes and ensure New Zealanders can access the electricity they need.</p>		



## Our vision

Consumers have choices in accessing the energy they need now, and in the future to ensure they and New Zealand prosper.

## Outcomes

A secure and resilient, affordable and efficient electricity system that improves long-term outcomes for consumers and protects the interests of small consumers.



Secure and resilient



Affordable



Efficient

## Regulatory functions

As New Zealand's electricity regulator, under the Electricity Industry Act 2010, our functions are to:



Promote market development



Monitor, inform and educate



Operate the electricity system and markets



Enforce compliance



Protect consumers

## Statutory objectives

Our work delivers value to consumers through:



Competition



Reliability



Efficiency



Protection of small consumers

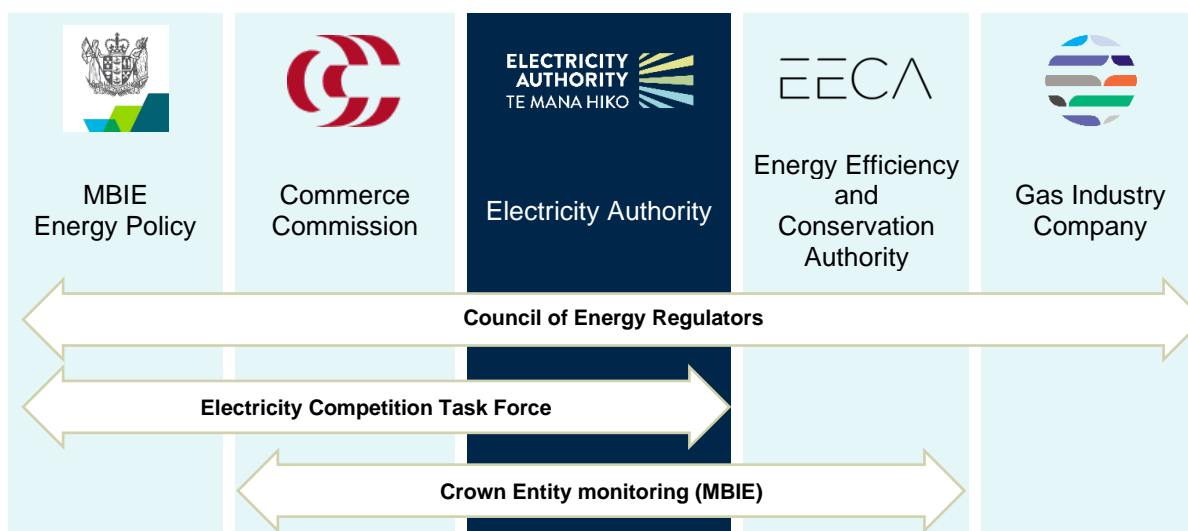
## Operating as an independent Crown entity

The Authority was established on 1 November 2010 under the Electricity Industry Act 2010 as an independent Crown entity. We regulate New Zealand's electricity system and markets, enforcing the rules and holding industry participants to account through active monitoring and enforcement, for the long-term benefit of consumers.

As an independent Crown entity, the Authority is required to act independently of Government when exercising its regulatory responsibilities. Our statutory independence is important for retaining confidence and accountability in the New Zealand market - for investors, participants and consumers. While that independence provides certain expectations in the way we execute our duties, our strategy is clear on the need to be attuned to our external operating environment and Government priorities.

The Authority must have regard to the October 2024 *Statement of Government Policy* (provided under section 17 of the Electricity Industry Act 2010) issued by the Minister for Energy. The Authority's work is also informed by Government priorities, communicated in the enduring letter of expectations to Crown entities and the annual letter of expectations to the Authority from the Minister for Energy.

We are one of several agencies and organisations, all with distinct roles in the energy sector, and we all work closely to ensure regulatory alignment<sup>1</sup>, as illustrated below.



We work with the Ministry of Business, Innovation and Employment (MBIE), the Commerce Commission, the Energy Efficiency and Conservation Authority (EECA) and the Gas Industry Company to deliver for large and small consumers, informing and supporting an energy regulatory system that enables innovation, competition, consumer choice and affordability.

---

<sup>1</sup> The Electricity Authority and Commerce Commission operate under different statutory frameworks with distinct objectives and functions. They share certain common interests in relation to the electricity industry and promoting the long-term benefit of consumers. See the [Memorandum of Understanding](#) which outlines their respective roles and how they engage and coordinate.

## Regulating the electricity system and markets

As New Zealand's electricity regulator, we:

1. **Monitor, inform and educate:** We monitor market behaviour and make data, information and tools available to help improve participation and understanding of the electricity markets by consumers and industry participants.
2. **Operate the electricity system and markets:** We are responsible for the efficient day-to-day operation of the electricity system and markets through contracted service providers.
3. **Enforce compliance:** We monitor, investigate and enforce compliance with the Electricity Industry Act 2010, its Regulations and the Electricity Industry Participation Code 2010 by industry participants to create a fair and competitive market. We have an industry training programme to educate participants, share lessons learnt and help identify and resolve any systematic issues.
4. **Promote market development:** We are responsible for maintaining a responsive and robust regulatory environment that keeps up with innovation and new technologies to enable electrification and deliver better outcomes for consumers today and in the future.
5. **Protect the interests of small electricity consumers:** We are responsible for protecting the interests of domestic and small business consumers in relation to industry participants supplying their electricity. This includes monitoring how electricity retailers and other industry participants deal with small consumers, including medically dependent and vulnerable consumers.

Demand for electricity in New Zealand is projected to increase by up to 82 percent by 2050 (2023 base year). Meeting this demand will challenge a sector that has experienced relatively flat demand for the last 15 years.<sup>2</sup> The Market Development Advisory Group estimated that \$27-\$37 billion of new investment in new electricity generation, demand side flexibility and batteries will be needed by 2050 to meet increased demand.<sup>3</sup>

While delivery of this investment lies with industry, the Authority ensures regulatory settings are responsive and robust, and foster investment, innovation and competition as the energy system continues to evolve and change at pace.

In 2025/26, our work programme will enable change across the electricity system, while making sure regulation is fit for purpose and builds on the strong market principles, that have stimulated investment and growth in the sector for over 25 years.

Our work programme for 2025/26 focuses on three key areas:

- **Secure and resilient:** Keeping the lights on and ensuring regions and communities have a reliable energy supply, even when there are disruptive events.
- **Affordable:** A competitive market that drives innovation to enable the consumer of the future, and affordable energy for consumers.
- **Efficient:** Accurate price signals and supporting new technologies, which will help unlock the benefits of decentralisation for consumers.

---

<sup>2</sup> [www.mbie.govt.nz/assets/electricity-demand-and-generation-scenarios-report-2024.pdf#page=32](https://www.mbie.govt.nz/assets/electricity-demand-and-generation-scenarios-report-2024.pdf#page=32)

<sup>3</sup> [www.ea.govt.nz/documents/4335/Appendix\\_A2\\_-\\_Final\\_recommendations\\_report.pdf#page=12](https://www.ea.govt.nz/documents/4335/Appendix_A2_-_Final_recommendations_report.pdf#page=12)

The work programme we will deliver in the 2025/26 financial year will result in a range of positive outcomes for consumers, including, but not limited to improved competition, consumer connectivity and efficient connection pricing. Further details are included in the 'Appropriation 1 Electricity industry governance and market operations' section on page 15.

## **Consulting on what we do**

We value consumer and industry input to our processes and programmes - our work does not happen in isolation. We seek ideas, opinions, data and information which are essential to making sure our work is relevant and well informed.

Each year we consult on our levy-funded appropriations for the upcoming financial year to enable us to meet our statutory objectives and deliver our key objectives on behalf of electricity consumers. We invite feedback on our proposed appropriation levels and on our work programme which is used to inform our funding request to the Government.

We regularly consult on proposals to amend the Electricity Industry Participation Code (Code), as well as market issues and improvements. Submissions to these consultations inform our work, improve the way the sector operates and achieve better outcomes for consumers. In addition to these consultations, any participant may propose an amendment to the Code at any time.

## **Meeting the needs of the consumer of the future**

The Authority has a key role in supporting the consumer of the future to manage and invest in their own electricity use, so they can benefit from greater affordability, security, resilience and efficiency. To achieve this, the Authority is focused on outcomes that drive transformation and shape a power system that provides the energy consumers need, now and in the future.

Already, new technologies and artificial intelligence are increasingly empowering consumers, large and small, by enabling smarter electricity management and greater control over their use and costs. Energy consumers of the future will be connected, empowered and highly responsive. They must have greater visibility of their energy use and costs and be more able to actively manage this to suit their needs, lifestyle and budget.

A stable and accountable regulatory framework is essential to enable transformation so the lights stay on and the public has confidence in the system and the regulator. The Authority has shifted to a more collaborative approach, working closely with regulated parties, agencies and consumer groups to address immediate stresses on the system while securing the foundations for consumers to benefit from a very different electric future.

## **Reflecting Government priorities**

The Authority is clear on its role, and the role it plays with others in the energy system, to support the delivery of the Government's specific sector-related priorities.

Our work programme has been developed to deliver on our statutory objectives and strategic outcomes, as well as have regard to the Government's priorities set out in the October 2024 *Statement of Government Policy*. The strategic activities within our work programme are described in Appendix B, and more information about our work programme can be found on our website.

A detailed summary and evaluation of our performance are provided to the Minister for Energy on a quarterly basis. We publish these reports on our website for public accountability at [www.ea.govt.nz/about-us/corporate-documents/](http://www.ea.govt.nz/about-us/corporate-documents/)

# Our funding and performance

The Authority is funded by the Crown through appropriations. The appropriations have a neutral impact on the Government's operating balance and net debt because the Crown recovers the total funding through a levy on electricity industry participants. Industry participants may pass this cost on to consumers. Any underspend against our appropriation within a financial year is returned to levy payers through the annual levy reconciliation audit and reconciliation process.

To obtain funding, we prepare an appropriations request for the Minister for Energy outlining the costs of performing our functions and exercising our powers and duties under the Electricity Industry Act 2010. To inform this request, we consult on our proposed appropriation levels<sup>4</sup> and then report on the outcome of this consultation along with our funding recommendation to the Minister for Energy when we submit our appropriations request.

We are funded by the Crown from three appropriations within Vote Business, Science and Innovation.

## Electricity Authority functions per appropriation

Electricity Authority appropriations	Draft Budget 2025/26 (\$m)	Functions under the appropriation
Operating appropriation		
1. Electricity industry governance and market operations	119.697	Promote market development
		Monitor, inform and educate
		Operate the electricity system and markets
		Enforce compliance
		Protect the interests of small electricity consumers
Contingent appropriations		
2. Managing the security of New Zealand’s electricity supply	1.200	Addressing funding requests from the System Operator for the management of security of supply events
3. Electricity litigation fund	1.500	Taking enforcement action and defending cases against the Authority

## Measuring our performance

This section outlines the specific outcomes the Authority is working to achieve in 2025/26 under each of our three appropriations. It also lays out our performance targets and how we intend to measure success.

---

<sup>4</sup> [2025/26 Levy-funded appropriations](#) | [Our consultations](#) | [Our projects](#) | [Electricity Authority](#)

## Reporting performance targets

We will assess our performance against the following criteria and rating system and report on each of our performance measures in our *Annual report 2025/26*.

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.

## 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.<sup>5</sup>

## 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.

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 2025/26*.

---

<sup>5</sup> 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.

# Appropriation 1: Electricity industry governance and market operations

The *Electricity industry governance and market operations* appropriation is the Authority's operational appropriation. Approximately 46% of this appropriation is used to fund the System Operator (Transpower) and a further 16% funds our other third-party service providers that operate the electricity system and markets.<sup>6</sup> The remaining 38% funds the Authority's own operating costs.

## What we intend to achieve

This appropriation is intended 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 domestic and small business consumers' interests in relation to the supply of electricity to those consumers.

## Scope of appropriation

This appropriation is limited to formulating, monitoring and enforcing compliance with the Regulations<sup>7</sup> and Electricity Industry Participation Code that governs the electricity industry, and other outputs in accordance with our statutory functions under the Electricity Industry Act 2010. It is also to deliver core electricity system and market operation functions carried out under service provider contracts.

In 2025/26, the budget for this appropriation is \$119.697 million. Further financial information is provided later in this section, and in the prospective financial statements.

## Functions provided under this appropriation

This appropriation funds our operations, including Board members' costs, the Rulings Panel, Security and Reliability Council and other technical and advisory groups. It also funds contracted market operation service providers and how we deliver our five regulatory functions:

- Operate the electricity system and markets
- Protect the interests of small electricity consumers
- Monitor, inform and educate
- Enforce compliance
- Promote market development.

---

<sup>6</sup> Under section 16 of the Electricity Industry Act, the Authority is required to contract out for these services.

<sup>7</sup> [About the Act, Regulations and Code | Electricity Authority](#)

## How we will measure success

### Operate the electricity system and markets

The Authority is responsible for the efficient day-to-day operation of New Zealand's electricity system and markets through contracted market operation service providers.

Measure	2023/24 Result	2024/25 Target	2025/26 Target	Statutory objective
1. Market operation service providers' performance meets agreed standards and contract requirements, or a remedial plan is agreed and actioned by specified date	Achieved	Achieved	Achieved	<ul style="list-style-type: none"><li>• Reliability</li><li>• Efficiency</li></ul>
2. 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	<ul style="list-style-type: none"><li>• Reliability</li><li>• Efficiency</li></ul>

#### Notes

1./2. Performance in measure 1 is focused on processes and procedures (measured through the System Operator annual performance assessment, and regular monitoring and reviews), while measure 2 is 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 CEO.



## Protect the interests of small electricity consumers

We are responsible for protecting the interests of domestic and small business consumers in relation to the dealings of industry participants with those consumers.

Measure	2023/24 Result	2024/25 Target	2025/26 Target	Statutory objective
3. Increased monitoring of and reporting on retail competition	Not achieved	Establish regular monitoring and reporting of retail competition	Publish regular monitoring and reporting of retail competition	<ul style="list-style-type: none"> <li>• Competition</li> <li>• Protection of small consumers</li> </ul>
4. <u>Enquiries into alleged breaches of the Consumer Care Obligations are dealt with in a timely manner</u>	New measure starting in 2025/26	New measure starting in 2025/26	Measure enquiry time to benchmark an appropriate target	<ul style="list-style-type: none"> <li>• Protection of small consumers</li> </ul>

### Notes

- The Authority has undertaken a data improvement programme to get even more visibility of the retail market, to better identify potential issues, publish more insights and make well-informed policy decisions that will benefit consumers.
- The Authority implemented the Consumer Care Obligations 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*.

## Monitor, inform and educate

We monitor market behaviour, make data, information and tools available to help improve understanding of the electricity markets by consumers and industry participants.

Measure	2023/24 Result	2024/25 Target	2025/26 Target	Statutory objective
5. The Authority regularly publishes evidenced-based monitoring reports	Achieved: Published 15 'Eye on electricity' articles, 4 quarterly reports (including the Q4 report for 2022/23) and weekly trading conduct reports	4 quarterly reviews published, regular trading conduct reports published	4 quarterly reviews published, regular trading conduct reports published	• Competition
6. The Authority actively promotes understanding of its work and the electricity system to a wide audience	Achieved: Total website views: 1,965,104 Total social media followers: 4,990 (X/LinkedIn)	Increase in activity across all public-facing channels	Increased engagement in all public-facing channels	• Reliability
7. Content on Electricity Market Information (EMI) website is reviewed and revised to maintain relevance	Not achieved: 2 new EMI website reports and 2 new data dashboards	Increase on prior year	Increase on prior year	• Efficiency
8. <a href="#">The frequency and sophistication of data and analytics are improved to support the Authority's evidence based decision-making processes</a>	Achieved. 34 new data tables for Authority analysts and 50 new data cloud views supplied for Authority staff	Increase on prior year	Increase on 3 year rolling average	• Competition • Reliability • Efficiency

### Notes

- The Authority publishes weekly trading conduct reports throughout the year, except for the December holiday period, and quarterly market performance reviews.
- The Authority's public-facing channels include its website ([www.ea.govt.nz](http://www.ea.govt.nz)), Market Brief e-newsletter and social media. An increase in activity includes an increase in website views and social media followers.

7. The Electricity Market Information website ([www.emi.ea.govt.nz](http://www.emi.ea.govt.nz)) is the Authority's channel for publishing data, market performance metrics, and analytical tools to facilitate decision making within the New Zealand electricity industry.
8. Data and analytics have primarily been used internally, to inform decision making at the Authority. The Authority is currently migrating its data and analytics to a new platform with advanced abilities to develop and display insights and data to inform external stakeholders as well as internal decision making.

## Enforce compliance

We monitor, investigate, and enforce compliance with the Electricity Industry Act 2010, its Regulations and the Electricity Industry Participation Code 2010 by industry participants to create a fair and competitive market.

Measure	2023/24 Result	2024/25 Target	2025/26 Target	Statutory objective
9. <a href="#">Investigations into alleged breaches of the Electricity Industry Participation Code categorised as low to medium complexity<sup>8</sup>, are addressed in a timely manner</a>	Not achieved: 96% (67/70) cases were closed within 12 months. Three cases older than 12 months remain open.	Median time to close is 6 months or less	Median time to make case decision is 6 months or less	<ul style="list-style-type: none"> <li>• Competition</li> <li>• Reliability</li> <li>• Protection of small consumers</li> </ul>
10. Our compliance decisions are lawful and appropriate	Achieved	0 legal challenges that result in a compliance decision being overturned	0 legal challenges that result in a compliance decision being overturned	<ul style="list-style-type: none"> <li>• Competition</li> <li>• Reliability</li> <li>• Protection of small consumers</li> </ul>

### Notes

9. This performance indicator was revised for 2024/25 and outyears to better represent activities in this appropriation for relevancy, understandability, timeliness and verifiability. Where we have complex cases, which are expected to be outliers, there will not be an adverse impact on our performance.

This revision was developed with Authority subject matter experts and better reflects the workload and process of the compliance team. 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.

10. Decisions on alleged breaches of the Act, certain Regulations, and the Code are made by decision makers, including the Compliance 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, or appropriateness of the decision itself. A successful appeal or judicial review could overturn a compliance decision.

---

<sup>8</sup> Examples of low to medium complexity include audit reports or stress test statement not submitted by the due date.

## Promote market development

We propose and make amendments to the Code or undertake market facilitation measures to deliver better outcomes for consumers today and in the future. Market facilitation measures are the actions we can take short of amending the Code or recommending changes to regulations. This can include working directly with industry participants to develop desired results, delivering industry training programmes, publishing guidelines, and model/default agreements.

Our strategic activities, as listed in Appendix B, are the activities we will undertake to progress achieving our strategic outcomes and meeting the Government's expectations of the Authority in 2025/26. These have been highlighted in the *Statement of performance expectations* as they are the core of our delivery for the year. Separating the strategic activities out will allow the remainder of our 2025/26 work programme to remain flexible, allowing us to be responsive to any emerging trends or events during the year.

Measure	2023/24 Result	2024/25 Target	2025/26 Target	Statutory objective
11. <a href="#">Strategic activities deliver desired outcomes in planned timeframes</a>	Achieved 83%	80%	80%	<ul style="list-style-type: none"> <li>• Competition</li> <li>• Reliability</li> <li>• Efficiency</li> <li>• Protection of small consumers</li> </ul>
12. Our market development decisions and processes are lawful and appropriate	Achieved	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	<ul style="list-style-type: none"> <li>• Competition</li> <li>• Reliability</li> <li>• Efficiency</li> <li>• Protection of small consumers</li> </ul>
13. <a href="#">Code amendments or market facilitation measures deliver intended benefits and impacts on market behaviour</a>	Achieved	1 review completed	At least 1 post implementation review is completed with an agreed action plan (where appropriate).	<ul style="list-style-type: none"> <li>• Competition</li> </ul>
14. <a href="#">Proactive engagement to support innovators across the Authority's regulatory functions</a>	New measure	New measure	2+ proactive innovator outreach events or initiatives	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Efficiency</li> </ul>

### Notes

- Activities are listed in Appendix B.
- 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.

An appeal or judicial review can overturn a market development decision by directing us to reconsider a decision or re-run a process. 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.

13. The Authority is committed to a principled programme of work for transparent rigorous post-implementation reviews being undertaken to establish the outcomes of Code amendments or market facilitation measures.
14. We introduced this measure to increase the visibility of innovation and to track performance of the Power Innovation Pathway and other innovation-related work. The Power Innovation Pathway is our 'open front door' for innovators wanting easy access to regulatory information and support to bring fresh ideas to market faster.

## 2025/26 Appropriation and cost breakdown

Electricity Industry Governance and Market Operations appropriation	Actual 2023/24 (\$000)	Forecast* 2024/25 (\$000)	Budget** 2025/26 (\$000)
Revenue from the Crown	100,843	112,497	119,697
Expenditure	100,843	105,708	119,697

### Notes

\* Expenditure for 2024/25 is based on the forecast as at 31 March 2025.

\*\* The budget for 2025/26 corresponds to the Estimates of Appropriations for the year ended 30 June 2026.

Electricity Industry Governance and Market Operations expenditure breakdown	Actual 2023/24 (\$000)	Forecast* 2024/25 (\$000)	Budget** 2025/26 (\$000)
System Operator - operating expenses	30,485	31,305	35,452
System Operator - capital-related expenses	17,857	18,122	19,696
<b>System Operator expenses</b>	<b>48,342</b>	<b>49,427</b>	<b>55,148</b>
Service provider - market making	13,224	7,197	8,192
Service provider - clearing manager	2,974	2,620	2,700
Service provider - wholesale information and trading system	2,009	1,398	1,453
Service provider - reconciliation manager	1,037	795	815
Service provider - registry manager	835	892	923
Service provider - financial transmission right manager	935	1,060	1,087
Service Provider - consumer mobility***	-	1,475	1,533
Service provider - consumer contact centre	-	-	78
Service Provider - intermittent generation forecasting	-	-	405
Service provider - depreciation and amortisation	1,416	1,490	1,873
Service provider - IT costs	11	183	51
<b>Other service provider expenses</b>	<b>22,441</b>	<b>17,110</b>	<b>19,110</b>
<b>Authority operating expenses</b>	<b>30,060</b>	<b>39,171</b>	<b>45,439</b>
<b>Total expenses</b>	<b>100,843</b>	<b>105,708</b>	<b>119,697</b>

### Notes

\* Expenditure for 2024/25 is based on the forecast as at 31 March 2025.

\*\* The budget for 2025/26 corresponds to the total Estimates of Appropriations for the year ending 30 June 2026. The Components within the Estimates of Appropriation differ to the Authority's budget above. This is predominantly due to negotiated contractual savings from onboarding a new service provider.

\*\*\* In 2023/24 the consumer mobility budget was recorded under Authority operating expenses. Because this budget supports provision of an independent consumer comparison and switching service by a third-party, it has been reclassified and moved from Authority operating expenses to service provider expenses from 2024/25.

Note: that 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.

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

### What we intend to achieve

The *Managing the security of New Zealand's electricity supply* appropriation is intended to achieve enhanced security of supply in the electricity system during periods of emerging or actual security of supply situations. These situations are expected to be rare and the appropriation is not drawn on in the normal course of events.

### Scope of appropriation

This appropriation is limited to the management by the System Operator (Transpower) of actual or emerging emergency events relating to the security of New Zealand's electricity supply. The System Operator can request funding from this appropriation to:

- increase monitoring and management responsibilities in the event of an emerging or actual security of supply situation
- plan and run an official conservation campaign.

Managing the security of New Zealand's electricity supply is a multi-year appropriation for the period 2022/23 to 2026/27. Expenses under this appropriation can only be incurred by the System Operator – we cannot incur any expenses of our own under this appropriation.

The budget for this appropriation is \$6.000 million over five years, or \$1.200 million a year.

### Functions provided under this appropriation

The System Operator is responsible for ongoing security monitoring and emergency management.<sup>9</sup> The security management functions of the System Operator include the preparation of the emergency management policy, which is incorporated into the Electricity Industry Participation Code by reference following our review and approval. The policy sets out the steps the System Operator will take and encourage industry participants to undertake in the event of an extended emergency.

Our primary role in respect to security of electricity supply is to ensure the Code promotes an efficient level of supply reliability. This includes specifying the functions of the System Operator, how the functions are to be performed, and setting the requirements for transparency and performance. We also monitor the System Operator's performance. This work is covered under the *Electricity Industry Governance and Market Operations* appropriation, in the *promote market development* and *operate the electricity system and markets* functions.

Our role in respect to this appropriation is limited to addressing requests from the System Operator to use these funds. Our approval of any request is subject to an agreed process and criteria. The process requires the System Operator to provide evidence of an actual or emerging security event, and to describe the actions it intends to take using the funds and how the use of these funds will be

---

<sup>9</sup> Section 8(2) of the Electricity Industry Act 2010 states that as well as acting as System Operator for the electricity industry, the System Operator must (a) provide information and short- to medium-term forecasting on all aspects of security of supply; and (b) manage supply emergencies. Information about the System Operator's security management role is available at [www.transpower.co.nz/system-operator/about-system-operator/security-supply-and-capacity](http://www.transpower.co.nz/system-operator/about-system-operator/security-supply-and-capacity)



monitored. Agreeing this information in advance helps us assess the effectiveness of the actions and the funding during and after the event.

The System Operator would seek our approval for funding from this appropriation on a case-by-case basis when it considers increased monitoring or security management actions are justified. However, the System Operator can, acting on a 'good faith' basis, incur up to \$300,000 of costs in this area without prior approval if it is not reasonably practicable to seek that approval.

### How we will measure success

Managing the security of New Zealand's electricity supply is our key priority. The effective management of dry years and emergency events, as measured by region on a case-by-case analysis, is one of a suite of statistics we use to measure whether there are efficient levels of reliable electricity supply.

Should the System Operator seek funding under this appropriation to manage a dry year or emergency event, how it uses the funding would be reviewed as part of the subsequent analysis. The results of the review would be published on our website and a summary reported in our Annual Report.

Given the relevant outcome and function performance measures are already captured elsewhere, the measure below is limited to one that demonstrates we have fulfilled our obligations for this appropriation.

Measure	2023/24 Result	2024/25 Target	2025/26 Target	Statutory objective
15. Electricity Authority decisions relating to System Operator requests for access to funding are made in accordance with the agreed process and criteria	Achieved	Achieved	Achieved	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Efficiency</li> </ul>
16. Post-implementation review of dry year or emergency event shows use of funding achieved its intended outcomes	New measure	Achieved	Achieved	<ul style="list-style-type: none"> <li>• Efficiency</li> </ul>

### Notes

15. 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 or emerging security event; intended actions are clearly described; and monitoring and reporting are specified.

## 2025/26 Appropriation

Managing the Security of New Zealand's Electricity Supply appropriation*	Actual 2023/34 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26*** (\$000)
Revenue from the Crown	-	50	1,200
Expenditure	-	50**	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 2024/25 is based on the forecast as at 31 March 2025.

\*\*\* The budget for 2025/26 corresponds to the Estimates of Appropriations for the year ending 30 June 2026.

## Appropriation 3: Electricity litigation fund

### What is intended to be achieved

The *Electricity litigation fund* appropriation is intended to achieve assurance that the Electricity Authority is able to participate in litigation effectively and without delay.

### Scope of appropriation

This appropriation is limited to meeting the cost of litigation activity undertaken by the Authority arising from it carrying out its functions under the Electricity Industry Act 2010 and Regulations. In 2025/26 the budget available for this appropriation is \$1.5 million.

### Functions provided under this appropriation

Our functions under this appropriation include defending judicial review and appeal cases taken against us and taking enforcement action against participants under our compliance function.

### How we will measure success

Measure	2023/24 Result	2024/25 Target	2025/26 Target	Statutory objective
17. The electricity litigation fund is used in accordance with the agreed criteria	Achieved	Achieved	Achieved	<ul style="list-style-type: none"><li>• Reliability</li><li>• Efficiency</li></ul>

#### Notes

17 The criteria are set out in our output agreement with the Minister for Energy.

### 2025/26 Appropriation

Electricity Litigation Fund appropriation*	Actual 2023/24 (\$000)	Forecast** 2024/25 (\$000)	Budget*** 2025/26 (\$000)
Revenue from the Crown	178	50	1,500
Expenditure	178	50	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 2024/25 is based on the forecast as at 31 March 2025.

\*\*\* The budget for 2025/26 corresponds to the Estimates of Appropriations for the year ending 30 June 2026.

# Prospective financial statements 2025/26

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 2023/24 year reflects the actual results as published in the Authority's 2023/24 Annual Report. The financial information presented for the 2024/25 year reflects forecast expenditure as at 31 March 2025. The financial information presented for the 2025/26 year reflects the Authority's budget for the year based on the estimates of appropriations for the year ending 30 June 2026. 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 taken a conservative view, with the assumption that funding will remain at the currently appropriated levels over the forecast period of these statements.

Draft budget expenditure assumes that the cost of certain inputs will increase in line with general inflation, while others will decrease as cost-saving measures are implemented.

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 2025/26 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 2025/26. As this appropriation is contingent in nature, no revenue or expenditure in relation to this appropriation has been included in the 2025/26 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 2025/26 budgets in the prospective financial statements.

## Prospective statement of comprehensive revenue and expense

	Note	Actual 2023/24 (\$000)	Forecast* 2024/25 (\$000)	Budget** 2025/26 (\$000)
Funding from the Crown ***	1	101,021	112,597	119,697
Interest revenue		1,450	1,389	684
<b>Total revenue</b>		<b>102,471</b>	<b>113,986</b>	<b>120,381</b>
Personnel costs	2	18,636	24,279	29,119
Depreciation and amortisation****		2,119	2,245	2,852
Service provider contracts		69,367	65,046	72,385
Other expenses	3	10,899	14,238	15,341
<b>Total expenditure</b>		<b>101,021</b>	<b>105,808</b>	<b>119,697</b>
<b>Total comprehensive revenue and expense</b>		<b>1,450</b>	<b>8,178</b>	<b>684</b>

### Notes

\* Expenditure for 2024/25 is based on the forecast as at 31 March 2025.

\*\* The budget for 2025/26 corresponds to the Estimates of Appropriation for the year ending 30 June 2026.

\*\*\* The Authority received a permanent baseline increase of \$10.9 million for 2024/25 and outyears to fund key workstreams and provide the Authority with the capacity and capability to enable a consumer-focussed transition to a net zero carbon future and ensure the ability to perform its regulatory role for the benefit of consumers.

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

\*\*\*\* Depreciation and amortisation includes acquired and developed software, systems and associated licences, the most significant being the software used by service providers in the operation of the electricity market. The amortisation for those assets is included as a service provider expense in the Electricity Industry Governance and Market Operations expenditure breakdown.

## Total expenditure by core regulatory function

		Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
Promote market development		13,424	17,219	21,932
Monitor, inform and educate		7,521	9,363	10,652
Protect the interests of small consumers		2,494	3,126	7,252
Operate the electricity system and markets		74,379	71,520	76,238
Enforce compliance		3,203	4,580	3,623
<b>Total expenditure*</b>		<b>101,021</b>	<b>105,808</b>	<b>119,697</b>

### 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 2024/25 is based on the forecast as at 31 March 2025 and includes expenditure for the Litigation and Security of Supply appropriations.

## Prospective statement of changes in equity

		Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
Opening balance at 1 July		13,941	15,391	16,780
Total comprehensive revenue and expense		1,450	1,389	684
<b>Closing balance at 30 June</b>		<b>15,391</b>	<b>16,780</b>	<b>17,464</b>

## Prospective statement of financial position

	Note	Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		9,056	21,122	10,017
Receivables and prepayments		585	500	500
Investments		12,000	5,000	10,000
<b>Total current assets</b>		<b>21,641</b>	<b>26,622</b>	<b>20,517</b>
<b>Non-current assets</b>				
Property, plant and equipment	4	1,103	976	984
Intangible assets	5	6,991	6,204	7,316
<b>Total non-current assets</b>		<b>8,094</b>	<b>7,180</b>	<b>8,300</b>
<b>Total assets</b>		<b>29,735</b>	<b>33,802</b>	<b>28,817</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and accruals		12,495	8,939	9,257
Employee entitlements		1,540	1,500	1,600
GST payable		(341)	(500)	200
Funds repayable to levy-payers		353	6,789	-
<b>Total current liabilities</b>		<b>14,047</b>	<b>16,728</b>	<b>11,057</b>
<b>Non-current liabilities</b>				
Employee entitlements		79	79	79
Provisions		218	215	217
<b>Total non-current liabilities</b>		<b>297</b>	<b>294</b>	<b>296</b>
<b>Total liabilities</b>		<b>14,344</b>	<b>17,022</b>	<b>11,353</b>
<b>Net assets</b>		<b>15,391</b>	<b>16,780</b>	<b>17,464</b>
<b>Equity</b>				
Contributed capital		9,011	9,011	9,011
Accumulated surplus/(deficit)		6,380	7,769	8,453
<b>Total equity</b>		<b>15,391</b>	<b>16,780</b>	<b>17,464</b>

## Prospective statement of cash flows

		Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
<b>Cash flows from operating activities</b>				
Receipts from the Crown		101,375	112,597	119,697
Interest received		1,450	1,389	684
Repayment of funds to levy-payers		(4,212)	(353)	(6,789)
Payments to suppliers		(78,744)	(82,759)	(87,406)
Payments to personnel		(18,639)	(24,319)	(29,019)
Goods and services tax (net)		(379)	(159)	700
<b>Net cash flows from operating activities</b>		<b>851</b>	<b>6,396</b>	<b>(2,133)</b>
<b>Cash flows from investing activities</b>				
Purchase / withdrawal of investments		(12,000)	7,000	(5,000)
Purchase of property, plant and equipment		(65)	(78)	(237)
Purchase of intangibles		(717)	(1,252)	(3,735)
<b>Net cash flows from investing activities</b>		<b>(12,782)</b>	<b>5,670</b>	<b>(8,972)</b>
<b>Net increase/(decrease) in cash and equivalents</b>		<b>(11,931)</b>	<b>12,066</b>	<b>(11,105)</b>
Cash and cash equivalents at beginning of the year		20,987	9,056	21,122
<b>Cash and cash equivalents at the end of period</b>		<b>9,056</b>	<b>21,122</b>	<b>10,017</b>

## Notes to the prospective financial statements

<b>1. Appropriation revenue</b>		Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
Electricity Industry Governance and Market Operations *		100,843	112,497	119,697
Managing the Security of New Zealand's Electricity Supply **		-	50	-
Electricity Litigation Fund **		178	50	-
		<b>101,021</b>	<b>112,597</b>	<b>119,697</b>

### Notes

\* The Authority received a permanent baseline increase of \$10.9 million for 2024/25 and outyears to fund key workstreams and provide the Authority with the capacity and capability to enable a consumer-focused transition to a net zero carbon future and ensure the ability to perform its regulatory role for the benefit of consumers.

The Authority received funding movement increases for the Real-Time Pricing project of \$2.6 million in 2024/25 and \$2.0 million in 2025/26, 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 *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.



2. Personnel costs		Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
Salaries		16,767	21,977	27,692
Contractor costs		928	1,562	363
Contributions to defined superannuation plans		711	919	1,064
Movements in employee entitlements		230	(179)	-
		<b>18,636</b>	<b>24,279</b>	<b>29,119</b>

3. Other expenses		Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
Managing the security of New Zealand's electricity supply*		-	50	-
Electricity litigation fund*		178	50	-
Advisory and working group fees		71	86	88
Auditor fees for external audit		65	85	97
Auditor fees for other services		36	31	36
Authority member remuneration		623	772	900
External work programme support		5,399	6,669	7,488
Operating lease expenses		669	770	808
Other operating expenses		3,635	5,369	5,321
Rulings Panel remuneration		41	95	180
Travel expenses		182	299	423
		<b>10,899</b>	<b>14,276</b>	<b>15,341</b>

## 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.

4. Property, plant and equipment		Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
Computer hardware		42	52	188
Office equipment		45	43	47
Furniture and fittings		220	167	116
Leasehold improvements		796	714	633
<b>Net book value at 30 June</b>		<b>1,103</b>	<b>976</b>	<b>984</b>

5. Intangible assets		Actual 2023/24 (\$000)	Forecast 2024/25 (\$000)	Budget 2025/26 (\$000)
Software		6,991	6,204	7,316
<b>Net book value at 30 June</b>		<b>6,991</b>	<b>6,204</b>	<b>7,316</b>

## **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 earned 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 incentives are recognised in the surplus/deficit as a reduction of rental expense over the lease term.

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 consists 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:

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:

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 contribution 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 minor changes to accounting policies.

## Appendix A 2025/26 Performance measure review

In preparation for the 2025/26 financial year, we have reviewed the measures used in this *Statement of performance expectations* to ensure they are still fit for purpose. Two new performance measures have been added and four measures have been amended.

### Material changes to measures

Area/function	Measure	Target	Action	Rationale
<b>Protecting the interests of small consumers</b>	Enquiries into alleged breaches of the Consumer Care Obligations are dealt with in a timely manner	Measure enquiry time to benchmark an appropriate target	New measure	Introduced a measure for the Consumer Care Obligations to track performance of this core activity. In this initial year the target will be to measure enquiry times to determine an appropriate target going forward.
<b>Promote market development</b>	Proactive engagement to support innovators across the Authority's regulatory functions	2+ proactive innovator outreach events or initiatives	New measure	Introduced a measure to increase the visibility of innovation and to track performance of the Power Innovation Pathway and other innovation-related work.
<b>Promote market development</b>	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).	Amended measure	Amended measure to align to programme of work for transparent rigorous post-implementation reviews.
<b>Promote market development</b>	Strategic activities deliver desired outcomes in planned timeframes	80%	Amended measure	Amended measure to focus on a smaller number of strategic activities.
<b>Monitor, inform and educate</b>	The frequency and sophistication of data and analytical tools are improved to support the Authority's evidence based decision-making processes	Increase on prior 3 year rolling average	Amended measure and target	Amended measure and target to better focus on the quality of the data and what it is used for
<b>Enforce compliance</b>	Investigations into alleged breaches of the Electricity Industry Participation Code categorised as low to medium complexity, are addressed in a timely manner	Median time to make case decisions is 6 months or less	Amended measure and target	Target changed to 'make case decisions' from 'close investigations' to better reflect what is under our control.

## Appendix B Strategic activities list

The following table lists the strategic activities the Authority is progressing or completing in 2025/26 that are included in measure 11 'Strategic activities deliver desired outcomes in planned timeframes'. The outcomes are tangible milestones that the Authority aims to deliver within the year and are used to assess our performance. Note that the measure is for the delivery of these milestones by 30 June 2026, and the delivery dates under each annual outcome are indicative.

### Strategic outcome: Affordable

Activity	Activity description	Annual outcome	Minister's expectations
Electricity Competition Task Force (ECTF) and Market Development Advisory Group (MDAG) recommendations* ***	<p>Continuing to implement MDAG recommendations, and advancing any ECTF initiatives that extend beyond 30 June 2025.</p> <p>ECTF initiatives are aimed at enabling new generators and independent retailers to enter and better compete in the market, and providing more opportunities for consumers to manage their own electricity use and costs.</p> <p>Implementing the recommendations from MDAG's final report <a href="#"><i>Price discovery in a renewables-based electricity system: Final Recommendations Paper 2023</i></a> aims to strengthen the performance of the wholesale market.</p>	<p>We expect to deliver a series of discrete regulatory and operational improvements. Their exact nature and timing depends on decisions that are yet to be made.</p> <p>We will report regularly and publicly on progress.</p>	<p>Keeping the lights on</p> <p>Affordability through downward pressure on prices</p> <p>Build trust and confidence</p>
Retail market data and insights* ***	Collection of new retail market data and insights supported by data visualisation to enhance market monitoring and insights, as well as inform the need for policy intervention. Publication of outputs from	This multi-year project will improve collecting and monitoring of retail data to enable better visibility of the retail market. This increased visibility retail market activity will enable us to identify potential issues, publish more insights and make well-	Reporting on market trends and activities



Activity	Activity description	Annual outcome	Minister's expectations
	the anticipated monitoring programme, including sector insights, will occur from December 2025.	informed policy decisions that will benefit consumers.	
Consumer understanding	Delivery of a campaign to educate and support customer understanding of how to manage their electricity (rolling out in tranches throughout the year) and their rights under the Consumer Care Obligations.	Consumer understanding of the system as a whole is increased through education campaigns, supporting their ability to actively engage with changes to the market.	Ease of switching providers
Consumer mobility - empowerment and bill consistency	Consumer Mobility Roadmap published with clear milestones for a three year, phased programme of work, including digitalisation and standardisation of data, consumer data access, and consumer switching support. Publication of roadmap and complete consultation on standardisation of product data by December 2025.	Consumer mobility increases, including support for consumers to compare and switch electricity plans which will promote increased retail competition.	Bill consistency and ease of switching providers
Consumer mobility – service provider onboarding	A provider of a comparison and switching service will be procured and onboarded by 31 March 2026. This provider will support the Authority in ongoing service improvements and exploring alternative consumer data delivery, including an AI-enabled “push” recommendation service.	Consumers can easily compare and switch electricity retailers, supporting competition and driving affordability.	Affordability through downward pressure on prices Ease of switching providers
Protections for domestic and small business consumers	Identify further protections for domestic and small business consumers (consultation by 30 June 2026).	Additional protections for domestic and small business consumer are enhanced (including disconnections, reconnections and prepay).	Build trust and confidence

\* Relates to *Secure and resilient* strategic outcome as well.

\*\*\* Relates to *Efficient* strategic outcome as well.

## Strategic outcome: Secure and resilient

Activity	Activity description	Annual outcome	Minister's expectations
Review of common quality requirements in Part 8 of the Code (Future security and resilience)	<p>Complete phase 1 of Code amendments: Decision on Phase 1 of the Code amendments by 31 March 2026.</p> <p>The common quality requirements in the Code have been largely unchanged since 2003. In its current format, it does not enable new technologies, nor does it address bi-directional power flows – both a result of distributed energy resources connecting to the power system. This activity is reviewing these Code requirements.</p>	Strengthen common quality requirements to address power system challenges associated with increasing distributed generation and enable investment in new technologies.	Keeping the lights on
Enabling Innovation**	Supporting and enabling sector-wide innovation through an innovation growth paper and supporting engagement events that highlight barriers, opportunities, and regulatory action relating to the growing number of innovators receiving support from the Authority. Paper to be published by 1 December.	Perspectives and lessons from innovators and new market entrants are shared to boost competition, enhance security of supply, and ensure that all perspectives are considered in the Authority's regulatory functions.	<p>Enhance collaboration with agencies and participants to support market monitoring</p> <p>Keeping the lights on</p>
Security of supply monitoring***	Security of supply and demand outlook published so stakeholders have access to timely data and have improved forward price discovery. Publication of reports will occur regularly throughout the year.	Accelerate the security of supply monitoring function, including enhancing the quality and frequency of insights and the way we present so they're meaningful for consumers and industry. Collaboration with other agencies, and the System Operator, where appropriate.	<p>Keeping the lights on</p> <p>Build trust and confidence</p> <p>Report on trends in contracting, risk management behaviour and market performance</p>
Promoting flexible use of distributed energy resources***	Work to promote the participation of distributed energy resources through enhanced network visibility and to ensure the power system can support the integration of more variable and intermittent generation	Lay the foundations for a competitive flexibility services market that maximises value for consumers from flexibility services and confirm an efficient distribution system operation model to	Keeping the lights on

Activity	Activity description	Annual outcome	Minister's expectations
	resources. The Authority expects to make a decision in this space by 30 June 2026.	facilitate uptake and connection of distributed energy resources for the benefit of consumers.	Affordability through downward pressure on prices

\*\* Relates to *Affordable* strategic outcome as well.

\*\*\* Relates to *Efficient* strategic outcome as well.

### Strategic outcome: Efficient

Activity	Activity description	Annual outcome	Minister's expectations
Distribution connection pricing* **	Proposal for reform of distribution connection pricing, including fast track measures for load connections to standardise electricity distribution connection pricing and improve efficiency. Code amendments for appropriate fast track measures will come into effect on 1 April 2026.	Unlock more network connections and encourage efficient network investment. This will enable consumers to benefit from new investment and services (such as vehicle charging, heating electrification and more affordable new housing).	Harmonise and simplify/ standardise electricity distribution business connection requirements
Future market services* **	Develop and engage with stakeholders on a strategic roadmap for market operation service providers by 30 June 2026 to enable innovation, efficiency, and competitive procurement as market operation services evolve.	Market operation service provider contracts have a long-term development plan to underpin investment in the future operation of the wholesale market.	Provide value for money Keeping the lights on

\* Relates to *Secure and resilient* strategic outcome as well

\*\* Relates to *Affordable* strategic outcome as well