

FN-25-08 Fortnightly report 8 May 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.

Electricity Authority contact: Sarah Gillies, Chief Executive

Mobile: s9(2)(a)

1. Upcoming publications

Information gathering paper – The future is digital: transitioning to a smarter, more connected and data-driven electricity system

Strategic outcome	Secure and resilient, Affordable, Efficient
Purpose	We are developing a work programme to help drive greater digitalisation across all aspects of the electricity system. To do that, we need to understand what's already happening and identify the barriers and the opportunities. We will be inviting views from the public (eg, industry, consumers, innovators) to help us with this first step.
Action and timing	Intended publication: 27 May 2025, open for public responses for four weeks.

Energy Competition Task Force Initiatives 1A

“Update Paper: Enabling new generation entry—Options for Power Purchase Agreements”

Strategic outcome	Secure and resilient, Efficient
Purpose	<p>This paper sets out the Task Force's direction for its work to support competitive generation entry, including for generation supported by Power Purchase Agreements (PPAs).</p> <p>It covers our intention to now incorporate this work in the Level Playing Field initiative work – a different way to achieve a similar outcome, with less risk of distortion.</p>
Action and timing	<p>Board to consider: 13 May 2025</p> <p>Intended publication: 29 May 2025</p>

Energy Competition Task Force Initiatives 2D

“Rewarding industrial demand response – Issues and options paper”

Strategic outcome	Secure and resilient, Efficient
Purpose	This paper seeks feedback on a proposed five-year vision for industrial demand response and on a roadmap of proposed actions to achieve this vision. The aim of this work is positioning industrial demand response within the wider demand-side flexibility system, including ensuring we are promoting industrial demand response where it is the most efficient option.

	<p>The proposed actions include two ‘immediate’ actions which, subject to further decision making, are aimed at implementation for winter 2026:</p> <ul style="list-style-type: none"> • Development of an Emergency Reserve Scheme to access industrial demand response during periods of supply and demand imbalance • Development of a standardised flexibility product for demand response, promoting bilateral demand response arrangements.
Action and timing	Intended publication: 28 May 2025

2. Consultation underway

Energy Competition Task Force Initiatives 1D and 1C Options paper “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 four large 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, i.e. make these contracts available to all industry participants on effectively the same terms as they use when trading internally.</p>
Action and timing	Consultation closes: 7 May 2025
26 July 2024 under-frequency event consultation	
Strategic outcomes	Secure and resilient: <i>Effective risk management</i>
Purpose	<p>We are seeking feedback from participants who may have been substantially affected by an under-frequency event on 26 July 2024 and our draft determination.</p> <p>This event occurred when 231MW of generation injection was interrupted or lost at the Clyde grid connection point, resulting in a drop in frequency to 49.14Hz in the South Island.</p> <p>Our draft determination is that Transpower as grid owner is the causer of this under-frequency event.</p>

Action and timing	Consultation closes: 13 May 2025
Working together to ensure our electricity system meets the future needs of all New Zealanders – Decentralisation green paper	
Strategic outcomes	Secure and resilient, Affordable, Efficient
Purpose	The purpose of this green paper is to initiate discussion and debate about decentralisation and the future of our energy system. We are seeking feedback from people and organisations with an interest in the energy system (including iwi, local government, community groups, commercial organisations and the wider energy sector) to help shape our regulatory thinking about what a more decentralised electricity system might look like, how this might benefit consumers, and what might be needed to gain these benefits.
Action and timing	Initial feedback round closes: 4 June 2025; engagement ongoing to July 2025
Improving visibility of competition in the OTC contract market consultation	
Strategic outcomes	Secure and resilient, Affordable
Purpose	<p>We are seeking feedback on a proposal to require all retailers (including gentailers) and large industrials (who buy electricity from the clearing manager) to regularly provide the Authority with their over-the-counter requests for buying contracts and responses to those requests.</p> <p>This is intended to improve the transparency of, and competition in, the over-the-counter hedge market to drive greater retail competition, aligned with the findings from the Risk Management Review and recommendations from the Market Development Advisory Group.</p> <p>Improved retail competition increases downward pressure on electricity prices and provides more choice for consumers.</p>
Action and timing	Consultation closes: 26 May 2025
Promoting reliable electricity supply: Frequency-related Code amendment proposals consultation	
Strategic outcomes	Secure and resilient, Efficient
Purpose	We're seeking feedback on our proposal to amend Part 8 of the Code to address the frequency-related common quality issue, which is described as: <i>an increasing amount of variable and intermittent resources, primarily in the form of wind and solar photovoltaic generation, is likely</i>

	<p><i>to cause more variability in frequency within the ‘normal band’ of 49.8–50.2Hz, which is likely to be exacerbated over time by decreasing system inertia.</i></p> <p>We are proposing to:</p> <ul style="list-style-type: none"> • lower the 30-megawatt threshold for generating stations to be automatically excluded from being required to comply with aspects of Part 8 of the Code. • set a permitted maximum dead band beyond which a generating station must contribute to frequency management and frequency support.
Action and timing	Consultation closes: 17 June 2025

3. Upcoming Electricity Industry Participation Code 2010 amendments

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
EIPCA-25-0011	Under frequency events - removing the obligation for the Authority to consult on non-contentious draft determinations	30 April 2025	2 May 2025	1 June 2025	28 May 2025
EIPCA-25-0012	Improving Consumer Access to their Electricity Information	30 April 2025	2 May 2025	1 June 2025	28 May 2025
EIPCA-25-0013	Removal of Time Error Management Obligations	30 April 2025	2 May 2025	1 June 2025	28 May 2025
EIPCA-25-0014	Clearing Manager to Settle Fixed Price Variable Volume Hedges	30 April 2025	2 May 2025	1 January 2026	28 May 2025

4. Key external engagements

- 9 May: Security and Reliability Council Chair/CE/Chair
- 13 May: Counties Energy Chair/CE/Board members/SLT members
- 14 May: Natural Hazards Commission/CE
- 15 May: Meridian incoming CE/CE/GM Wholesale and Supply
- 15 May: Scenario Planning Meeting/GIC/MBIE/ComCom/CE/Senior Legal Counsel
- 16 May: New entrant generator/CE/GM Wholesale and Supply
- 16 May: Gas Security Response Group
- 20 May: Transpower Chief Executive
- 20 May: Futures Networks Forum – CE and leadership team
- 20 May: Minister Watts/CE/Chair
- 21 May: Consumer Wānanga – hosted by the EA involving industry, other government agencies and consumer representatives
- 22 May: GIC Board/CE/Chair

5. Deep Dive: Digitalisation

Digitalisation overview

- 5.1 The Electricity Authority is delivering a digitalisation roadmap that will ensure New Zealanders are able to use interconnected smart technologies, and our electricity system becomes digitally optimised to deliver social and economic benefits. Key deliverables of this include:



Greater access to data and information so people and communities will have more control over how they use and produce electricity. This is key for a **secure and resilient** system.



Consumers are rewarded for actively participating in the electricity system, and together with their smart use choices, this will help make power more **affordable**.



Trading relationships between retailers and innovative service providers are smoother. This opens the door to being more **efficient** as new, smart technologies help manage energy.

Benefits

- 5.2 Activities in the Authority's digitalisation programme that are currently in play will lead to the changes described in the table below.

Timeframe	Result
<i>Within 12 months</i>	New digitalisation initiatives begin, established through FY2025/26 information gathering Product data standards developed, to support potential Consumer Data Right New comparison and switching service begins Implementation begins for consumers to buy and sell from different retailers for electricity consumption and generation First phase of measures to improve consistency across bills implemented Retail market monitoring data ingestion begins
<i>Within 2 years</i>	Consumption data standards developed, to support potential Consumer Data Right Networks begin to publish enhanced capacity/asset/performance information for high and medium voltage assets
<i>3+ years</i>	Networks begin to publish enhanced capacity/asset/performance information for low voltage assets

- 5.3 We released our green paper on decentralisation: 'Working together to meet the needs of New Zealanders' on 30 April and are inviting initial public feedback until 4 June, with engagement ongoing until August 2025.

- 5.4 The green paper is the foundation for discussions that the Authority will be convening over the coming months. It will contribute to the Authority's work to determine the regulatory framework required to support consumer benefit in a more decentralised electricity system.
- 5.5 We need a supportive digital ecosystem to empower consumers and take full advantage of a decentralised electricity system.
- 5.6 Digitalisation means using technology to improve our electricity system. It matters because it will set up the system to embrace technology, including end-to-end visibility and connectivity. This will enable consumers, participants and innovators to take advantage of the benefits it brings, including:
- (a) improved consumer engagement through better information and automation
 - (b) simplified and more consistent information for consumers about their electricity use
 - (c) more choices for consumers, leading to greater flexibility in how they use energy and promoting healthy competition in the market
 - (d) a smarter system, resulting in efficient and sustainable investment
 - (e) greater and faster use of energy assets, including distributed energy resources (DERs)
 - (f) lower costs for consumers through more choices and a more efficient system
 - (g) a clear view of challenges and opportunities, resulting in better planning and stronger systems.

What is needed for a digitalised future?

- 5.7 We are developing a digitalisation roadmap to help drive digitalisation over the next 5-10 years (in phases). Our roadmap focuses on:
- 1: Data visibility:** Visibility increases the amount of observable data, improving decision-making across the system. It also ensures no participant gains an unfair advantage from unequal access to data, where sharing is necessary.
- 2: Interoperable systems:** Interoperability makes it possible to share data and information across systems. Consolidating and standardising data, especially at the points of interaction, can reduce connectivity challenges between market participants.
- 3: Simple solutions:** Simplification improves consumer engagement. It makes information, options and actions clearer. This gives people and communities more choice in how and when they use electricity. It also increases their say in how the electricity sector evolves.

Industry and sector engagement

- 5.8 We are engaging with industry and consumer groups, including non-traditional players – innovators, pro-sumers, technology and AI companies – who will play a significant part in delivering a digitalised electricity system to realise social and economic benefits for consumers.

Key digitalisation programme initiatives already underway

- 5.9 We are already working on projects to deliver digitalisation.

- (a) Improving retail market monitoring (final decision released March 2025, data ingestion from August 2025)
 - (b) Increasing network visibility (intending to consult in June 2025)
 - (c) s9(2)(f)(iv)
 - (d) Enabling multiple trading relationships and improving switching processes (consultation expected May 2025)
 - (e) Using the Switch and Data Formats Group to support the technical development of our digitalisation programme and other Authority activities on an ongoing basis
 - (f) Improving the coordination of DER through our future system operations consultation (intending to consult in June 2025)
 - (g) Working closely with MBIE on the development of a Consumer Data Right (CDR) for the electricity sector. We anticipate the Government will decide on designating the electricity sector following the enactment of the Customer and Product Data Act 2025.
- 5.10 Our digitalisation paper is the first significant step we're taking toward creating a whole-of-system view of what's required to deliver a digitalised electricity system.
- 5.11 In August and September 2025, we plan to do some targeted engagement to clearly map out relevant work across the electricity system (and beyond).
- 5.12 Towards the end of 2025, we will publish a draft system map. The system map will set out our roadmap of what the Authority will deliver through our digitalisation programme, and the relevant initiatives we expect the industry to lead and deliver over the following year. We will keep you updated on our progress.

Energy Competition Task Force work programme

Initiative	Current stage	Next published milestone	Next update to you
PPAs (1A)	Feedback received on published working paper on 28 February	Publish Update paper 28 May • s9(2)(f)(iv) [redacted] [redacted]	14 May – briefing
Standardised flex product(1B)	First phase completed – standardised super-peak hedge product launched January 2025	s9(2)(t)(iv) [redacted]	
Virtual disaggregation (1C)	Outline published for feedback – now part of level playing field work	N/A	N/A
Level playing field measures (1D)	Outline of measures and proposal for non-discrimination obligations for gentailers published • Submissions closed 7 May	s9(2)(f)(iv) [redacted]	
Initiatives promoting consumer choice (2A-C)	Feedback received on Code change proposals on 26 March	[redacted]	
Short-term flexibility revenue (2D)	Developing papers for stakeholder feedback	Publish Issues and options paper, including roadmap, 28 May s9(2)(f)(iv) [redacted] [redacted]	14 May – briefing