

Annual Report

Electricity Authority

Te Mana Hiko

New Zealand's electricity regulator

1 July 2024 – 30 June 2025

Purpose of this Annual report

This *Annual report* is the Electricity Authority Te Mana Hiko's formal report to Parliament on its results for the period 1 July 2024 to 30 June 2025.

The report contains information required by sections 150–156 of the Crown Entities Act 2004.

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Message from our Chair and Chief Executive

Tēnā koutou katoa,

On behalf of the Electricity Authority Te Mana Hiko, the Board and our kaimahi, we are pleased to present the Annual report for the 2024/25 reporting year.

New Zealand's electricity system is undergoing profound change. So too is the role of the regulator. As the system becomes more complex, interconnected and decentralised, the Authority must be more agile, more vigilant and more prepared to act. The sector needs smart regulation that delivers consumers reliable and affordable electricity, and provides a clear regulatory pathway to encourage investment and innovation. That means simplification, standardisation and transparency across the board.

The challenges of Winter 2024 were a sharp reminder of what's at stake and highlighted a system under pressure. In the end, everyday New Zealanders are affected if we don't have enough energy in the system.

Over the past year, we have focused on delivering real impact and delivering a regulator that is proactive in its oversight, firm in its expectations and responsive to early signals of risk.

Additional levy funding has enabled us to move faster to drive regulatory reform, lift market performance and address areas where competition is not delivering. We have been reshaping the Authority to be more outcomes-focused and data-driven, and to hold participants to a clearer, more enforceable set of standards.

In partnership with the Commerce Commission we established the Energy Competition Task Force to address concerns around pricing, conduct, and investment signals and deliver work that is critical to strengthening consumer confidence and creating a market where efficient pricing and competitive behaviour are the norm.

We are also lifting expectations around consumer protection. The full Consumer Care Obligations came into force on 1 April and are designed to ensure all consumers, especially those in hardship, receive fair and equitable treatment. The Authority is actively monitoring compliance and will take enforcement action where necessary.

We continue to advance initiatives that make it easier for consumers to have more choices in how they manage their electricity and benefit from innovation. We are unlocking the potential of a decentralised power system and launching a new energy comparison and switching service. Our Power Innovation Pathway is unlocking new technology solutions to improve flexibility and resilience.

We are proud of the progress made in 2024/25. But the Authority is under no illusion that significant challenges remain. The Authority's role is to ensure the electricity system remains reliable, affordable and future-fit. To that end, we will be a regulator that is not only strong and independent, but focused, fast and fair.

We extend our thanks to our Board, our kaimahi and to all our sector partners who share our commitment to a better energy future for Aotearoa.

Anna Kominik
Chair

Sarah Gillies
Chief Executive

Statement of responsibility

The Board is responsible for the preparation of the Electricity Authority's financial statements and annual report, and for the judgements made in them.

It is responsible for any end-of-year performance information provided by the Electricity Authority under section 19A of the Public Finance Act 1989.

It has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and performance reporting.

In the Board's opinion, these financial statements and annual report fairly reflect the financial position and operations of the Electricity Authority for the year ended 30 June 2025.

Signed on behalf of the Board:



Anna Kominik
Chair
31 October 2025



Paula Rose QSO
Audit and Finance Committee Chair
31 October 2025

He whakataukī

Ko te rauru o te rākau, ka toitū te wao; ko te manawa o te tangata, ka toitū te ao

When the roots of the tree endure, the forest stands strong; when the hearts of the people endure, the world is sustained.

Like a forest that thrives when its roots are strong, an affordable and secure electricity system is sustained through people — their resilience, their commitment and their collective effort. This speaks directly to the resilience of Aotearoa New Zealand's electricity system and the wellbeing of the communities it serves.

About us

The Electricity Authority is an independent Crown entity responsible for the governance and regulation of Aotearoa New Zealand's electricity system and markets.

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.

Our role in the electricity system

Our independence is an important part of ensuring a functioning and competitive market, enabling confidence in the efficient operation of the large and complex electricity industry.

- We steward the system to ensure consumers can access affordable and reliable electricity, keeping the lights on at the lowest possible cost and for the long-term benefit of consumers.
- We regulate the electricity industry, building trust and confidence for the long-term benefit of consumers. We pay close attention to our operating environment, using our role to inform and educate our stakeholders.
- We test ideas and challenge the status quo with consumers' interests at the heart of everything we do.
- We continually look for opportunities to drive value for money and promote a competitive and efficient market to enable an electrified future for New Zealand.
- We collaborate with other agencies and organisations in the sector.
- We determine a work programme that meets our statutory objectives, has regard to the Statement of Government Policy, and which is informed by the Ministerial letter of expectations, as well as the expectations of communities and consumers.

Our vision

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

Statutory objectives

To promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.




To protect the interests of domestic consumers and small business consumers in relation to industry participants' dealings with small consumers.

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 market
-  Enforce compliance
-  Protect consumers

Statutory objectives

Our work delivers value to consumers through:

-  Competition
-  Reliability
-  Efficiency
-  Protection of small consumers

Progress on strategic outcomes

Our Statement of intent drives our strategic direction for the coming years

In our [Statement of intent 2024-28](#) we set out the Authority's strategic framework, along with impact measures and targets for our strategic intentions.

As a regulator of New Zealand's electricity markets, our work is focused on ensuring consumers have access to affordable and reliable electricity. We are one of several agencies and organisations with distinct roles in the energy sector, and we all work closely to ensure regulatory alignment.

Our intended outcomes are for a secure and resilient, affordable and efficient electricity system. By carrying out our regulatory functions, engaging and collaborating to build trust and confidence in the system and in the Authority, we anticipate improved long-term outcomes for consumers

This year, we achieved four of our strategic outcome measures and did not achieve one. The remaining five measures are being baselined this year.

We seek to improve our performance year-on-year to improve the long-term benefits for consumers. We closely monitor trends to know we are moving towards the desired results.

We assess performance using measures published in our Statement of intent

Our *Statement of intent 2024-28* sets out the measures of progress towards achieving our strategic intentions.

We measure our impact and outcomes using the following criteria:

Rating	Criteria
Achieved	Result is heading in the direction of the desired trend
Maintained	Result remains stable compared to the previous year
Not achieved	Result is not heading in the direction of the desired trend
Baselining	Data not available this year, baseline being set

We collect qualitative and quantitative information using the following methods:

- **Authority data** – Information collected or held by the Authority. For example, website analytics, monitoring data and database statistics.
- **Independent assessment**¹ – An independent assessment of certain measures against strategic outcomes. This year, the assessment was conducted by consultancy firm, Allen + Clarke. This involved desk research, reviews of project documentation and interviews. Interviews were conducted with eight Authority staff and seven external stakeholders, including industry participants and representatives of commercial and residential consumers.

¹ [Electricity Authority independent assessment 2024-25.pdf](#)

- **Consumer sentiment survey** – An independently conducted online survey of a nationally representative sample of around 1,000 residential customers and 500 small business customers, to enhance the Authority’s understanding of residential and small business consumers’ sentiments and to provide insights for evidence-based strategy and policy work. A refreshed survey has been designed by The Navigators Ltd.

We draw on data from all these sources to provide an overall view of performance against our intended outcomes.

Measuring our performance helps track progress towards our strategic intentions

Strategic outcome 1: Secure and resilient

Consumers have trust and confidence in their electricity supply. It's reliable, secure and responsive to shocks.

We want a system where consumers and communities are empowered to generate and share electricity, without compromising security of supply. This means electricity infrastructure that is fit for purpose and enables technological change while keeping the lights on.

A mix of demand-side flexibility and generation types of different scales, including from distributed energy resources, provides regions and communities with a reliable energy supply even when there are disruptions from natural disasters, cyberattacks or other unforeseen circumstances.

Our country's transition to a low emissions economy will require widespread electrification, presenting new challenges to the operation and affordability of the electricity market and security of electricity supply.

Further examples of deliverables from our work programme in 2024/25 are listed in "Keeping the lights on" on page 17.

Outcome	Measure	Desired trend	2023/24 result	2024/25 result	Related Statutory Objectives
The transmission and distribution system are coordinated to ensure security of supply over hours, days, months and years	Participation in demand response and ancillary services	Maintain or increasing	Measure introduced 2024/25 Approved ancillary service agents: 13 Registrations for dispatch capable load stations: three	Achieved 16 approved ancillary service agents (increase of three) Four registrations for dispatch capable load stations (increase of one)	Reliability
	Note: Ancillary services are services required to support electricity system operability. This includes examples like frequency keeping or instantaneous reserve through to black start.				
Rural, vulnerable and isolated communities are protected against risks to security of supply	Effective management of dry years or emergency events, as measured by	Maintain	Measure introduced 2024/25 No comparable data available. Baseline being	Achieved Review completed of the events of Winter 2024	Reliability

Outcome	Measure	Desired trend	2023/24 result	2024/25 result	Related Statutory Objectives
	region on a case-by-case basis		established in 2024/25		
	Note: The Winter 2024 review found that high spot market prices between July and mid-August 2024 were a result of high electricity demand and low wind generation coinciding with low hydro storage and tight gas supply. Industry responded to high prices through a number of mechanisms including Tiwai demand response, Methanex gas trading and moving non-urgent outages outside of the winter period.				
Different parts of New Zealand manage the risk and opportunities of the transition in ways that reflect their regional circumstances	Consumer awareness of security of supply options available	Increasing	Measure introduced 2024/25 No comparable data available. Baseline being established in 2024/25	Baselining 86% of surveyed consumers were aware of at least one option that helps reduce the risk of supply problems 40% of surveyed are very or quite likely to try one of these options (regardless of initial awareness)	Reliability Protection of small consumers

Strategic outcome 2: Affordable

Consumers have simple, stable access to affordable electricity. They can choose their electricity supplier from a competitive and efficient market.

We want to see households, businesses and communities benefit from investment in generation and storage. In having greater levels of access and choice, consumers and communities benefit from a range of efficient and cost-effective electricity solutions.

Consumers should have the ability to better manage their electricity use, which can help balance supply and demand and stabilise the electricity system.

Further examples of deliverables from our work programme in 2024/25 are listed in “Affordability through competitive wholesale and retail markets” on page 17.

Outcome	Measure	Desired trend	2023/24 result	2024/25 result	Related Statutory Objectives
Consumers and their agents can use data to make smart electricity use and affordability choices and are rewarded for doing so	Number of electricity switch web page sessions that progress to a results page	>20%	51%	Achieved 59%	Competition
	Note: The electricity switching results page compares different electricity retailers plans providing consumers with information to make energy choices that suit their needs.				
Tools and products are available to effectively manage price volatility from increased renewable generation	Improvement in accuracy of intermittent generation forecasts/offers	Increasing	Measure introduced 2024/25 Root mean squared error value of 10.5%	Not achieved Root mean squared error value of 10.7% representing a decrease in forecasting accuracy*	Efficiency
	<p>Note: Intermittent generation refers to intermittent sources such as wind and solar energy. In February 2025 we published a decision to introduce a new hybrid forecasting arrangement to improve the accuracy of intermittent generation forecasts and offers, benefiting market participants and consumers. This is done by implementing a centrally procured forecast of intermittent generation, with the ability for generators to submit offers based on their own forecast if they meet the prescribed accuracy standards. This regime came into effect on 31 July 2025 and we expect to see significant improvements in accuracy as a result. More information on intermittent generation can be found on our website: Improving the accuracy of intermittent generation forecasts</p> <p>*This measure uses the root mean squared error both in actual megawatt values and as a percentage of available capacity. The results per windfarm represent an average across four forecasting windows (offers from solar generators were excluded from the analysis due to the comparatively small number of solar farms operating in New Zealand in 2023/24 and 2024/25). We aim to achieve a reduction in root mean squared error values, as this would represent an improvement in accuracy.</p>				
Tools and products are available to effectively manage price volatility from increased renewable generation	Sufficient opportunities to hedge risk of price volatility	Increasing	Measure introduced 2024/25 No comparable data available. Baseline being established in 2024/25.	Baselining Scored as 'Good' by the independent assessment	Efficiency Competition
	Note: Ensuring generators and traders have good access to buy and sell electricity on the hedge market and futures market is a key part of the wholesale market, providing transparent and robust forward price signals and enabling participants to manage their risk exposure to price volatility in the spot market. The measure is being baselined, as it is a qualitative measure which was provided for the first time in the current year. We will baseline the score from the independent assessment this year, for comparison in the next financial year.				
Widespread understanding and uptake of	Percentage of ICPs using	Decreasing	Measure introduced 2024/25	Not Measured	Efficiency Competition

flexibility markets – helping reduce overall consumer costs	energy use profiles		No comparable data available.		
	Note: The sector is now shifting away from energy use profiles for distribution pricing to more accurate methods of allocating peak and off-peak time periods, in order to enable consumers to better manage their electricity use. The Authority has introduced Code changes as part of the Task Force work to require retailers to provide actual data in the required time blocks to distributors when that data is available. This advancement means the use of profiles in distribution pricing will be greatly reduced and measuring energy use profiles would not provide the insight into the uptake of flexibility markets.				

Strategic outcome 3: Efficient

Consumers can access an electricity system with a mix of renewable generation, storage and technologies that best fits their needs.

We want consumers to be rewarded for making efficient decisions to adapt their electricity use, creating opportunities for them to benefit from minimising system-wide costs. Adapting and innovating is key to enhancing efficiency and meeting these needs as they evolve over time. The changes required, and the speed at which these changes must be implemented, is substantial. However, they will enable a sustainable electricity market over the long term.

Further examples of deliverables from our work programme in 2024/25 are listed in “Supporting the electrification of the economy” on page 17.

Outcome	Measure	Desired trend	2023/24 result	2024/25 result	Related Statutory Objectives
Regulation enables widespread uptake of new renewable technologies to benefit consumers	Assessment of the Authority prioritising activity that enables renewable investments to achieve net zero by 2050	Increasing	Measure introduced 2024/25 No comparable data available. Baseline being established in 2024/25.	Baselining Scored as ‘Good/Poor’ by the independent assessment 41% (14 out of 34) of our consultation papers in 2024/25 enable renewable investments*	Competition Reliability
	<p>Note: Net zero by 2050 refers to New Zealand’s commitment to achieve net zero greenhouse gas emissions by 2050 of which electricity is a key contributor to.</p> <p>The measure is being baselined, as it is a qualitative measure that was provided for the first time in the current year. We will baseline the score from the independent assessment this year, for comparison in the next financial year. The Authority notes that the assessment questions for this measure were focused on the value of information provided to stakeholders. They did not include an assessment of whether the Authority is, in fact, prioritising activity that enables renewable investment, which is the focus of this measure. We will improve the assessment questions and decision matrix for future independent assessments, to ensure a more comprehensive measure of our activity and progress in enabling renewable investment. The full independent assessment, and our associated response to the report, can be found on our website.</p>				

Outcome	Measure	Desired trend	2023/24 result	2024/25 result	Related Statutory Objectives
	*This additional data point has been provided in recognition of the limited scope of the independent assessment.				
Investors have access to tools and information to support a range of renewable investments	Enhanced visibility of tools and information available	Maintain	Published 15 'Eye on electricity' articles	Achieved Published 16 'Eye on electricity' articles 24,894 views of Investment Pipeline dashboard	Competition Reliability
Regulation promotes innovation and supports the low emissions economy of the future	An accessible and transparent Code exemptions and amendment request process	Increasing	Measure introduced 2024/25 No comparable data available. Baseline being established in 2024/25.	Baselining* Scored as 'Good' by the independent assessment	Competition
	Note: The code exemption process supports innovation of new products, services or business models through industry trials. An accessible and transparent exemption process means more opportunities for timely adoption of low-emission technologies and practices, which accelerates the transition to a cleaner economy - benefiting consumers through greater choice, lower energy costs, and improved environmental outcomes. The measure is being baselined, as it is a qualitative measure that was provided for the first time in the current year. We will baseline the score from the <u>independent assessment</u> this year, for comparison in the next financial year.				

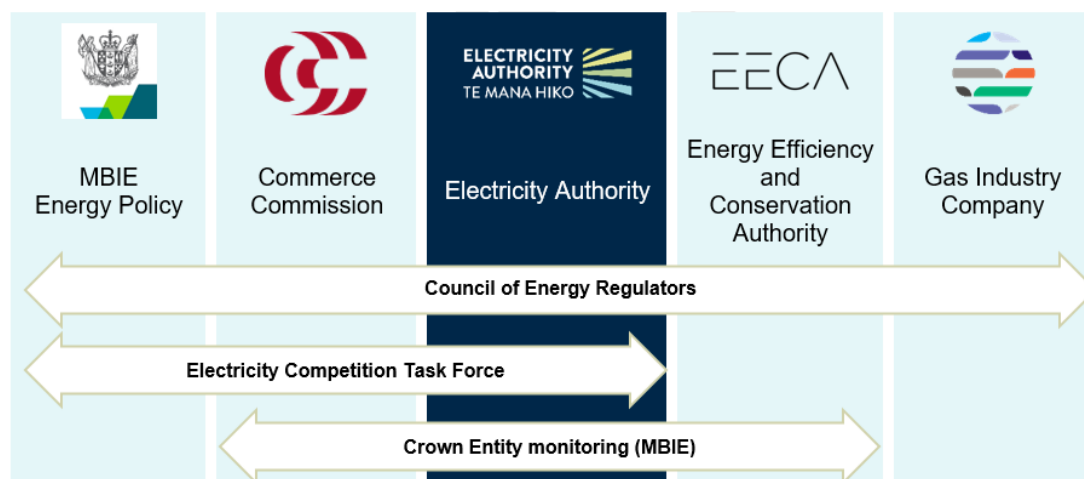
Assessment of operations and performance

Reflecting Government priorities

The Authority's work needs to meet our legislative requirements and statutory objectives, and align with best-practice guidance provided by central agencies², the Office of the Controller and Auditor-General, and Audit New Zealand.

We have regard to the Statement of Government Policy (GPS) made under section 17 of the Electricity Industry Act 2010 and are informed by the Government's expectations communicated in the enduring letter of expectations for Crown entities and annual letter of expectations from the Minister for Energy. We engage proactively with the Ministry of Business, Innovation and Employment (MBIE) as our monitoring agency, to ensure we meet the expectations outlined in the *Monitoring arrangements for MBIE-monitored Crown entities*.

We work together with the Commerce Commission to ensure regulatory alignment. We are part of the Council of Energy Regulators which facilitates a whole-of-system approach to risks, issues and opportunities within the energy market's regulatory system. We work closely with other relevant government agencies to support an energy regulatory system that enables innovation, competition, consumer choice and affordability.






² The central agencies are: Te Tai Ōhanga The Treasury, Te Kawa Mataaho Public Service Commission and Te Tari o te Pirimia me te Komiti Matua Department of the Prime Minister and Cabinet.

We've delivered an ambitious work programme in a challenging year

The past year has been a challenging one for the electricity industry, as we faced higher price pressures and fuel shortages. Our priority has been to keep the lights on and work with the sector to look after New Zealanders' best interests.

We focused on swift action to level the playing field in the market and give consumers more options to access affordable electricity.

Key expectation*	Consumer benefit	Our main contributions last year
Keeping the lights on 	<ul style="list-style-type: none"> Avoiding disruptions to electricity supply, which have large negative impacts Better information, coordination and decision-making mean lower risks of outages and more efficient use of available generation 	<ul style="list-style-type: none"> Information on thermal fuel availability, including for the System Operator Code changes to improve generation outage co-ordination, effective from 1 January 2025 Weekly public reporting on security of supply Scarcity pricing levels updated Roadmap to increase the availability of demand response from industrials
Affordability through competitive wholesale and retail markets 	<ul style="list-style-type: none"> A competitive wholesale market ensures the lowest-cost mix of electricity generation at all times, and signals the need for new generation to be built Hedge markets enable generators, retailers and large consumers to manage their price risks A competitive retail market means better prices and more options for consumers that suit their electricity needs 	<ul style="list-style-type: none"> Monitoring and reporting on hedge market outcomes, including improvements to the stress test regime and consulting on gathering data on hedge bids and offers New standardised hedge product to boost availability of super-peak cover for wholesale market participants Dashboard for consumers showing regional power prices as part of an ongoing project to collect and report more retail market data Enforceable obligations for consumer protection, including banning disconnection of medically dependent consumers and requiring fees or charges to be reasonable Progressing a new comparison and switching provider, and continued groundwork on enabling switching through easier availability to consumers of their consumption data Education campaigns for consumers to help save money and know their rights Promote time-of-use retail pricing, and improve buy-back rates for rooftop solar
Supporting the electrification of the economy 	<ul style="list-style-type: none"> Making it easier, less costly, and more equitable and consistent to connect to networks so consumers get the benefits of new housing, electrification and growing the economy 	<ul style="list-style-type: none"> Data collected and generation pipeline dashboard published to monitor progress Made changes to the Transmission Pricing Methodology (TPM) to support the efficient integration of new technologies, such as Battery Energy Storage Systems (BESS)

Efficient distribution connections (eg, EV infrastructure)



- Reduced barriers to new connections to reduce the cost of electrification, including for new housing and for business growth
- New rules to provide distribution rebates at peak times
- New rules to reduce the cost and complexity of connecting to networks, making it easier for EV charge points, solar and batteries to connect.

Underpinned by:

Regulatory Action



- Responded to critical events during the year, including investigating the June 2024 Northland outage, a review of Winter 2024, and establishment of the Energy Competition Task Force to investigate ways to quickly improve the performance of the electricity market
- Compliance: 139 cases closed (+ five cases pending closure); 14 warning letters; currently investigating five participants for multiple alleged breaches; one formal complaint referred to the Rulings Panel; eight Code exemptions.

Value for money



- Significant savings on our procured services through commercial processes and rigorous oversight of these services
- Organisational changes to improve value for money with greater productivity and faster delivery
- Significant progress towards implementing the recommendations of the Strategic Baseline Review

** The expectations are based on the 2024/25 Letter of Expectations for the Authority. They align with the Authority's statutory objectives and the Government Policy Statement on electricity.*

2024/25 at a glance

Working with the Code

20 amendments

9 exemptions

2 dispensations processed

Our consultations

Feedback gathered on

34 areas of work

Supporting innovators

8 pilots received enhanced regulatory guidance

Education and data transparency

7.2m data files
downloaded

109k data reports
viewed on average per
month

6 new dashboards
published

49 trading conduct
reports

50 Market Brief
newsletters

Engaging online audiences

238 news items, keeping stakeholders
up to date on our work

16 Eye on electricity articles providing
industry insights

679k new visitors to our website

5709 LinkedIn followers

Enforcing compliance

145 compliance cases closed

1 case referred to the Rulings Panel

Statement of performance

We have aligned to the reporting standard *Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting* (PBE FRS 48), which sets out the required standard for our non-financial performance information and reporting.

For the purposes of this standard, service performance refers to the information set out in the statement of performance in this annual report. The statement of performance relates to the measures and targets set out in our *Statement of performance expectations 2024/25 (amended)*. We have also included disclosures on our impact and outcome measures from our *Statement of intent 2024-28*.

Performance measures used in the Estimates of Appropriation 2024/25

Some performance measures used in the *Statement of performance expectations 2024/25 (amended)* were also used in the *Estimates of Appropriation 2024/25*. These measures are identified in **bold**.

Measuring the performance of our operations

We use our statutory objectives to measure how successful our work has been at achieving competition, reliability and efficiency for the long-term benefit of consumers.

The Electricity Authority is an independent Crown entity and receives funding from the Crown each financial year from three appropriations within Vote Business, Science and Innovation.

The Crown funds the Authority through appropriations of public money. The Crown recovers the cost of this funding, up to the level of actual expenditure incurred, through a levy on electricity industry participants. Levies are charged to industry participants in accordance with the Electricity Industry (Levy of Industry Participants) Regulations 2010. These regulations are made on the recommendation of the Minister for Energy and are administered by the Ministry of Business, Innovation and Employment.

As set out in our *Statement of performance expectations 2024/25 (amended)*, we measure these three appropriations against 15 performance measures.

	Our appropriations	Our functions
Operating appropriation	Electricity industry governance and market operations	Promote market development
		Monitor, inform and educate
		Operate the electricity system and markets
		Enforce compliance
		Protect the interests of small electricity consumers
Contingent appropriations	Managing the security of New Zealand's electricity supply	Addressing funding requests from the System Operator to manage security of supply events
	Electricity litigation fund	Taking enforcement action and defending cases against the Authority

As set out in our *Statement of performance expectations 2024/25 (amended)*, we measure these three appropriations against 15 performance measures.

This year, 14 out of our 15 output performance measures were achieved and one was substantially achieved.

We use set ratings and criteria to report performance results

Our *Statement of performance expectations 2024/25 (amended)* set out the performance targets for the outputs we will deliver in the year. Assessment of our performance targets are based on the following rating system:

Rating	Criteria	2024/25 result
Achieved	On target or better	14
Substantially achieved	Within 5% of the target	1
Not achieved	More than 5% below the target	0
Not applicable	Data not available	0

Appropriation 1: Electricity industry governance and market operations

This appropriation is limited to formulating, monitoring and enforcing compliance with the Electricity Industry Participation Code 2010 (Code), and other outputs in accordance with the statutory functions under the Electricity Industry Act 2010; and delivery of core electricity system and market operation functions carried out under service provider contracts.

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, 17% funds other service providers, with the remainder funding the Authority's own operating costs (37%).

Our regulatory functions under this appropriation

This appropriation funds our operations, including Board members' costs, the Rulings Panel, Security and Reliability Council, and advisory groups. It also funds the operation of the electricity system and market operations in accordance with our statutory functions, which cover the following:

1. **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. Key tools include market facilitation measures and amendments to the Code.
2. **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.
3. **Operate the electricity system and markets:** we are responsible for the day-to-day operation of the electricity system and markets through contracted service providers.
4. **Enforce compliance:** we monitor, investigate and enforce compliance with the Electricity Industry Act 2010, its Regulations and the Code by industry participants to create a fair and competitive market. We are developing an industry training programme to educate participants, share lessons learnt and help identify and resolve any systemic issues.
5. **Protect the interests of small electricity consumers in relation to the supply of electricity to those 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.

1. Promote market development

Our market development work promotes competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.

We have two key tools at our disposal to develop the market: amending the Code and adopting market facilitation measures. 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 participants to develop desired results, education programmes, publication of guidelines and publication of model agreements.

We use these tools to ensure market arrangements are appropriate for today's needs and flexible enough to enable tomorrow's innovations. Our market development cycle ensures market improvement initiatives are effectively implemented and the results assessed.

Within our *Statement of performance expectations 2024/25 (amended)*, we detailed 24 key work activities that contribute to our long-term strategy and promote market development. We exceeded our target with 96% of market development activities achieving their annual outcomes by the end of the 2024/25 financial year.

Performance measures

Measure	2024/25 target	2023/24 result	2024/25 result
1 Planned activities that promote market development achieve published annual outcomes	80%	Achieved 83%	Achieved 96%
Note: Planned activities that promote market development are published in our <i>Statement of performance expectations 2024/25 (amended)</i> and quarterly progress reports are available on our website: www.ea.govt.nz/about-us/corporate-documents/			
2 Our market development decisions and processes are lawful and appropriate	Zero legal challenges that result in an Authority market development decision being overturned	Achieved	Achieved There were zero successful market development challenges in 2024/25
Note: Our 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, reasonableness or appropriateness of the decision itself.			
3 Transparent, rigorous post-implementation reviews are conducted to establish whether Code amendments or market facilitation measures deliver intended benefits and impacts on market behaviour	One review completed	Achieved	Achieved We completed three post-implementation reviews.
Note: The three reviews completed in 2024/25 were: review of the Prohibition of Save and Win-Back approaches by losing retailers during a switch protected period (completed April 2025), review of Controllable Load (completed March 2025) and Market Making Event Study (completed December 2024). All reviews considered benefits and impacts on behaviour.			

Case study: Energy Competition Task Force

In August 2024, unexpected gas shortages, low hydro inflows, a period of low wind generation and high winter demand resulted in a sustained period of extremely high wholesale electricity prices.

In response, the Authority and the Commerce Commission jointly established the Energy Competition Task Force (Task Force) to investigate ways to improve the performance of the electricity market, in addition to the immediate steps we and others took to manage security of supply and bring prices down. MBIE also participate on the Task Force as observers.

The Task Force is focused on eight short- to medium-term initiatives which aim to enable new generators and independent retailers to enter and better compete in the market, and to provide more options for consumers. Several significant changes are already underway:

- In January 2025, the Authority introduced a new, standardised ‘super-peak’ hedge contract to the wholesale market, following co-design with industry. This is a new risk management tool for wholesale market participants, enabling them to manage spot price risk when demand is highest (mornings and evenings), and generation from wind and solar may be low. The new product has already improved the availability and pricing of super-peak hedge products.
- In February, the Authority set out options developed by the Task Force to ‘level the playing field’ between the four large generator-retailers (or ‘gentailers’) and independent generators and retailers. These proposed introducing mandatory non-discrimination obligations on the gentailers to prevent them from giving preferential treatment to their retail arms for hedge contracts. We also put additional, stronger regulatory measures on the table to be used if this first step proves insufficient. We expect these measures would boost competition, build confidence in the wholesale market and ultimately give New Zealanders better access to affordable electricity.
- In May, the Authority consulted on a vision and five-year roadmap of actions to unlock greater industrial demand flexibility. This included proposals to introduce an ‘emergency reserve scheme’ and develop a standardised demand flexibility product ahead of winter 2026, to support security of supply during times of peak demand and system stress.
- In June, the Authority decided to introduce Code changes to provide consumers with more options to have control over their power use and costs, in ways that will benefit the system and lower power bills for everyone over time. These changes included:
 - Requiring distributors to pay a rebate when consumers supply energy to the system at peak times, to be in place for the new pricing year from 1 April 2026.
 - Requiring all large retailers (those with five percent or more market share) to offer time-of-use pricing plans. These will give consumers cheaper rates for off-peak electricity use, and higher buy-back rates for electricity supplied to the network at peak times. They will be available to most consumers by 1 July 2026.

The Task Force continues to work to boost competition, encourage more and faster investment in new generation, enable consumers to better manage their own electricity use

and costs, and put downward pressure on electricity prices. We remain committed to working closely with the Commerce Commission to refine regulatory settings and ensure the market continues to evolve in ways that benefit all New Zealanders.

2. Monitor, inform and educate

Our market monitoring, information and education work focuses on making data, information and tools available, and improving awareness and understanding of how the electricity market functions. Transparency and understanding are vital to give regulatory certainty and build trust and confidence in the system.

Through our monitoring we also identify aspects of the system that are potentially inconsistent with our objective and use those insights in policy development.

Performance measures

Measure	2024/25 target	2023/24 result	2024/25 result
4 The Authority regularly publishes evidence-based monitoring reports	Four quarterly reviews published Regular trading conduct reports published	Achieved	Substantially achieved Three out of four quarterly reviews published 51 regular trading conduct reports published
Note: The fourth quarterly report in 2024/25 was published four working days into the new financial year (2025/26). Reports can be found on the Authority website: Trading conduct reports			
5 The Authority actively promotes understanding of its work and the electricity system to a wide audience	Increase in activity across all public-facing channels	Achieved Total website views: 1,965,104 Total social media followers: 4,990 (X and LinkedIn)	Achieved Total website views: 2,824,495 Total social media followers: 5,625 (X and LinkedIn)
Note: The Authority's public-facing channels include the Authority website www.ea.govt.nz , Market Brief newsletter, general media, and social media. An increase in activity includes an increase in website views and social media followers.			
6 Content on EMI is reviewed and revised as needed to maintain relevance	Increase on prior year	Not achieved Two new EMI website reports and two new data dashboards	Achieved Authority website updated with three new reports
Note: The EMI website www.emi.ea.govt.nz is the Authority's channel for publishing data, market performance metrics and analytical tools to facilitate effective decision making within the New Zealand electricity industry. EMI is being disestablished in 2025 to be replaced with a new 'Data and Insights' hub on the Authority's website, to bring all our data and insights into one place.			
7 Data and analytical tools are made available to support the Authority's	Increase on prior year	Achieved 34 new data tables for Authority analysts and 50 new data cloud views	Achieved 29 new tables for use by Authority analysts

Measure	2024/25 target	2023/24 result	2024/25 result
decision-making processes		supplied for Authority staff	

Case study: The importance of thermal fuels

Thermal generators use gas, coal, and diesel to generate electricity to support the electricity system. At times of electricity system stress, access to fuel becomes increasingly critical and any fuel shortage that impacts generation availability needs to be managed by a range of parties in the electricity sector.

The events of Winter 2024 highlighted the need to act promptly to enhance security of supply, and the importance of up-to-date information on current and forecast availability of thermal fuels for electricity generation. There were widespread concerns in industry about timeliness and access to information which undermined confidence in the electricity market.

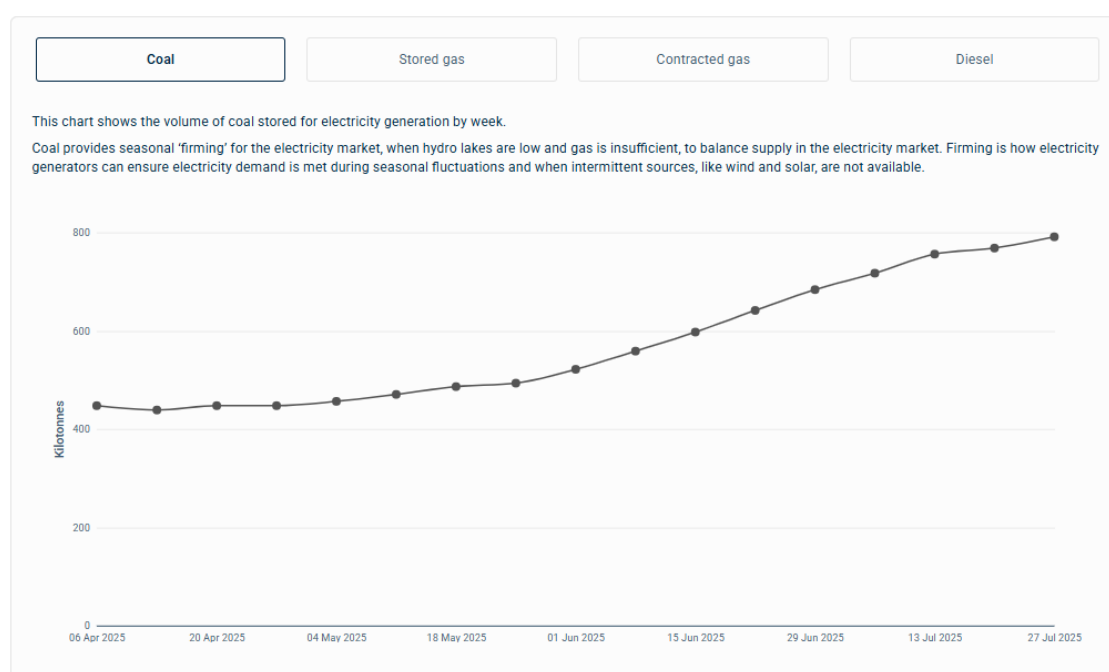
The lack of systematic information about the availability of thermal fuels made it difficult for the Authority and the System Operator to effectively monitor security of supply risk. The System Operator is responsible for forecasting our electricity system's ability to meet demand and for managing energy shortage risks.

To address this, the Authority introduced an urgent Code amendment to give the System Operator more power to collect thermal fuel information from generators.

We also introduced new information disclosure requirements, which significantly enhanced our access to thermal fuel information and ensured we are provided with systematic and timely data.

Some of the information that is now provided is used to produce our new [thermal fuel dashboard](#) which is updated monthly.

Figure 1: Thermal fuel dashboard



With data more centrally collected and regularly presented, the Authority can better monitor security of supply risk and market competition. Access to this information allows market participants to more effectively manage risk, and contributes to lower prices and to a more secure electricity supply for consumers.

While New Zealand's electricity supply is primarily from renewable sources, we need thermal generation to support the power system, especially when demand is high, and to fill the gaps from intermittent sources of energy, including solar and wind generation.

Understanding thermal fuel availability is a key component in ensuring our system is secure and resilient. This will become increasingly important as New Zealand's gas supply continues to decline.

3. Operate the electricity system and markets

We are responsible for the day-to-day, real time, efficient and reliable operation of the electricity system and markets. We contract a range of market operation service providers to operate the electricity markets efficiently. We focus on contracting fit-for-purpose services that increase market efficiency, ensure effective market operation and facilitate market development.

We carefully manage service provider contracts to ensure services promote our statutory objectives and are delivered to the high standard expected by us and users of the services. The Authority works closely with its service providers, meeting regularly and closely monitoring performance.

This year, we completed the first major reset of the System Operator Service Provider Agreement in nine years. This included negotiating provisions to enhance the strategic alignment, transparency, assurance and oversight of the service, as well as agreeing funding levels that support the increased pace of change in the industry.

Performance measures

Measure	2024/25 target	2023/24 result	2024/25 result
8 Market operation service providers' (MOSPs) performance meets agreed standards and contract requirements, or a remedial plan is agreed and actioned by specified date	Achieved	Achieved	Achieved
Note: MOSPs include the System Operator and other service providers. Performance in this measure is focused on processes and procedures measured through the system operator annual performance assessment, and regular monitoring and reviews.			
9 Any significant issues in MOSP systems, as identified in audit processes, have a remedial plan agreed	Achieved	Achieved	Achieved

Measure	2024/25 target	2023/24 result	2024/25 result
and actioned by specified date*	<p>Note: Performance in this measure is focused on MOSP software systems and is 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, as well as issues that have resulted in multiple complaints and/or a warning letter to the Chief Executive.</p> <p>For 2024/25, the System Operator had no remedial actions. The registry manager had two minor remedial actions which have been completed. The financial transmission rights (FTR) manager, clearing manager, reconciliation manager and wholesale information and trading system (WITS) manager had no remedial actions.</p>		

4. Enforce compliance

We monitor, investigate and enforce compliance with the Electricity Industry Act 2010, its Regulations and the Code. The Authority's compliance and enforcement functions are critical for building trust and confidence in the system.

We aim to improve the performance of the industry through education of participants and identify and resolve ongoing or systemic issues.

Where necessary, we take appropriate and proportionate action to ensure electricity industry participants comply with the Act, its Regulations and the Code.

Performance measures

Measure	2024/25 target	2023/24 result	2024/25 result
10 Investigations into low-to-medium complexity alleged breaches of the Electricity Industry Participation Code are addressed in a timely manner	Median time to close is six months or less	Not achieved 96% (67/70) cases were closed within 12 months. Three cases older than 12 months remained open	Achieved Closed 75 cases at a median time of 97 days
	Note: Investigations in this context include all preliminary assessment cases as well as formal investigations under the Regulations. All notifications of alleged breaches are recorded in the Authority's compliance portal. When recording the alleged breach in the portal, compliance staff complete a 'severity and complexity' check sheet, and the portal then generates an assessment of the severity of the alleged breach.		
11 Our compliance decisions are lawful and appropriate	Zero legal challenges that result in a compliance decision being overturned	Achieved	Achieved
	Note: The Compliance Committee makes decisions on alleged breaches of the Act, its Regulations, and the Code in accordance with its Terms of Reference. It determines appropriate enforcement responses, whether settlements should be approved or further investigation undertaken, and makes recommendations to the Authority's Board about laying 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.		

Case study: Learning the lessons of a major tower collapse

In June 2024, a transmission tower collapsed in Northland, leaving 88,000 customers without power for up to 24 hours, causing significant disruption to communities, businesses and households, and costing the region tens of millions of dollars.

At the request of the Minister for Energy, the Authority undertook a review of the event to understand what went wrong and to identify gaps in the system that allowed such an event to occur.

The Authority appointed Sarah Sinclair as independent Chair for the review. Sinclair is chair of law firm MinterEllisonRuddWatts and is on the board of the New Zealand Infrastructure Commission, Te Waihanga.

The aim of the review was to ensure that lessons were learnt and actions taken to mitigate the risk of similar events happening in the future. It found that the underlying factors that contributed to the tower's collapse were preventable, and crucial lessons had to be learnt.

We examined the roles and responsibilities of all relevant stakeholders, making 26 recommendations to improve processes, documentation, training, industry regulation and regional resilience.

The review also highlighted the critical role that local distributed generation played in restoring power to Northland, and its importance in enhancing regional resilience. Distributed generation was able to meet 45% of the peak demand, meaning that many customers could get up and running shortly after the tower collapse. Without distributed electricity generation, the economic cost to Northland would have been far greater.

We are closely monitoring implementation of the recommendations. Of the 26 recommendations, 19 were directed at Transpower, which has made substantial progress in addressing them – reflecting a genuine commitment to improvement. As at 30 June 2025, there were four recommendations outstanding.

The review further found that the response and recovery efforts by Transpower, distributors, distributed generators and other parties was well executed within a tight timeframe.

In June 2025, following an investigation, we lodged a formal complaint with the Rulings Panel alleging a breach of the Code in relation to the tower's collapse.

5. Protect the interests of small electricity consumers

We protect the interests of domestic and small business consumers in relation to the electricity supply to those consumers. The work we do under this function contributes to our strategic outcome and additional statutory objective to protect the interests of small consumers, which came into effect in December 2022.

This year, we've focused on measures that improve electricity affordability and on ensuring consumers are supported in managing the effects of price increases. The Authority used its monitoring powers to gather information from retailers about price rises. It shared this information with consumers to increase transparency, help them to understand the reasons for price increases, and provide advice about how to seek support for price rises or take action to manage their impacts.

We delivered new communications initiatives to inform consumers, including new web-based resources for consumers, supporting EECA's winter energy campaign, targeted advertising campaigns, and media outreach. We also shared information proactively with other Government agencies – such as the Ministry of Social Development – to inform their work with consumers.

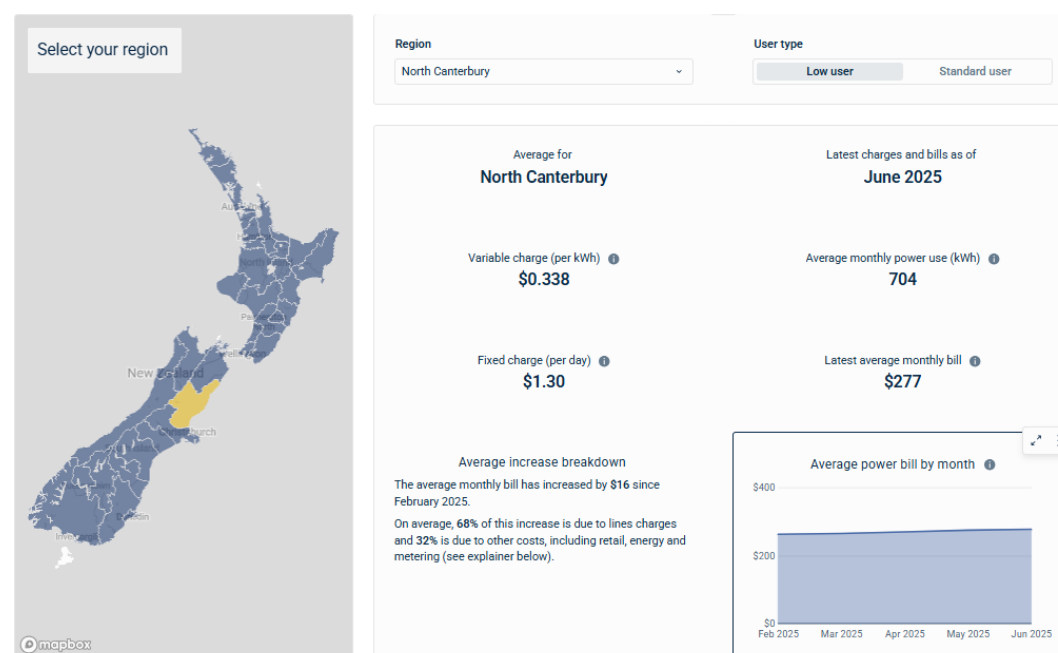
Performance measures

Measure	2024/25 target	2023/24 result	2024/25 result
12 Increased monitoring of and reporting on retail competition	Establish regular monitoring and reporting of retail competition	Not achieved	Achieved*
Note: The 2024/25 result was established through issuing Retail Market Monitoring clause 2.16 notice, Consumer sentiment survey and retail price dashboard.			

Case study: Dashboard to help consumers to understand their power use and costs

Our new [retail price dashboard](#) shines a light on regional power prices, showing average monthly power bills by region across Aotearoa. We developed this dashboard using pricing data we require retailers to share with us.

Figure 2: Retail price dashboard



Note

All prices include GST. Prices and monthly bills will vary by individual customer and monthly consumption.

The tool includes an interactive map people can use to check the average monthly household power use, charges and bills by region.

Data from this tool shows how power bills increased from 1 April 2025, largely due to rising lines charges as a result of the 2025 reset of the electricity default price-quality path by the

Commerce Commission³. The average 2025 power bill increase differs between regions mainly due to population size, ie, network upgrade costs are spread across the population, so places with larger populations see smaller bill increases.

Greater retail price transparency enables consumers to understand how their power use and costs compare against the average in their region, and to understand if there are opportunities to reduce their power bill.

How much we spent under this appropriation

Actual 2023/24 \$000	Electricity industry governance and market operations appropriation	*Budget 2024/25 \$000	Actual 2024/25 \$000
100,843	Revenue from the Crown	112,497	106,648
100,843	Expenditure	112,497	106,648
Notes:			
* The budget for 2024/25 corresponds to the Main Estimates of Appropriations for the year ending 30 June 2025.			

Further breakdown of spending

Actual 2023/24 \$000	Electricity industry governance and market operations appropriation	*Budget 2024/25 \$000	Actual 2024/25 \$000
30,485	System Operator—operating expenses	31,042	31,305
17,857	System Operator—capital related expenses	18,539	18,122
48,342	System Operator expenses	49,581	49,427
13,224	Service provider—market making	14,400	7,197
2,974	Service provider—clearing manager	2,620	3,066
2,009	Service provider—wholesale information and trading system	1,328	1,669
1,037	Service provider—reconciliation manager	1,278	952
835	Service provider—registry manager	1,012	879
935	Service provider—financial transmission right manager	1,060	1,060
-	Service provider—consumer mobility	1,462	1,462
1,416	Service provider—depreciation and amortisation	2,055	1,612
11	Service provider—IT costs	140	183

³ [Commerce Commission - 2025 reset of the electricity default price-quality path](#)

22,441	Other service provider expenses	25,356	18,080
30,060	Authority operating expenses	37,560	39,141
100,843	Total expenses	112,497	106,648

Note:

* The budget for 2024/25 corresponds to the Main Estimates of Appropriations for the year ending 30 June 2025.

Actual 2023/24 \$000	Breakdown of operating costs by regulatory function	Actual 2024/25 \$000
100,843	Appropriation income	106,648
	Function costs	
13,424	Promote market development	19,354
7,521	Monitor, inform and educate	8,997
74,379	Operate the electricity system and markets	69,355
3,025	Enforce compliance	5,003
2,494	Protect the interests of small electricity consumers	3,939
100,843	Total function costs	106,648

Note:

The Authority's costs have been attributed to its core regulatory functions. The underlying methodology allocates personnel and external costs which can be directly attributed to the appropriate function, but where this is not possible then those costs are treated as overheads eg, office rent costs or support staff costs. Overheads are then allocated across our functions based on an appropriate underlying measure eg, full-time equivalent employee numbers.

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

This appropriation is intended to achieve enhanced security of supply in the electricity system during periods of emerging or actual security situations.

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 situation
- plan and run an official conservation campaign.

Managing the security of New Zealand's electricity supply is a multi-year appropriation for 2022-27. Expenses under this appropriation can only be incurred by the System Operator.

Our functions under this appropriation

The System Operator is responsible for ongoing security monitoring and emergency management.⁴ The security management functions of the System Operator include the preparation of the Emergency Management Policy, which is incorporated into the Code by reference following the Authority's review and approval. The policy sets out the steps the System Operator will take and encourage industry participants to undertake during an extended emergency.

Our primary role in the 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 requirements for transparency and performance. We also monitor the System Operator's performance. This is covered under the 'promoting market development' and 'operating the electricity system and markets' functions of the electricity industry governance and market operations appropriation.

Our role in relation 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 monitored. Agreeing this information in advance can help us to assess the effectiveness of the actions and the funding during and after an event.

The System Operator should 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.

⁴ 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. Further information is available at: www.transpower.co.nz/system-operator/our-system-operator-role/security-supply-and-capacity

Performance measures

Managing the security of New Zealand's electricity supply contributes to our 'secure and resilient' outcome. The effective management of dry years and emergency events, as measured by case-by-case analysis, is one of the ways we use to measure whether there are efficient levels of reliable electricity supply.

If the System Operator seeks funding under this appropriation to manage a dry year or emergency event, how it uses that 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.

Measure	2024/25 target	2023/24 result	2024/25 result
13 Electricity Authority decisions relating to System Operator requests for access to funding are made in accordance with the agreed process and criteria	Achieved	N/A. The Authority did not receive any applications for funding during the 2023/24 year	Achieved A request for funding for reviewing communications for an official conservation campaign ahead of winter 2025. The application was processed and approved in agreed timeframes.
	Note: We have an agreed process and criteria for the System Operator to follow. For example, provision of correct documentation; appropriate sign off by System Operator management; evidence that there is an actual or emerging security event; intended actions are clearly described; and monitoring and reporting are specified.		
14 Post-implementation review of dry year or emergency event shows use of funding achieved its intended outcomes	Achieved	New measure 24/25	Achieved No funding used this year

How much we spent under this appropriation

Actual 2023/24 \$000	Managing the security of New Zealand's electricity supply appropriation*	Actual 2024/25 \$000	**Budget 2024/25 \$000
-	Revenue from the Crown	100	1,200
-	Expenditure	100	1,200

Notes:

* This is a five-year appropriation of \$6 million until 2027. This appropriation is contingent in nature and is not routinely used. To provide consistency with the appropriations contained in the Government's Estimates documents for Vote Business, Science and Innovation, annual budgeted amounts have been included. However, as it is not routinely used, no amounts in relation to this appropriation have been included in the 2024/25 budgets within the other financial statements contained in this annual report.

** The budget for 2024/25 corresponds to the Main Estimates of Appropriations for the year ending 30 June 2025.

Appropriation 3: Electricity litigation fund

This appropriation is intended to achieve assurance that the Authority can 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.

Our functions 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.

Performance measures

Measure	2024/25 target	2023/24 result	2024/25 result
15 The electricity litigation fund is used in accordance with the agreed criteria	Achieved	Achieved	Achieved
Note: The agreed criteria are set out in our output agreement with the Minister for Energy.			

In 2024/25 the fund was primarily used to retain external legal counsel to respond to a challenge to an Authority decision and to take a complaint to the Rulings Panel:

- In 2023, the High Court dismissed a judicial review application brought by Buller Electricity Limited against the Authority's decision to include a reclassification discretion in the transmission pricing methodology. The Authority was paid costs of \$70,321.63. Buller appealed the High Court's decision to the Court of Appeal. The appeal was jointly discontinued in February 2025. There are no longer any contingent liabilities associated with this case.
- In June 2024, the Authority referred a formal complaint to the Rulings Panel in relation to Transpower New Zealand Limited, in its role as System Operator. The Authority considered that the System Operator breached clause 30.1B of the Policy Statement⁵, and accordingly the Code, by failing to correctly apply security constraints in the modelling system between 28 January 2022 and 13 April 2022. On 23 December 2024, the Rulings Panel upheld the complaint. Transpower was ordered to pay a penalty of \$65,000 and costs of \$3,820.

The fund was also used to retain legal external counsel to advise on three matters that resolved without litigation.

⁵ Clause 8.10(1) of the Electricity Industry Participation Code 2010

How much we spent under this appropriation

Actual 2023/24 \$000	Electricity litigation fund appropriation*	Actual 2024/25 \$000	Budget 2024/25 \$000
178	Funded by revenue from the Crown	50	1,500
178	Total litigation expenditure	50	1,500
Notes: * This appropriation is contingent in nature. Annual budgeted amounts have been included to provide consistency with the appropriations contained in the Government's Estimates documents for Vote Business, Science and Innovation. No amounts in relation to this appropriation have been included in the 2024/25 budgets within the other financial statements contained in this annual report.			

Service performance reporting disclosures

Statement of compliance

The service performance statements of the Authority have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice.

The Authority is a Tier 1 entity, and the service performance statements have been prepared in accordance with Public Benefit Entities reporting standards, including PBE FRS 48 which applies to non-financial performance reporting.

Selecting performance measures

The Authority's performance measures are selected to reflect the work we do to deliver our statutory functions alongside our strategic outcomes and statutory objectives.

We regularly review our performance measures to ensure they are fit for purpose and align to our strategic framework. For 2024/25, we reviewed the measures in our *Statement of performance expectations 2024/25 (amended)* to ensure they were relevant, understandable, timely, comparable, verifiable and faithfully represented our performance.

We have organised our service performance information by operating function and selected measures for each that build a picture of our performance within that function. Together these measures contribute to our overall performance story.

Where new performance measures have been added, these were selected to provide a more robust assessment of our performance and reduce duplication across our suite of performance measures. Comparatives have been provided where prior year data is available.

During the year, the Authority undertook a major reprioritisation of projects which meant that some projects contained in the SPE appendix were reprioritised. This impacted the performance measure framework and resulted in a formal SPE amendment process being undertaken. The scope of changes was kept to the work programme (appendix B) and small amendments to performance measure notes.

This year's performance has been measured using the updated performance measures from the *Statement of performance expectations 2024/25 (amended)*

Judgements and assumptions made in our output performance measures

Content-based performance measures

The number of content-based items the Authority produces in a year (eg, content on our websites, publications, data and analytical tools) may fluctuate from year to year, depending on our activities. For example, we no longer collect analytical data from X (formerly Twitter) to capture outreach statistics.

Contract management for market operation service providers

Agreed levels of performance are included in our contracts with market operation service providers. Performance metrics are reported monthly or quarterly, with a year-end review as part of the contract management plans. Where performance is not at the agreed levels, remedial plans and actions are put in place and reviewed at monthly service provider meetings.

Similarly, audits of market operation service providers are conducted by approved Authority auditors (such as the annual software audits) or procured by specialist auditors (such as cyber security audits). Audit recommendations and/or remedial plans and actions are reviewed at monthly service provider meetings.

Judgements and assumptions made in our impact and outcome measures

Survey-based measures

To support open and honest feedback, the Authority engaged an external provider, The Navigators Ltd, to independently administer a Consumer sentiment survey. Our expectations were for The Navigators Ltd to receive a minimum of 1,000 residential consumers and 500 small-business consumer responses in confidence before providing us with the results.

The quota methodology is designed to achieve a sample that reflects the target population in terms of age, gender, ethnicity, and region, to ensure balanced representation. These surveys were run during July and August 2025.

Process-based measures

We have some measures that rely on a specific process being carried out if a certain event happens. Where the event does not happen in the relevant year, we may use process reviews, service provider audits and system or business continuity testing to determine the result for the measure. If this is the case, we provide commentary on this alongside the measure result.

External factors impacting results

From time-to-time, external factors may impact performance measure results. These can range from changes in government policy and domestic and international economic shifts to extreme weather and climate change-related events and more. Where relevant, we note these external factors alongside the performance results.

Links between financial and non-financial information

Financial and non-financial information work together to create a complete picture of our overall performance in the year. To be able to deliver our core functions and achieve our outcomes and objectives, the Authority relies on our appropriation funding through the levy on electricity industry participants.

Delivery of our core functions supports the progression of our long-term strategic outcomes and statutory objectives.

One of our core functions is to operate the electricity system and markets and this makes up a significant proportion of our annual expenditure. Market operation service providers and the System Operator make up 63% of our main operational appropriation, the 'Electricity industry governance and market operations'. The remaining 37% funds the Authority's day-to-day operations to promote market development; monitor, inform and educate; enforce compliance; protect the interests of small electricity consumers.

The total appropriation expenditure from the three appropriations for the financial year 2024/25 are \$106.798 m. This reconciles to the total expenses in the statement of comprehensive revenue and expense in the Annual Financial Statements on page 58.

Organisational health and capability

Our Board

The Authority is governed by a Board of five to seven members, each appointed by the responsible minister, the Minister for Energy. The Board has the authority to exercise the Authority's statutory powers and perform its functions. It also sets the Authority's strategic direction and is responsible for its effective governance, accountability and performance.

In addition to the strategic objectives of the organisation, the Board has a clear focus on effective and efficient management of the Authority, addressing the issues raised in the Strategic Baseline Review⁶ and meeting the expectations of Crown entity boards to:

- drive greater value for money and achieve better results for the people they serve
- fully understand and account for cost and performance drivers against key outcomes
- continuously improve the responsiveness and efficiency of the services and activities the Authority delivers.

The Board delegates the day-to-day management of the Authority to the Chief Executive and senior leadership team.

The Board is accountable to Parliament and reports to the Minister for Energy. The Board undertakes an annual performance self-evaluation and shares the results with the Minister's representatives.

Our Board in 2024/25

Members of the Board on 30 June 2025 were Anna Kominik (Chair), Dr Cristiano Marantes, Erik Westergaard, Lana Stockman and Paula Rose QSO. All Board members are based in New Zealand and bring a wealth of experience and expertise across regulation and the electricity sector.⁷

This year has seen change in the Authority's governance with the departure of one Board member, Allan Dawson, on 30 April 2025.

Board member	Term start	Term expiry
Allan Dawson	18 April 2017	30 April 2025
Lana Stockman	1 June 2017	8 October 2024 ⁸
Paula Rose QSO	16 January 2023	15 January 2028
Erik Westergaard	16 January 2023	15 January 2028
Dr Cristiano Marantes	1 July 2023	30 June 2028
Anna Kominik (Chair)	13 July 2023	12 July 2028

⁶ In 2022/23 a strategic baseline review was undertaken of the Electricity Authority in the context of the Authority's most recent request for levy funding increases.

⁷ The biographies of Board members are available at: www.ea.govt.nz/about-us/our-people/

⁸ Lana Stockman continues as a member after the expiry of her term under section 32(3) of the Crown Entities Act 2024.

Board committees

The Board has four committees: Audit and Finance, Compliance, Market Operations and Transmission Pricing Methodology.

Committees	Description
Audit and Finance Committee	<ul style="list-style-type: none">• Advises on the quality and integrity of our financial reporting and monitors the effectiveness of the internal audit process.• Considers whether appropriate governance, policies and operating processes are in place to identify and manage risk.
Compliance Committee	<ul style="list-style-type: none">• Makes decisions on alleged breaches of the Electricity Industry Act 2010, its Regulations and the Code.• Determines appropriate enforcement responses and whether settlements should be approved or further investigation undertaken.• Makes recommendations to the Board about laying formal complaints with the Rulings Panel and instigating prosecutions.
Market Operations Committee	<ul style="list-style-type: none">• Oversees the governance, performance and administration of our major contracts, including our market operation service providers.• Sets strategic directions and oversees major contract procurement processes and procedures.
Transmission Pricing Methodology Committee	<ul style="list-style-type: none">• Advises the Board on policy decisions, issues and Code amendments relating to the transmission pricing methodology (TPM).• Ensures policy changes meet the evolving needs of the electricity sector by encouraging efficient investment and ensuring a level playing field for new and emerging technology.

Board and committee attendance

In 2024/25, the Board held 41 meetings, including 12 regular meetings, two strategy days and 29 additional meetings to respond to various matters, and 21 committee meetings.

This represents a five-fold increase in the number of additional Board meetings, compared to the prior year, and reflected the Authority's active and timely response to a number of significant events which impacted New Zealand's electricity system and markets in 2024/25.

The Authority moved at pace to deliver regulatory reform whilst responding to unexpected events such as the Northland tower collapse and higher than average wholesale prices in Winter 2024. Board engagement and participation increased as a result of the volume of work that was undertaken in the year, including significant initiatives such as green papers on decentralisation and digitalisation, plus the launch of the Power Innovation Pathway. Business as usual activities increased, with 139 compliance cases closed in the year and 20 amendments to the Code made (an increase of 54% on the previous year's amendments).

Board member	Regular Board meetings	Additional Board meetings	Strategy days	Audit and Finance Committee	Compliance Committee	Market Operations Committee	Transmission Pricing Methodology Committee
Allan Dawson	9/9	19/21	2/2	N/A	5/5	8/8	N/A
Lana Stockman	12/12	26/29	2/2	4/5	1/1	9/9	1/1
Paula Rose QSO	12/12	27/29	2/2	5/5	6/6	N/A	N/A
Erik Westergaard	12/12	29/29	2/2	5/5	6/6	1/1	1/1
Dr Cristiano Marantes	12/12	26/29	2/2	N/A	N/A	N/A	N/A
Anna Kominik	12/12	29/29	2/2	N/A	N/A	9/9	N/A
Actual attendance/eligible to attend.							

Board interests

Board members are required to disclose any interests under the Crown Entities Act 2004, as well as any conflicts caused by their background or other interests. At 30 June 2025, no Board members held permissions to act despite being interested in a matter.

Board self-evaluation

The Board undertakes an annual performance self-evaluation and shares the results with the Minister's representatives.

Advisory and technical groups

The Authority has established several independent groups to provide specialist technical advice and recommendations to the Board on different aspects of the electricity industry and the implications of regulatory decisions.

The Electricity Industry Act 2010 sets a requirement for us to establish the Security and Reliability Council and one or more other advisory groups to provide independent advice on the development of the Code and on market facilitation. It also requires us to publish a Charter for Advisory Groups. The Authority can also establish technical groups to support particular workstreams.

Advisory and technical groups	Scope of advice	Meetings 2024/25
Electricity Authority Advisory Group	Work programme and practical implications of regulatory decisions for consumers and stakeholders. The Group was established in February 2024.	31
Security and Reliability Council	Performance of the electricity system, the System Operator and reliability of supply issues.	4

Common Quality Technical Group	Common quality requirements contained in Part 8 of the Code.	7
Network Connections Technical Group	Potential amendments to the Code to make network connections quicker, easier and more consistent.	4
Distribution Connection Pricing Technical Group	Knowledge is captured in the Authority's work on connection pricing to assist with testing the workability of potential Code amendments. Group appointed in June 2024.	6
Switch and Data Formats Group*	Provides advice on switching processes and information exchange to ensure they remain efficient and fit for purpose as the industry evolves. Group was established in November 2024.	6

* The Switch and Data Formats Group was created by merging the Switch Technical Group and Standing Data Formats Group, which were both previously in recess.

The Rulings Panel

The Rulings Panel is an independent dispute resolution and disciplinary body that helps enforce the Code. It determines breaches, hears appeals against certain decisions and resolves disputes under the Code.

The Rulings Panel was established under the Electricity Governance Regulations 2003. The Electricity Industry Act 2010 sets out its membership, functions and funding arrangements.

Members are appointed by the Governor-General in accordance with a recommendation from the Minister for Energy after consultation with the Minister of Justice and the Authority. In 2024/25, members of the Rulings Panel were Mel Orange (Chair), Matthew Dunning KC, Paul Webber and Lee Wilson. Dr Stephen Jay was appointed as the fifth member of the Rulings Panel. His five-year term begins 1 July 2025.

Our operational processes

Planning and reporting

The Crown Entities Act 2004 sets out our major planning and reporting requirements, including preparing and publishing a statement of intent, statement of performance expectations and annual report.

In 2024/25, our progress against our *Statement of performance expectations 2024/25 (amended)* and Ministerial letter of expectations was reported in quarterly increments throughout the year. These are all available on the Electricity Authority website.

It is a requirement of Section 129 of the Electricity Industry Act 2010 for the Authority to consult on our proposed appropriations each year before we submit our request for funding to the Minister for Energy. This feedback also informs our strategic planning for the year.

Good financial management

As a Crown entity, we are critically aware of the need to demonstrate value for money, with the responsible management of our assets, finances, capital expenditure and investments. The Authority is focused on working smarter and more efficiently. We are strengthening our commercial and project management, lowering staff turnover and improving our technical capabilities.

We aim to introduce smarter systems and processes, help increase understanding around our cost drivers and performance, and ultimately improve our efficiency and proactivity. In 2025/26 we will continue to refine a regulatory strategy to guide how we prioritise our work programme to drive greater value from the funds we receive.

We will continue to monitor and report on how we are delivering value for money, as well as our progress implementing the Strategic Baseline Review⁹ recommendations. A follow-up report, conducted by Sapere in November 2024, concluded in February 2025.

The report found the Authority is making good progress in addressing the Review's most material findings. It noted, amongst other improvements, that the Authority can demonstrate:

- more dynamic management of resources
- early work to better estimate the cost attributed to its activities
- investment in project management practices with a desire to lead into investment decisions
- changes to its operating model that should help with demonstrating how funds are prioritised, what is delivered and how that is funded
- understanding the links between projects, their resourcing demands and organisational planning and strategy.

The Authority has already worked to address some of the Review's findings, including in a revised approach to its strategic planning process for 2025/26 that looks to clearly define longer term outcomes for the electricity market.

Good data and information management

We have made improvements to the data and information systems we use to enable us to be more effective and efficient at delivering our work.

This year, we have made progress on our medium-term data and information management priorities, including:

- implementing SharePoint, as a new document management system. The new system has many built-in compliance controls, increasing efficiency and supporting our compliance with the Public Records Act 2005.
- progressing activities to become compliant with the Privacy Amendment Bill 2023. With compliance requirements now beginning in May 2026, we have been reviewing

⁹ In 2022/23 a strategic baseline review was undertaken of the Electricity Authority in the context of the Authority's most recent request for levy funding increases.

our current systems and processes and the new Office of the Privacy Commissioner guidance on how the Act will be interpreted once enacted.

- improving access and security of our information systems, through the completion of security certification and accreditation on our core enterprise system. This has increased our alignment with the New Zealand Information Security Manual.¹⁰

Effective risk management

Everybody at the Authority has a responsibility to manage our risks. We are committed to ensuring effective risk management practices are embedded in our ways of working. This enables us to be better coordinated and make informed planning decisions to enable enhanced performance and improvement within the Authority.

The Board is responsible for establishing and overseeing the risk management framework which is supported by underlying systems, structures, policies, procedures, processes and people.

We have developed a risk appetite statement which sets out the Board's expectations regarding the maximum level of risk the Authority is willing to accept in pursuit of its strategic and operational objectives

We have refreshed our enterprise risks this year and we report on them quarterly to the Minister. We use bowtie analysis¹¹ to enable comprehensive understanding of our internal control environment.

We maintain an assurance programme over the Authority's control environment which includes an internal audit plan that is regularly reviewed to ensure it addresses areas of highest risk and provides good value for money.

Our strategic capabilities

Our work demands a high level of capability in areas including policy, market analysis, compliance management, communications and engagement and other corporate functions. These capabilities ensure the setting and enforcement of rules that effectively govern New Zealand's electricity industry.

Listening and empathy

To deliver value and the best outcomes for the breadth of different electricity consumers, we need to understand who our consumers are, their experiences, perspectives and needs. This understanding can only come from increased curiosity and genuine, open listening. We also need to exercise this capability with the regulation community. We continue to have a customer-centred approach to ensure the regulatory platform better serves people, businesses and the nation.

¹⁰ The New Zealand Information Security Manual details processes and controls essential for the protection of all New Zealand Government information and systems (<https://nzism.gcsb.govt.nz/ism-document>)

¹¹ Bowtie analysis is a visual risk assessment method. It helps identify and document the causes and consequences of a specific event.

Purposeful connection

To grow trust and confidence, build knowledge and progress the electricity sector, we will deepen our connection to those we serve. This includes collaborating with and learning from electricity consumers, tangata whenua, the regulated community and agencies. We also need to broaden our networks internationally to learn from other electricity industries and regulators. We aim to be clear and purposeful about who we engage with and why, and actively build relationships for the benefit of consumers. We will continue to listen and demonstrate we have heard, and better communicate sector success.

Inspired culture

To achieve better long-term outcomes for New Zealand, our internal talent needs to grow and thrive. We will invest in our culture, diversity and capability, and provide opportunities for collaboration and progression so our people feel valued and empowered to do their best work. Their experience and commitment are the foundation the Authority will transform from, grow our professional maturity and enhance the craft of our regulation.

Transformative mindset

To meet the pace of change and drive innovation, we need to be consumer-focused, creative, fast, bold, practical and flexible. This means choosing processes and methodologies that support responsiveness, agility and better solutions. We will improve our governance, be more pragmatic, experiment, iterate and scan horizons for proactive solutions – both within and outside the sector, here and overseas.

Impactful delivery

To achieve our intended outcomes, we need to be more efficient and strategic – prioritising and aligning our efforts and using more streamlined, transparent processes. We will invest in systems and tools for success, better leverage internal knowledge, resources, data and technology, and apply a continuous improvement mindset to all.

Our people

At the heart of our success is our people. We recognise that achieving our strategic outcomes and fulfilling our statutory objectives depends on attracting, developing and retaining a talented, diverse and engaged workforce.

We are committed to creating an environment where every individual feels respected, valued, and empowered to contribute their best.

To support this, we focus on:

- **Performance and capability:** We are committed to supporting our people to perform at their best and grow their capability over time. High performance is not just about outcomes – it is about continuous learning, clear expectations and strong leadership. Our approach to performance and development is grounded in partnership. People leaders are supported to have regular, meaningful performance conversations that focus on both results and growth. These conversations are underpinned by clear goals, regular feedback and a shared understanding of what success looks like.

To enable this:

- **Every employee has access to a tailored development plan**, aligned with their role, aspirations and the needs of the organisation.
- **Annual individual training budgets** are available to support both professional and personal development, ensuring our people have the tools and opportunities to grow.
- **Coaching, mentoring and learning opportunities** are offered throughout the year to build both technical and leadership capability.
- **People leaders receive ongoing support and guidance** from their People & Capability Business Partners to lead effectively, manage performance and build high-performing teams.
- **Diversity, Equity and Inclusion:** Guided by Te Uru Tāngata, the Pride Pledge, and Cross-Agency networks, we continue our journey of respectful inclusion. This has supported us in building a more culturally-, age-, and gender-diverse workforce and knowledge base. Our efforts include ongoing Rainbow, Pronouns, and Trans Awareness training, supporting neurodivergence in the workplace, and working with kaimahi to establish and embed employee-led networks – including Pou Tangata, which is open to all kaimahi committed to upholding Te Tiriti o Waitangi and fostering Te Ao Māori within Te Mana Hiko.
- **Flexible and hybrid working:** We embrace ways of working that support productivity, wellbeing and work-life balance. Our flexible and hybrid work options are designed to meet the diverse needs of our people and the organisation, and ensure we have the right skills to deliver the best outcomes for New Zealanders.

We place high importance on developing our kaimahi to their full potential. By investing in capability and creating a culture of continuous improvement, we ensure our people are equipped to deliver on our strategic outcomes, now and into the future.

This strategy is not static – it evolves with our people, our challenges and our goals. As we move forward, we will continue to listen, learn and adapt to ensure our workforce remains our greatest strength.

People profile

As at 30 June 2025, the Authority had 135 permanent and 14 fixed-term employees. At management level (senior leadership team and people managers), the gender split was 46% male and 54% female.

Figure 3: Length of service

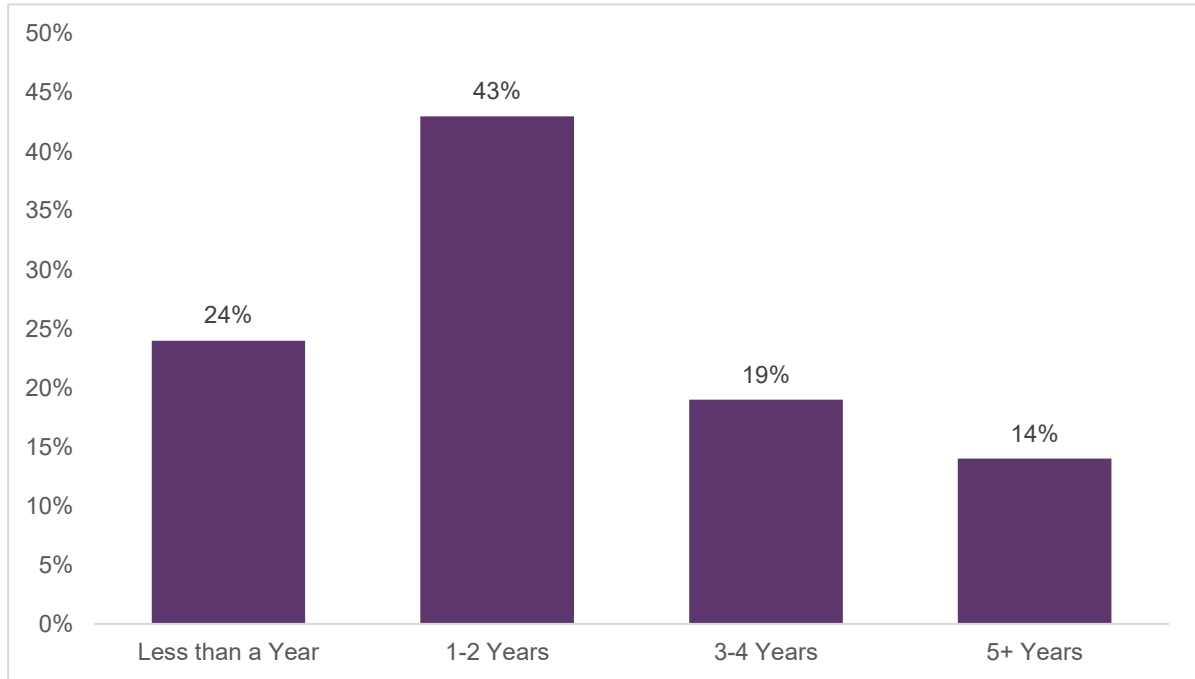


Figure 4: Management by age

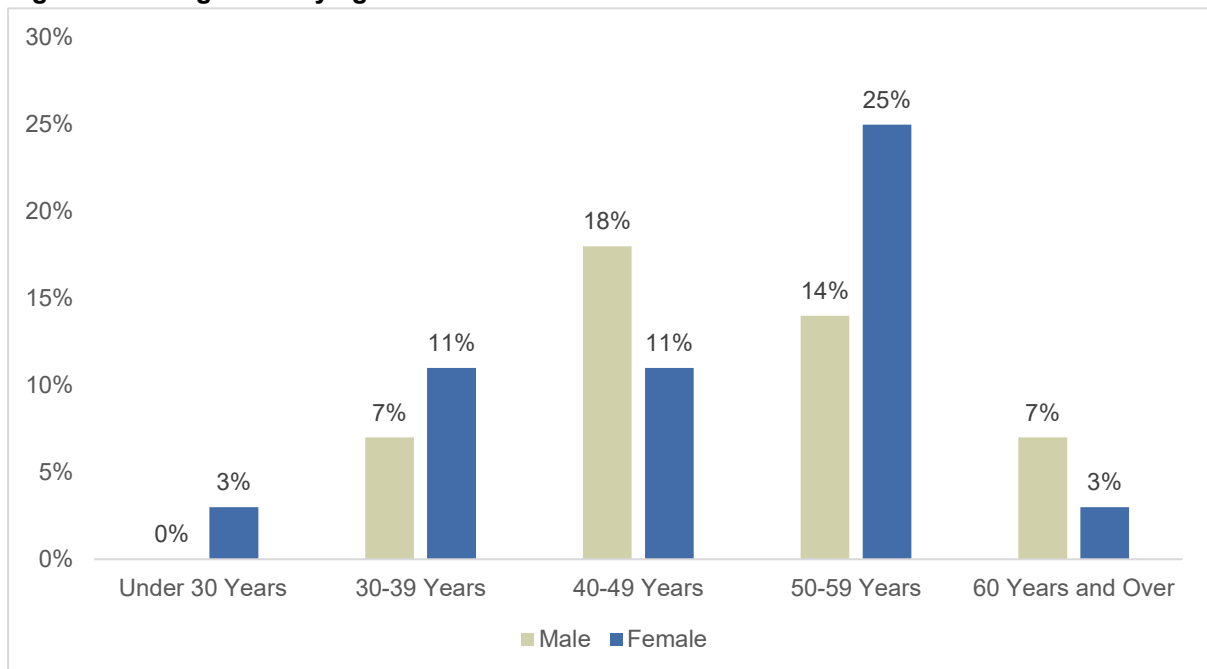


Figure 5: All age diversity

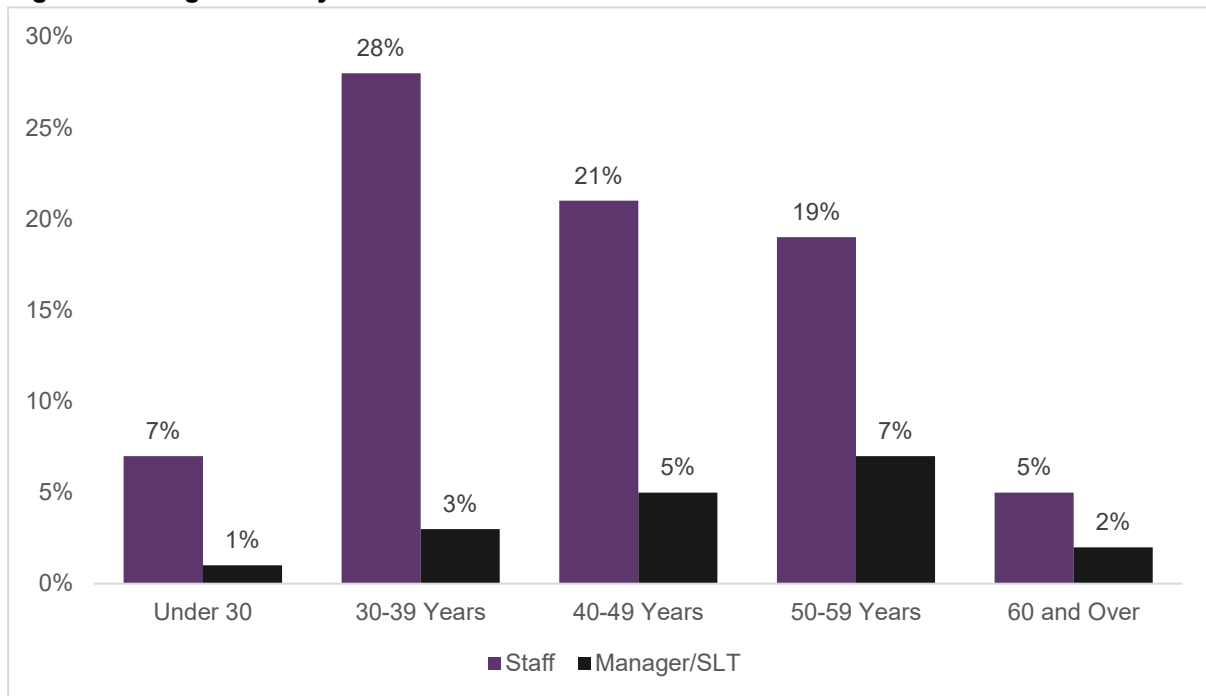
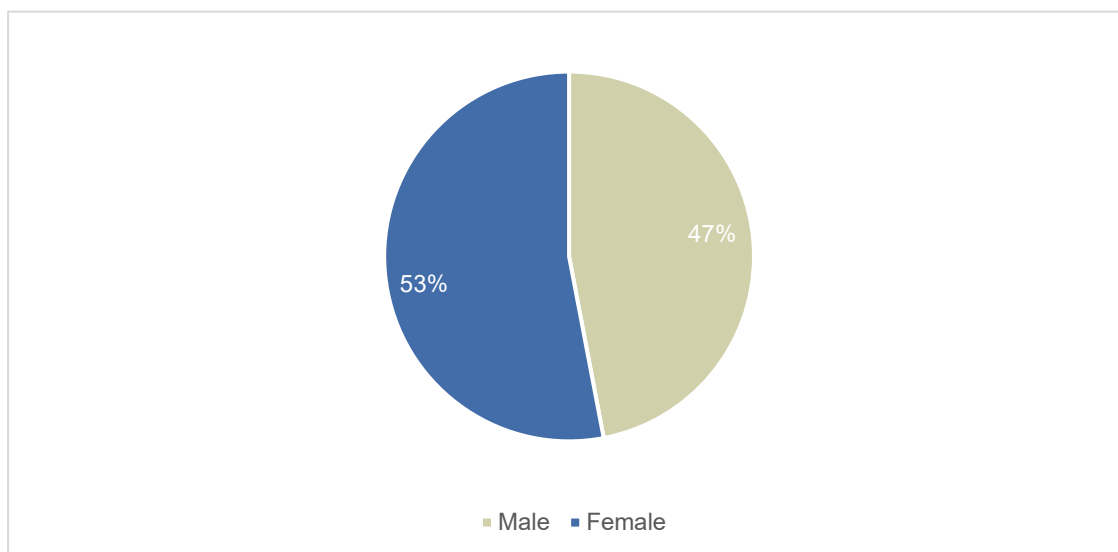


Figure 6: Gender diversity



Employer of choice

We are proud to be an organisation that champions equal opportunity and strives to be a good employer. Our people and capability practices are designed to ensure fairness, inclusivity and wellbeing across the employee lifecycle. We regularly review our policies and processes to uphold these principles and to ensure we are creating a safe, supportive and equitable environment for all kaimahi.

To foster a positive and inclusive culture, we celebrate national events that reflect our values and diversity, including Pride Month, New Zealand Sign Language Week, Movember and Mental Health Awareness Week. Our monthly staff awards continue to recognise individual and team achievements, reinforcing our organisational values and behaviours in action.

Leadership, accountability and culture

Strong leadership is central to building capability and driving performance. Our senior leaders and people managers, supported by our People and Capability team, are accountable for creating an environment where our people can thrive.

We promote a culture of respectful dialogue and collaboration, where diverse perspectives are valued and contribute to better decision-making. Our organisational behaviours, aligned with our values of integrity, openness, excellence, boldness and our people guide how we work together and shape the culture we aspire to.

Leaders are supported to lead with clarity and confidence, with access to tools, coaching and guidance that help them build high-performing teams and nurture talent.

Capability, structure and agility

Delivering on our strategic outcomes requires a workforce that is responsive, capable and well-structured. We continue to evolve our organisational design to ensure we have the right people in the right roles at the right time.

Throughout the year, we onboarded new team members to support key priorities, strengthening our ability to respond to emerging challenges and opportunities. Our flexible structures enable us to adapt quickly while maintaining a strong focus on capability development and performance.

Retention

Retaining great people is essential to sustaining performance and organisational knowledge. In 2024/25, our gross turnover rate was 18.65%, including fixed-term staff. The turnover rate for permanent staff was 15.79%.

We are actively working to retain our kaimahi through a range of initiatives focused on growth, wellbeing and leadership, including:

- **Developing leadership capability** to support strong performance and team engagement
- **Clear development pathways and succession planning** to enable career progression and internal mobility
- **Ongoing wellness initiatives and activities** that support physical, mental and emotional wellbeing

These efforts reflect our commitment to being an employer of choice – one that invests in its people, values their contributions and supports their success.

Directions issued by the Minister

No new directions were given to the Authority by a Minister during 2024/25.

The following directions, given jointly by the Minister for the Public Service and the Minister of Finance under section 107 of the Crown Entities Act 2004, apply to the Authority and remain current:

- Direction regarding Procurement Functional Leadership dated 22 April 2014. This direction requires the Authority to apply the Government Rules of Sourcing.

- Direction to support a whole of government approach to the New Zealand Business Number dated 21 August 2018. This direction requires the Authority to implement the New Zealand Business Number in accordance with the direction.

Climate change and greenhouse emissions

As an independent Crown entity, the Authority is not mandated under the Carbon Neutral Government Programme. However, we are committed to measuring and reporting our greenhouse gas emissions.

We have identified two areas as our main sources of greenhouse gas emissions – travel and the energy we purchase. As we grow our capability in this area, we may identify further emissions sources and, where practicable, we will include these in future reporting.

Air travel accounted for 82% of the Authority’s emissions for the year. Air travel is considered a Scope 3 or indirect emission i.e., it is an emission that occurs ‘because of the activities of the organisation, but generated from sources that it does not own or control’.

All greenhouse gas emissions are expressed as tonnes of carbon dioxide equivalent (tCO₂-e). These have been calculated using reports generated by our vendors and the Ministry for the Environment’s Measuring Emissions: A Guide for Organisations¹².

Overall, in 2024/25 the Authority had 55.14 tCO₂-e of Scope 2 purchased energy and Scope 3 emissions. This was up 13% from a total of 48.99 tCO₂-e in 2023/24, largely due to a 26% increase in domestic air travel which is the largest source of emissions.

In 2024/25 we saw a decrease in greenhouse gas emissions in every area, apart from domestic air travel and accommodation.

We will look to improve our reporting to improve accuracy and scope. We will also build an improved baseline as we collect more data to make comparisons against.

Purchased energy

Our purchased energy is in the form of electricity used to power our offices. In 2024/25, we purchased 44,618 kilowatt hours (kWh) of energy, emitting 3.25 tCO₂-e representing seven percent of our total emissions.

Air travel

The Authority flew approximately 207,055 km domestically and 17,877 km internationally in 2024/25. Emissions from air travel in 2024/25 were 41.82 tCO₂-e for domestic air travel and 4.63 tCO₂-e for international air travel. Emissions from domestic air travel have increased by 26% from the previous year while our international air travel emissions have decreased by 40%.

Our emissions from international flights decreased in 2024/25 as all Board members are now based in New Zealand compared to previous years. However, our domestic air travel has increased (by 21%) as a result of the Authority driving more engagement with industry participants through Authority-led events (such as Task Force’s level playing field early

¹² <https://environment.govt.nz/publications/measuring-emissions-a-guide-for-organisations-2024-detailed-guide>

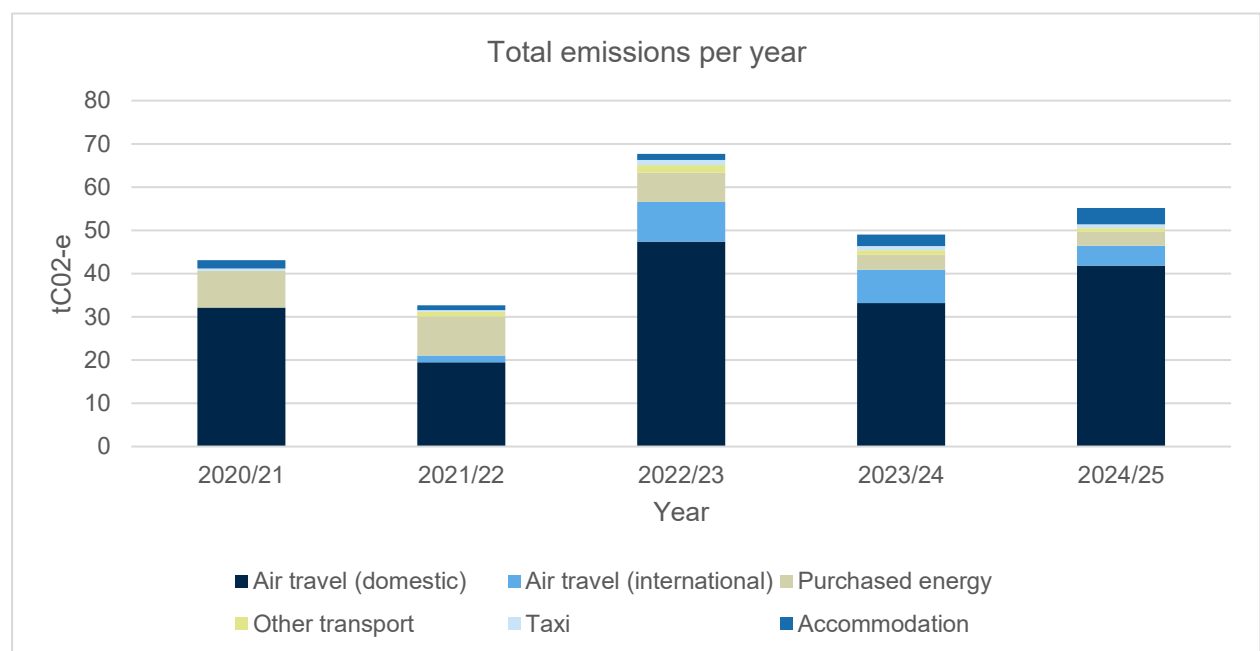
engagement) and industry-led events (such as Downstream and Oceania Renewable Power Summit).

Other travel

Hotel accommodation, taxi use and other travel-related emissions comprised of nine percent of measured emissions in 2024/25 (5.43 tCO₂-e).

While taxi and other travel-related emissions were reduced in 2024/25, accommodation saw an increase of 43% which is in line with the increased domestic travel. However, noting that this 43% increase in accommodation-related emissions from last year is only a difference of two percent (1.13 tCO₂-e) of our total emissions for 2024/25.

Figure 7: Total greenhouse gas emissions



Annual financial statements

These financial statements report actual results against budget information in the Authority's *Statement of performance expectations 2024/25 (amended)*.

These financial statements are provided in accordance with Section 151 of the Crown Entities Act 2004.

Statement of comprehensive revenue and expense for the year ended 30 June 2025

Actual 2023/24 \$000		Note	Actual 2024/25 \$000	Budget 2024/25 \$000
101,021	Funding from the Crown	2	106,798	112,497
1,450	Interest revenue		1,438	1,200
102,471	Total revenue		108,236	113,697
18,636	Personnel costs	3	24,278	25,576
2,119	Depreciation, amortisation and impairment	6, 7	2,364	3,120
69,366	Service provider contracts		65,995	72,881
10,900	Other expenses	4	14,161	10,920
101,021	Total expenditure		106,798	112,497
1,450	Total comprehensive revenue and expense		1,438	1,200

Statement of changes in equity for the year ended 30 June 2025

Actual 2023/24 \$000		Actual 2024/25 \$000	Budget 2024/25 \$000
13,941	Balance at 1 July	15,391	15,501
1,450	Total comprehensive revenue and expense	1,438	1,200
15,391	Balance at 30 June	16,829	16,701

The accompanying notes form part of these financial statements. Explanations for major variances to budget are provided in Note 18.

Statement of financial position as at 30 June 2025

Actual 2023/24 \$000		Note	Actual 2024/25 \$000	Budget 2024/25 \$000
Assets				
Current assets				
9,056	Cash and cash equivalents	5	24,403	19,274
585	Receivables and prepayments		405	200
12,000	Investments	5	5,000	-
21,641	Total current assets		29,808	19,474
Non-current assets				
1,103	Property, plant and equipment	6	982	989
6,991	Intangible assets	7	6,426	7,721
8,094	Total non-current assets		7,408	8,710
29,735	Total assets		37,216	28,184
Liabilities				
Current liabilities				
12,495	Creditors and other payables	8	12,246	9,908
1,540	Employee entitlements	9	1,937	1,200
(341)	GST payable (refundable)		51	200
353	Appropriation repayable to the Crown	10	5,824	-
14,047	Total current liabilities		20,058	11,308
Non-current liabilities				
79	Employee entitlements	9	109	20
218	Provisions	11	220	155
297	Total Non-current liabilities		329	175
14,344	Total liabilities		20,387	11,483
15,391	Net assets		16,829	16,701
Equity				
9,011	Contributed capital		9,011	9,011
6,380	Accumulated surplus		7,818	7,690
15,391	Total equity		16,829	16,701

The accompanying notes form part of these financial statements. Explanations for major variances to budget are provided in Note 18.

Statement of cash flows for the year ended 30 June 2025

Actual 2023/24 \$000		Note	Actual 2024/25 \$000	Budget 2024/25 \$000
Cash flows from operating activities				
101,374	Receipts from the Crown		112,622	112,497
1,450	Interest from investments		1,438	1,200
(4,212)	Repayment of appropriation to the Crown		(353)	-
(78,743)	Payments to suppliers		(80,223)	(84,099)
(18,639)	Payments to personnel		(23,851)	(25,574)
(379)	Goods and services tax (net)		392	-
851	Net cash flows from operating activities	12	10,025	4,024
Cash flows from investing activities				
-	Receipts from the sale of fixed assets		-	-
(12,000)	Purchase of Investments		7,000	-
(65)	Purchase of property, plant and equipment		(83)	(110)
(717)	Purchase of intangibles		(1,595)	(2,714)
(12,782)	Net cash flows from investing activities		5,322	(2,824)
(11,931)	Net increase/(decrease) in cash and equivalents		15,347	1,200
20,987	Cash and cash equivalents at beginning of year		9,056	18,074
9,056	Cash and cash equivalents at end of period		24,403	19,274

The accompanying notes form part of these financial statements. Explanations for major variances to budget are provided in Note 18.

Notes to the financial statements

1. Accounting policies

Reporting entity

The Electricity Authority Te Mana Hiko is an independent Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing the Authority's operations includes the Crown Entities Act 2004 and Electricity Industry Act 2010. The Authority's ultimate parent is the New Zealand Crown.

The Authority's primary role is to provide services to the New Zealand public, and it does not operate to make a financial return. Accordingly, it has designated itself a public benefit entity (PBE) for financial reporting purposes.

The draft financial statements for the Authority are for the period 1 July 2024 to 30 June 2025 and were approved by the Board on 28 July 2025.

Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Authority have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The Authority is a Tier 1 entity and the financial statements have been prepared in accordance with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars rounded to the nearest thousand dollars (\$000), except where otherwise stated.

New or amended standards adopted

2022 Omnibus Amendment to PBE Standards

This standard has been issued to amend the relevant Tier 1 and Tier 2 PBE Standards:

- PBE IPSAS 1 – Disclosure of Fees for Audit Firms' Services

There has been little, if any change following issue of this standard.

Other changes in accounting policies

There were no significant changes to the accounting policies during the reporting period.

Standards issued and not yet effective and not early adopted

Standards and amendments that have been issued but are not yet effective, have not been early adopted and are relevant to the Authority are:

Classification of Liabilities - Amendments to PBE IPSAS 1

PBE IPSAS 1, Presentation of Financial Reports, has been amended to clarify the principles for classifying liabilities as current or non-current. These amendments, part of the "2024 Omnibus Amendments to PBE Standards," are effective for accounting periods beginning on or after 1 January 2026, with early adoption permitted. The changes clarify the criteria for classifying liabilities, ensuring consistency in how they are presented in financial statements. The amendments clarify the principles for determining whether a liability should be classified as current (due within one year) or non-current (due in more than one year).

This is not expected to impact total liabilities or to materially change the split between current and non-current liabilities

Summary 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 by 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 recognised in the period to which it relates.

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 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 credit losses as there have been no significant history of debtors past due.

Property, plant and equipment

Property, plant and equipment consist 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 the 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 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 the 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 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.

Budget figures

The budget is derived from the *Statement of performance expectations 2024/25*, as approved by the Authority's Board.

The budget figures have been prepared in accordance with Tier 1 PBE accounting standards, using accounting policies that are consistent with those adopted by the Board in preparation of the financial statements. All budget figures are unaudited.

Measurement base

The financial statements have been prepared on a historical cost basis. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below and have been applied consistently to all periods presented in these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Authority has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, or future financial years, are discussed below.

Impairment of intangible assets

At each balance date, the impairment of intangible assets is reviewed. Assessing the appropriateness of an asset impairment requires a number of factors to be considered, such as an asset's value in use and its carrying amount versus its recoverable amount.

Impairment will affect the amortisation or impairment expense recognised in the surplus or deficit and the carrying amount of the asset in the statement of financial position.

Estimating useful lives and residual values of intangible assets

At each balance date, the estimates of useful lives and residual values of intangible assets are reviewed. Assessing the appropriateness of these estimates requires several factors to be considered, such as the condition of the assets, expected period of use of the assets by the Authority and expected disposal proceeds from the future sale of the assets.

A revision to the estimate of the useful life or residual value of an asset will affect the amortisation expense recognised in the surplus or deficit and carrying amount of the asset in the statement of financial position.

2. Crown appropriations

The Authority has been provided with funding from the Crown for specific purposes as set out in the Electricity Industry Act 2010 and in the scope of the appropriations as set out in Vote Business, Science and Innovation. Appropriations are recognised as revenue to the extent that they are spent.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Electricity industry governance and market operations	106,648	100,843
Electricity litigation fund	50	178
Electricity security of supply fund	100	-
	106,798	101,021

3. Personnel costs

	Actual 2024/25 \$000	Actual 2023/24 \$000
Salaries	21,931	16,767
Contractor costs	1,428	928
Contributions to defined superannuation plans	925	711
Movements in employee entitlements	(6)	230
	24,278	18,636

Contributions to defined contribution plans, include contributions to KiwiSaver and the State Sector Retirement Savings Scheme.

During the year ended 30 June 2025, \$321,940 was recorded as relating to severance or cessation of employment (2023/24: \$34,731).

4. Other expenses

4a. Other expenses

Breakdown of other expenses and information on operating lease commitments.

	Note	Actual 2024/25 \$000	Actual 2023/24 \$000
Advisory and working group fees		81	71
Auditor fees for external audit		84	65
Auditor fees for other services		11	36
Authority board member remuneration		800	623
External work programme support		6,728	5,221
Litigation fund		50	178
Operating lease expenses		762	669
Other operating expenses		5,336	3,814
Rulings Panel remuneration		49	41
Travel expenses		260	182
		14,161	10,900

Refer to Appendix 1 – Statutory Remuneration and Other Disclosures, for a detailed analysis of Authority board member remuneration, Rulings panel remuneration and Advisory and working group fees

4b. Operating Lease

The future aggregate minimum lease payments to be paid under non-cancellable operating leases.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Building lease		
Not later than one year	464	452
Later than one year but not later than five years	1,987	1,934
Later than five years	531	945
Total non-cancellable operating leases	2,982	3,331

The Authority entered into a new building lease agreement with effect from 21 April 2022 for a 12-year term, expiring 20 April 2034.

5. Cash and cash equivalents, and investments

5a. Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include:

	Actual 2024/25 \$000	Actual 2023/24 \$000
Cash at bank	20,103	3,756
On-call deposit accounts	4,300	4,300
Short-term deposits >3 months	-	1,000
Balance at 30 June	24,403	9,056

5b. Investments

Short-term investments comprise deposits greater than three months, no more than 12 months and therefore do not fall into the category of cash and cash equivalents.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Term deposits - maturing within 12 months of balance date	5,000	12,000
Balance at 30 June	5,000	12,000

6. Property, plant and equipment

There are no restrictions over the title of the Authority's plant, property and equipment, and no items of plant, property and equipment has been pledged as security for liabilities.

	Computer hardware \$000	Office equipment \$000	Furniture and fittings \$000	Leasehold improvement \$000	Total \$000
Cost or valuation					
Balance at 1 July 2023	101	101	456	903	1,561
Additions	14	-	22	30	66
Disposals	-	-	(23)	-	(23)
Balance at 30 June 2024	115	101	455	933	1,604
Balance at 1 July 2024	115	101	455	933	1,604
Additions	63	11	9	-	83
Disposals	-	-	-	-	-
Balance at 30 June 2025	178	112	464	933	1,687
Accumulated depreciation					
Balance at 1 July 2023	45	39	176	56	316
Depreciation expense	27	17	76	81	201
Eliminate on disposal	-	-	(16)	-	(16)
Impairment losses	-	-	-	-	-
Balance at 30 June 2024	72	56	236	137	501
Balance at 1 July 2024	72	56	236	137	501
Depreciation expense	32	17	73	82	204
Eliminate on disposal	-	-	-	-	-
Impairment losses	-	-	-	-	-
Balance at 30 June 2025	104	73	309	219	705
Net carrying value					
At 1 July 2023	56	62	280	847	1,245
At 30 June 2024 and 1 July 2024	43	45	219	796	1,103
At 30 June 2025	74	39	155	714	982

There are no contractual commitments for the acquisition of property, plant and equipment at 30 June 2024.

7. Intangible assets

There are no restrictions over the title of the Authority's intangible assets, and no intangible assets have been pledged as security for liabilities.

	Work in Progress \$000	Software and Systems \$000	Total \$000
Cost or valuation			
Balance at 1 July 2023	1,145	36,858	38,003
Additions	1,295	14	1,309
Transfers	(823)	823	-
Disposals	(174)	(417)	(591)
Balance at 30 June 2024	1,443	37,278	38,721
Balance at 1 July 2024	1,443	37,278	38,721
Additions	1,643	-	1,643
Transfers	(1,545)	1,545	-
Disposals	(48)	(1,301)	(1,349)
Balance at 30 June 2025	1,493	37,522	39,015
Accumulated amortisation			
Balance at 1 July 2023		29,811	29,811
Amortisation expense		1,919	1,919
Eliminate on disposal		-	-
Impairment losses		-	-
Balance at 30 June 2024		31,730	31,730
Balance at 1 July 2024		31,730	31,730
Amortisation expense		2,160	2,160
Eliminate on disposal		(1,301)	(1,301)
Impairment losses		-	-
Balance at 30 June 2025		32,589	32,589
Net carrying value			
At 1 July 2023	1,145	7,047	8,192
At 30 June 2024 and 1 July 2024	1,443	5,548	6,991
At 30 June 2025	1,493	4,933	6,426

The Authority's intangible assets comprise acquired and developed software, systems and associated licences, the most significant being the software used in the operation of the electricity market. As at 30 June 2025, intangible assets had a cost of \$39.015 million, net carrying value of \$6.426 million and an estimated remaining useful life of between three and five years.

8. Creditors and other payables

Payables and accruals are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables and accruals approximates their fair value.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Creditors	9,620	9,256
Accrued expenses	1,909	693
Other - market making obligation	717	2,546
	12,246	12,495

9. Employee entitlements

	Actual 2024/25 \$000	Actual 2023/24 \$000
Current entitlements		
Accrued salary	949	516
Annual leave	915	978
Long service and sick leave	73	47
Total current entitlements	1,937	1,541
Non-current entitlements		
Long service leave	109	79
Total non-current entitlements	109	79
	2,046	1,620

10. Appropriation repayable to the Crown

The Authority receives funding by way of appropriations from the Crown. The Crown is reimbursed for this funding by levies collected from industry participants.

The Authority receives its appropriations monthly according to a funding profile agreed at the start of the financial year. At the end of the year, the difference between funding drawn down and total Authority expenditure is recorded as a payable or receivable with the Crown. If all appropriations are fully drawn down, the amount will be a payable representing unspent funding to be returned to the Crown.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Net Crown appropriations drawn down	112,622	101,374
Litigation expense funded by reserves	-	-
Less - total Authority expenditure	(106,798)	(101,021)
Appropriation repayable to the Crown	5,824	353

11. Provisions

	Actual 2024/25 \$000	Actual 2023/24 \$000
Current		
Lease - incentive	18	18
Total current	18	18
Non-current		
Lease - incentive	137	155
Lease - make-good	65	45
Total non-current	202	200
Balance at 30 June	220	218

The lease incentive provisions are the pro rata portions of the building lease incentive for office space at Level 7, Aon Centre, 1 Willis Street, Wellington, recognised over the life of the lease.

Lease make-good provision

At the expiry of the lease term for its leased premises, the Authority is required to make-good any damage caused to the premises and to remove any fixtures or fittings that it installed. The Authority has two options to renew the lease, which affects the timing of expected cash outflows to make-good the premises. In measuring the provision, the Authority has assumed it will not exercise the options to renew the lease. The cash flows associated with the non-current portion of the lease make-good provision are expected to occur in May and June 2034.

12. Reconciliation of net operating surplus to net cash flows

	Actual 2024/25 \$000	Actual 2023/24 \$000
Net operating surplus	1,438	1,450
Add non-cash items		
Depreciation, amortisation and impairment	2,364	2,118
Disposal of fixed assets	-	6
Movement in non-current employee entitlements	30	8
Total non-cash items	2,394	2,132
Add movements in working capital items		
Receivables and prepayments (increase)/decrease	180	(425)
GST payables (increase)/decrease	392	(379)
Payables and accruals (increase)/decrease	(249)	1,916
Employee entitlements (increase)/decrease	396	(11)
Increase in provisions	3	27
Provision for refund of appropriation increase/(decrease)	5,471	(3,859)
Net working capital movements	6,193	(2,731)
Net cash flow from operating activities	10,025	851

13. Related party transactions

The Authority is a wholly owned entity of the Crown and receives funding by way of appropriations from the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Authority would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Government-related entities

The Authority purchased system operator and technical advisory services from Transpower New Zealand Limited, as well as the provision of the financial transmission right manager services and market support services from their division Energy Market Services, for a total of \$51.2 million (2023/24: \$50.2 million).

Key management personnel

Key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board and senior leadership team, consisting of: Chief Executive, General Manager Corporate and Market Services, General Manager Communications, Engagement and Data, General Manager Legal, Monitoring and Compliance, General Manager Retail and Consumer, General Manager Wholesale and Supply and General Manager Networks and Systems Change which constitutes the governing body of the Group. The aggregate remuneration of key

management personnel and the number of individuals determined on a full-time equivalent basis, receiving remuneration, is as follows:

	2024/25 Actual	2023/24 Actual
Board Members		
Remuneration (\$000)	800	623
Full-time equivalent members	1.93	1.57
Senior Leadership Team		
Remuneration (\$000)	2,378	1,868
Full-time equivalent members	6.78	6.35
Total key management personnel remuneration (\$000)	3,178	2,491
Total full time equivalent personnel	8.71	7.92

The full-time equivalent for Board members has been determined based on actual hours spent attending Board meetings, events or meetings representing the Authority and time spent preparing for meetings. This includes time relating to organisational Board governance matters as well as time spent by Board members on regulatory matters in their role as Authority members.

14. Financial instruments

The Authority is party to financial instrument arrangements as part of its everyday operations. These financial instruments include bank accounts, term deposits, accounts receivable classified as financial assets at amortised cost and accounts payable classified as financial liability at amortised cost. The Authority does not have any other financial instruments.

Financial instrument risks

Interest rate risk

Interest rate risk is the risk that the return on funds invested and the cost of borrowed funds fluctuate due to changes in market interest rates.

The Authority's exposure to interest rate risk on funds invested is limited to on-call bank deposits and term deposits, which are subject to variable interest rates.

Under the Crown Entities Act 2004, the Authority requires Ministerial approval to enter into a borrowing arrangement. The Authority has no borrowings and accordingly, there is no interest rate exposure on borrowed funds.

Credit risk

Credit risk is the risk that a third party defaults on its obligations to the Authority, causing the Authority to incur a loss. The Authority only invests in financial institutions that have high credit ratings.

Liquidity risk

Liquidity risk is the risk that the Authority encounters difficulties raising liquid funds to meet commitments as they fall due. The Authority has a low exposure to liquidity risk as it does not enter into credit arrangements, except those available from suppliers as part of normal

operating agreements and aims to maintain sufficient funds available on call to meet its liquidity requirements.

As at 30 June 2025, the expected cash outflows from payables maturing within six months is \$11,530,000 (2023/24: \$11,178,000). These amounts are the contractual undiscounted cash flows.

Currency risk

Currency risk is the risk that debtors and creditors due in foreign currency fluctuate because of changes in foreign exchange rates. The Authority has no significant exposure to currency risk on its financial instruments.

15. Equity

The Authority's equity comprises its contributed capital and accumulated surplus.

The Authority is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Authority prudently manages its revenues, expenses, assets, liabilities and general financial dealings to ensure it effectively achieves the objectives and purpose, while remaining a going concern.

16. Contingencies

On 4 June 2025 the Electricity Authority filed a complaint with the Rulings Panel. The complaint alleges that Transpower breached clause 12.113 of the Electricity Industry Participation Code 2010 when it failed to adhere to good electricity industry practice in connection with the maintenance of an interconnection asset which failed on 20 June 2024.

Legal proceedings, relating to the financial year ending 30 June 2025, have been estimated with a potential liability up to \$150,000, including legal fees.

As at 30 June 2024, the Authority disclosed one potential contingent event. This related to an application for a judicial review of Authority decisions. The appeal was jointly discontinued in February 2025 and there are no longer any contingent liabilities associated with this case.

There are no other contingent assets or liabilities (2023/24: nil) other than disclosed above and no guarantees under the Crown Entities Act 2004 (2023/24: nil).

17. Post balance date events

The Board and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements, that have significantly or may significantly affect the operation of the Authority.

18. Explanation of major variances against budget

Expenditure against appropriations

	Actual 2024/25 \$000	Actual 2023/24 \$000
Net operating surplus	1,438	1,450
Add non-cash items		
Depreciation, amortisation and impairment	2,364	2,118
Disposal of fixed assets	-	6
Movement in non-current employee entitlements	30	8
Total non-cash items	2,394	2,132
Add movements in working capital items		
Receivables and prepayments (increase)/decrease	180	(425)
GST payables (increase)/decrease	392	(379)
Payables and accruals (increase)/decrease	(249)	1,916
Employee entitlements (increase)/decrease	396	(11)
Increase in provisions	3	27
Provision for refund of appropriation increase/(decrease)	5,471	(3,859)
Net working capital movements	6,193	(2,731)
Net cash flow from operating activities	10,025	851

Electricity industry governance and market operations

This appropriation provides funding for the general operations of the Authority and the operation of the electricity system and market. Expenditure in 2024/25 was \$5.9 million lower than budget primarily due to successful negotiation with a new service provider contracted from 1 July 2024 at a significantly lower cost than budgeted.

Managing the security of New Zealand's electricity supply

This appropriation is contingent in nature and provides funding to allow the management of emergency events by the System Operator. In 2024/25 \$0.1 million was spent for planning and running preparation for a potential emergency conservation campaign for Winter 2025, which was not triggered during the reporting period. The Managing the security of New Zealand's electricity supply has a multi-year appropriation of \$6 million for the period 2022-2027.

Electricity litigation fund

This appropriation provides funding to ensure that the regulatory body for the electricity industry is able to participate in litigation effectively and without delay. The appropriation is contingent in nature, and expenditure is only incurred if litigation arises. The cost of litigation funded by appropriation in 2024/25 was \$0.05 million.

The costs for 2024/25 primarily related to a self-reported breach of the System Operator's Policy statement. The Electricity Litigation Fund has an annual appropriation of \$1.5 million.

Statement of comprehensive revenue and expense

Crown appropriations

The revenue recognised from Crown appropriations was \$5.8 million lower than budgeted primarily due to reduced service provider contract costs.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment expenses were \$0.8 million lower than budgeted, because of changes in the scope and timing of service provider managed projects.

Personnel

Personnel costs were \$1.4 million lower than budget. This is mainly due to the mix of contract and permanent personnel engaged during 2024/25, which reflected the technical nature of resource required for unplanned work as well as rephasing of some recruitment to support reprioritisation of the work programme.

Service provider contracts

Costs associated with the System Operator and market service providers were \$6.9 million lower than budget mainly due to successful negotiations with a new provider who were contracted from 1 July 2024 at a significantly lower cost than budgeted.

Other expenses

Other expenses were \$3.2 million higher than budget. \$2.6 million was due to increased spend on external work programme support from using additional specialised external resources to support the reprioritised work programme, \$0.5 million for additional IT costs to modernise and improve security of the data platform and \$0.6 million to educate consumers on their new rights under the Consumer Care Obligations, partially offset by \$0.5 million lower than budget for training and internal audit fees.

Statement of financial position

Cash, cash equivalents and investments

Combined funds held at the reporting date exceeded the budget by \$10.1 million.

Cash and cash equivalents were \$5.1 million higher than budget. This is mainly due to the \$5.9 million underspend against the governance and market operations. This will be repaid to levy payers (via the Crown) in the 2025/26 financial year through the annual levy reconciliation process.

The investments balance at the reporting date is \$5.0 million. The budget did not include investments.

Intangible assets

Changes in scope and timing of service provider managed projects during the year impacted on the capital asset programme. This resulted in the final position being \$1.3 million lower than budget.

Payables and accruals

Payables and accruals were \$2.3 million higher than budget primarily due to timing of payments with higher system operator and other internally driven initiatives as projects come to completion with increased costs in the final month of the year.

Refund of appropriation to the Crown

Payables and accruals were \$2.3 million higher than budget primarily due to timing of payments with higher system operator, and other internally driven initiatives as projects come to completion with increased costs in the final month of the year.

Statement of cash flows

Receipts from the Crown

The variance to budget in Crown funding of \$0.1 million higher than budget is due to funding received for the Managing the security of New Zealand's electricity supply appropriation.

Payments to suppliers

Payments to suppliers were \$3.9 million lower than budget. Primarily due to lower than budget service provider costs, partially offset by increase in spend on external work programme support.

Payments to personnel

Payments to personnel were \$1.7 million lower than budget. This is mainly due to rephasing of recruitment of some new roles to ensure that the roles supported the reprioritised work programme.

19. Operating commitments

The operating commitments represent the minimum payments due under contractual notice periods for termination, or the contract expiry date.

Service provider contracts exist for the clearing manager, pricing manager, reconciliation manager, registry manager, wholesale and information trading system (WITS) manager, financial transmission rights (FTR) manager and system operator.

The System Operator (service provider) agreement has no fixed expiry date and has a three-year notice period for termination.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Operating commitments		
Service providers contracts		
Not later than one year	66,704	67,453
Later than one year but not later than five years	117,834	128,822
	184,537	196,275
Total operating commitments	184,537	196,275

Note the 2023/24 disclosure has been revised to include an operating commitment in relation to a provider, which has been reclassified as a service provider commitment.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Capital commitments		
Intangible assets - service providers contracts		
Not later than one year	2,140	-
Later than one year but not later than five years	583	-
Total capital commitments	2,723	-

Appendix 1 – Statutory remuneration and other disclosures

Employee remuneration

Disclosure of employee remuneration paid

Employee remuneration paid over \$100,000 during the year ended 30 June 2025, grouped into \$10,000 bands.

	2024/25 Actual	2023/24 Actual
\$100,000–\$109,999	17	10
\$110,000–\$119,999	10	6
\$120,000–\$129,999	5	7
\$130,000–\$139,999	8	10
\$140,000–\$149,999	16	10
\$150,000–\$159,999	11	3
\$160,000–\$169,999	8	5
\$170,000–\$179,999	7	3
\$180,000–\$189,999	5	11
\$190,000–\$199,999	9	2
\$200,000–\$209,999	7	5
\$210,000–\$219,999	5	3
\$220,000–\$229,999	4	2
\$230,000–\$239,999	1	2
\$240,000–\$249,999	1	-
\$250,000–\$259,999	-	1
\$260,000–\$269,999	2	1
\$270,000–\$279,999	-	1
\$280,000–\$289,999	2	-
\$290,000–\$299,999	-	1
\$300,000–\$309,999	1	-
\$310,000–\$319,999	2	-
\$420,000–\$429,999	1	1
	122	84

Board member remuneration

	Actual 2024/25 \$000	Actual 2023/24 \$000
Anna Kominik (Board Chair - appointed 13 July 2023)	285	224
Allan Dawson (term completed 30 April 2025)	104	99
Paula Rose	112	77
Lana Stockman	124	106
Erik Westergaard	120	76
Cristiano Marantes (appointed 1 July 2023)	55	36
Dr Nicola Crauford (Board Chair – term completed 13 July 2023)	-	5
	800	623

The Remuneration Authority, an independent body set up by Parliament, determines the remuneration received by Board members.

Board member fees vary based on the number of hours worked throughout the year. Hours worked may vary depending on membership of various committees, and the role held on these committees.

The 2024/25 financial year saw a five-fold increase in the number of additional Board meetings, compared to the prior year.

No Board members received compensation or other benefits in relation to cessation (2023/24: nil). The Authority has directors' and officers' liability and professional indemnity insurance cover in respect of the liability or costs of Board members and employees.

Rulings Panel remuneration

	Actual 2024/25 \$000	Actual 2023/24 \$000
Mel Orange	39	30
Lee Wilson	6	2
Paul Webber (appointed 6 July 2023)	3	3
Matthew Dunning (appointed 6 July 2023)	1	6
	49	41

Advisory group and working group fees

Advisory groups and working groups comprise members paid by the Authority and members working in the industry who are paid by their own organisation. The members' fees listed below are those paid by the Authority and do not represent the complete membership of each group.

		Actual 2024/25 \$000	Actual 2023/24 \$000
Security and Reliability Council	Heather Roy (Chair)	26	19
	Barbara Elliston	-	5
	Nanette Moreau Hammond	5	8
	Allan Miller	5	5
	Rebecca Larking	-	2
Market Development Advisory Group	Tony Baldwin (Chair)	-	14
Innovation and Participation Advisory Group	John Hancock (Chair)	-	-
Network Connections Technical Group	Trent Tscheuschler	6	4
Common Quality Technical Group	Barbara Elliston	3	5
	Brad Henderson	-	3
	Rob Orange	3	6
	Gareth Williams	1	-
Electricity Authority Advisory Group	Jamie Silk (Chair)	25	-
	Deborah Hart	1	-
	Jessica Walker	1	-
	John Hancock	3	-
	Kennie Tsui	1	-
	Liz Kilduff	-	-
	Paul Baker	1	-
	Tui Gilling Matapapa	-	-
		81	71

The Innovation and Participation Advisory Group was disestablished in February 2024 and the Market Development Advisory Group's term ended in February 2024.

Two new technical groups were established in the 2024/25 year to provide advice to our board:

- Standardised Flexibility Product Co-design Group – established September 2024 for a three-month term.
- Switch and Data Formats Group – established in December 2024 (this replaced two dormant technical groups, the Standing Data Formats Group and the Switch Technical Group)

Four new technical and advisory groups were established in the 2023/24 year to provide advice to our board:

- Common Quality Technical Group – established June 2023
- Network Connections Technical Group – established February 2024
- Distribution Connection Pricing Technical Group – established June 2024
- Electricity Authority Advisory Group – established June 2024

Statement of electricity levy of industry participants

Levies collected from industry participants during the financial year are deposited into a Crown bank account administered by the Ministry of Business, Innovation and Employment. A reconciliation is carried out after the end of the financial year between levies collected and expenditure to be recovered by the levy. The Crown will either provide a refund to, or request additional payment from, individual industry levy payers based on this reconciliation. Any over or under recovery of the Energy Efficiency and Conservation Authority portion of the levy is applied as an adjustment to the levy rate in future years, rather than being refunded or collected through the reconciliation process.

For the year 1 July 2024 to 30 June 2025, the levies collected were 3.39% higher than the expenditure to be recovered. The difference is expected to be \$3.928 million which will be refunded to levy payers. The final amount owed may vary from this amount and some levy payers may still be required to pay additional levies while others receive a refund. This refund depends on whether they are generators, retailers or distributors and is based on variations from estimated volumes of dispatches, sales and customer connections.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Total levies collected by the Crown	115,826	108,443
Electricity Authority expenditure	106,798	101,021
Energy Efficiency and Conservation Authority (EECA operations)	5,100	5,100
Total expenditure to be recovered by levies	111,898	106,121
Total owed to levy payers by the Crown	3,928	2,322

Independent auditor's report

Independent Auditor's Report

To the readers of Electricity Authority's annual financial statements and performance information for the year ended 30 June 2025

The Auditor-General is the auditor of Electricity Authority (the Authority). The Auditor-General has appointed me, Fiona Elkington, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the annual financial statements that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 53 to 75; and
- the performance information that consists of:
 - the statement of performance for the year ended 30 June 2025 on pages 11 to 15 and pages 20 to 39; and
 - the end-of-year performance information for appropriations for the year ended 30 June 2025 on pages 22 to 37.

Opinion

In our opinion:

- The annual financial statements of the Authority:
 - Fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The statement of performance fairly presents, in all material respects, the Authority's service performance for the year ended 30 June 2025. In particular, the statement of performance:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Authority for each class of reportable outputs;

determined in accordance with generally accepted accounting practice in New Zealand; and

- fairly presents, in all material respects, for each class of reportable outputs:
 - the actual performance of the Authority;
 - the actual revenue earned; and
 - the output expenses incurredas compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Authority's statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The end-of-year performance information for appropriations:
 - fairly presents, in all material respects:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 31 October 2025. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the annual financial statements and the performance information

The preparation of the financial statements and performance information of the Authority is the responsibility of the Board.

The Board is responsible on behalf of the Authority for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. This includes preparing performance information that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Board is responsible for such internal control as it is necessary to enable them to prepare annual financial statements, a statement of performance, and the end-of-year performance information for appropriations that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, the Board is responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the annual financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations.

For the budget information reported in the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, our procedures were limited to checking that the information agreed to the Authority's statement of performance expectations or to the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2025.

We did not evaluate the security and controls over the electronic publication of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate whether the statement of performance and the end-of-year performance information for appropriations:
 - provide an appropriate and meaningful basis to enable readers to assess the actual performance of the Authority in relation to the forecast performance of the Authority (for the statement of performance) and what has been achieved with the appropriation by the Authority (for the end-of-year performance information for appropriations). We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
 - fairly present the actual performance of the Authority and what has been achieved with the appropriation by the Authority for the financial year.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board.
- We evaluate the overall presentation, structure and content of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, including the disclosures, and whether the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, and our auditor's report thereon.

Our opinion on the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Authority.



Fiona Elkington
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand