Quarterly report to the Minister for Energy
1 July to 30 September 2025

31 October 2025

Contents

1. Purpose of this report

The Electricity Authority Te Mana Hiko (Authority) provides the Minister for Energy with this quarterly report in accordance with the *Letter of Expectations 2025/26*. It summarises the Authority's delivery and performance from **1 July 2025 to 30 September 2025**.

This report sets out our quarterly progress delivering the performance measures in our *Statement of Performance Expectation 2025/26* to ensure affordable, reliable electricity for consumers now and in future. It also shows how our work aligns with the *Statement of Government Policy 2024* for the electricity industry, and includes our usual reporting on organisational health, audit and risk, and finance.

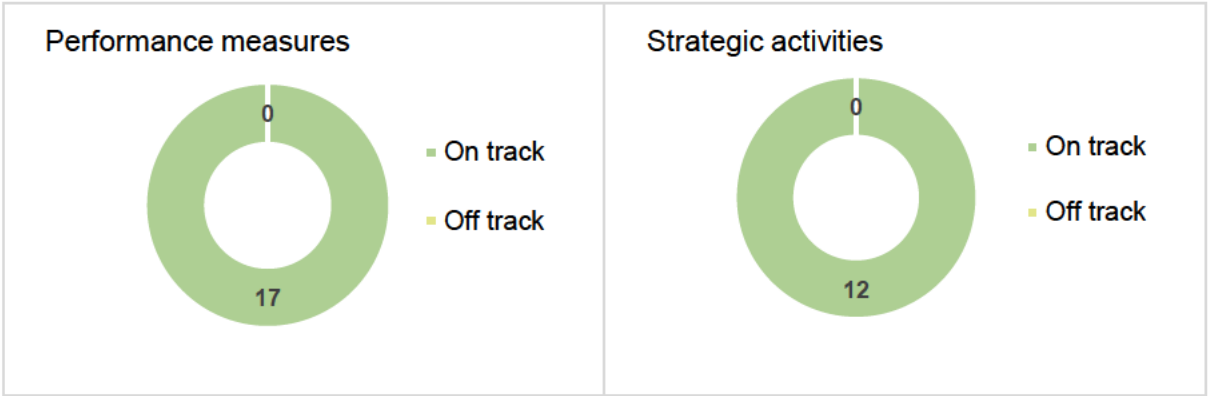
2. Summary of the quarter

As we start the new financial year, the Authority is laser-focused on delivering on our core outcomes: **affordability**, and **security and resilience**. These outcomes are underpinned by an efficient and competitive electricity system that works for the long-term benefit of consumers.

2.1. Regulatory highlights for this quarter

Proposals to **level the playing field** so independent generators and retailers can better compete with the gentailers	A **new generation investment dashboard** to support market confidence and investment decisions in new power generation	Giving consumers more control over their power use and costs through **time-of-use retail plans** and **distributor rebates**
Consumer mobility roadmap of changes to give consumers more choice, more control and better value for their power	New rules to make it **easier and faster to connect to the electricity network**, to get more power into the grid and reduce costs	Brought the Electricity Industry Participation **Code online** to make it more user-friendly and easier to access for everyone

2.2. Organisational performance for this quarter



Key internal performance indicators

- All of the Authority's 17 performance measures are on target *(see section 3 below)*.
- Twelve out of twelve (100%) strategic activities on our work programme to drive affordability, security and efficiency are on track *(see Appendix A)*.
- Expenditure was $1.1 million lower than budgeted for the quarter, driven by actions to ensure value for money and continuous improvement of systems and processes.
- Service provider contracts were $0.2 million lower than budgeted for the quarter due to savings in the intermittent generation forecasting contract.
- Full year expenditure is forecast to be $0.3 million lower than budget, with increased expenditure expected over the next two quarters to deliver the new Comparison and Switching website. Full financial information is at Appendix C.
- The overall residual risk profile for Authority has had no significant change this quarter, with all current and target ratings the same.
- Full-time equivalent staff numbers have increased slightly to support delivery of our expanded work programme.
- Personnel costs were $0.6 million lower due to phased recruitment, against $0.4m in increased contractor costs to backfill vacant and required subject-matter expert roles.

2.3. Update on the Energy Competition Task Force

All Energy Competition Task Force initiatives are on track

The Authority and the Commerce Commission continue to work together through the Energy Competition Task Force on measures to enable new generators and independent retailers to enter and better compete in the market, and to provide more options for consumers.

The actions we have taken this quarter will enable consumers to better manage their power use and costs, boost competition, build confidence in the market – and ultimately give New Zealanders better access to affordable electricity. This quarter, the Authority:

- **Announced decisions to give consumers more choices over how they use, buy and sell electricity, to help lower their power bills**
  - From 1 July 2026, large retailers (those with five percent or more market share) will have to offer plans that give people cheaper rates for electricity used at off-peak times, and fair rates for power sold back to the grid at peak times. Currently, only around 10% of households have these time-of-use plans.
  - From 1 April 2026, distributors will be required to pay rebates when households supply power to the network at peak times, easing pressure on the network. We believe this will strengthen the case for roof top solar systems with batteries, and will reduce system costs over time – leading to lower bills for everyone.
  - We also issued three guidance documents to support distributors and retailers to implement these new rules.

- **Confirmed three targeted interventions to level the playing field between gentailers and independent generators and retailers, boosting competition and building confidence in the wholesale electricity market**
    - Sought feedback on options to require gentailers to trade minimum volumes of the new wholesale 'super-peak' hedge product to help independent market participants manage their risk. Regulation would apply if voluntary trading volumes do not grow.
    - Announced plans to consult on Code changes to mandate non-discrimination obligations for the four large gentailers (with draft Code amendments published for feedback in October). This will provide greater confidence that the gentailers are not treating independent retailers differently to their own retail arms.
    - Announced a review of 'market making' in the electricity futures market to ensure it promotes healthy competition and transparency. The Authority will seek feedback on proposed Code changes in November.
- **Consulted on introducing an Emergency Reserve Scheme ahead of winter 2026 to support security of supply**
    - The proposed scheme would enable organisations that opt-in to be paid to reduce their demand, or to provide additional generation, where it makes commercial sense to do so. It would provide an additional tool for the System Operator to use in periods of acute system stress, supporting security and reliability and providing an extra layer of protection against unplanned disconnections for households and businesses.

2.4. Other highlights from the quarter

Giving consumers more choice, more control and better value

- Our 'consumer mobility roadmap' was released which shows proposed upcoming changes to simplify bills and electricity information, make it easier to compare and switch power plans and providers, and improve access to products and services. These changes will make it easier for consumers to get the best deal for their power.
- We proposed requirements to make better data available to unlock better power deals for consumers. We sought feedback on options to standardise access and data rules to make it easier for consumers to choose the right power plan, switch between power companies and save money.
- Our updated guidance for health practitioners helps them to understand their role in helping patients who may be medically dependent on electricity, now that the Authority has mandated Consumer Care Obligations for all power companies.
- The Authority signed a memorandum of understanding with the Gas Industry Company Ltd to guide how we will share information and work together, taking a system-wide approach to delivering reliable energy to consumers.
- New rules to make it easier and faster to connect to the electricity network and improve connection pricing methodologies will reduce inconsistency and inefficiency across New Zealand's 29 lines companies – getting more power onto the grid quicker and reducing costs for businesses and consumers.

Keeping the lights on

- The Authority's new dynamic generation investment dashboard provides an up-to-date, detailed picture of planned new generation projects in New Zealand. This will support developers to make informed investment decisions and help ensure the right projects are delivered to meet rising demand in an efficient way.
- Our new hybrid forecasting arrangement took effect, with DNV Services selected to provide centralised wind and solar forecasting. The new arrangement will improve the accuracy of intermittent generation forecasts and offers, enhancing the reliability and efficiency of the electricity system and reducing costs for consumers.
- The Authority proposed to make permanent an urgent Code amendment, introduced in March 2025, that strengthens the System Operator's ability to manage security of supply risks by gathering thermal fuel information from generators.

Core regulatory functions

In addition to specific actions the Authority has taken to deliver affordable, secure electricity for consumers, we continue to deliver on and improve our core regulatory functions.

Our Code review and amendment programmes, market monitoring, and compliance and enforcement regime ensure that our regulation remains fit-for-purpose, unlocks new and innovative products and services, and drives affordability and reliability for consumers.

We continue to ensure value for money for levy payers through robust management of our commercial contracts with the System Operator and market operation service providers.

Actions we have taken this quarter include:

- A new 'Data & insights' hub on our website to provide a 'one-stop-shop' for the latest electricity market data, tools and insights on New Zealand's electricity markets – a key part of our role as a data-driven regulator.
- Enforcing compliance with the Code by lodging two formal complaints with the Rulings Panel, issuing three warning letters, and assessing the first compliance reports for retailers under the Consumer Care Obligations.
- Transforming the Electricity Industry Participation Code (Code) into an interactive online resource to make it easier to use, navigate, search and share – and ultimately more accessible and user-friendly for all industry participants.
- Determination of the 2025 Electricity Allocation Factor, which is used as an input to eligible industrial producers' annual allocation of emissions units.
- Launching the second priority round of the Power Innovation Pathway, to support innovators to bring fresh ideas to market and drive long-term benefits for consumers.

We continue to streamline our Code making process to fast-track consumer outcomes. Our new approach ensures that regulation is fit-for-purpose and tailored to risks and impact on consumers, while meeting the minimum legal requirements. Statutory obligations require us to consult on changes to the Electricity Industry Participation Code (except in limited circumstances), and any change must be within the Authority's scope of regulation. The relative cost of legal challenge is low but can significantly delay benefits for consumers; ensuring a robust yet proportionate approach reduces the incentive for participants to challenge changes they disagree with, and ultimately delivers consumer benefits faster.

For any questions, contact:

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3. Statement of performance expectations measures

This section provides an update on the Authority's progress against our *Statement of performance expectations 2025/26* measures, by appropriation.

Key

Statutory objectives			
Competition	**Reliability**	**Efficiency**	**Protection of small consumers**
Progress indicators			
On track to achieve target	Some risks / issues with achieving target	Target will not be achieved	

3.1. Statement of performance expectations 2025/26 summary

Activity area	Non-financial targets (#)			Financial ($000's)	
				YTD actual	% spent of YTD budget[1]
Electricity industry governance and market operations	12	0	0	28,378	96%
Managing the security of New Zealand's electricity supply	2	0	0	0	0%
Electricity litigation fund	1	0	0	53	14%

3.2. Statement of performance expectations 2025/26 measures

Electricity industry governance and market operations

Performance measures	Target 2025/26	YTD result	Relevant statutory objective
1. Market operation service providers' performance meets agreed standards and contract requirements, or a remedial plan is agreed and actioned by specified date	Achieved		
2. Any significant issues in market operation service providers' systems, as identified in audit processes, have a remedial plan agreed and actioned by specified date	Achieved		

[1] The percentage of year to date spend is calculated on the total appropriations for the year.

Performance measures	Target 2025/26	YTD result	Relevant statutory objective
3. Increased monitoring of and reporting on retail competition	Regular monitoring and reporting of retail competition	●	
4. Enquiries into alleged breaches of the Consumer Care Obligations are dealt with in a timely manner	Measure enquiry time to benchmark an appropriate target	●	
5. The Authority regularly publishes evidenced based monitoring reports	Quarterly reviews, weekly trading conduct reports	●	
6. The Authority actively promotes understanding of its work and the electricity system to a wide audience	Increase in activity across all public facing channels	●	
7. Content on the Electricity Market Information website is reviewed and revised to maintain relevance*	Increase on prior year	●	
8. The frequency and sophistication of data and analytics are improved to support the Authority's evidence based decision-making processes	Increase on 3-year rolling average	●	
9. Investigations into alleged breaches of the Electricity Industry Participation Code categorised as low to medium complexity, are addressed in a timely manner	Median time to make case decision is 6 months or less	●	
10. Our compliance decisions are lawful and appropriate	0 legal challenges that result in a compliance decision being overturned	●	
11. Strategic activities deliver desired outcomes in planned timeframes (appendix A)	80%	●	
12. Our market development decisions and processes are lawful and appropriate	0 legal challenges that result in an Authority market development decision being overturned	●	
13. Code amendments or market facilitation measures deliver intended benefits and impacts on market behaviour	At least 1 post implementation review is completed with an agreed action plan (where appropriate).	●	
14. Proactive engagement to support innovators across the Authority's regulatory functions	2+ proactive innovator outreach events or initiatives	●	

Note

* We have created a new 'Data & insights' hub to provide improved access to the latest electricity market data, tools and insights. We will decommission the EMI website at the end of 2025 after moving all content over to the new hub. As well as adding new content over time, we will continue to review and revise content on the hub over time to maintain relevance.

Managing the security of New Zealand's electricity supply

Performance measures	Target 2024/25	YTD result	Relevant statutory objective
15. Electricity Authority decisions relating to System Operator requests for access to funding are made in accordance with the agreed process and criteria	Achieved	●	✓ 📈
16. Post-implementation review of dry year or emergency event shows use of funding achieved its intended outcomes	Achieved	●	📈

Electricity litigation fund

Performance measures	Target 2024/25	YTD result	Relevant statutory objective
17. The electricity litigation fund is used in accordance with the agreed criteria	Achieved	●	✓ 📈

4. Performance achievements

This section provides a detailed update on the Authority's progress towards achieving the priorities outlined in our *Statement of performance expectations 2025/26* and expectations set out in the *Letter of expectations 2025/26*. It is organised by our five regulatory functions. More detail on specific strategic activities is in *Appendix A: 2025/26 Strategic activities*.

Regulatory function	Progress this quarter	Future delivery

Promote market development	• Announced decisions to give consumers more choices through time-of-use pricing so they can lower their power bills
	• Announced interventions to level the playing field between the four large gentailers and independent generators and retailers
	• Launched a new generation investment pipeline dashboard showing planned generation projects
	• Released decision requiring participants to provide information on requests for over-the-counter hedge contracts and responses to those requests
	• Announced new requirements to make it easier and faster to connect to the electricity network by improving the network connection application process and pricing
	• Sought feedback on improving 'network visibility', including the associated costs, benefits and the value improving network visibility could bring
	• Consulted on:
	  ○ Establishing an Emergency Reserve Scheme by winter 2026 (and published submissions)
	  ○ Options for regulating the standardised super-peak hedge product
	  ○ Proposed technical amendments to the transmission pricing methodology (and published submissions)
	• Published submissions for:
	  ○ Regulatory roadmap for battery energy storage systems
	  ○ Review of urgent Code amendment to System Operator's information gathering powers
	  ○ Future operation of power system and three alternative models for distribution system operation
		• Consult on:
		  ○ Consumer bill simplification and best plans
		  ○ Code changes for level playing field measures
		  ○ Code changes to revise the approach to market making
		  ○ Code changes to implement Emergency Reserve Scheme
		  ○ Price barriers and efficient connection to distribution networks
		  ○ Three alternative models for distribution system operation
		  ○ Standardised super-peak hedge product
		• Make decisions on:
		  ○ Code changes to address barriers to connection and promote efficient connection pricing
		  ○ Evolving retailing and switching
		• Engage with industry on options to improve network visibility

Regulatory function	Progress this quarter	Future delivery
	○ Code amendment proposal on common quality-related information ○ Summary of submissions received on the decentralisation green paper • Signed a memorandum of understanding with the Gas Industry Company Ltd for coordinating respective roles and ongoing cooperation • Opened applications for the Power Innovation Pathway's next priority round • Hosted several visiting experts and delegations from other countries to discuss market designs and developments in other jurisdictions	
Monitor, inform and educate	• Launched a new 'Data and insights' hub, providing access to the latest electricity market data, tools and insights in one place • Transformed the Code into an interactive online resource, making it more accessible and user-friendly for participants. • Developed affordability-focused communications to consumers, including a social media campaign with Utilities Disputes Limited • Received first sets of data from retailers for the new Retail Market Monitoring clause 2.16 information notice • Published five 'Eye on electricity' articles relating to security of supply • Calculated and published the determination of the 2025 Electricity Allocation Factor • Presented at: ○ NZ Wind Energy Summit ○ SEANZ Conference ○ EEA Conference ○ Oceania Renewables Power Summit • Held or hosted workshops and webinars on: ○ Digitalisation and network visibility, to engage with technical stakeholders in shaping upcoming consultation work ○ Future System Operation ○ New rules to improve network connection processes and connection pricing methodologies	• Ongoing monitoring of retail price rises • Publish a report on insights from the first year of the Power Innovation Pathway, and actions we will take • Ongoing improvements to the accuracy and usefulness of the new generation pipeline • Host our next consumer and industry wānanga • Present at Energy Resilience and Affordability conference, Electricity Networks Aotearoa and Women in Leadership events • Host a technical workshop on managing reactive power flows and voltage coordination across grid exit points

Regulatory function	Progress this quarter	Future delivery
	○ Regulating the standardised super-peak hedge contract ○ The Taskforce 2A and 2BC initiatives for electricity distributors and guidance we are now developed • Attracted 216 net new subscribers to our Market Brief newsletter and received ~550k website views	
Operate the electricity system and markets	• Consulted on common quality information requirements and a proposal to make permanent the urgent Code amendment that strengthens the System Operator's ability to gather thermal fuel information to manage security of supply risks • Appointed three new members to the Authority's Switch and Data Formats Group and one new member to the Common Quality Technical group • Extended current contract to provide commercial market making services by eight months to February 2027. • Undertook a trader default process for Liberta Systems Limited (trading as 50Hertz) and South Pacific Energy Limited, to ensure an uninterrupted supply of electricity for consumers	• Planning to begin for procurement of: ○ New contract to provide commercial market making services in early 2027 ○ New contracts for five Market Operation Service Providers by 1 July 2027
Enforce compliance	• Lodged two formal complaints with the Rulings Panel alleging a breach of the Electricity Industry Participation Code 2010 (Code) by grid owner Transpower and retailer South Pacific Energy Limited (10 separate alleged breaches against this participant). • Issued three warning letters, made decisions to close 34 cases, and ended the period with three cases under investigation against three participants • Approved changes proposed by the System Operator to the Ancillary Service Procurement Plan • Received 128 queries and calls on the Consumer Care Obligations and other matters. One has progressed to an investigation and four have progressed to an alleged breach • First compliance reports for retailers under the Consumer Care Obligations received • Published article on Consumer Care Obligations, highlighting retailers' obligations to protect medically dependent consumers	• Review initial compliance reports under Consumer Care Obligations and determine initial findings • Prepare a 2025 Consumer Care Obligations Annual Compliance report • Progress two investigations (Genesis Energy Limited and Contact Energy Limited) • Process an under-frequency event involving the HVDC on 11 July 2025 • Process six exemption applications (including two supported through our Power Innovation Pathway)

Regulatory function	Progress this quarter	Future delivery

Protect interests of small consumers	• Published:
	  ○ A 'Consumer mobility roadmap' of proposed changes to simplify information and improve access to products and services to benefit consumers
	  ○ A consultation paper on options to improve access to product data and make it easier for consumers to choose the right power plan, switch between power companies, and save money
	  ○ New guidance for health practitioners to support medically dependent consumers
	• Under the new Retail Market Monitoring clause 2.16 information notice; retailers submitted their first set of data
	• Appointed 10 new members to the Electricity Authority Advisory Group
		• Develop proposals to improve access to data for consumers, their agents and the Authority's comparison and switching provider.

Support functions	• Progressed planning with new service provider for the new consumer comparison and switching service, including a planning session and a subsequent retailer survey to gather information that will be helpful to make the comparison engine work • Implemented an internal service management system for providing internal IT support which has enabled us to significantly improve our service management processes, with 86% of support requests now being resolved within the target timeframes.	• Consult on proposed 2026/27 levy-funded appropriations • Scope and commence delivery of AI and digital improvements to Authority's organisational and regulatory functions • Implement the remainder of the IT operating model changes to improve the delivery of services.

5. Organisational performance

5.1. People and capability

Delivery on our work programme and our core regulatory functions requires a workforce that is responsive, capable and well-structured. We are continually working to ensure we have the right people in the right roles at the right time.

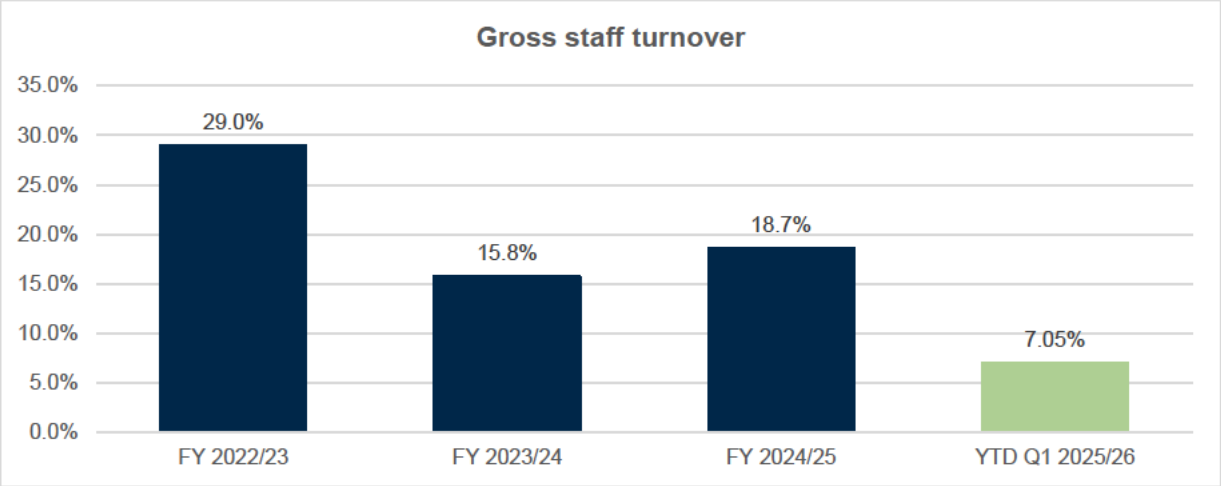
This quarter, we have increased our full-time equivalent staff numbers. This is to support the acceleration and increased delivery of our work programme. At the same time, we have sought to ensure value for money for levy payers by realising efficiencies in our operations, including through the use of software and digital technology to streamline our workflows and processes.

The number of vacancies and average salary[2] have remained constant. We have 12 current vacancies with roles spanning a range of functions and levels, reflecting ongoing organisational growth and capability needs.

	Last year 24/25 Year end at 30 June 25	Current year 25/26 Q1 at 30 Sep 25
FTE	144.11	**156.97**
Vacancies	15	**12**
Average salary	$159,777	**$158,477**

Staff turnover

Gross staff turnover[3] for Q1 was 7.05%. Current permanent turnover[4] year to date is 4.98%, tracking to be within our <18% threshold.



[2] Average salary is based on the mean across the organisation, including all employees.
[3] Gross turnover is all staff leaving the Authority, including fixed term staff who leave before their contracted last day of duty.
[4] Permanent turnover only includes permanent staff leaving the Authority through voluntary means.

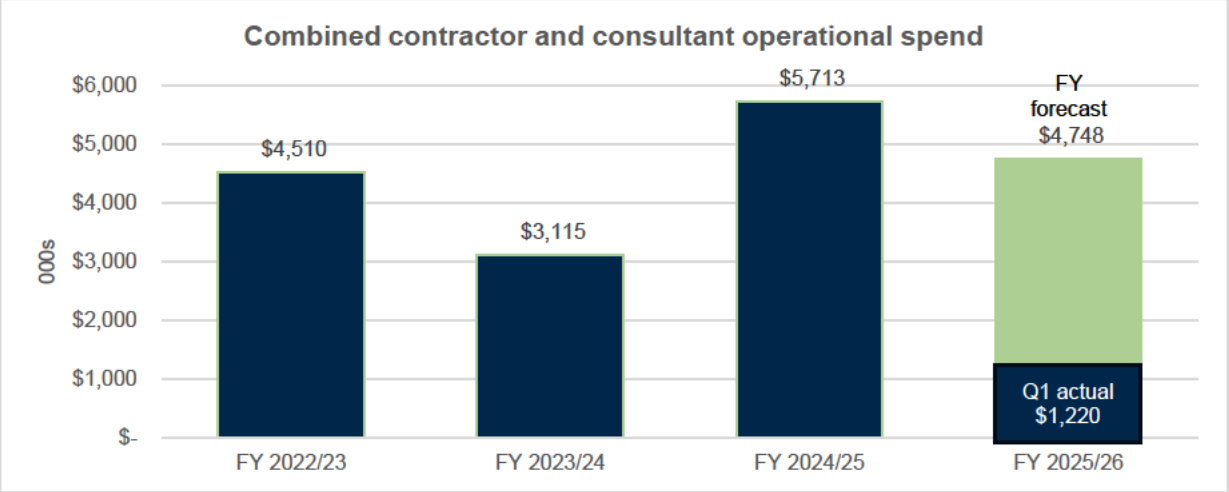
5.2. Information on contractors[5] and consultants[6] 1 July to 30 September 2025

2024/25 Full Year Actual $000	Contractors and consultants	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
	Operational						
1,428	Contractors	571	182	(389)	997	363	(634)
4,285	Consultants	649	811	162	3,751	4,718	967
5,713	**Total operational spend**	**1,220**	**993**	**(227)**	**4,748**	**5,081**	**333**
	Capital						
32	Contractors	66	-	(66)	250	-	(250)
119	Consultants	7	-	(7)	24	-	(24)
151	**Total capital spend**	**73**	**-**	**(73)**	**274**	**-**	**(274)**
5,864	**Total contractors and consultants**	**1,293**	**993**	**(300)**	**5,022**	**5,081**	**59**

Operational spend on contractors and consultants was $0.23 million higher than budget for the first quarter of 2025/26 and capital contractor and consultant spend was $0.07 million over budget. This was a combination of backfill for internal staff (with a corresponding underspend on personnel costs) and additional short-term subject matter expert resources being used to support the delivery of high priority projects with strong quality and timeliness drivers (e.g. specialist expertise for the Consumer Mobility programme).

The full year is predicted to remain within budget, as we aim to reduce the reliance on external consultants, and develop our in-house expertise.

[5] Definition of contractor: An individual who is hired via a third party to provide temporary specialist skills or perform duties that would normally be provided by an existing staff member, either in their normal day-to-day duties or on a project.
[6] Definition of consultant: A company or an individual where service provision is linked to a defined outcome, typically with remuneration linked to agreed milestones or deliverables. The Authority's functions may require use of consultants with specialist and technical knowledge that is not efficient to employ on a full-time basis.



5.3. Update on Strategic Baseline Review

In February 2025, Sapere released an assessment of our progress towards addressing the findings from its *2023 Strategic Baseline Review* (SBR).

The progress assessment report was generally positive, noting the Authority's progress towards addressing the most material findings and recommendations of the SBR. Several areas of focus were recommended in the assessment report.

Areas focused on this quarter were:

- Providing the contextual fit of the role of the Authority relative to other key stakeholders. This has been included in a new diagram in the *Statement of Performance Expectations 2025-26* and the *2024/25 Annual Report*.
- Mapping key activities and work areas to intended outcomes. This has been included in the *Statement of Performance Expectations 2025-26* and ongoing business planning and project management activity.
- Continuing to strengthen the Authority's business planning, prioritisation practices and broader planning maturity. The new two-stage approval process for projects, and the updated investment bid process, have provided more rigour when approving funding and enabling management consideration of trade-offs.

6. Risk and assurance

We have continued to develop our risk and assurance maturity over the quarter.

6.1. Risk

Following the refresh and definition of eight enterprise risks in Q3 2024/25, our focus this quarter has been on further development of our approach to deepen our understanding of risk causes, controls and consequences.

There have been no significant changes in the overall residual risk profile, with all current and target ratings remaining the same as last quarter. Target ratings have been defined in accordance with the Board's risk appetite statements.

It is important to note that the Authority's enterprise risks are not the same as risks to the electricity market (though there are strong linkages). Risk assessments continue to be carried out on market risks, noting that the Authority is one of many who contribute to, and are responsible for, the management of these risks, as outlined in the Government Policy Statement.

6.2. Assurance

We have completed the internal audit over the quarter on legislative compliance. There were no high-rated findings. Management have agreed to implement several recommendations to strengthen the Authority's legislative compliance approach. For further detail on our risk and assurance progress, please refer to Appendix B.

7. Financial analysis and update

The Authority's financial performance is provided for the period 1 July to 30 September 2025, and the full year period (1 July 2025 to 30 June 2026).

- Total Authority expenditure year-to date funded by Crown appropriations was $28.4 million, $1.1 million lower than the budgeted $29.5 million.
- The underspend of $1.1 million is driven by actions to ensure value for money and continuous improvement. Full year expenditure is expected to be $0.3 million lower than budget, due to absorbing increased expenditure to support the launch of the new Comparison and Switching website.

For full financial tables and commentary please refer to Appendix C.

Appendix A: Strategic activities list

The following table expands on the Authority's strategic activities in 2025/26. These relate to performance measure 11 'Strategic activities deliver desired outcomes in planned timeframes'. The annual outcomes are tangible milestones that the Authority aims to deliver within the year and will be used to assess our performance against performance measure 11.

Below is the progress update on the activities as outlined in our *Statement of performance expectations 2025/26*.

Note: The measure is for delivery of milestones by 30 June 2026, and delivery dates under each activity are indicative.

Strategic outcomes			**Progress indicators**		
Secure and resilient	Affordable	Efficient	Successful delivery is on track	Successful delivery is feasible but significant risks/issues already exist	Successful delivery is unlikely to be achieved

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress Q1	Comments as required
Electricity Competition Task Force (ECTF) and Market Development Advisory Group (MDAG) recommendations	Continuing to implement MDAG recommendations and advancing any ECTF initiatives that extend beyond 30 June 2025. ECTF initiatives are aimed at enabling new generators and independent retailers to enter and better compete in the market, and providing more opportunities for consumers to manage their own electricity use and costs. Implementing the recommendations from MDAG's final report 'Price discovery in a renewables-based electricity system: Final Recommendations Paper 2023' aims to strengthen the performance of the wholesale market.	We expect to deliver a series of discrete regulatory and operational improvements. Their exact nature and timing depends on decisions that are yet to be made. We will report regularly and publicly on progress.	$	Keeping the lights on Affordability through downward pressure on prices Build trust and confidence	●	

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress Q1	Comments as required
Retail market data and insights	Collection of new retail market data and insights supported by data visualisation to enhance market monitoring and insights, as well as inform the need for policy intervention. Publication of outputs from the anticipated monitoring programme, including sector insights, will occur from December 2025.	This multi-year project will improve collecting and monitoring of retail data to enable better visibility of the retail market. This increased visibility of retail market activity will enable us to identify potential issues, publish more insights and make well-informed policy decisions that will benefit consumers	$	Reporting on market trends and activities	●	
Consumer understanding	Delivery of a campaign to educate and support consumer understanding of how to manage their electricity (rolling out in tranches throughout the year) and their rights under the Consumer Care Obligations.	Consumer understanding of the system as a whole is increased through education campaigns, supporting their ability to actively engage with changes to the market.	$	Ease of switching providers	●	
Consumer mobility - empowerment and bill consistency	Consumer Mobility Roadmap published with clear milestones for a three year, phased programme of work, including digitalisation and standardisation of data, consumer data access, and consumer switching support. Publication of roadmap and complete consultation on standardisation of product data by December 2025.	Consumer mobility increases, including support for consumers to compare and switch electricity plans which will promote increased retail competition.	$	Bill consistency and ease of switching providers	●	

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress Q1	Comments as required
Consumer mobility – service provider onboarding	A provider of a comparison and switching service will be procured and onboarded by 31 March 2026. This provider will support the Authority in ongoing service improvements and exploring alternative consumer data delivery, including an AI-enabled "push" recommendation service.	Consumers can easily compare and switch electricity retailers, supporting competition and driving affordability.	$	Affordability through downward pressure on prices Ease of switching providers	●	
Protections for domestic and small business consumers	Identify further protections for domestic and small business consumers (consultation by 30 June 2026).	Additional protections for domestic and small business consumers are enhanced (including disconnections, reconnections and prepay).	$	Build trust and confidence	●	
Review of common quality requirements in Part 8 of the Code (Future security and resilience)	Complete phase 1 of Code amendments: Decision on Phase 1 of the Code amendments by 31 March 2026. The common quality requirements in the Code have been largely unchanged since 2003. In its current format, it does not enable new technologies, nor does it address bi-directional power flows – both a result of distributed energy resources connecting to the power system. This activity is reviewing these Code requirements.	Strengthen common quality requirements to address power system challenges associated with increasing distributed generation and to enable investment in new technologies.		Keeping the lights on	●	

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress Q1	Comments as required
Enabling Innovation	Supporting and enabling sector-wide innovation through an innovation growth paper and supporting engagement events that highlight barriers, opportunities, and regulatory action relating to the growing number of innovators receiving support from the Authority. Paper to be published by 1 December 2025.	Perspectives and lessons from innovators and new market entrants are shared to boost competition, enhance security of supply, and ensure that all perspectives are considered in the Authority's regulatory functions.		Enhance collaboration with agencies and participants to support market monitoring Keeping the lights on		
Security of supply monitoring	Security of supply and demand outlook published so stakeholders have access to timely data and have improved forward price discovery. Publication of reports will occur regularly throughout the year.	Accelerate the security of supply monitoring function, including enhancing the quality and frequency of insights and the way we present so they're meaningful for consumers and industry. Collaboration with other agencies, and the System Operator, where appropriate.		Keeping the lights on Build trust and confidence Report on trends in contracting, risk management behaviour and market performance		
Promoting flexible use of distributed energy resources	Work to promote the participation of distributed energy resources through enhanced network visibility and to ensure the power system can support the integration of more variable and intermittent generation resources. The Authority expects to make a decision in this space by 30 June 2026.	Lay the foundations for a competitive flexibility services market that maximises value for consumers from flexibility services, and confirm an efficient distribution system operation model to facilitate uptake and connection of distributed energy resources for the benefit of consumers.		Keeping the lights on Affordability through downward pressure on prices		

Activity	Activity description	Annual outcome	Primary strategic outcome	Alignment to LOE 2025/26	Quarterly progress Q1	Comments as required
Distribution connection pricing	Proposal for reform of distribution connection pricing, including fast track measures for load connections to standardise electricity distribution connection pricing and improve efficiency. Code amendments for appropriate fast track measures will come into effect on 1 April 2026.	Unlock more network connections and encourage efficient network investment. This will enable consumers to benefit from new investment and services (such as vehicle charging, heating electrification and more affordable new housing).		Harmonise and simplify/ standardise electricity distribution business connection requirements		
Future market services	Develop and engage with stakeholders on a strategic roadmap for market operation service providers by 30 June 2026 to enable innovation, efficiency, and competitive procurement as market operation services evolve.	Market operation service provider contracts have a long-term development plan to underpin investment in the future operation of the wholesale market.		Provide value for money Keeping the lights on		

Appendix B: Risk and assurance

Assurance

Over this quarter, the reporting of the legislative compliance audit has been finalised. There were no high-rated findings. Management have agreed to implement several recommendations to strengthen the Authority's legislative compliance approach. These largely relate to clarifying and formalising existing roles and responsibilities and this will be done via changes to policy and the Audit and Finance Committee's terms of reference.

The 2025/26 audit plan was approved at the Audit and Finance Committee. In the 2026 financial year the organisation will focus on embedding foundational processes and the full complement of internal audits will return in financial year 2027.

Internal audit	Reporting stage
Legislative compliance	Finalised
Financial controls and suspicious transactions	In Procurement. Planned to be carried out in quarter 2 in financial year 2026.
Project Management Office	Scope to be approved at October Audit and Finance Committee

Risk management

Overview

The overview below shows a stable position compared to last quarter. As indicated below management perceive a higher likelihood of people and capability risk materialising due to the current period of sustained growth and accelerated delivery, which has increased the likelihood of wellbeing and key person risks.

	Regulatory function enterprise risks				Organisational enterprise risks			
Enterprise risk	Strategic direction	Stake-holder	Regulatory Decisions	Market operation	Business Resilience	Funding	People and Capability	Regulatory, Compliance and Assurance
Control status	●	●	●	●	●	●	●	●
Likelihood trend	↔	↔	↔	↔	↔	↔	↓	↔
Consequence trend	↔	↔	↔	↔	↔	↔	↔	↔
Key	↔ Steady		↑ Improving	↓ Worsening	● Inadequate		● Cause for concern	● Adequate

Risk management summary

This table contains a summary of our enterprise risks and the associated trend and context at 30 September 2025.

ID	Enterprise Risk	Current Rating	Target Rating	Trend / context
1	**Strategic direction:** Maintaining a clear and effective strategy for the Authority in a rapidly changing sector.	**High** Reputation: Moderate x Likely	**High** Reputation: Moderate x Likely	• Given affordability and reliability challenges, gas supply tightness, and a rapidly changing sector, there is heightened focus on the Authority's strategic direction and clearly communicating this both internally and externally.
2	**Stakeholder:** Ability to build and maintain trust and constructive engagement with stakeholders.	**Medium** Reputation: Moderate x Unlikely	**Medium** Reputation: Moderate x Unlikely	• Rising retail power prices have heightened existing concerns about energy affordability. • Energy affordability and security concerns have been widely reported via mainstream news media, with differing perspectives on the solution being provided by various market participants. • High number of live consultations with a more concerted effort to engage across the wider spectrum of stakeholders.
3	**Regulatory decisions:** Ability to manage the work programme through consistent and independent decision making, and to ensure the work programme is aligned to the sector's needs.	**Medium** Reputation: Moderate x Unlikely	**Medium** Reputation: Moderate x Unlikely	• There has been a focus on security of supply given the recent very dry hydro sequence, including at the start of winter, with regular reporting on security of supply to the Board, Chair, SLT and Minister. Recently the hydro situation has worsened – following low inflows in August, national storage is below mean[7]. • Business planning and prioritisation remains a focus, with a quarterly business planning review in September. • Energy Competition Task Force work continues at pace, with processes for our regulatory decisions being coordinated across workstreams.
4	**Market operation:** Ability to manage third party service providers to implement the Authority's strategic vision.	**Medium** Reputation: Moderate x Unlikely	**Medium** Reputation: Moderate x Unlikely	• No new external factors in the last quarter that would impact the Authority's ability to manage third party providers. • A new service – provision of an intermittent generation forecast – has gone live this quarter. The Authority's own comparison and switching website for consumer retail plans is planned to go live in early 2026.

[7] Note: While this risk summary is at 30 September 2025, we acknowledge that the hydro situation has sharply improved following substantial inflows in recent weeks.

ID	Enterprise Risk	Current Rating	Target Rating	Trend / context
5	**Business resilience:** Resilience against and preparedness for managing interruptions to operations.	**Medium** Operations: Moderate x Unlikely	**Medium** Operations: Moderate x Unlikely	• Interruptions from external IT service providers (for corporate functions) have highlighted the dependencies on third party systems and these lessons will be used in ensuing we build sufficient options for business continuity when key digital systems are unavailable. • We will undertake a simulation to test our business continuity and incident response plans and capabilities in Q3.
6	**Funding:** Ability to maintain support for funding levels to deliver the Authority's functions and strategic direction, and to effectively manage this funding.	**Medium** Financial: Moderate x Unlikely	**Medium** Financial: Moderate x Unlikely	• The Authority's budget for 2025/26 has been approved by the Board in the context of broader Government fiscal constraints. • The business planning for the Authority's 2026/27 levy consultation has begun. This is being informed by an enhanced multi-year planning process.
7	**People and capability:** Maintaining a resilient, healthy, safe and high performing workforce that can adapt to the sector's shifting needs.	**Medium** Operations: Moderate x Unlikely	**Medium** Operations: Moderate x Unlikely	• The Authority continues to operate in a dynamic and evolving sector that demands agility, technical expertise, and cross-functional collaboration. • Workforce expectations are shifting, with greater emphasis on flexibility, wellbeing, and career development. • Competition for specialist talent remains high, particularly in regulatory and technical fields. • We have undergone a sustained period of growth and accelerated delivery which has increased the likelihood of wellbeing and key person risks. We are now focused on consolidating growth, refining processes, and supporting and resourcing key activities and personnel.
8	**Regulatory, compliance and assurance:** Ability to meet regulatory and compliance obligations.	**Medium** Legal: Moderate x Unlikely	**Medium** Legal: Moderate x Unlikely	• Privacy breaches are dealt with if they arise, however, they are infrequent and minor to date. • The retail data monitoring project increases the amount of personal information held by the Authority.

Appendix C: Financial performance

This appendix provides more information about the Authority's financial performance for the quarter and full year, and the financial position at 30 September 2025.

Appropriations and expenditure

The Authority is funded by the Crown from three appropriations within Vote Business, Science and Innovation.

- The electricity industry governance and market operations appropriation is the Authority's operating appropriation.
- Managing the security of New Zealand's electricity supply and the electricity litigation fund are both contingent appropriations that may only be drawn down for specific activities. As the timing and extent of any activity funded through these appropriations are unknown, they are not included in the Authority's published budget.

Expenditure incurred against the three appropriations is as follows:

Figure 1: Appropriation revenue, 1 July 2025 to 30 September 2026

2024/25 Full Year Actual $000	Appropriations	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
106,648	Electricity industry governance and market operations	28,378	29,530	(1,152)	119,697	119,697	0
100	Managing the security of New Zealand's electricity supply	-	-	-	-	-	-
50	Electricity litigation fund	53	-	53	472	-	472
106,798	**Total Appropriations**	**28,431**	**29,530**	**(1,099)**	**120,169**	**119,697**	**472**

Figure 2: Appropriation expenditure, 1 July 2025 to 30 September 2026

2024/25 Full Year Actual $000	Electricity industry governance and market operations appropriation expenditure	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
31,305	System operator - operating expenses	8,813	8,813	-	35,452	35,452	-
18,122	System operator - capital-related expenses	4,910	4,916	6	19,662	19,696	34
49,427	**System operator expenses**	**13,723**	**13,729**	**6**	**55,114**	**55,148**	**34**
1,462	Service provider - market making	2,139	2,171	32	8,159	8,192	33
3,066	Service provider - clearing manager	663	675	12	2,700	2,700	-
1,669	Service provider - wholesale information and trading system	357	362	5	1,453	1,453	0
952	Service provider - reconciliation manager	204	204	-	815	815	-
879	Service provider - registry	226	231	5	923	923	-
1,060	Service provider - FTR manager	272	272	-	1,087	1,087	(0)
7,197	Service provider - intermittant generation forecasting	19	101	82	286	405	119
-	Service provider - consumer mobility	372	372	-	1,445	1,533	88
-	Service provider - consumer contact centre	7	20	13	39	78	39
1,612	Service provider - depreciation and amortisation	346	475	129	1,832	1,873	41
183	Service provider - IT costs	5	7	2	50	51	1
18,080	**Other service provider expenses**	**4,610**	**4,889**	**279**	**18,788**	**19,109**	**321**
6,728	Authority operations - work programme	1,009	1,439	430	7,322	7,489	167
24,278	Authority operations - personnel	7,288	7,460	172	29,229	29,118	(111)
8,135	Authority operations - other operating costs	1,748	2,012	264	8,444	8,833	389
39,141	**Authority operating expenses**	**10,045**	**10,911**	**866**	**44,995**	**45,440**	**445**
106,648	**Total expenditure**	**28,378**	**29,530**	**1,152**	**118,897**	**119,697**	**800**

Expenditure in the Electricity industry governance and market operations appropriation for the quarter ended 30 September 2025 was $1.2 million lower than budget, mainly due to:

- **Other service provider expenses** – expenditure is $0.3 million below budget, due largely to depreciation and amortisation $0.1 million, following receipt of revised commissioning dates of capital projects, impacting the timing of capitalisation, and intermittent generation forecasting $0.1 million due to the timing of the procurement of the provider for this new service selected post the budget being set for the year.
- **Work programme** - $0.4 million lower than budget is a mix of timing of some projects commencing slightly later than when the budget was set, including lower delivery by the system operator for provision of project technical advisory services $0.01 million.

- **Personnel costs** – $0.2 million lower than budget due to recent attrition, and delayed recruitment to ensure new hires are tailored to best support our work programme.
- **Other Authority operating expenses** - $0.3 million, is across various immaterial expenses, including board fees, travel, information technology, professional development, and depreciation and amortisation.

2024/25 Full Year Actual $000	Managing the security of New Zealand's electricity supply appropriation expenditure	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
100	System operator - operating expenses	-	-	-	-	-	-
100	**Total expenditure**	**-**	**-**	**-**	**-**	**-**	**-**

There have been no security of supply events that have required access to this funding in 2025/26.

2024/25 Full Year Actual $000	Electricity litigation fund appropriation expenditure	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
50	Authority operations - work programme	53	-	53	472	-	472
50	**Total expenditure**	**53**	**-**	**53**	**472**	**-**	**472**

There has been low expenditure relating to the ‘Electricity litigation fund’ appropriation during this quarter.

Comprehensive revenue and expenditure

Figure 3: Statement of comprehensive revenue and expense - 1 July 2025 to 30 September 2025

2024/25 Full Year Actual $000	Comprehensive revenue and expense	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
106,798	Crown appropriations	28,431	29,530	(1,099)	120,169	119,697	472
1,438	Interest revenue	260	224	36	720	684	36
108,236	**Total revenue**	**28,691**	**29,754**	**(1,063)**	**120,889**	**120,381**	**508**
22,850	Personnel costs	6,717	7,278	561	28,232	28,756	523
1,428	Contractors	571	182	(389)	997	363	(634)
4,285	Consultants	649	811	162	3,751	4,718	967
2,364	Depreciation and amortisation	552	681	129	2,766	2,852	86
65,995	Service provider contracts	17,987	18,143	156	72,071	72,383	312
9,876	Other expenses	1,955	2,435	480	11,552	10,625	(927)
106,798	**Total expenditure**	**28,431**	**29,530**	**1,099**	**119,369**	**119,697**	**328**
1,438	**Total comprehensive revenue and expense**	**260**	**224**	**36**	**1,520**	**684**	**836**

The Authority's work programme continues to be reviewed and reprioritised during the year. The latest review was during the quarterly business planning exercise in September 2025.

The consultant's forecast has been scaled back, mainly due to higher expenditure on contractors covering vacant roles and provision of short-term specialist resources.

Additional information: Breakdown of Other expenses 1 July 2025 to 30 September 2025

2024/25 Full Year Actual $000	Other Expenses	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
81	Advisory and working group fees	20	27	7	86	88	2
84	Auditor fees for external audit	-	-	-	97	97	-
11	Auditor fees for other services	-	-	-	36	36	-
800	Board member remuneration	171	225	54	846	900	54
2,443	External work programme support	359	628	269	3,570	2,770	(800)
50	Litigation fund	53	-	(53)	472	-	(472)
762	Operating lease expenses	197	221	23	800	802	2
5,336	Other operating expenses	1,070	1,177	106	5,087	5,328	241
49	Rulings Panel remuneration	24	45	21	180	180	-
260	Travel expenses	59	112	53	378	424	46
9,876	**Total Other Expenses**	**1,955**	**2,435**	**480**	**11,552**	**10,625**	**(927)**

Information on capital expenditure 1 July 2025 to 30 September 2025

2024/25 Full Year Actual $000	Capital expenditure	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
63	IT Hardware	6	24	18	197	197	-
11	Office Equipment	-	5	5	20	20	-
9	Furniture and Fittings	-	5	5	20	20	-
-	Leasehold Improvements	-	-	-	-	-	-
436	Authority IT Software	817	762	(55)	1,766	1,666	(100)
1,207	Service Provider IT Software	215	262	47	2,069	2,069	-
1,726	**Total capital expenditure**	**1,038**	**1,058**	**20**	**4,072**	**3,972**	**(100)**

Authority software is $0.1 million over budget, due to the build of the comparison and switching website.

Although the service provider software is below budget at 30 September 2025, following recent receipt of an 18-month forecast spend plan from a key provider, the full year budget is predicted to be spent.

Current financial position

Figure 4: Statement of changes in equity - 1 July 2025 to 30 September 2025

2024/25 Actual $000	Changes in equity	Sept 2025 Year to Date Actual $000	Budget $000	Variance $000	2025/26 Full Year Forecast $000	Budget $000
15,391	Opening balance at 1 July	16,829	16,780	(49)	16,829	16,780
1,438	Total comprehensive revenue and expense	260	224	(36)	1,520	684
16,829	**Closing balance**	**17,089**	**17,004**	**(85)**	**18,348**	**17,464**

Figure 5: Statement of financial position – 1 July 2025 to 30 September 2025

2024/25 Actual $000	Statement of financial position	Sept 2025 Year to Date Actual $000	Budget $000	Variance $000	2025/26 Full Year Forecast $000	Budget $000
	Assets					
	Current assets					
24,403	Cash and cash equivalents	23,031	21,741	(1,290)	15,801	10,017
405	Receivables and prepayments	885	500	(385)	500	500
5,000	Investments	5,000	5,000	-	5,000	10,000
29,808	**Total current assets**	**28,916**	**27,241**	**(1,675)**	**21,301**	**20,517**
	Non-current assets					
982	Property, plant and equipment	934	954	20	984	984
6,426	Intangible assets	6,959	6,603	(357)	7,416	7,316
7,408	**Total non-current assets**	**7,893**	**7,556**	**(337)**	**8,400**	**8,300**
37,216	**Total assets**	**36,809**	**34,797**	**(2,012)**	**29,701**	**28,817**
	Liabilities					
	Current liabilities					
12,246	Payables and accruals	9,147	8,225	(922)	9,257	9,257
1,937	Employee entitlements	1,803	1,500	(303)	1,600	1,600
51	GST payable (receivable)	1,128	200	(928)	200	200
5,824	Appropriation repayable to the Crown	7,317	7,184	(134)	-	-
20,058	**Total current liabilities**	**19,395**	**17,109**	**(2,287)**	**11,057**	**11,057**
	Non-current liabilities					
109	Employee entitlements	109	79	(30)	79	79
220	Other provisions	216	211	(5)	217	217
329	**Total non-current liabilities**	**325**	**290**	**(35)**	**296**	**296**
20,387	**Total liabilities**	**19,720**	**17,398**	**(2,322)**	**11,353**	**11,353**
16,829	**Net assets**	**17,089**	**17,399**	**309**	**18,348**	**17,464**
	Equity					
9,011	Contributed capital	9,011	9,011	-	9,011	9,011
7,818	Accumulated surplus/(deficit)	8,078	8,388	310	9,337	8,453
16,829	**Taxpayers' funds**	**17,089**	**17,399**	**310**	**18,348**	**17,464**

Combined funds held (cash and cash equivalents, plus investments) of $28.0 million were $1.7 million higher than budget. This reflects the higher payables and GST due.

The unspent appropriation of $7.3 million at 30 September, includes $5.9 million pertaining to the 2024/25 financial year of funds that will be returned to levy payers (via the Crown), through the annual levy reconciliation audit and reconciliation process. This is the case with any financial year whereby unspent appropriation funds are returned to levy payers.

Figure 6: Statement of cash flows - 1 July 2025 to 30 September 2025

2024/25 Full Year Actual $000	Statement of cash flows	Sept 2025 Current Quarter Actual $000	Budget $000	Variance $000	Jun 2026 Full Year Forecast $000	Budget $000	Variance $000
	Cash flows from operating activities						
112,622	Receipts from the Crown	29,924	29,924	0	120,169	119,697	(472)
1,438	Interest from investments	260	224	(36)	720	684	(36)
(353)	Funds repayable to the Crown	-	-	-	(5,824)	(6,789)	(965)
(80,223)	Payments to suppliers	(24,174)	(22,377)	1,798	(90,461)	(87,406)	3,055
(23,851)	Payments to personnel	(7,422)	(7,190)	232	(29,596)	(29,019)	577
392	Goods and services tax (net)	1,077	700	(377)	149	700	551
10,025	**Net cash flows from operating activities**	**(336)**	**1,281**	**1,617**	**(4,843)**	**(2,133)**	**2,710**
	Cash flows from investing activities						
-	Receipts from the sale of fixed assets	-	-	-	-	-	-
7,000	Withdrawal / (purchase) of Investments	-	-	-	-	(5,000)	(5,000)
(83)	Purchase of property, plant and equipment	(5)	(33)	(29)	(228)	(237)	(9)
(1,595)	Purchase of intangibles	(1,031)	(1,024)	7	(3,530)	(3,735)	(205)
5,322	**Net cash flows from investing activities**	**(1,036)**	**(1,057)**	**(21)**	**(3,758)**	**(8,972)**	**(5,214)**
15,347	**Net increase/(decrease) in cash and equivalents**	**(1,372)**	**224**	**1,596**	**(8,602)**	**(11,105)**	**(2,503)**
9,056	Cash and cash equivalents at beginning of period	24,403	21,122	(3,281)	24,403	21,122	(3,281)
24,403	**Cash and cash equivalents at end of period**	**23,031**	**21,346**	**(1,685)**	**15,801**	**10,017**	**(5,784)**

The movement of $1.4 million lower cash held at 30 September than at the start of the quarter is $1.7 million higher than budgeted.

Cash flows from operating activities were $1.6 million higher than budget mainly due to $1.8 million higher cash payments to suppliers.