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To: Electricity Authority (EA)
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From: Electricity Engineers' Association of NZ

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Subject: EEA Submission – Consultation Paper - *Level Playing Field Measures – Proposed Code Amendments (14 October 2025).*

OVERVIEW

The Electricity Engineers' Association (EEA) welcomes the opportunity to provide feedback on the Electricity Authority's consultation paper *Level Playing Field Measures – Proposed Code Amendments (14 October 2025).*

EEA represents distribution businesses, transmission participants, engineering practitioners, and organisations involved in the safe, reliable, and efficient operation of New Zealand's electricity system. Our mandate focuses on technical, engineering, operational and investment-related matters—not commercial interests in retail or generation markets. Our submission therefore concentrates on system performance, engineering impacts, long-term infrastructure planning, decarbonisation, and investment confidence for generation and flexibility resources.

The EEA provides no commentary on commercial retail strategy, pricing behaviour, or gentailer profitability. We focus solely on how hedge market confidence influences engineering, investment, and system stability outcomes. Stable and transparent hedge market conditions underpin the forecasting, hosting capacity modelling, and infrastructure investment decisions made across both transmission and distribution businesses.

Overall Position

EEA supports the intent of the proposed non-discrimination obligations (NDOs) and Retail Price Consistency Assessment (RPCA) where they:

- Improve market confidence for independent generators, which materially affects renewable build decisions, grid connections, and system development.
- Strengthen investment conditions for batteries, flexible generation, and demand flexibility, which are essential for system reliability as intermittent generation increases.
- Enhance transparency and predictability—core inputs to electricity network engineering, demand forecasting, resilience planning, and asset investment decisions.

- Reduce uncertainty around hedge availability that currently affects PPA negotiations and timing of renewable and flexible capacity projects.

We encourage the Authority to ensure:

- Implementation is proportionate, practical, and co-designed
- RPCA methodologies avoid unintended consequences on flexible resource investment
- The NDO framework evolves with the energy transition (DER, emerging flexibility products, decentralised storage, and the new LV guideline ecosystem)
- Guidance is clear, technically grounded, and avoids breaching commercial confidentiality.

The following section provides the EEA's responses to the consultation questions. Consistent with our mandate, our feedback focuses on the engineering, system planning, investment-signal, and operational implications of the proposed changes, rather than commercial retail or hedging positions. Our interest lies in how the proposed non-discrimination obligations and RPCA framework may influence renewable generation development, flexibility investment, grid operations, hosting capacity, and long-term planning across the electricity system. The responses below should therefore be read through this technical and system-focused lens.

Responses to Consultation Questions

Q1. Do you agree with the Authority's updated problem definition?

Overall, yes. From a system development and engineering perspective, the Authority's updated problem definition captures several issues that materially affect the electricity system's ability to expand efficiently.

First, uncertainty around access to shaped hedges continues to constrain financing and progression of independent renewable generation projects. This directly influences grid connection pipelines, transmission and distribution planning cycles, and the timing of new firming or flexible capacity. As the Authority notes, shaped hedge scarcity is likely to worsen as the share of intermittent generation grows.

Second, the increasing concentration of flexible generation and the scarcity of firming products remain system-relevant risks. These risks extend beyond retail competition—they affect system adequacy, security of supply, and the viability of new technologies such as batteries and demand response.

Finally, hedge market uncertainty reduces confidence more broadly across investors, distributors, and system planners. This uncertainty is a technical risk because it influences forecasting, hosting capacity

assessments, scenario modelling, electrification planning, and long-term AMPs. Reduced visibility of shaped hedge availability introduces uncertainty into long-term load and generation scenarios used in EDB AMPs and in Transpower's planning and risk assessments.

For these reasons, the EEA agrees that the identified risks warrant regulatory attention. Our agreement is limited to the system-level and engineering implications of the problem, not the commercial aspects of retail competition.

Q2. Do you agree with the proposed non-discrimination obligations (NDOs)?

Yes, the EEA supports the NDOs where they contribute to improved confidence and transparency in hedge markets—both of which are preconditions for timely investment in generation and flexibility resources.

Non-discriminatory access to hedges, along with clearer expectations around pricing, allocation of uncommitted capacity, good-faith engagement, and information handling, all support independent developers seeking PPAs or risk management arrangements. This reduces friction at early stages of project development, leading to more predictable grid connection pipelines and investment sequencing.

The additional good-faith obligation is particularly valuable. In practice, many engineering and operational interactions occur well before contractual details are finalised. A clearer behavioural baseline will help ensure early-stage technical engagement proceeds constructively.

We also support improved transparency regarding uncommitted capacity, provided the final guidance ensures proportionality and recognises the practical limitations of long-term flexibility forecasting. Even high-level disclosure will assist system risk modelling, scarcity analysis, and long-term planning.

Our support for the NDOs relates strictly to their contribution to system performance and future investment conditions.

Q3. Do you agree with the proposed Retail Price Consistency Assessment (RPCA)?

We support the RPCA concept in principle, but only to the extent that it helps improve confidence in the wholesale environment in which investment decisions are made. Our interest is not in retail pricing itself but in how RPCA outcomes may shape system investment conditions.

The RPCA must be designed to avoid unintended consequences. A rigid or backward-looking methodology could distort incentives for flexible resource investment or misinterpret periods of temporary scarcity, potentially discouraging new batteries, flexible industrial load, or fast-start

resources—capabilities that the system increasingly depends on. In this context, any RPCA methodology must take care not to inadvertently signal that short-term price smoothing or volatility management is inappropriate.

A forward-looking, opportunity-cost-aligned methodology will be essential. Retailers often smooth prices during volatile periods, and this behaviour is not only commercially rational but system-beneficial from a demand stability perspective.

We support the Authority's plan to co-design RPCA guidance with industry. This is the best way to ensure consistency, avoid inappropriate inferences, and maintain an environment conducive to engineering and system-scale investment.

Q4. Do you agree with the proposed implementation pathway?

Yes, the implementation pathway is broadly appropriate and balanced. We support the phased introduction of obligations and the sequencing of Code changes, guidance, and reporting requirements.

For engineering and system planning processes, which operate in multi-year horizons, it is critical that final guidance is released early and with sufficient clarity. This allows network planners, system modellers, and independent developers to integrate the effects of the new regime into AMPs, connection agreements, hosting capacity forecasts, and investment analyses.

The staged approach also provides gentailers with time to adjust internal processes without diverting operational or engineering resources from core system functions such as outage management, network resilience, and winter-readiness.

Q5. Do you agree with the repeal of Internal Transfer Price (ITP) disclosure?

Yes. From a system perspective, the existing ITP disclosures do not materially support engineering or investment-related decision-making. The RPCA will provide a clearer, more meaningful transparency mechanism without duplicating information or imposing unnecessary compliance burden.

This simplification will also support a cleaner, more coherent information environment for analysts, developers, and system planners.

Q6. Do you have any additional comments?

The EEA offers several system-focused observations:

1. **Alignment with wider system change programmes:**

   The final guidance should be aligned with parallel regulatory and technical initiatives, such as the security-of-supply framework reforms and the distribution pricing and peak management workstreams.

   Aligning these initiatives will help ensure consistent signals across system operators, investors, developers, and networks.

2. **Supporting flexibility, storage and emerging technologies:**

   The system increasingly depends on:

   - utility-scale storage
   - commercial/industrial demand response
   - aggregate CER flexibility
   - community and distribution-level batteries

   The NDOs and RPCA should explicitly avoid disadvantaging these emerging resources. A supportive market environment will accelerate their deployment and reduce long-term reliance on scarce flexible generation. Supporting a more diverse set of flexible resources will ultimately reduce reliance on a small pool of flexible generation, improving long-term system resilience.

3. **Practical expectations for information sharing and confidentiality:**

   Operational engineering teams often interface across multiple functions (outage coordination, dispatch liaison, planning, and risk assessment). Final guidance should include practical examples of acceptable information boundaries to ensure compliance is realistic and does not hinder technical cooperation.

Conclusion

The EEA appreciates the Authority's commitment to improving confidence, transparency, and competitive neutrality in the wholesale market. From an engineering and system-planning perspective, these proposals—if implemented in a proportionate and well-guided manner—can support the efficient development of renewable generation, flexibility resources, and network

capability. We welcome continued engagement with the Authority as guidance and methodologies are refined.

Contact

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