



25 November 2025

Hayden Glass
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Sent via email: levelplayingfield@ea.govt.nz

Dear Hayden

Level playing field measures – proposed Code amendments

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on the Electricity Authority's (Authority) consultation paper "*Level playing field measures*"¹ published on 14 October 2025.
2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on the Authority's website unaltered. Members may lodge separate submissions.

Need for interventions to improve competition and affordability in electricity market

3. MEUG welcomes the Authority undertaking work to ensure the "*even-handed supply of risk management contracts*" and to support the "*liquidity and competitive pricing of risk management contracts*",² given the significant concerns that MEUG and our members have raised with the Authority in recent years.³ We also appreciate how this proposed intervention is intended to address the concerns of both independent generators and retailers about their ability to effectively compete in the electricity market.
4. However, we continue to have concerns with the overall approach proposed for the Level Playing Field (LPF) measures and the impact it may have on market outcomes. We do not believe that the Authority has fully addressed the conclusions in the Frontier Economics report,⁴ that assert that:
 - The "*proposed solution [LPF measures] will have the unintended effect of raising prices for customers. If gentailers indeed possess market power, they could respond to a non-discrimination obligation by increasing the price of internal contracts—thereby also raising the price of contracts they offer to the broader market so that they are 'non-discriminatory'.*"
 - "A further concern we have with the proposal that contracts be offered on non-discriminatory terms is that it will be extremely difficult to monitor".

¹ https://www.ea.govt.nz/documents/8476/Level_Playing_Field_proposed_Code_amendments-consultation_paper.pdf

² Paragraph 12.4 of the consultation paper.

³ https://backend.meug.co.nz/assets/Documents/MEUG-submission-to-EA_Level-playing-field.pdf

⁴ Page 82, [Review of Electricity Market Performance](#), Frontier Economics, 23 May 2025.

- Overall, the “*Task Force’s proposed measures* [of which the LPF measures is one workstream] *do nothing to address [the] underlying problem*”.
- 5. Consequently, Frontier Economics recommended that the Electricity Authority should not progress the non-discrimination requirements for gentailers.⁵ We believe it would be beneficial for the Authority to further explore the view that this LPF measure could possibly be detrimental to consumers. There is limited discussion of these concerns in the paper, and it warrants further consideration before the Authority looks to introduce Code amendments.
- 6. MEUG does recognise that the LPF measures are just one intervention in a broader suite of work underway by the Electricity Authority, and the broader electricity sector. MEUG is closely watching the Government’s work on its Energy Package, particularly Action 2.5 - *Build reliability and resilience in the market*, which is focused on “*strengthening the current regulatory framework to ensure that dry year risk will not re-emerge in the future*”.⁶ This workstream and the broader energy package should hopefully help address the security of supply concerns that MEUG raised in our May 2025 submission on the LPF options paper. We encourage the Authority to closely monitor the level of flexible firming generation entering the market, when reviewing the progress of the LPF measures.

Supportive of many of the amendments to the LPF proposal

- 7. Following consultation on the LPF options paper, we consider that the Authority has made several positive improvements to its LPF proposal:
 - We support the Authority proceeding with option 2 (non-discriminator obligations) from its options paper, given that this was the option broadly supported by many submitters, while still making amendments to this option to address stakeholder concerns.
 - We strongly support the addition of principle 2 – *obligation to trade in good faith*. This new principle should address the concerns that some businesses have raised when negotiating new contracts and hedges with retailers – i.e. limited time to consider an offer, such as less than 24 hours. We believe the draft guidance provided in Appendix B provides a good basis to assess alignment with this principle.
 - We agree that this LPF approach can be implemented in a timely manner, impacting market behaviour from as early as next year.
 - We support the Authority’s proposal to repeal the requirements for the reporting of Internal Transfer Prices (ITP) as it has been demonstrated that this intervention is not achieving its intended purpose.
 - We consider it prudent to limit the intervention to the current four large gentailers. However, we encourage the Authority to review this approach over time, if other market players achieve a significant market share and should therefore be subject to the same requirements.
 - We are comfortable with the LPF measures covering a broad range of hedge products, given the range of products sought to meet buyers’ needs
 - We support the inclusion of financial intermediaries within the definition of a “buyer”. These participants add value to the market where they aid competition and liquidity. However, the Authority should monitor the inclusion of these participants in order to identify any harmful speculation that could undermine market competition.

⁵ [Key Frontier recommendations and the Government’s response](#), MBIE, 1 October 2025.

⁶ [At a glance: New Zealand’s Energy Package](#), MBIE, October 2025.

- We support the Authority continuing to engage with the Commerce Commission on this work, given the mutual interest in monitoring market competition and addressing any evidence of harmful use of market power or margin squeezes.⁷
- We welcome the Authority's updated analysis monitoring the gap between wholesale prices and LCOE, as set out in Figures 3 and 4.⁸ This is important information to monitor overtime to see how the sector is addressing the current imbalance between supply and demand. We agree with the Authority's finding that *"the risk of exercise of market power in the hedge market remains in the short to medium term."*⁹

Recommended improvements to proposal

8. MEUG has concerns with the Authority proposed definition for "**uncommitted capacity**", as part of Principle 1 – Non-discriminatory supply. While the definition makes sense in theory, we believe it will be more difficult and subjective to calculate in practice – it was also change over time, potentially even during the reporting period. We do not support the Authority providing *"gentailers [with] the flexibility to apply their own methodologies for quantifying and allocating uncommitted capacity"*,¹⁰ then choosing to refine or standardise during implementation. Establishment of a gentailer / Authority technical group may be a more beneficial approach to set expectations upfront.
9. MEUG recommends that the Authority provide more clarification around the term "**objectively justifiable**" (part of Principle 1). While the draft guidance discusses "load factors", we consider that the Authority should be more specific and include details such as "recognition of season demand". We would welcome the opportunity to discuss this point further with Authority staff.

Changes to proposal raise questions about inclusion of industrial users

10. While MEUG has supported a broader approach to defining buyers, the amendments to the LPF measures presented in this consultation paper leads us to question whether the inclusion of large industrial and commercial consumers is now still appropriate.
11. The Authority's revised problem definition and the adoption of the Retail Price Consistency Assessment (RPCA) signal a more targeted approach, with greater emphasis on competition in the retail market and a focus on mass-market customers. For example, we note that:
 - The Authority's focus was on *"improving hedge contract liquidity, price, and even-handedness,"* but considerable focus is now placed on allowing *"new and independent retailers and generators to better manage their price risks"*.¹¹
 - The *"assessment will involve gentailers providing transparency on the link between their **retail prices** [emphasis added] and the expected cost of supply,"*¹² with the intention to capture the broader level of new and existing customers by brand, tariffs, key segment and location.
12. Large industrial and commercial customers share many similar concerns with independent retailers and generators, when it comes to accessing risk management contracts at a fair price and are also actively seeking Power Purchase Agreements (PPAs) to meet their energy requirements. As noted above, there is also a desire to trade in good faith, as set out in principle 2.

⁷ As outlined in paragraphs 6.39 to 6.44 of the consultation paper.

⁸ Pages 28 and 29 of the consultation paper.

⁹ Paragraph 3.51 of the consultation paper.

¹⁰ Page 5 of the consultation paper.

¹¹ Page 3 and

¹² Page 5 of the consultation paper.

13. However, there are considerable differences between these two distinct groups of buyers.
- Large industrial and commercial consumers are not competing with gentailers to either sell generation into the wholesale market or sell electricity to the end consumer.
 - Large industrial and commercial consumers also have considerably different load profiles (primarily non-standard) and typically seek different types of products to those sought by independent generators or retailers. For example, there is currently limited interest in super-peaks products amongst MEUG's membership.
14. In the consultation paper, the Authority has discussed the materially large contract (MLC) provisions and sought input on how the proposed NDOs could be applied to these contracts. Given the limited number of MLCs in the market, we do not see it necessary to focus on this matter. Rather, we encourage the Authority to further explore the issues faced by large industrial and commercial consumers when accessing risk management products and consider **whether a more bespoke option is needed** for these consumers. While there was some discussion of industrial and commercial consumers in the Authority's Risk Management Review, we still consider that the scope of that review was too narrow, and the Authority did not gain robust insight or evidence from the other relevant players in the market.¹³ The "tenor gap" discussed in Slowjam's submission and paragraph 9.17 of the consultation paper is an example of an issue that we do think needs greater attention.
15. MEUG does welcome the work the Authority is undertaking on trading in the Over the Counter (OTC) market, including the analysis of data directly from market participants. In addition, it was helpful for the Authority to set out in this consultation paper how it sees the NDOs aligning with the voluntary OTC code of conduct. We would support the OTC Electricity Market Working Group being reconvened to assess whether any amendments might be made to the voluntary OTC Code of Conduct to reflect the proposed non-discrimination regime.¹⁴

Implementation of the LPF proposal

16. MEUG welcomes the Authority setting out details on how this LPF proposal will be implemented in time for winter 2026. However, we are strongly concerned that the LPF measures will create considerable compliance and reporting costs for the four gentailers, above that estimated in the consultation paper. There is a risk that these costs flow through to all customers, undermining the benefits of this intervention. We are interested in reviewing submissions from gentailers on this matter.
17. We query why the Authority is only proposing self-reporting of breaches by the gentailers.¹⁵ We consider that it would be prudent to also provide an avenue for impacted buyers to raise concerns directly with the Authority.
18. The Authority outlines its reasoning for no longer pursuing a three-step progressive approach to level playing field regulation, and why it will not be implementing step 3 (mandatory trading of gentailer hedges) as the final escalation step. MEUG appreciates the Authority's reasoning for this change, given the clear split in views from submitters and the broader work now underway through both the Task Force and the Government's energy package. We support the Authority's proposal to commence an effectiveness review following the first set of annual gentailer disclosures alongside of consideration of the information it has gathered on the OTC market. We look forward to understanding the Authority's proposed next steps on virtual disaggregation, signalled for early 2026.

¹³ Refer to MEUG's submission on the Risk Management Review [here](#).

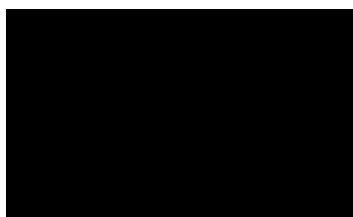
¹⁴ As set out in paragraph 5.88 of the consultation paper.

¹⁵ As discussed in paragraph 7.6 of the consultation paper.

Next steps

19. Given the interest in this market intervention, we strongly encourage the Authority to run a cross-submission process, before making its final decisions on Code amendments. We expect that there will be a broad range of views on these proposals, now that greater detail and guidance is available, and we consider that there are several topics that should be canvassed further – for example, whether large industrial / commercial consumers are best served through inclusion in this process. The Authority's workshop on 9 December 2025 may aid the discussion on the retail price consistency assessment (RCPA), but further avenues for input should be provided for all stakeholders with an interest in the LPF measures.
20. If you have any questions regarding our submission, please contact MEUG on [REDACTED] or via email at [REDACTED].

Yours sincerely



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