

2 December 2025

To: Electricity Authority

By email: levelplayingfield@ea.govt.nz

Level playing field measures - Consultation paper submission

To whom it may concern,

Thank you for the opportunity to comment on the paper called 'Level playing field measures - Consultation paper'.

New Zealand's electricity market is at a critical juncture. We can take the Authority's proposed path for more of the same - where gentailers continue to act rationally in accordance with the current market rules - or we can follow a different path that promises greater benefits for consumers, in line with the Authority's objective.

The aim of the Authority's Level Playing Field (LPF) work is to address the competition concerns arising from large vertically integrated gentailers' and their control of most firming generation. These concerns are widely known and well documented in New Zealand and in international markets¹.

The Authority's earlier LPF Options paper² proposed mandatory non-discrimination obligations (NDOs) where other buyers (e.g. independent retailers or corporates), can access products (e.g. shaped hedges or PPA firming) on substantially the same terms as gentailers supply their retail arm. EVA's submission on the LPF Options paper said that we were not sure which LPF measure would produce the best outcome, however we showed support for NDOs implemented with a prohibition on cross-subsidies and accounting separation (similar to Great Britain's market rules)³.

In this latest LPF Consultation paper, the Authority has narrowed the NDOs to only consider "uncommitted generation capacity". EVA firmly opposes this change. We have compelling evidence that supports wider, stronger NDOs. Our evidence focuses on power purchase agreements (PPAs - specifically corporate PPAs) and PPA firming which are 'core' products in any electricity market. PPAs support new generation investment and PPA firming ensures that PPA buyers, such as businesses, can reduce or eliminate their exposure to wholesale market volatility. The Authority's PPA working paper⁴ identifies access to PPA firming as a key barrier to a deeper, more active PPA market.

¹ [Energy market investigation: Final report](#), UK Competition & Markets Authority

² [Level Playing Field measures - Options paper](#), Electricity Authority

³ [Submission on Level Playing Field measures - Options paper](#), EVA Marketplace

⁴ [Entrant generators - context, headwinds and options for power purchase agreements - Working paper](#), Electricity Authority

Since early 2022, EVA has been working to establish a more active PPA market. Over this period, EVA is aware of 6 public corporate PPA (or similar product) deals. For 5 out of 6 deals, the sellers were 'Big 4' gentailers or Lodestone Energy (who has described themselves as a gentainer). In other words, gentailers currently dominate the corporate PPA market (and they also dominate the utility PPA market). Corporate PPAs with independent generators are rare.

EVA mainly works with corporate buyers to help them secure a long-term PPA, typically with independent solar or wind generators. Once a PPA is identified, we work with them to secure a PPA firming arrangement, which is a non-negotiable requirement for most businesses. Inevitably, this involves approaching the 'Big 4' gentailers as they control most of the firming generation; they are also best positioned to develop more and, as of recently, can apply for capital from the government to do so.

In mid 2023, EVA started working with a medium-sized business to help them explore a corporate PPA as part of their supply arrangement. Like most other businesses, they have been affected by sharp increases in electricity prices and were attracted to longer-term price certainty, potential for lower costs, and ethical reductions in their reported emissions. In late 2023, they renewed their supply with their current retailer - a 'Big 4' gentainer - for five years under the agreement the retailer would assist them ("acting in good faith") with PPA sleeving (sleeving involves firming a PPA within an electricity supply agreement).

The business recently requested pricing from all of the 'Big 4' gentailers to understand the cost of PPA sleeving beyond its latest supply agreement, covering the remaining 7 years of a 10 year, [REDACTED] PPA. Their existing retailer was the only gentainer to offer pricing. The other gentailers provided various excuses for not participating. In one case, the gentainer's reason was that their firming generation is committed due to future wind and solar projects.

The gentailers' response is not a one off and to be expected. The gentailers are acting rationally as vertically integrated players in a competitive market, naturally protecting their own portfolio and interests.

The response that offered pricing for PPA sleeving was problematic in itself. The pricing was not advantageous and only covered 5 out of the 7 remaining years. This means the business was faced with two undesirable choices if signing a long-term PPA:

- High sleeving cover: Enter into a further 5 year sleeving arrangement that locks in years of high prices and exposes them to uncertain and potentially high sleeving costs for the final 2 years of the PPA
- Low sleeving cover: Do not enter into a further sleeving agreement exposing them to uncertain and potentially high sleeving costs for the final 7 years of the PPA

Once again, the gentainer's offer is rational and should be expected. There is much higher risk associated with providing long-term PPA firming. In the UK market, EVA understands that firming arrangements are typically up to 3 years in duration.

In the situation we've described, the answer for the business should be to choose "low sleeving cover" and then, in 3 years time, have confidence they can secure a reasonably priced sleeving arrangement on, say, substantially the same terms as a gentainer would offer its retail arm.

And therein lies the problem. In the current market, a business cannot have confidence that a gentainer, acting rationally, will offer them PPA sleeving at a reasonable price now, or in the future. They cannot even have confidence they will be offered any price whatsoever. EVA has witnessed a lack of trust in the 'Big 4' gentailers; businesses are concerned that if they enter into a PPA with an independent generator, the gentailers will discriminate against them.

The Authority's current proposal will not give businesses the confidence they need to support independent renewable generators. Narrowing the NDOs to "uncommitted capacity only", where the gentailers decide what capacity is uncommitted, means the gentailers dictate the size of the playing field (and according to at least one gentainer, all of their capacity is committed). In addition, the concept of "uncommitted capacity" reintroduces significant contention and ambiguity⁵, particularly as all of the gentailers are hydro-exposed (so they must take a risk-adjusted view of future hydro storage) and most of their contracts are variable volume. The current principles-based, "act in good faith" proposal is, to put it bluntly, a waste of time and resources.

EVA was asked by the Authority to consider if there is a solution that lies between "uncommitted capacity" and "all capacity". In our view this would simply make the solution both arbitrary and ambiguous. There is a simple way for the Authority to avoid these issues: introduce wider NDOs, as initially proposed, combined with a prohibition on cross-subsidisation and accounting separation (similar to Great Britain's market rules).

In the Options paper the Authority noted that Great Britain's rules are "not a silver bullet". EVA agrees. These rules are primarily about changing the behaviour of the 'Big 4' gentailers so they can rationally be more outward looking rather than inward focused. Such rules should not be expected to fix our inadequate security of supply or dysfunctional contracts market. They can be expected to give businesses, and others, more confidence they'll be fairly treated. If the rules do just that, they will have achieved their goal.

The Authority has a critical decision to make. Follow its current path to allow continued gentainer dominance, or choose a path that allows smaller players to compete on a full, flatter playing field. The size of the field can grow for everyone but, as our evidence has shown, first we must establish fairness and rebuild trust.

The energy transition, led by electrification and renewables, is key to Aotearoa's future prosperity. Let's make it easier for more organisations to play their part.

⁵ In the Authority's Consultation paper, it proposes removing the concept of "internal hedge portfolios" to remove "an area of contention and potential ambiguity".

Please feel free to contact us if you have any questions.

Sincerely,

Paul Coster
Founder, [EVA Marketplace](#)