

9 February 2026

2degrees' response to the Electricity Authority's Energy Competition Task Force Open Letter

2degrees welcomes the opportunity to respond to the Electricity Authority's Energy Competition Task Force (Task Force) open letter and to continue constructive engagement on matters relevant to its work programme.

Affordability and security of supply

2degrees believes that New Zealand consumers deserve, an electricity system that delivers both affordable prices and secure, reliable supply.

Regulatory settings and the focus areas for regulatory intervention must therefore strike an appropriate balance: addressing cost drivers while ensuring incentives remain in place for timely investment, system resilience, and reliable delivery of electricity across all conditions.

Focus on Levelling the Playing Field

We consider the Task Force's work programme should therefore be focused on:

- Wholesale market design, operation, and conduct matters, and
- Decisions necessary to implement an effective level playing field between vertically integrated participants and independent retailers.

In our view targeting wholesale initiatives are more likely to support efficient investment, robust competition, and long-term consumer benefits than broad or incremental intervention at the retail level. Competitive, transparent, and predictable wholesale market arrangements underpin investment confidence, risk management, and sustainable retail competition.

Support for Competition and Consumer Outcomes

2degrees supports the:

- Continuation of the Level Playing Field measures and development of effective reporting, monitoring and review of the implementation of the measures;
- Development of objective and effective criteria to evaluate whether the implemented level playing fields initiatives have been successful and achieved the stated objectives of promoting competition, increasing liquidity of and access to risk management products (including non-baseload products) by independents, and addressing market power concerns.
- The progression of regulated super peak products and associated marketing marking initiatives to enhance accessibility and drive liquidity; and
- Developing further initiatives that prevent or constrain the exercise of market power, particularly where such behaviours undermines wholesale market efficiency and creates adverse affordability impacts for consumers.

2degrees believes that well-functioning competition is central to achieving both the Electricity Authority's affordability and system reliability objectives over the medium to long term.



Priority on Wholesale Market Settings and proportionality of Retail Regulation

As with previous submissions, 2degrees considers that the most effective means of improving retail market outcomes is to address issues at the wholesale market level, rather than through further adjustment to retail settings.

In this context, continued focus on retail issues such as bundling scope or prescriptive retail compliance obligations such as invoicing requirements may be misplaced, as in our view the lack of switching is not primarily driven by bundling itself, but rather by the inability of independent retailers to compete on fair and efficient terms.

We urge the Task Force and the Authority to remain mindful of the cumulative impact of retail compliance obligations on independent and new entrants and note that overly prescriptive or expanding retail requirements can risk creating unintended consequences, including increased barriers to entry, which may ultimately reduce competition and place upward pressure on prices.

Flexibility Services, Connection Issues and role of non-network solutions

While 2degrees does not anticipate active involvement in detailed system operation, distribution or generation / flexibility initiatives, we will continue to monitor developments in policy related to security of supply and expect that regulatory decisions in this area will appropriately balance reliability objectives with affordability and competition outcomes.

In summary:

- Affordability is critically important, but must be delivered alongside secure and reliable supply.
- Effective competition is best supported by getting wholesale market settings right.
- When wholesale markets function efficiently and reliably, retail competition will follow, supporting consumer choice, innovation, and sustainable affordability.

We look forward to continued engagement with the Electricity Authority on these important matters.