consumer.

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Energy Competition Task Force Work Programme Measures

Consumer NZ welcomes the opportunity to comment on the Energy Competition Task Force's (Task Force) proposed 2026 work programme. Our perspective is shaped by the growing number of New Zealanders who come to us for help because the electricity market is failing to deliver fair, affordable outcomes.

The task force seeks to strengthen consumer choice and affordability, but we do not consider the measures in the proposed workplan would meaningfully achieve this.

Since the inception of the Task Force, residential retail prices have *increased* by 12%[1], and three retail brands have exited the market[2]. We believe prices will rise further this year.

Residential electricity prices are now 60% higher in real terms than they were when the retail market was created 25 years ago[3]. And that's assuming incomes have kept pace with inflation. For many households, it hasn't - which means the impacts of the increases are far worse. We see the consequences

[1] *Statistics New Zealand Consumer Price Index.* 2025 Q4, household electricity prices increased 12.2% year-on-year.
[2] *Frank Energy announced its closure in June 2025, with the brand being phased out and fully absorbed into Genesis Energy by September 2025. Flick Electric announced its exits in May 2025 with the brand retired in July 2025. Megatel notified its customers in January 2026 that it would be transitioning customers to Nova. Full transition expected to be complete by June 2026.*
[3] *MBIE energy price monitoring residential electricity price 1999 (real) = 24.65c/kWh. MBIE Quartery Survey of Domestic Electricity Prices (QSDEP) November 2025 = 39.3c/kWh.*

every day in the stories of people who come to advocates for help: families choosing between heating and food, parents putting children to bed in cold rooms, older people rationing hot water because they simply cannot afford more. It is confronting. It is sobering. And it is unacceptable.

This market is no longer just failing to deliver benefits — it is actively inflicting harm on those who can least absorb it, while dragging on the wider economy. The situation has moved well beyond mild concern or incremental adjustment. It demands urgent, meaningful, and consequential action.

Rising costs are not abstract figures - they have real and immediate consequences for households. University of Otago research indicates that around 360,000 households are now in energy poverty. Further, the health burden created by cold, damp, and mouldy homes is substantial, costing the health system more than $38 million each year and contributing to preventable illnesses across vulnerable communities[4]. Consumer NZ's own research found that last winter almost one in five households cut back on food or other essentials to pay a power bill[5]. These are indicators of a system that is no longer aligned with the wellbeing of the people it is meant to serve.

This distress is reflected in the behaviour of consumers seeking relief. Powerswitch, our independent comparison service, saw record usage in 2025 with 1 million users - a 50% increase on the previous year and 141% growth over five years. Initiated switches climbed 75% year-on-year, delivering an estimated $22 million in savings. Our registered user base has grown to 430,000 households, close to a quarter of all New Zealand homes. The complexity of the market means many people still need personalised help, and our contact centre fielded more than 4,000 enquiries in 2025, with demand up 150% in four years.

Public expectations around action are clear. Our surveying show 67% of consumers want *more* government action on electricity supply, while only 3% want less[6]. In an election year there will be intense political focus on energy affordability. After 25 years of relying on a purely market-based model, it is clear "the market" alone is not delivering the investment, competitive pressure, or consumer protections required.

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[4] *Energy Poverty: The lowest income pay more in Aotearoa. Public Health Communication Centre Aotearoa, November 2024.*

[5] *Consumer NZ October Sentiment Tracker Survey.*

[6] *Ibid at 5.*

We want to be clear that Consumer NZ believes in the value of markets. A well designed, well-functioning, and effectively regulated market can foster innovation, expand consumer choice, and maintain downward pressure on prices. Unfortunately, this is not what we observe in the New Zealand electricity market.

For too long, there has been a persistent tendency to blame consumers for the outcomes of this system. Consumers are criticised for being apathetic, for not shopping around, for not understanding complex pricing structures, or for failing to change their behaviour in response to incentives. The implication seems to be that something is wrong with consumers - that the fault lies with them.

The electricity market was created with good intentions. But markets do not automatically work for every product or service. Electricity is not like other commodities. It is invisible, identical no matter who sells it, and—if we're honest -deeply uninteresting to many people.

It is also worth remembering that, unlike the physical electricity system, the electricity market is not something that came into existence in response to consumer demand. It is a construct - a made market, - designed and written into existence by policymakers and economists 25 years ago. It is unlike most other markets, which typically emerge organically in response to the products and services being exchanged by consumers. Put simply: consumers never asked for it and have remained largely disengaged from it.

Its structure is not set in stone. The electricity system itself functioned for many decades before the market model was overlaid; in fact, around 80% of the generation assets we rely on today were built before the market even existed, and prices were lower.

The reality is simple: the current market structure is a policy choice. And if that policy choice is no longer serving consumers or the wider economy, and in fact is causing widespread harm, then we should not feel bound by it. We can choose differently.

Against the backdrop of rising energy hardship and economic peril, the proposals outlined in the Task Force's open letter are deeply disappointing. The focus areas proposed do not constitute the substantive, consequential reforms required to support households and businesses experiencing real and worsening hardship. Instead, the proposals amount to further incremental adjustments at the margins, when what is needed is meaningful and transformative change. The regulators appear overly committed to maintaining the status quo and insufficiently willing to challenge entrenched interests.

Notwithstanding our concern that these proposals will not materially improve outcomes, Appendix 1 sets out our responses to the specific feedback sought in the letter.

Consumer NZ has made its position clear in many previous submissions: structural reform is needed. We, and others, have repeatedly outlined the steps we believe are required to improve competition, restore affordability, and safeguard reliability. Yet the regulatory response remains focused on incremental, piecemeal adjustments that fail to address the scale of the problem.

The level of effort required from Consumer NZ to advocate for fair outcomes is itself an indicator of systemic dysfunction. Although we operate across numerous industries - from airlines to insurance to supermarkets – submissions to energy consultations accounted for one in four of all submissions produced by Consumer NZ in 2025. This is a disproportionate burden for a not-for-profit organisation and reflects how little progress has been made. Like many advocates and industry participants we talk to, it often feels like Groundhog Day: the same workshops, the same consultations, the same recommendations made on the same issues over many years, and little meaningful change.

Given these realities, the Task Force has a critical opportunity - and obligation - to deliver genuine, consumer-centred reform. Addressing affordability of an essential service will require structural changes to the market, not minor adjustments. While we appreciate this extends beyond the remit of the Task Force, meaningful improvement is not possible without confronting the fundamental design of the market. Tinkering at the edges risks creating only the impression of reform, rather than the substantive change consumers urgently need.

Affordable, abundant, renewable energy should be New Zealand’s competitive advantage. Right now, it is not. With meaningful reform, it can be.

Yours sincerely,

[redacted]

Jon Duffy
Chief Executive
Consumer NZ

APPENDIX 1 – CONSUMER NZ RESPONSE TO WORK PROGRAM SUGGESTIONS

Level playing field implementation, monitoring and enforcement	Of all the reforms proposed last year, this was among the most consequential and would have gone some way toward alleviating long-standing concerns about independent retailers' ability to enter the market, increase market share, and effectively compete with incumbent gentailers. Requiring independent retailers to procure electricity from the very parties they compete against represents a structural flaw that we, and others, believe has constrained effective competition since market inception. Consumer NZ was an active and supportive submitter on these proposals. From our long-held perspective, greater functional separation between generation and retail is essential to enabling a properly functioning competitive electricity market. We support regulatory interventions that ensure independent retailers can procure electricity on terms and at prices genuinely comparable to those available to vertically integrated gentailers. Reducing these disparities would materially enhance competitive conditions and improve consumer outcomes through increased choice and innovation. We submitted that the reforms served as a good compromise to full structural separation. However, we are concerned that the final package of reforms has been weakened, particularly in relation to anti-discrimination provisions. While the Government and the Authority assert that the changes will strengthen competition, feedback from independent participants and some sector analysts indicates otherwise: the reforms continue to allow gentailers to provide preferential access to their own retail arms, limiting the availability of equitable wholesale contracting options for competitors.

	Although the Authority describes the changes as "practical measures" to strengthen the market, the prevailing view among independent retailers and consumer advocates is that the reforms are significantly diluted relative to the more ambitious, immediate "level playing field" adjustments originally proposed. Whether the revised, gradual approach will meaningfully shift competitive dynamics remains an unresolved and contested issue. The sector has already experienced several recent retailer exits, and further attrition would risk materially reducing competitive intensity. We believe that, under current market conditions, expansion in the residential segment is likely to be very difficult and, in some cases, commercially unattractive for independent retailers. This reflects heightened exposure to wholesale market risks and persistent structural disadvantages. Taken together, these factors point to a weakening confidence in the commercial viability of competing effectively in the residential retail electricity market under the current settings. The Authority must act quickly to implement a full and enforceable level playing field framework. Without timely action, the retailer segment risks further contraction, potentially to the point where meaningful competition ceases to exist. On the current trajectory, the market is likely to consolidate further around gentailers alone. In such a scenario, consumer choice would diminish rapidly, leaving households and businesses with limited practical alternatives.
Market power and flexibility issues	Although we do not consider this issue to have a material impact on competition or price at this stage, that does not mean it should not be investigated. Rather, we do not currently view it as a priority, and it is not on our radar. Although we can see potential for

	skulduggery, we have not seen evidence of such, and concerns have not been raised with us by consumers. The products and services being developed in this space will increasingly present valuable opportunities for consumers. Over the long term, if deployed at scale, they have the potential to defer or reduce network investment by shifting demand away from periods of network congestion. Consumers can already save money by shifting load. Hot water control could become more contentious in some regions due to uncertainty over who captures the associated value. At present, consumers may receive some benefit through network driven control (if they are on the appropriate tariff). However, benefits could be greater where retailers manage load in response to both market price signals and network signals, enabling consumers to be rewarded more directly. There is clearly a potential tension here that could do with review and clarification. We are aware that innovators and service providers are entering the market with technologies capable of automating and optimising household electricity consumption to deliver the lowest overall cost for consumers. This is an area where consumers stand to benefit. We are not aware of lines companies attempting to stifle these initiatives, but nor is this an area we closely monitor, as lines company regulation is subject to detailed oversight by the Commerce Commission. Our view is that the Commerce Commission exercises comprehensive and rigorous oversight of lines companies, applying a high degree of analytical scrutiny to their performance and regulatory compliance. Nevertheless, if evidence emerged that these initiatives were being blocked or prevented from progressing, we would support investigation to ensure they can proceed as intended.

Connections issues	Our view is that this matter does not appear to have a significant impact on prices or competition. It seems more appropriately addressed within the Commerce Commission's routine oversight of regulated lines monopolies, rather than elevated as a priority area for the Task Force.
Role of non-network solutions in Grid Exit Point (GXP) upgrades	Again, this matter is more appropriately dealt with through the Commerce Commission's established regulatory oversight of lines monopolies, rather than elevated to a priority issue for the Task Force.
Ensuring retail service bundling supports consumer choice	Consumer NZ has historically advised consumers to avoid bundled plans, as bundling can reduce consumer mobility and make it more difficult to switch to cheaper electricity plans when they become available. This remains our general position. That said, bundling can provide discounted prices on non-energy services that may be of higher priority for some consumer segments. Consumer needs and preferences vary widely. While bundling may generally be inadvisable for households focused strictly on minimising energy costs, not all consumers prioritise price alone. Some may knowingly choose bundled products because they place higher value on perceived convenience, integration of services, or improved pricing in other categories. It is therefore important that retailers remain free to offer products and services that cater to these different consumer segments. We also note that some independent retailers rely on bundling as part of their commercial viability. Facing high risk in the residential electricity market, some independent retailers are no longer seeking to expand residential electricity market share, viewing that route as too risky under current wholesale and structural conditions. Instead, they are diversifying into adjacent services or bundling electricity with

	non-energy products. In some cases, electricity supply is conditional on the consumer taking an additional service. This reflects structural pressures on smaller retailers rather than any inherent benefit of bundling. To support consumer choice and maintain competitive pressure, improved information disclosure is essential. Consistent machine-readable data on bundled broadband, telecommunications, and other services on bills, would allow comparison tools to present consumers with clear, independent advice. What would also be required is for broadband and mobile service providers to make all market offers publicly and consistently available so that meaningful comparisons can be undertaken. While such structures and processes exist for electricity, they are not currently in place for non-energy services. Overall, while bundling can introduce risks -including reduced transparency, potential lock-in, and switching barriers - we consider these concerns are best addressed through improved information disclosure, rather than through restricting retailers’ ability to offer bundled products.

Additional area: We believe the Task Force should investigate competition issues in Tauranga.

The operation of the Tauranga Electricity Consumers Trust (TECT) rebate scheme raises competition concerns that we believe warrant examination by the Task Force. Unlike other electricity trusts, which distribute benefits to all households within their geographic areas, TECT restricts eligibility to a closed group of former Trustpower customers who were on the retailer's books as at 28 January 2021 and who have remained with Mercury since its acquisition of Trustpower's retail business. Beneficiaries must also continue to reside within the TECT geographic area. This creates a long-term financial lock-in effect, as consumers forfeit a substantial annual rebate - currently around $500 and rising to $600 by 2031 - if they switch electricity retailer or move out of the area.

This conditional rebate structure unintentionally reduces consumer mobility and distorts retail competition in Tauranga. Households that might otherwise switch to lower priced retailers are incentivised to remain with, or return to, Mercury. Mercury retains approximately 52% market share in the region. Switching rates in Tauranga are the lowest among major centres, despite retail prices being 8% higher than the national average and higher than nearby comparable locations such as Hamilton and Whakatāne. These indicators strongly suggest the presence of an artificially weakened competitive environment.

The effect is both distortionary and inequitable. Consumers on the same retailer in the same neighbourhood can face markedly different effective electricity costs, purely based on historical eligibility. New residents in Tauranga – even those joining Mercury - receive no rebate, while long-standing residents may receive hundreds of dollars annually, creating price discrimination unrelated to consumption or plan choice. The rebate's design is also highly opaque for consumers and difficult for comparison services such as Powerswitch to reflect, as eligibility cannot be determined from location, ICP number, or retailer information.

To be clear, Mercury does not control TECT's distribution decisions, and we are not suggesting in any way that this situation is of their making or that they have acted improperly. Regardless the structure confers a significant competitive advantage on the retailer and creates a major barrier to effective competition. These distortions cannot be readily addressed through consumer information tools alone. A non-distortionary alternative - consistent with the practice of other electricity trusts - would be for TECT to distribute benefits to all electricity consumers in its district, rather than only to a legacy subset tied to a specific retailer.

Given the clear evidence of reduced switching, elevated prices, and impaired competition in a major urban region, we consider the TECT rebate structure an important area for the Task Force to examine. The issue meets the threshold for scrutiny: it creates persistent market distortions, disadvantages consumers, and undermines the competitive functioning of the electricity retail market.