

Mt Maunganui
20 January 2026

Energy Task Force
Electricity Authority

This letter is my submission to the Energy Competition Task Force in response to the Open Letter of 15 Dec 2025. I am requesting that addressing the apparent competition failure in the retail electricity market for Tauranga/Western Bay of Plenty consumers is worthy of inclusion in the Task Force's work programme for 2026.

Criteria for identifying programme candidates

I suggest that correcting this problem fits closely to the published criteria

- it is a competition issue
- it could be resolved quickly, data is available and likely involves just one organisation the TECT Consumer Trust and there is at least one obvious solution
- both the Electricity Authority and Commerce Commission are key players in solving the issue

Background

The retail electricity consumers in Tauranga/WBOP continue to face the highest "energy and other" costs in NZ, this long standing situation is reported regularly in the Quarterly Survey of Domestic Electricity Prices (QSDEP) by MBIE. I am told that this reflects the grid exit point prices which in turn are largely influenced by remoteness from generation. The areas with the highest 'energy and other' prices in the QSDEP in decreasing order are Tauranga, Greymouth, Westport. While Greymouth and Westport are remote, Tauranga clearly is not.

This situation is widely attributed to the concentrated retail electricity market in Tauranga/WBOP as shown with data for market share and low switching rates and high HHI data on the EA-EMI website. It has been widely suggested that this is a consequence of the rebate policy of a local community electricity trust TECT which was set up as a consumer trust to only pay rebates to local consumers who remained with one retailer, Trustpower. This rebate was transferred to Mercury customers following market restructures and applies to local consumers who were with Trustpower and remain with Mercury, they are beneficiaries of TECT Consumer Trust. I am not aware of this situation in any other region.

The situation is not improving, Tauranga still has the highest energy component prices (MBIE QSDEP) and the retail situation remains concentrated and switching rates remain relatively low when they should be high. The message to switch retailers to get a better price or better options does not seem to apply to Tauranga consumers. The situation is not going to normalise for many years. While the extra costs faced by Tauranga consumers can not be accurately calculated it is probably in the tens of millions of dollars every year. This is not just unfair but is a serious harm to many.

The TECT Trustees have never shared publically that there is a problem. They have told me they agree with my analysis of the issue and will work to find a solution but nothing seems to be change. The Trustees have also told me that they are a private trust and have ring fenced the rebate, there clearly is no intention to change. As a wealthy trust they hold significant influence, I have been told by several leaders in the social sector that while they are most unhappy with the high electricity prices here, they are reluctant to criticise TECT as TECT Community Trust is an important funding source for them. The same influence is probably apparent with Local Government as well. TECT Community Trust is fine, it is just the rebate policy of TECT Consumer Trust that seems to be causing the harm. The Trustees are the same for both trusts. I would like to think that the Trustees would welcome your intervention to force a change, they face an ignorant and vocal minority if they dare to suggest change even though the rebate policy is advantaging electricity retailers and disadvantaging all residents, even those who continue to receive the TECT rebate. It seems most unfair that residents in my community are denied access to competitive electricity pricing by the actions of a private trust and the apparent inability of the Commerce Commission and Electricity Authority and Energy Minister to bring about change.

Electricity Industry Participation Code

A policy involving community electricity trusts to only pay rebates to customers of a single retailer was clearly recognised as a risk to competition and was specifically prohibited under part 6A.6 of the Electricity Industry Participation Code "No discrimination when paying rebates or dividends". Unfortunately for Tauranga customers TECT was able to ignore the Code as TECT was never recognised as an industry participant due to ownership of Gentailer Trustpower and not a lines company. The protection provided by part 6A.6 which applies to all other community electricity trusts was not and is not available for Tauranga customers.

In Nov 2022 I wrote to the Minister of Energy requesting intervention to invoke new provisions in the Code and declare TECT as an industry participant. While Minister Woods wrote in Jan 2023 clearly agreeing with the issues and agreeing to consider this, nothing more was heard. The letter in the official file differs from the letter I received, the file letter does not promise to pursue the matter!

The Commerce Commission

The Commerce Commission is tasked with ensuring that competition is not reduced by agreements that substantially reduce competition.

The Commission has considered the issue of the TECT rebate several times. In response to the Electricity Price Review (EPR) a memo prepared by the Commission 24 Apr 2019 was written explaining why the Commission would not take up the case. The EPR authors were clearly surprised and a copy of the memo subsequently obtained under OIA showed serious errors of fact in the Commission's memo. The Commission prepared a corrected version 27 July 2020 but by then the EPR had moved on. This corrected memo while clearly better still included statements that are highly debatable such as the TECT rebate was part of Trustpower's offering.

The Commission clearly changed its view in 2021 as a statement in the Mercury Trustpower determination showed.

https://comcom.govt.nz/__data/assets/pdf_file/0036/267687/2021-NZCC-16-Mercury-and-Trustpower-Final-determination-27-September-2021.pdf

Section 111 "There is strong evidence indicating that the TECT rebate makes it more difficult for competitors to expand in the Tauranga region compared with other regions. This includes Trustpower's higher existing market share, lower switching rates over time and the generally higher prices charged by Trustpower compared to other existing retailers in the regions. Through its higher electricity pricing in Tauranga, Trustpower is capturing a significant share of the TECT rebate it customers get."

It remains unclear why the Commission has not pursued the issue of TECT rebate given the statement from the Commission that the rebate policy does substantially reduce competition. Trustpower customers have now transferred to Mercury and Mercury pricing in Tauranga which used to be the cheapest of the 'big five' retailers is now the dearest of 'the big four'. The problem persists. Ongoing monitoring of prices using Consumer Powerswitch continue to show that most of the time all the main retailers charge more for Tauranga customers than their customers in other regions.

The Energy Task Force now has the opportunity to correct the errors of the past and spread the obvious benefits offered by level playing field competition in the retail electricity offerings to residents of Tauranga/WBOP. Affordable electricity for all is so important.

David Riley