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Non-discrimination obligations: Retail Price Consistency Assessment, uncommitted capacity and other matters consultation

Executive Summary

Our position on the key elements of the Authority's proposals is summarised below:

Element	Genesis Position
Uncommitted capacity	**Qualified Support for Option 2** subject to refinements
RPCA guidance	**Qualified Support**
RPCA implementation	**Appropriate implementation period with first RPCA by 31 March 2027**
External audit	**Support annual**
Definition of "discriminate"	**Required**

Uncommitted capacity: We support Option 2 (revised non-discrimination obligation applying to all risk management contracts) subject to the refinements proposed in this submission. It addresses the challenges with uncommitted capacity calculations by introducing a principles-based obligation aligned with the OTC Code of Conduct's framework. We propose refinements to ensure the symmetry obligation operates proportionately, including an expanded existing commitments carve-out that covers customers in active discussion and documented retail growth plans.

RPCA: While we are not convinced the RPCA is required for the reasons set out in our December 2025 submission and accompanying Sapere Report, we acknowledge that the Authority has determined to proceed with the RPCA, with modifications. These include recognising the validity and value of price smoothing for consumers, and that the RPCA is a diagnostic tool rather than a brightline test for discriminatory pricing. Recognising the policy decision, we set out proposed changes to improve certainty and implementation. In relation to the latter, we ask for a suitable implementation transition period, which would have the first RPCA undertaken by 31 March 2027. The RPCA must operate coherently with internal systems and processes, deliver the reporting required and support the governance and proposed audit requirements. This requires adequate lead time.

This submission should be read alongside our submission of 5 December 2025 and the accompanying Sapere Report. Consistent with paragraph 1.6 of the consultation paper, this submission does not repeat arguments previously made unless relevant to the specific proposals consulted on. Responses to the specific consultation questions are set out in **Schedule A**.

1. Introduction

Genesis appreciates the opportunity to provide feedback on the Electricity Authority's (**Authority**) consultation paper *Non-discrimination obligations: Retail Price Consistency Assessment, uncommitted capacity and other matters* — consultation. As a vertically integrated generator-retailer, we have direct experience of the benefits that this business model brings to New Zealand's electricity system and, ultimately, to consumers. We also recognise the importance of ensuring market participants and relevant stakeholders have the requisite confidence that the risk management contracts market operates competitively.

We support the Authority's intent in building understanding and confidence that the wholesale electricity market is competitive amongst market participants and other stakeholders. We have previously expressed qualified support for the proposed non-discrimination obligation principles, and had significant concerns about two elements: the Retail Price Consistency Assessment (**RPCA**) and the uncommitted capacity reporting requirements.

We acknowledge the Authority’s continued engagement with industry on the proposed NDOs. The Authority’s February 2026 proposals represent a significant evolution from October 2025 and reflect the Authority taking on board industry feedback.

In particular, several design choices recognise that commercial flexibility and risk management decisions properly sit with market participants. The Authority has also acknowledged the complexity and challenges with the previous uncommitted capacity proposal, that the RPCA should be a diagnostic tool and the validity of price smoothing, and its value to consumers.

Our submission is organised as follows:

Section 2 - sets out our qualified support for Option 2 on uncommitted capacity, and our proposed refinements.
Section 3 - addresses the RPCA guidance, including our support for key design elements and our request for an appropriate implementation period.
Section 4 - addresses ND policy specification, audit requirements, Code amendments, and the definition of “discriminate.”
Schedule A - sets out our responses to consultation questions Q1–Q22.

2. Uncommitted Capacity – qualified support for Option 2

We have demonstrated willingness to supply non-standard risk management products - including market security options and Huntly firming options offered through competitive processes. We also helped develop, and are a signatory to, the OTC Code of Conduct (**OTC Code**).

We are prepared to support Option 2, subject to the refinements discussed below.

The principal reasons driving our view are:

(a) **Removes the complexity inherent in the uncommitted capacity concept:** The uncommitted capacity definition attracted near-unanimous opposition. It required a formulaic methodology, gave rise to significant uncertainty and did not reflect the dynamic risk management that gentailers undertake in practice. Option 2 addresses this by shifting to a principles-based approach, although it requires the refinements we set out below.

(b) **Practical compliance:** Option 2 would allow compliance to be demonstrated through a gentailer's non-discrimination obligations policy (**ND policy**), documented risk management processes, and engagement with buyers - not through a formulaic capacity calculation. This aligns with how non-discrimination obligations have been successfully implemented in other regulated sectors. For example, the Commerce Commission's Equivalence and Non-Discrimination Guidance under the Telecommunications Act 2001 takes a similar approach: compliance is demonstrated through pricing principles, not prescriptive metrics.

(c) **Aligns with established OTC Code:** The "intolerable risk position" concept is already embedded in the OTC Code. Building NDO compliance on the same conceptual foundation reduces implementation complexity and promotes coherence across regulatory instruments - while recognising that a mandatory Code obligation requires more precision than its voluntary OTC Code origin.

2.1 Risk of unintended consequences

The guidance provides that the symmetry obligation does not apply to contracts "required for the purposes of meeting existing commitments". The Authority further states that when calculating generation a gentailer reasonably expects to need for existing end customers, it "may only have regard to its customer commitments at the time of assessment" and that this "does not include supply for anticipated new customers". This formulation is too narrow. It creates two problems that potentially harm retail competition and produce outcomes inconsistent with the Authority's objectives.

First, it ignores scenarios where gentailers are in active discussion with prospective customers. At any given time, a gentailer will be in such discussions - offers issued, terms being finalised, credit checks underway. These are not speculative growth aspirations. They are near-term commercial commitments to which the gentailer has allocated pricing capacity, trading desk resource, and implied hedge positions. The gentailer has quoted a price that assumes it can source energy at a particular cost. If a third-party hedge request arrives mid-negotiation, the Authority's formulation would require the gentailer either to decline the new customer because the capacity has been reallocated, or to complete the customer acquisition but treat itself as having breached the symmetry obligation. Neither outcome serves consumers.

The October 2025 consultation paper stated that the NDOs are "not intended to … require a gentailer to stop acquiring, or to actively seek to divest itself of, end customers" (para 5.33). If a gentailer must redirect capacity away from a customer it is actively negotiating with, that is functionally the same as being required to stop acquiring that customer. The guidance should treat customers in active discussion - defined by documented, verifiable stages of the sales process (offer issued, terms under negotiation, credit approval commenced) - as existing commitments for the purposes of the symmetry obligation. This is a narrow, auditable category, not an open-ended reservation of capacity.

Second, it restricts planning for retail growth. The Authority's October 2025 consultation paper treated organic growth as committed capacity. The uncommitted capacity definition deducted the volume of electricity gentailers reasonably expect to supply to their end customers, explicitly "allowing for organic growth only." The worked examples confirmed that "capacity to support organic customer growth (consistent with historic trends or reflecting whole of market changes) would prima facie be considered committed." The October 2025 paper illustrated this with growth from EV adoption — directly relevant to Genesis, which serves a significant number of EV customers and has publicly disclosed targets for EV customer growth under its Gen35 strategy. The draft guidance reinforced the distinction, treating organic growth as committed while requiring planned growth beyond organic levels to be tested against market interest.

The February 2026 Option 2 guidance removes this treatment entirely. It states that existing commitments do not include supply for "anticipated new customers" - a blanket exclusion that makes no distinction between organic growth and speculative aspiration or alleged gaming by gentailers. We note that the proposed monitoring and auditing requirements would expose the latter. The Authority has not explained why its October 2025 analysis was wrong and if it has changed its position on organic growth, why.

Genesis operates a retail growth strategy that involves documented customer acquisition targets, capital expenditure on billing systems and customer platforms, published brand strategy, and publicly disclosed growth trajectories. This strategy requires forward procurement of energy to back anticipated retail load. If a gentailer cannot factor documented growth plans into its capacity assessment, the symmetry obligation effectively forces it to choose between pursuing retail growth (accepting it cannot invoke intolerable risk for capacity earmarked for that growth) and abandoning retail growth (to preserve its ability to invoke intolerable risk). The Authority cannot simultaneously expect gentailers to compete vigorously in retail markets and prohibit them from reserving generation capacity to support that competition.

2.2 Proposed modifications

Accordingly, Genesis proposes that the existing commitments carve-out cover three categories:

(a) Current customers: existing consumption plus documented expectations of aggregate increased or decreased consumption (as currently proposed).

(b) Customers in active discussion: prospective customers with whom the gentailer has commenced discussions.

(c) Capacity supporting documented retail growth plans: capacity allocated to retail growth targets that are documented in the gentailer's business plans.

2.3 Clarity on "intolerable risk" threshold

The "intolerable risk position" concept originates in the OTC Code of Conduct, where it operates within a voluntary, non-enforceable framework with no direct consequences for non-compliance. Option 2 imports this concept into a mandatory Code obligation with enforcement consequences, including the symmetry obligation and potential referral to the Authority's compliance function. We support the use of this concept but consider that the shift from a voluntary to an enforceable context requires commensurate clarity about how the threshold will be assessed. The guidance should specify the factors the Authority will consider when evaluating whether a gentailer's invocation of intolerable risk was reasonable, confirm that documented operational and risk management considerations in a gentailer's ND policy are relevant factors, and confirm that the listed factors (generation capacity, existing customer commitments, wholesale commitments) are non-exhaustive. A mandatory obligation with enforcement consequences requires commensurate guidance on how compliance will be assessed.

3. Retail Price Consistency Assessment

3.1 Key Design Elements

We support the following design choices, consistent with our December 2025 submission:

(a) **Forward-looking approach:** An expectations-based assessment better reflects how gentailers make pricing decisions and avoids hindsight bias.

(b) **AEC cost standard with common cost allocation:** This is the appropriate benchmark. The NDOs should not shelter less efficient entrants from normal competitive pressure. The inclusion of a contribution to shared and common costs avoids effectively requiring entrants to be more efficient than the gentailer.

(c) **No benchmarks:** Gentailer discretion on the as-if portfolio is appropriate. We agree with the Authority that prescribing benchmarks would transfer risk management decisions to the regulator and reduce competitive diversity.

(d) **Not a bright-line test but further clarity required:** We agree that the RPCA should inform the Authority's assessment, not operate as a pass/fail compliance mechanism. We are concerned however with the Authority's proposal that where an RPCA shows a negative or "narrow positive" margin, it should explain this, leaving it to the gentailer to determine what "narrow positive margin" means. This is arbitrary and creates considerable uncertainty. The Authority itself acknowledged the difficulty, describing the boundary as "likely arbitrary"[1]. If the Authority cannot define the threshold with precision, gentailers cannot comply with it with confidence. The obligation should be limited to where the RPCA shows a negative margin. A narrow positive margin is, by definition, positive — no subsidy to the retail arm is present. We oppose the "narrow positive" concept and asks that it be removed from the guidance.

(e) **Geographic segmentation and NRR reporting:** We would support geographic segmentation / network region reporting provided that this aligns with retail pricing regions, with public reporting at an aggregated level. Consistency with existing pricing regions is critical as this would leverage existing systems and processes and keep implementation and compliance costs low.

[1] Draft Guidance, paragraph 3.66.

3.2 Appropriate implementation period

The proposed timeline assumes Code finalisation in May 2026 with the first RPCA due approximately three months later. However, there are still key design issues to settle as reflected by the consultation and the matters raised in this submission. The RPCA does not operate in isolation and requires coherence across internal systems and processes. The as-if portfolio methodology is a significant element of the RPCA and the area where the Authority has deliberately preserved gentailer discretion.

Designing a durable methodology that is consistent with the guidance, with the associated governance and compliance processes, work and alignment with system and process changes already in train, requires time. Further, the system and processes required to extract data and produce the RPCA calculations across multiple segments and brands, with the related governance and assurance processes, will need to be built.

We ask for an appropriate implementation period to allow these systems and processes to be built once the NDO design and guidance are finalised. A period that would allow implementation with the first RPCA delivered by 31 March 2027, would be extremely challenging but achievable.

A deferral to March 2027 provides approximately nine months from Code finalisation. This still delivers the first RPCA within the first year of the NDO regime and is consistent with the Authority's objective of increasing transparency as soon as practicable.

3.3 Price smoothing requires a structured framework

We agree that price smoothing is a valued service that competitive retailers offer. A gentailer implementing a documented, rational smoothing approach may produce negative RPCA margins as a direct consequence of that policy. However, the Authority's refusal to create any safe harbours creates significant uncertainty.
We propose the following framework to help reduce that uncertainty:

(a) Where a gentailer has a documented price smoothing policy disclosed in its ND policy and RPCA methodology, negative margins consistent with that policy should carry a presumption of being objectively justifiable. This does not create automatic immunity. It provides a structured framework that gives certainty while preserving the Authority's discretion.

(b) The factors relevant to assessing a smoothing explanation should include: the gentailer's documented smoothing policy and its rationale; whether the smoothing is consistent with the gentailer's risk management policy; and whether the magnitude and duration of the negative margin are consistent with a rational commercial strategy.

3.4 SRMC and LRMC pricing

The framework above also addresses a point the Authority raised in footnote 37 of the draft guidance, where it stated that SRMC pricing "is usually considered to be consistent with profit maximisation" in response to Sapere's analysis of LRMC pricing.

Sapere's point was not that SRMC pricing is wrong, but that the pricing decisions gentailers actually make incorporate considerations beyond short-run cost recovery: customer retention economics (the cost of prompting sticky customers to shop around), multi-year smoothing strategies that reflect the full cost cycle, and the value of price certainty to customers willing to pay for stability. A gentailer pricing to retain its customer base over a multi-year period is engaging in conduct that competitive retailers routinely undertake. This is not discrimination.

The structured framework we propose accommodates this reality. A gentailer with a documented policy, consistent with its risk management approach, that produces negative margins in a given period as part of a rational multi-year strategy, has an objectively justifiable explanation. The RPCA framework should recognise this explicitly rather than treating any departure from SRMC-based pricing as requiring justification.

3.5 Cost of electricity

We support a book-build approach for existing customers and current market prices for new customer offers. We consider however the 5% materiality threshold for methodology changes too narrow and propose a 10% threshold, with this being subject to a post-implementation review.

The 5% threshold in paragraph A.112 was carried over from the October 2025 ITP methodology change provision (draft clause 13.257(1)(b)), where it applied to a narrower calculation. The RPCA's expected cost of electricity is a more complex assessment involving the as-if portfolio, load profiling across NRRs, cost allocation across segments and brands, and multiple assumptions. A calculation with more moving parts will naturally produce larger variations when any single input is updated. At 5%, routine recalibration of inputs — updating a futures curve, adjusting a load profile — potentially triggers dual reporting obligations that were designed for genuine methodology changes. We consider a 10% threshold would capture material changes in approach while allowing normal refinement. We discuss this further in Schedule A.

We note that differences between the as-if portfolio and actual trades may arise for legitimate reasons including portfolio-level risk management and the fact that actual trading reflects the gentailer's full business (including generation and C&I), not just the retail business. The guidance should acknowledge these legitimate sources of divergence.

4. ND Policy, Audit Frequency, and Code Amendments

4.1 ND policy specification

We support greater specification of ND policy content in principle. Under Option 2, the ND policy becomes the primary compliance mechanism and greater specification aids compliance by providing clarity about Authority expectations. However, we ask for specific confirmation that commercial decisions made consistently with a published ND policy satisfy the good faith obligation under Principle 2.

4.2 External audit frequency

We don't have concerns with an annual audit. However, more frequent audits are unnecessary and would impose disproportionate cost. We also note that the Authority's estimate of $10,000 per gentailer is likely materially understated for the initial audit, which will require establishing the framework from scratch.

4.3 Code amendments

We have the following specific comments on the proposed Code amendments:

(a) **Definition of "discriminate."** The proposed Code amendments still do not define "discriminate." We repeat our December 2025 position (Schedule B, item 1 of the December submission) that the Code should include a definition aligned with telecommunications precedent. It should make explicit that the objectively justifiable reason test should function as the threshold test (i.e. a difference in treatment is not discrimination if it has an objectively justifiable reason), rather than as a defence (i.e. discrimination is presumed and the gentailer must then justify it).

(b) **Clause 13.236P(4).** The change from "not prevented from" to "not unduly deterred from operating profitably" materially lowers the discrimination threshold. "Prevented from" requires demonstrable inability; "unduly deterred from" introduces subjective assessment. We ask that the Authority explain the rationale for this change. If retained, the guidance should clarify what "unduly deterred" means in practice.

5. Conclusion

Genesis supports the Authority's objective of building confidence in the competitiveness of New Zealand's risk management contracts market. We recognise the value of providing assurance to independent generators, independent retailers, and other stakeholders that this market operates on a level playing field.

The Authority's February 2026 proposals represent genuine progress. Option 2 moves away from formulaic capacity calculations toward a principles-based framework that reflects how risk management actually works. The RPCA design acknowledges that price smoothing is legitimate competitive conduct, not discrimination. These are the right foundations. But foundations require careful construction. The existing commitments carve-out, as currently drafted, would penalise gentailers for acquiring new customers and investing in retail growth - outcomes which we do not believe the Authority intends.

The RPCA needs an implementation period that allows gentailers to build the systems, governance, and assurance processes to make it credible from day one. And the Code should define the central concept it regulates: discrimination.

In summary, we:

(a) support Option 2 for uncommitted capacity, with refinements including an expanded existing commitments carve-out covering customers in active discussion and documented retail growth plans;

(b) support the RPCA design, subject to a structured framework for price smoothing, removal of the undefined "narrow positive" trigger, a 10% materiality threshold for methodology changes, and an implementation period with the first RPCA delivered by 31 March 2027;

(c) support annual audits and greater ND policy specification; and

(d) ask that the definition of "discriminate" be resolved before the Code is finalised

Please contact me if the Authority has queries or wishes to discuss any aspect of this submission further.

Yours sincerely

[redacted]

Warwick Williams
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SCHEDULE A

Responses to Consultation Questions

Question	Genesis Response
Retail Price Consistency Assessment	
Q1. Do you agree with the Authority taking a forward-looking approach to the RPCA? If not, why not?	Genesis supports a forward-looking approach. An expectations-based assessment better reflects gentailer pricing decisions, avoids hindsight bias, and aligns with how independent retailers manage their hedge books. See paragraph 3.1(a) of the submission.
Q2. Do you agree with the Authority applying an as-efficient standard, including an allocation of common costs, to the retail cost component of the RPCA? If not, what standard should be applied and why?	Yes. The NDOs should not shelter less efficient entrants. The inclusion of common costs avoids effectively requiring entrants to be more efficient than the gentailer, consistent with the Commerce Commission's telecommunications equivalence guidance.
Q3. Do you agree that the Authority should not be publishing benchmarks for the cost of electricity, the as if portfolio of hedges and retail costs, and should instead provide higher level guidance to gentailers (eg, their cost of electricity should be calculated to minimise the risk adjusted cost of supply)? If not, please explain why and set out how you consider that benchmarks should be constructed.	Genesis strongly supports the decision not to prescribe benchmarks. Prescribing benchmarks would transfer risk decisions to the regulator and reduce competitive diversity — inconsistent with the RPCA's purpose of detecting discrimination. See paragraph 3.1(c).
Q4. Do you have any comments on our proposed approach to geographic and customer segmentation? If you don't agree, please explain why and set out the alternative segmentation that you think the Authority should apply. Whether or not we require geographic segmentation, we would also be interested in your views on the best regional classification to apply when the Authority analyses the RPCAs (NRRs, EDB areas, GXPs or something else).	Qualified support. The two-segment approach (new/existing customers) is appropriate. Genesis supports NRR-level reporting to the Authority for surveillance purposes but opposes NRR-level public reporting. Public reporting should be at an aggregated level only. Consistency with retail pricing regions allows Genesis to leverage existing systems and processes and keep implementation and compliance costs low. See further paragraph 3.1(e) of the submission.
Q5. Do you have any comments on our proposed approach to price smoothing? If you disagree with our approach, please set out your preferred alternative, and how it is consistent with ensuring that there is a 'level playing field' to promote competition between gentailers and independent retailers.	The approach requires further development. Genesis proposes that where a gentailer has a documented smoothing policy disclosed in its ND policy, negative margins consistent with that policy should carry a presumption of being objectively justifiable. See further paragraph 3.3, including the response to footnote 37.

Question	Genesis Response
Q6. Do you have any comments on the proposed date for the first RPCA disclosures? If you are a gentailer, and have concerns about your ability to meet that timeframe, please explain these in detail	Genesis requests an appropriate implementation period, with the first RPCA delivered by 31 March 2027. Three months from Code finalisation is insufficient. Four interacting mechanisms (RPCA, transfer pricing curve, accounting transfer price, generation margin reporting) must work together coherently. The as-if portfolio methodology requires significant analytical work. Compliance infrastructure for NRR-level calculations does not currently exist. See further paragraph 3.2 of the submission.
Uncommitted Capacity	
Q7. Do you prefer Option 1, Option 2 or our previous proposal on uncommitted capacity? Do you have any feedback on how Options 1, 2 and our previous proposal on uncommitted capacity could be improved?	Qualified support for Option 2. Option 2 removes the complexity inherent in the UC calculation, reflects practice, and aligns with OTC Code principles. Genesis proposes the following refinements: (a) The existing commitments carve-out must be expanded to cover customers in active discussion and documented retail growth plans. The Authority's October 2025 consultation paper treated organic growth as committed capacity (paras 5.31, 5.35) and the February 2026 guidance reverses this without explanation. Genesis' retail growth strategy involves documented targets, capital expenditure, and publicly disclosed growth trajectories that require forward procurement. The carve-out should accommodate both categories. (b) "Comparable" contracts should be assessed by risk profile, not headline terms. Two contracts with identical strike prices but different optionality, tenor, or credit terms are not comparable. Risk profile equivalence is the correct comparator. (c) The shift from a voluntary OTC Code concept to a mandatory Code obligation requires commensurate clarity on how intolerable risk will be assessed. The guidance should specify assessment factors, confirm that ND policy documentation is relevant, and confirm that the listed factors are non-exhaustive. (d) Scarcity should be signalled through price. A gentailer that faces genuine capacity constraints should be able to respond with a price that reflects those constraints, not be required to decline entirely. Pricing to reflect scarcity is consistent with efficient market operation.
Q8. Do you have any feedback on the interplay between OTC monitoring requirements and the appropriate reporting where gentailers rely on 'intolerable risk position' in response to a request for a risk management contract?	Genesis supports alignment between OTC monitoring and NDO reporting. Reporting of intolerable risk determinations should be consistent across both regimes. A gentailer that has engaged in good faith through the EOI/RFP process, proposed alternative terms, and signalled scarcity through price should be treated as complying with both regimes.
Internal non-discrimination policies and audit requirements	
Q9. Is it useful and/or helpful to provide greater specification in the Code of the requirements for a non-discrimination policy?	We support greater specification. Under Option 2, the ND policy is the primary compliance mechanism. Greater specification aids compliance by providing clarity about Authority expectations. Genesis seeks specific confirmation that commercial decisions made consistently with a published ND policy satisfy the good faith obligation under Principle 2. See paragraph 4.1.

Question	**Genesis Response**
Q10. Do you support the requirement for external audit of compliance with the NDOs? Why or why not.	Yes, however, annually – not six monthly. An audit provides credible assurance and is consistent with audit requirements elsewhere in the Code. The first audit should occur after at least one full RPCA cycle to ensure there is a complete dataset against which compliance can be meaningfully assessed. See further Q11 below.
Q11. Is an annual audit of these requirements appropriate, or would a different timeframe be better?	Annual is appropriate. More frequent audits would be disproportionate and impose compliance costs without equivalent regulatory benefit. The first audit should occur after at least one full RPCA cycle. We ask that the Authority consult on audit scope and standards before the first cycle.
Q12. Would the codification of the audit requirement impose significant additional costs?	The Authority's $10,000 estimate is likely materially understated for the initial audit, which will require establishing the compliance framework from scratch. Ongoing annual costs may approach the Authority's estimate once the methodology is settled, but the initial audit — covering systems, data, governance, and methodology review — will involve significantly greater effort.
Regulatory statement	
Q13. Do you have any comments on the impact of the proposals in this paper on the regulatory statement?	The incremental compliance costs, particularly RPCA implementation costs (systems, data, cost allocation, governance) may be underestimated.
Appendix A — Draft RPCA guidance	
Q14. Do you agree with the proposed general approach to the RPCA, including the approach to implementation and potential evolution of guidance? If not, why not and what would be an alternative approach?	We prefer an iterative approach. Material changes to RPCA methodology or expectations should be evidence-based and subject to consultation. Gentailers should not face a moving compliance target.
Q15. Do you agree with the proposed overall calculation approach to the RPCA? If not, why not? In what way could it be improved and why?	Yes subject to clarification on: (a) treatment of unhedged load in the as-if portfolio; (b) treatment of PPAs and generation-backed supply arrangements. The guidance should confirm that differences between the as-if portfolio and actual trades may arise for legitimate reasons, including portfolio-level risk management and the fact that actual trading reflects the gentailer's full business (including generation and C&I), not just the retail business. See further paragraph 3.
Q16. Do you agree on the draft guidance with respect to customer coverage, and the approach and criteria for identifying and reviewing RPCA segments? Do you agree that RPCAs should be reported by NRR? Please provide reasons and any proposals to improve. Note, you do not need to duplicate responses to the earlier question on the proposed segmentation.	NRRs are the appropriate geographic unit for Authority surveillance. Genesis supports NRR-level reporting to the Authority but, as noted in Q4, requests that public RPCA reporting be at an aggregated level only. See further paragraph 3.1(e) of the submission.
Q17. Do you agree with the proposed approach to calculating average retail prices per MWh? If not, why not?	Genesis supports the snapshot approach. Price changes expected shortly after the assessment date should be recognised as an

Question	Genesis Response
	objectively justifiable explanation for RPCA results, as the Authority acknowledges at para 3.72.
Q18. Do you agree with the proposed approach to calculating non-energy costs, including the proposed approach to shared and common costs and attribution of costs to bundled services? If not, why not? Note, you do not need to duplicate responses to the earlier question on the efficiency standard for retail costs.	Genesis supports the approach. Genesis requests further guidance on bundled services cost allocation, including confirmation that the proportional revenue allocation also applies to shared customer acquisition and retention costs.
Q19. Do you agree with the proposed approach to expected cost of electricity? If not, why not? We would particularly welcome any views on proposed guardrails (eg, minimising risk adjusted cost of supply) and possible alternatives, and on our approach to changes in method between assessments.	Yes, subject to a 10% materiality threshold (not 5%). Genesis notes that differences between the as-if portfolio and actual trades may arise for legitimate reasons, including portfolio-level risk management and the fact that actual trading reflects the gentailer's full business (including generation and C&I), not just the retail business. We propose a 10% threshold for the following reasons: (a) The 5% threshold was designed for the ITP, not the RPCA. The October 2025 consultation paper proposed a 5% threshold for changes to the ITP methodology (draft clause 13.257(1)(b)). The February 2026 paper applies the same figure to the RPCA's expected cost of electricity (para A.112). The ITP is a single transfer price; the RPCA requires an as-if portfolio built across multiple NRRs, segments, and brands with assumptions about load shape, contract mix, hedge timing, and cost allocation. A threshold calibrated for the simpler ITP calculation is not appropriate for the more complex RPCA. (b) A 5% threshold will likely be triggered by routine input recalibration. In a market where wholesale prices can move 20–40% within a single quarter, a 5% shift in expected cost of electricity can result from updating a single input assumption. At 10%, the threshold captures genuine changes in approach rather than normal analytical refinement. (c) Dual reporting is not cost-free. Each trigger requires parallel calculations across every NRR, segment, and brand for two consecutive years, plus documented justification and pre-implementation consultation with the Authority (para A.111). If the threshold is set so low that routine updates trigger it, dual reporting becomes a near-permanent state rather than an exceptional safeguard. (d) A low threshold discourages methodology improvement. The Authority has preserved gentailer discretion over the as-if portfolio (paras 3.36–3.43, A.106–A.107) and acknowledged the guidance will evolve (para A.15). A gentailer that identifies a more accurate methodology should be able to adopt it without triggering a two-year dual reporting obligation. The 5% threshold creates a compliance drag on improvement. (e) The RPCA is new and has no established baselines. In the early years, refinements between assessments are inevitable as

Question	Genesis Response
	gentailers develop their methodologies. A 5% threshold would mean most early refinements trigger dual reporting, turning the learning period the Authority itself anticipates (para A.16) into a compliance burden. (f) The safeguards remain robust at 10%. All methodology changes — whether above or below the threshold — must still be disclosed and explained (para A.110). The Authority retains the ability to scrutinise any change. Raising the threshold reserves dual reporting for genuinely significant changes without affecting the Authority's monitoring function.
Q20. Do you agree with the proposed guidance on the assessment of results, including the factors the Authority may consider in determining the appropriate follow up for negative or small positive RPCA results? If not, why not and what would be an alternative approach? Note, you do not need to duplicate responses to the earlier question on price smoothing.	Qualified support. The non-bright-line approach and the assurance at para A.117 are welcome. However, the cumulative effect of persistent-negative scrutiny, the absence of safe harbours, and broad compliance referral discretion risks creating a de facto bright-line test in practice. However, Genesis opposes the "narrow positive" concept and asks that it be removed from the guidance. The Authority itself acknowledged the difficulty, describing the boundary between a negative and a "narrow positive" margin as "likely arbitrary" (para 3.66 of the consultation paper). If the Authority cannot define the threshold with precision, gentailers cannot comply with it with confidence. The obligation should be limited to where the RPCA shows a negative margin. A narrow positive margin is, by definition, positive — no subsidy to the retail arm is present and no discrimination has occurred. See paragraph 3.1(d). We also propose that the Authority publish, after the first RPCA round, a summary of the types of explanations assessed and the criteria applied. This would provide practical guidance on what constitutes an adequate explanation without requiring formal safe harbours, and would reduce regulatory uncertainty over time.
Q21. Do you agree with the proposed approach to RPCA disclosure and reporting?	Yes, subject to robust confidentiality protections. As noted in Q4 and Q16, Genesis supports NRR-level reporting to the Authority but requests that public RPCA reporting be at an aggregated level only — see paragraph 3.1(e). Genesis requests the Authority consult on the RPCA dashboard content and format before the first publication.
Appendix B — Proposed Code amendments	
Q22. Do you have any comments on the drafting of this Code amendment? Are we missing anything? Is there anything that we should not include?	Key comments on the proposed Code amendments: (a) Clause 13.236P(4): The change from "not prevented from" to "not unduly deterred from operating profitably" materially lowers the discrimination threshold. "Prevented from" requires demonstrable inability; "unduly deterred from" introduces a subjective assessment. Genesis requests the Authority explain the rationale for this change. If retained, the guidance should clarify what "unduly deterred" means in practice. See paragraph 4.3(b). (b) Clause 13.236V: We support the structure. However, Public RPCA reporting should be at an aggregated level only — see paragraph 3.1(e) regarding NRR-level public reporting.

Question	Genesis Response
	(d) Definition of "discriminate": This remains unaddressed in the proposed Code amendments. Genesis repeats its December 2025 position (Schedule B, item 1 of that submission) that the Code should include a definition aligned with telecommunications precedent. The objectively justifiable reason test should function as the threshold test (a difference in treatment is not discrimination if it has an objectively justifiable reason), not as a defence that is presumed to apply only once discrimination is established. See paragraph 4.3(a). (e) Intolerable risk threshold: The shift from a voluntary OTC Code concept to a mandatory Code obligation requires commensurate clarity on how intolerable risk will be assessed. The Code or guidance should specify the factors the Authority will consider, confirm that documented ND policy considerations are relevant, and confirm that the listed factors are non-exhaustive. See paragraph 2.3.