

25 August 2025

Tēnā koutou

Open Letter: Ensuring our approach to price paths is delivering for consumers

Purpose of this open letter

The purpose of this open letter to stakeholders is to obtain views on:

- the recent reset of the electricity distribution default price-quality paths (DPPs) which applies to non-exempt electricity distributors (EDBs) from 1 April 2025 (DPP4)¹
- mechanisms, incentives or settings which could be applied in DPP5 (the reset which will apply to EDBs from 1 April 2030), and the process and information for that reset

Context

In November 2024, we published our final decision on the DPPs to apply from 1 April 2025. Our decisions included resetting maximum revenue limits and minimum quality standards, as well as some associated amendments to the input methodologies (IMs) - the underlying regulatory rules and processes.

We understand that engagement in our regulatory processes can be time-consuming for stakeholders, and we greatly appreciate the input that we received throughout the process.

In making our decisions, we have the long-term interests of consumers at the forefront of our minds. Consumers use the electricity network every day, and they should be able to have confidence that this critical infrastructure is reliable and represents value for money. In practice, this means our decisions should enable EDBs to make the right investment, at the right time and at the right cost, to provide services at a quality that reflects the demands of their customers. We expect EDBs to work effectively within our regime to deliver services efficiently, optimise the use of existing network capacity, including through use of flexibility services, and to prioritise spending to meet current and future demands.

DPP4 was set in a context of increases in interest rates and inflation from when we last set revenues (DPP3), acceleration in the growth of demand for electricity, and some EDBs expecting to invest more in renewal of assets due to the age of their network. This resulted in higher electricity network charges to meet cost pressures and to enable necessary investment that will benefit consumers in the long term.

¹ Aurora Energy will transition from its customised price-quality path to the DPP on 1 April 2026. Further information on the transition for Aurora is available [here](#).

Potential areas for focus for DPP5

The energy sector is in a period of change and uncertainty, and the pace of change may accelerate over the period leading to DPP5. Where and when investment may be required will depend on a number of policy, consumer demand and market evolutions. At the same time as electricity demand is expected to increase, there are new technologies and alternative solutions for accommodating growth on electricity networks. The expectations of consumers, government and industry on both us and the sector are also increasing. Considered engagement from the energy sector is therefore critically important to ensuring the price-quality paths we set for DPP5 continue to provide the right incentives for EDBs.

The default price-quality path reset and IM review present opportunities to review and adjust our price-quality path regulation to ensure it remains fit for purpose in the changing context faced by the energy sector. This could include whether current settings, including information requirements:

- best promote the efficient use of EDBs' networks and existing capacity, including greater use of non-traditional solutions and managing or incentivising load shifting
- encourage innovative approaches to delivering least-cost energy services
- encourage improvements in asset management practices, planning, and service delivery outcomes for consumers
- create the right framework for addressing uncertainty about future demands on networks – e.g. through revised information to support expenditure forecasting at the start of the process and/or adjustment mechanisms which could apply within the regulatory period

Given the time required to engage effectively with stakeholders, develop datasets, and design incentives or frameworks which EDBs can respond to, we are seeking your views on areas of focus for DPP5. We intend to take account of feedback provided on this letter in developing our work programme through to the next reset, but will need to prioritise those aspects we consider will deliver the most value for consumers.

Throughout development of our programme of work we will also continue to work in close cooperation with other relevant agencies like the Electricity Authority, the Energy Efficiency and Conservation Authority, and the Ministry of Business, Innovation and Employment.

Providing your feedback

We welcome all feedback on this letter by 7 October 2025. Responses should be addressed to:

Ben Woodham, Electricity Distribution Manager;
c/o infrastructure.regulation@comcom.govt.nz
'Feedback on DPP open letter' in the subject line of your email.

If you would like to request an extension to this deadline – please contact us via the details above.

We intend to publish feedback we receive unless there is a clear and explicit request to not publish it due to confidentiality or commercial sensitivity. We will consider any such requests on their merits.

Ngā mihi

Andy Burgess
GM Infrastructure Regulation