

6 March 2026

To: All Chief Executives for suppliers of Electricity Distribution services regulated under Part 4 of the Commerce Act 1986

*By e-mail only*

Tēnā koutou,

## **Reminder of Electricity Distribution Businesses' obligations under Information Disclosure Determination**

### **Purpose of this letter**

1. We require related party disclosures to ensure transparency and show that regulated suppliers are not giving their related parties preferential treatment. This helps maintain a fair and level playing field for all market participants. On 19 February, the threshold for reporting related party transactions was increased from \$20 million to \$30 million. I am writing to you now to remind you of your obligation to disclose information on related party transactions in a transparent, accurate and timely manner.<sup>1</sup>
2. This letter highlights why we require related party disclosures, what you need to provide, and some of the concerns that have been raised regarding recent related party transactions. This requirement is set out in the *Electricity Distribution Businesses Information Disclosure Determination 2012* (the **ID Determination**), issued under Part 4 of the Commerce Act 1986 (**the Act**).<sup>2</sup>

### **Background**

3. We recently received complaints that some EDBs may be engaging with their related parties in a manner inconsistent with the ID Determination.<sup>3</sup> The concerns raised were about how certain EDB treat companies competing with their related

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<sup>1</sup> Commerce Commission, [Electricity Distribution Information Disclosure \(Related Party Transaction Threshold\) Amendment Determination 2026](#), (19 February 2026), page 4.

<sup>2</sup> For definitions of 'related party', 'related party transaction' and 'arm's length transaction' please see the Input Methodology Determination for EDBs at [EDB Input Methodologies Determination 2012](#) (Consolidated 23 April 2024).

<sup>3</sup> Clause 2.3.1.(7) of the ID determination.

businesses, which are involved in the installation and operation of electric vehicle charging stations. In response, we have addressed these concerns by engaging directly with the affected EDBs.

4. We are concerned that related party transactions can raise competition issues where a regulated supplier engages in preferential treatment of its related party when procuring services. These transactions may fall under Part 2 of the Act.<sup>4</sup>
5. The Act<sup>5</sup> prohibits conduct by a person with a substantial degree of market power in a market, if that conduct has the purpose, effect, or likely effect of substantially lessening competition in that market or certain other markets. It is likely that EDBs have market power in one or more markets related to their lines networks. Accordingly, EDBs should ensure that their conduct does not affect competition in that market or other markets. For example, if an EDB provided preferential pricing or service to its own downstream EV charging arm that disadvantaged other competitors,<sup>6</sup> that EDB could be at risk of breaching section 36.
6. Further information is in our *Misuse of Market Power Guidance*, available on our website.<sup>7</sup>
7. From an economic regulation perspective, as opposed to competition law, we have not yet assessed whether those EDBs have fully disclosed their related party transactions. As we continue to closely monitor this matter, we expect all EDBs to meet their disclosure obligations in good faith. Maintaining high standards of transparency and accuracy in reporting related party transactions is critical to achieving the purpose of Part 4 of the Act and ensuring that consumers are protected through clear, reliable information.

### **Why we require related party disclosures**

8. We recognise that EDBs may have links or relations with unregulated businesses (related parties) through common shareholdings or other common control. There are certain benefits that can be derived from these types of business dealings, such as economies of scale and scope that could be passed on to consumers in the form of lower prices.
9. However, related party transactions can also have negative implications on achieving the purpose of Part 4 of the Act. This can happen, for instance, where:
  - a regulated supplier *procures* services from its related party:

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<sup>4</sup> Section 36.

<sup>5</sup> Section 36

<sup>6</sup> For example, access to network data that third parties either cannot access or face cost/time difficulties in accessing, or prioritising connection applications by its own EV charging arm over rivals' applications.

<sup>7</sup> Commerce Commission, [Misuse of Market Power Guidelines](#) (March 2023).

- a. at prices higher than it would, had the same services been procured from an independent third party. This may increase the input costs of the regulated supplier, to the detriment of consumers; or
  - b. despite other independent suppliers being more efficient, thus potentially denying consumers the benefits of efficiency gains.
10. We expect the price that an EDB pays for an asset, good or service it procures from its related party to be consistent with what it would pay had the same asset, good or service been procured through an 'arm's-length transaction' in an open market. Similarly, we also expect that an asset, good or service sold or supplied by a regulated supplier to its related party should be as a result of having gone through the process of an arm's-length transaction.

### **What EDBs need to disclose in relation to related party transactions**

11. The ID Determination requires EDBs to publish a report on related party transactions set out in Schedule 5. The purpose of the related party disclosure is to allow interested parties to have information that shows:
- the existence and extent of related party transactions;
  - what the related party transactions relate to;
  - whether the price paid is the same or similar to the price which would be expected in an equivalent arm's length transaction; and
  - whether the price is based on objectively verifiable information.
12. We publish summary and analysis of information we receive from regulated suppliers, including disclosures on related party transactions.
13. For further information on the requirements for related party transaction disclosures, please refer to our updated Input Methodologies (**IMs**), which incorporate the most up to date requirements.<sup>8</sup> Please note that the guidance on related party transactions has not been updated. We will update this guidance in due course.
14. The Electricity Authority has also published guidance on how distributors should manage and record related party involvement in flexibility services.<sup>9</sup>

### **Next steps**

15. Following this letter, the Commission intends to look closely at related party disclosures and the conduct of EDBs in this area.

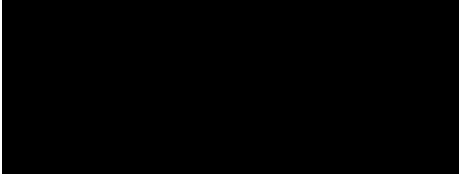
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<sup>8</sup> Commerce Commission, [Electricity Distribution Services Input Methodologies Determination 2012. \(23 April 2024\)](#).

<sup>9</sup> Electricity Authority, [Guidance on distributor involvement in the flexibility services market](#), (2 February 2026).

Thank you for your attention to this matter and for supporting continued compliance with the ID requirements and applicable competition laws. If you have any questions or require further clarification, please contact Claire Harkess at [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz).

Nāku iti noa, nā



Andy Burgess  
General Manager, Infrastructure Regulation