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Via email: infrastructure.regulation@comcom.govt.nz
(subject line: Feedback on open letter – local lines networks)

Submission on achieving better outcomes for consumers now and in the future

Thank you for the opportunity to provide feedback on the Commerce Commission's plans for achieving better outcomes for consumers now and in the future, set out in Nathan Strong's open letter dated 10 September 2026. Our comments focus on the matters most relevant to EA Networks and the communities we serve. These are summarised below, followed by more detailed responses to each of the questions in the open letter.

EA Networks has also contributed to the sector-wide response coordinated by Electricity Networks Aotearoa (ENA) and broadly supports the positions set out in that submission. This submission provides additional perspectives arising from EA Networks' consumer ownership, local governance, operating circumstances and experience of practical collaboration.

Executive summary

EA Networks supports the Commission's objective of improving outcomes for current and future consumers and broadly supports the proposed focus on strong core operations, effective commercial arrangements and capability for the future.

Consumer value is wider than the lowest possible line charge. Reliability, resilience, responsiveness, trusted local governance, community capability and long-term affordability all matter. For a consumer-owned EDB, local ownership and governance align the interests of customers and shareholders and provide direct accountability to the community served.

Scale, collaboration and standardisation should be treated as means to better outcomes, not as ends in themselves. EA Networks' experience demonstrates that practical collaboration can reduce duplication, improve consistency and deliver access to shared capability without sacrificing local governance, delivery or accountability. Regulation should therefore be outcomes-based, proportionate and evidence-led.

Regulatory intervention should begin with a clearly evidenced consumer problem, an understanding of its causes and an assessment of the available alternatives. Regulation should encourage shared platforms, common standards, benchmarking, joint procurement and coordinated customer initiatives while avoiding assumptions that organisational size or ownership consolidation is a reliable proxy for performance.

Question 1: Is the proposed focus on delivering core network operations well, having strong commercial arrangements and building capability for the future appropriate?

Yes. These are appropriate and mutually reinforcing elements of good Electricity distribution businesses (EDBs) performance. Reliable and efficient core operations provide the foundation; commercial arrangements help consumers and their agents make efficient choices; and future capability allows an EDB to adapt to changing technology, increasing electrification and evolving customer expectations.

The framework should remain flexible enough to recognise differences in network circumstances, consumer needs, geography, ownership and the timing of electrification. Good performance should be assessed by outcomes, not uniformity of organisational form or operating model.

Capability should be judged by the services an EDB needs to provide and the outcomes it delivers, rather than by whether it owns a particular system, holds a particular certification or follows a prescribed business model. EDBs should be able to build, share or procure the capability they need, with consistent regulatory treatment of each approach.

Question 2: Are aspects not adequately addressed within the vision statement?

We agree with ENA that the vision should be framed more explicitly around outcomes for consumers. Within that broader consumer-outcomes framing, EA Networks considers that the Commission gives insufficient weight to the contribution of consumer ownership, local governance, local accountability and locally retained operational capability.

EA Networks is a consumer-owned co-operative. Customers and ultimate owners are substantially the same community. This substantially aligns the interests of consumers and owners and reduces the conventional tension between shareholder returns and consumer costs. Pricing, investment and service decisions are made with a direct focus on affordability, service quality, resilience and the long-term sustainability of the network.

Local governance embeds consumer interests in decision-making, strengthens accountability and supports the social licence needed for substantial long-term investment. Consumers are not only stakeholders consulted from time to time; local governance mechanisms allow their interests to influence strategic priorities and performance expectations directly.

Question 3: What are the industry's priorities, and are we aligned?

We consider the highest priorities for the industry should be those that make the greatest material difference to outcomes experienced by consumers:

- **A consistent and transparent customer experience.** EDBs should provide clear customer commitments and service standards through a customer charter, supported by comparable measures of customer experience. Common definitions and benchmarking would help identify good practice and areas requiring attention.
- **Timely and efficient connection services.** The industry should continue working towards more consistent connection information, terminology, processes and contractual arrangements. EA Networks supports the development of a common national connection portal to simplify the customer journey without preventing EDBs from responding to local circumstances.

- **Affordability and efficient cost management.** Greater collaboration, standardisation and sharing of capability should be pursued where these demonstrably reduce duplication or cost while maintaining or improving service to ensure delivery of affordable service to our consumers.
- **Reliable, resilient and safe electricity supply.** Reliability measures such as SAIDI and SAIFI should be considered alongside safety, resilience, affordability and customers' willingness to pay. Further reductions in outage measures may require progressively greater expenditure, so the appropriate balance between reliability, resilience and affordability should be informed by consumer preferences and network circumstances.
- **Efficient utilisation and investment.** Pricing, flexibility, data and network visibility should be used to improve utilisation and inform the timing of investment, while retaining prudent headroom for growth, reliability and resilience.
- **Clearer visibility of network charges.** Retail pricing and billing should provide consumers with appropriate visibility of network charges and signals. This will improve transparency for consumers to understand the makeup of their energy costs and keep the pressure on retailers to reflect actual network and transmission charges.
- **Effective retail competition throughout New Zealand.** Consumers in smaller or less densely populated regions should have reasonable access to competitive and innovative retail offerings. This outcome depends on the wider electricity market and cannot be delivered by EDBs.
- **Local resilience and regional capability.** Local governance and a locally retained operating presence support emergency response, network knowledge, employment, procurement and regional economic resilience and growth.
- **Direct access to smart meter data.** EDBs should have **direct access to smart meter data** from metering equipment providers (MEPs) at the incremental cost of them providing it.

These priorities are broadly aligned with the Commission's proposed outcomes, but they will require active prioritisation and sequencing. Adding further initiatives to the existing programme without determining what should be advanced, deferred, combined or stopped is unlikely to deliver the best outcome for consumers.

Question 3.1: Where can a material difference be made, and what is the priority hierarchy?

We consider the highest priorities for the industry should be those that make the greatest material difference to outcomes experienced by consumers:

- Deliver the fundamentals well: safety, reliability, resilience, asset management and responsive customer service.
- Improve the customer experience, particularly connection processes, network information, outage communications and complaints resolution.
- Deliver and demonstrate the benefits of existing sector commitments before introducing further overlapping initiatives.
- Use data, digital systems, pricing and flexibility to improve utilisation and defer or avoid inefficient investment.
- Build enduring workforce and organisational capability, using collaboration, shared services and procurement where these provide net consumer benefits.

- Consider structural change only where evidence demonstrates additional net consumer benefits that cannot reasonably be achieved through less disruptive alternatives.

Question 3.2: How should priorities and proposed interventions be evaluated?

Evaluation should be proportionate to the scale, risk and reversibility of the intervention. It should consider whole-of-life consumer benefits and costs, reliability and resilience impacts, implementation cost, distributional effects, local circumstances and unintended consequences. Where evidence is uncertain, staged implementation, pilots and transparent post-implementation review will generally be preferable to prescriptive sector-wide change.

A material regulatory intervention should require a clear problem definition, credible counterfactual, assessment of feasible alternatives and evidence that expected benefits exceed implementation and transition costs.

The level of assessment should reflect the consequence of the intervention. A low-cost trial may warrant a proportionate assessment, whereas an intervention affecting expenditure allowances, RAB recognition or liability should require robust evidence, quantified costs and benefits where practicable, and explicit consideration of unintended consequences.

Question 4: How does EA Networks determine required capability and its path to the future state?

EA Networks considers capability through its governance, strategy, asset management, workforce planning, operational risk and investment processes. Capability is broader than systems, software, data and analytics. It includes local field resources, engineering knowledge, operational experience, emergency response, supplier relationships and workforce development.

Our locally based delivery capability provides detailed knowledge of the network and communities served, supports rapid fault response and retains institutional knowledge accumulated over time. This is particularly valuable during severe weather and multiple concurrent outages.

EA Networks considers the appropriate capability model for each function by reference to the consumer outcome required, the capability needed to deliver it, and the relative benefits and costs of developing that capability internally, procuring it externally or sharing it with others. This approach allows access to scale and specialist capability while retaining local capability where that contributes materially to consumer outcomes.

Question 5: What is needed from regulators, regulation and legislation?

Regulation should recognise that ownership and governance structures create different incentives. A consumer-owned EDB has a different relationship between customers and shareholders from an investor-owned business. Governance arrangements can themselves contribute to good consumer outcomes and should be recognised where accompanied by transparent performance and accountability.

Assessment should be outcomes-based and avoid a presumption that bigger is always better. Organisational size, standardisation, collaboration, aggregation and ownership consolidation are related concepts, but they are not synonymous. The framework should allow EDBs to select the most efficient means of achieving the required outcomes.

Regulators can assist by aligning work programmes and information requirements, setting clear and stable expectations, enabling efficient cost recovery for prudent transformation, and supporting experimentation where consumer protections are maintained. Regulatory settings should accommodate a broad range of collaborative models, including shared platforms, common standards, benchmarking, joint procurement, shared capability development and coordinated customer initiatives. The test should be whether the approach delivers better consumer outcomes and long-term value, not whether every EDB adopts the same organisational model.

EA Networks accepts that greater regulatory flexibility should be accompanied by strong evidence, transparent performance and accountability for delivery. In return, regulatory settings should be predictable, proportionate to the evidence available and coordinated across agencies.

Question 6: What timescales are feasible?

Timescales should reflect the nature and urgency of the problem being addressed, the capability or change required, and the decisions that the work is intended to inform. Process improvements and clearer service standards may be achievable relatively quickly, while major digital platforms, workforce development, asset-management maturity and new commercial arrangements are likely to require staged implementation over several years. Expectations should recognise dependencies, procurement and implementation lead times, systems integration, the availability of specialist resources and the need to maintain safe and reliable operations during transition.

The Commission should distinguish between the pace at which an EDB is expected to commence and demonstrate progress, and the date by which a capability is expected to be fully mature.

Question 7: How should smaller EDBs assess the impact of cost constraints?

Capability gaps should be identified and assessed objectively rather than inferred from EDB size. The assessment should identify the consumer outcome at risk, capability required, feasible delivery options and the whole-of-life cost and benefit of each option.

Larger EDBs are not automatically more efficient, nor do they automatically deliver better consumer outcomes. Work commissioned by the various sector participants found no single optimal scale for EDBs and did not identify scale alone as a reliable predictor of performance[1][2]. The Commission's review of 2023 asset management plans similarly found that good asset-management practice is available to EDBs of different sizes[3].

MBIE's discussion document acknowledges that scale alone is not clearly established as a driver of efficiency, and even commentators who favour consolidation accept that scale alone will not fix the underlying incentives. Where inefficiency exists, it should therefore be identified through evidence of costs and consumer outcomes, rather than inferred from an EDB's size, ownership or operating model.

Cost constraints should be assessed in relation to the consumer outcome or service at risk. The assessment should compare credible alternatives, including building the capability internally, procuring it, sharing it with other EDBs or continuing with the current approach. It should consider establishment and ongoing costs, service benefits, implementation risk and the extent to which each option preserves necessary local capability.

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[1] MBIE, Options to improve the efficiency of electricity distribution businesses; Growth NZ, Powering a Prosperous New Zealand, 2026.
[2] M. Pollitt, Benchmarking and Optimal Scale for Electricity Distribution [Businesses] in New Zealand: A study for the Commerce Commission, 20 November 2025.
[3] IA Engineering Consultants New Zealand Ltd, 2023 AMP Review Series, prepared for the Commerce Commission, 2024.

Some capabilities are efficiently shared, particularly specialist expertise, procurement, common platforms and digital development. Others are inherently local, including network knowledge, field response, community relationships and operational experience. Collaboration should be preferred where it achieves comparable outcomes at lower cost, but local capability should not be weakened where it is material to reliability, resilience or responsiveness.

Question 8: What are the barriers to increased consolidation and standardisation?

EA Networks supports greater standardisation and collaboration where these deliver measurable benefits for consumers. There is value in the sector doing more together, particularly where common approaches make services simpler, more consistent and more cost-effective. Our experience shows that these outcomes can be achieved through practical shared initiatives without removing local delivery or accountability.

Standardisation, collaboration and access to scale efficiencies do not require ownership or governance consolidation. These are distinct approaches to standardisation and collaboration that address different problems and should be assessed separately. Standardisation and collaboration can deliver the economies of scales without the need for ownership consolidation.

Recent advice to the Commission found no single optimal scale for EDBs, while MBIE has acknowledged that scale alone is not clearly established as a driver of efficiency and that there is no conclusive evidence structural ownership change is required to achieve efficiencies.

Ownership consolidation will involve significant transaction and integration costs, loss of local accountability, emergency response management, dilution of consumer representation, reduced local responsiveness and risk to locally retained capability. Consolidation should not be presumed to reduce costs or improve consumer outcomes as shown in the quarterly Survey of Domestic Electricity Prices prepared by MBIE.

Question 9: Are alternative regulatory approaches likely to be more impactful or easier to implement?

Yes. The Commission should prioritise approaches that reward outcomes and continuous improvement rather than prescribe inputs or organisational structures. The Commission should focus on substance over form and avoid placing excessive reliance on individual point metrics.

EA Networks supports a graduated approach:

- transparency and benchmarking first - any benchmarking should use a range of metrics not a single point as it is important to ensure a range of factors are considered.
- investigation of material outliers to understand their causes.
- an accountable improvement plan where an EDB is not delivering against the outcomes.
- stronger consequences only where material inefficiency persists and the evidence supports intervention.

EA Networks recommends caution with measures that automatically disallow costs or reduce RAB recognition based on a single proxy, such as procurement method, organisational scale or the presence of a particular system capability. Such rules may create incentives to optimise for compliance rather than consumer value and may not account adequately for local circumstances or transition constraints.

Question 10: How should the Commission develop its work programme with the sector?

EA Networks supports ENA's proposal to initiate a sector-wide prioritisation exercise and then test the resulting priorities and sequencing with the Commission, the Electricity Authority, MBIE and consumer representatives. The exercise should identify not only what should proceed, but also what should be combined, deferred or stopped.

The Commission's work programme should build on, rather than run in parallel with, that exercise. For each workstream, the programme should identify the consumer outcome sought, the decision owner, the evidence required, dependencies, milestones.

Conclusion

EA Networks supports the Commission's objective of ensuring affordable and consistent outcomes for consumers. EDBs should deliver core operations well, maintain effective commercial arrangements and build the capability needed for a more electrified future.

Standardisation, collaboration and access to scale efficiencies do not require ownership or governance consolidation. Consolidation should not be presumed to reduce costs or improve consumer outcomes.

The regulatory framework should recognise the full range of outcomes valued by consumers and the contribution of consumer ownership, local governance and locally retained capability. EA Networks' experience shows that collaboration and standardisation can reduce duplication, improve consistency and provide access to scale efficiencies while preserving local delivery, accountability and responsiveness.

The next step should be to agree the outcomes that matter most to consumers, establish the evidence base of the opportunity and prioritise the work most likely to improve those outcomes. Regulatory intervention should be proportionate, coordinated and directed at evidenced problems, rather than ownership or delivery methods.

EA Networks supports ENA's proposed sector-wide prioritisation exercise and would welcome the opportunity to work with the Commission, other agencies, the sector and consumer representatives to develop a focused and deliverable programme. We would be pleased to discuss this submission and the matters raised in it further with the Commission.

Yours sincerely



Onno Mulder
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