erganz
Electricity Retailers' and Generators' Association of New Zealand

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Commerce Commission

Wellington

Via email: Infrastructure.Regulation@comcom.govt.nz

ERGANZ SUBMISSION ON THE OPEN LETTER – LOCAL LINES NETWORKS: ACHIEVING BETTER OUTCOMES FOR CONSUMERS NOW AND IN THE FUTURE

The Electricity Retailers' and Generators' Association of New Zealand (ERGANZ) welcomes the opportunity to submit on the Commerce Commissions open letter 'local lines networks: achieving better outcomes for consumers now and in the future', dated 10 September 2026.

ERGANZ is the industry association representing companies that generate and sell electricity to Kiwi households and businesses. Collectively, our members supply almost 90 percent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

While ERGANZ does not represent Electricity Distribution Businesses (EDBs) we find it appropriate to submit on this open letter as efficient and low-cost delivery of the services EDBs provide is vital to ensuring a fair and affordable energy transition for New Zealanders.

We are particularly interested in this open letter because our members must incorporate distribution charges into their retail pricing, while having no control over the costs.

Executive summary

As New Zealand electrifies, every part of the sector must perform efficiently, for the long-term benefit of consumers. This should be considered across the full cost stack of generation, transmission, distribution, retail, system operation, regulation and wider policy costs.

Distribution costs have been a major driver of household bill increases over the last year, making it timely for the Commission to reassess whether EDB regulation is fit for purpose and consistent with the future needs of the system.

ERGANZ is broadly supportive of the Commissions future-state focus, however we believe that it could be sharpened in several key areas.

Firstly, delivering core network operations well should include disciplined investment and appropriate consideration of non-network alternatives. Secondly, strong commercial arrangements should explicitly encompass greater standardisation, competitive neutrality and low-cost interfaces with retailers and other third parties. Finally, building capability for the future should not imply that each EDB must independently develop every capability, instead the question should be whether or not each EDB can efficiently access the capability required, either through their own systems or through shared platforms and services.

Response to consultation questions

Questions	Comments
Q1. Is the proposed future state focus of EDBs delivering core network operations well, having strong commercial arrangements in place and building capability for the future appropriate?	ERGANZ is broadly supportive of the Commissions proposed future-state focus. The three areas identified in the indicative vision (effective delivery of core network operations, strong commercial arrangements and capability for the future) are consistent with our longstanding view that EDBs must efficiently perform their monopoly function while enabling competition, innovation and increasing electrification. We consider, however, that the vision could be sharpened in several areas. Firstly, delivering core network operations well should include disciplined investment and appropriate consideration of non-network alternatives. Secondly, strong commercial arrangements should explicitly encompass greater standardisation, competitive neutrality and low-cost interfaces with retailers and other third parties. Finally, building capability for the future should not imply that each EDB must independently develop every capability, instead the question should be whether or not each EDB can efficiently access the capability required, either through their own systems or through shared platforms and services.

	Ultimately the effectiveness of the three aspects of the vision should be assessed against their ability to deliver better outcomes for consumers, especially around affordability.
Q2. Are there aspects which you consider are not adequately addressed within the Vision Statement which are either impacting performance now, or are likely to in the future?	The Commission has indicated that EDBs should have strong commercial arrangements that support non-network solutions, flexibility and efficient utilisation, but it does not explicitly state that EDBs should enable competitive markets without using their monopoly position to distort them. The vision should more clearly recognise the importance of competitive neutrality as EDBs increasingly interact with said competitive markets. EDBs should provide open and non-discriminatory platforms and interfaces that enable competition in flexibility and other emerging services. While there is reference to a desire for efficiency improvements to put downwards pressure on costs and for there to be reduced costs for stakeholders in interactions with EDBs within the Commissions initial view of likely outcomes for achieving the vision, we would like to see affordability explicitly addressed as a desired outcome rather than only an inferred one as it currently stands. ERGANZ supports the Commission's proposed future-state focus, provided the three elements are defined and assessed by reference to demonstrable consumer benefit. Ultimately, the vision should be assessed against its contribution to affordability, efficient electrification and better outcomes for consumers. Performance should then be benchmarked across EDBs with the corresponding information published to ensure accountability, consistent with recommendations made to MBIE.
Q3. What are the industry's priorities, based on the needs of current and future consumers, and are we aligned?	As we stated in our submission to MBIE on the discussion document for the electricity distribution businesses, affordability is ERGANZ key test for assessing policy and regulatory changes. Distribution charges making up around 24.5 percent of the

	average power bill, while network costs alone drove almost two thirds of the eight percent increase in household bills over the past year. Ensuring EDBs perform their core functions efficiently, invest prudently and continually seek opportunities to improve productivity is therefore a key priority for ERGANZ. On this, we are broadly aligned with the Commission. At the same time, the role that consumers play in the electricity system is changing. Growing demand for flexibility, increasing uptake of distributed energy resources and the shift from consumers to prosumers will place new demands on distribution networks and the commercial arrangements that sit around them. EDBs will need the capability to meet these changes, while ensuring that consumers can participate in and benefit from the changing system. We therefore see the principal priorities as affordability and efficient delivery of core network services, investment discipline and efficient utilisation of existing network capacity, greater standardisation and efficiency in interaction, and ensuring that EDBs have the capability required to support a growing and changing electricity system. These priorities appear to be broadly consistent with those identified by the commission.
Q3.1. Where are the biggest areas of focus where a material difference can be made for consumers and the potential hierarchy of these? Q3.2. How should priorities be valued/evaluated, and what level of assessment or quantification may be good enough for proposed regulatory interventions?	N/A The greatest material gains for consumers are likely to come from improved productivity and utilisation of existing assets, disciplined scrutiny of new capital expenditure, nationally consistent processes and interfaces and competitive procurement of flexibility and other non-network solutions. ERGANZ considers these areas should be prioritised according to their expected effect on long-term consumer costs, and the scale and timing of the benefit, and whether the solution can be applied efficiently across multiple networks.

Q4. How are EDBs internally determining the capabilities required to deliver most effectively and efficiently for their consumers and setting the path towards a future state?	N/A
Q5. What is needed from regulators/regulation/legislation to enable achievement of these visions and outcomes?	ERGANZ believes that the regulatory framework needs to provide clear and consistent incentives for EDBs to achieve the Commissions vision and outcomes. Regulation should support greater standardisation, efficient investment and the use of shared capability where it provides better value for consumers. As outlined in our recent submission to MBIE, ERGANZ considers voluntary approaches to standardisation have not delivered sufficient consistency across pricing structures, connection processes and customer facing systems. We therefore support greater use of binding standards where nationally consistent arrangements can reduce transaction costs and improve outcomes for consumers, while preserving the ability of EDBs to reflect local network conditions. Consistent with this price-quality regulation should be applied to all EDBs including the 13 currently exempt consumer owned EDBs. The regulatory framework should also be neutral between EDBs developing new capabilities internally and accessing them through a shared platform or service. Where shared arrangements are more efficient, regulation should not create incentives for individual EDBs to duplicate capability. Finally, major network investment should be subject to appropriate scrutiny, including consideration of flexibility, non-firm pricing and other non-network alternatives before traditional network upgrades are undertaken. At the same time, regulators should look to avoid overlapping or duplicating requirements where existing regulatory processes already provide sufficient scrutiny. More broadly ERGANZ considers that regulatory decisions should be assessed in

	the context of their cumulative impact on consumers. Coordination between the Commission, Electricity Authority, MBIE and other relevant agencies will therefore be important to ensure that individually reasonable regulatory interventions do not collectively impose unnecessary costs.
Q5.1. What other enablers are important or essential within our, or other, regulatory regimes? Q5.2. What should we deprioritise/reduce regulatory burden on?	N/A N/A
Q6. What timescales are feasible? Q6.1. For EDBs, do you have a clear work programme which identifies when certain capabilities or insights will be more readily accessible?	N/A
Q7. For smaller EDBs, where cost is identified as the key reason for not progressing system or capability development – how is the impact of this assessed and quantified?	N/A
Q8. What are the barriers to increased consolidation and standardisation within the part 4 regime? What is needed to overcome or reduce these barriers?	ERGANZ considers that the Part 4 regime should support efficient collaboration and be neutral between EDBs developing capabilities internally and accessing them through shared platforms or services. As outlined in our recent submission to MBIE, the regime may fund an EDB's own capital investment in a new function, more readily than a subscription to a shared platform. This risks encouraging duplication where shared services may deliver better value for consumers. The Commission should examine whether this bias exists and address any differences in regulatory treatment that cannot be justified on efficiency grounds. To reiterate again from our MBIE submission, ERGANZ does not favour forced amalgamation.

Q9. Are there particular proposed potential regime changes where you consider alternative approaches may be more impactful and easily implemented by both EDBs and the Commission?	N/A
Q10. On the Commission's process from here – how do you think our work programme could be best developed in coordination with the sector?	ERGANZ considers that maintaining social licence for the electricity sector requires government and regulators to communicate clearly and transparently about the drivers of cost increases across the full cost stack, including those arising from policy and regulatory decisions. The Commissions work programme should be developed in coordination with other agencies and the sector to build a shared understanding of these drivers and their implications for consumer bills. Greater visibility would help consumers understand cost pressures and enable third parties to identify opportunities to reduce costs through innovative products and services.

Conclusion

ERGANZ thanks the Commerce Commission for the opportunity to comment on this open letter.

If there are any outstanding questions or a need for further follow-up, please let me know.

Yours sincerely,

Ben Young

Policy and Regulatory Lead