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Daniel Brown
Manager
Electrify NZ
Ministry of Business, Innovation and Employment
WELLINGTON

7 October 2026

Dear Daniel,

Discussion Document for the electricty distribution businesses

Twenty of New Zealand's twenty-eight EDBs have Trust ownership in some form, making it the dominant ownership model. ETNZ's members are consumer-owned trusts that represent the interests of power consumers in their regions.

Most are rural or provincial based trusts. Lines companies are major employers, and this trust ownership retains ownership in the regions that they serve and retains their revenue and profits in the regions they serve.

Trust-owned EDBs supply electricity to over 1,500,000 consumers and collectively have over $9 billion in network assets.

ETNZ members represent more than 1 million power users in New Zealand, and their trusts distribute more than $300 million a year to their consumers.

Crucially, consumer ownership ensures they can strike an appropriate balance between affordability of prices to current consumers and investing in an increasingly critical piece of community infrastructure for future generations.

By virtue of their ownership model, Trust-owned networks are naturally incentivised to act in the best interest of their consumers. Our members' companies are active in their communities – their profits go to their consumer beneficiaries, and also provide local sponsorships and fund community initiatives. In addition, trust-owned EDBs are significant employers in their regions.

Over the past 30 years, trusts and their lines companies have provided a safe, effective, and reliable distribution of electricity to power consumers, the beneficiaries of the trusts. As owners of these significant privately-owned assets delivering vital infrastructure to their communities and run as successful businesses, trusts and their companies have adapted to changing environments and economic conditions.

Looking to the future

ETNZ members are focused on their consumers – it's a clause in their trust deeds, which govern their activities.

Our members are committed to meeting the needs of our consumers and to maintaining our lines companies as successful businesses. This includes our members actively seeking out opportunities to improve, get more efficient, and explore collaboration between EDBs to lower costs for consumers. As we wrote in a letter to then-Energy Minister Simon Watts at the beginning of this year, members' companies are collaborating, innovating, and maintaining a distribution system that continues to meet the needs of consumers. Affordability is one of those needs that trust-owned EDBs have as a priority.

The future is exciting for the electricity sector.

New technology and increasing electrification brings lots of opportunities. Trust-owned lines companies are keen to embrace these opportunities and the challenges that they bring. Regulatory intervention that is not supported by evidence threatens this.

ETNZ does not support the proposals as they apply to trust-owned EDBs, and asks that officials work with trusts and their lines companies on the best way forward for the industry as a whole.

ETNZ's responses to the specific questions in MBIE's discussion document are set out in the attached Annex.

Balancing scale and localism

We are pleased Government wisely chose not to try to progress some form of forced amalgamation noting '*There is also no conclusive evidence that structural ownership changes are needed to achieve efficiencies'*.[1]

ETNZ agrees. There are many aspects to an EDB's operations that are best and most efficiently conducted locally. There are also some where scale matters – procurement, shared systems, financing and insurance – for example, and ETNZ and its members are taking action on these.

There are existing examples, both locally and overseas, of such models. In the USA, it is common for electricity co-operatives to form collective procurement groups. Closer to home, the Local Government Funding Agency (LGFA) provides efficient financing for local government.

ETNZ, on behalf of its members, commissioned the New Zealand Institute of Economic Research (NZIER) to author a report outlining the benefits and barriers to establishing a collective funding agency to provide lower cost longer term funding to EDBs.
This is our first step towards delivering scale benefits for Trust-owned EDBs. We plan to engage with our members further on this and welcome the involvement of officials in this process.

Another area ETNZ would like to work on is around standardisation. More standardised processes, particularly around new connections, including DG connections, improve the service our members' consumers receive and lowers costs. Naturally, ETNZ supports moves designed to improve standardisation, and furthermore, our members collectively support consolidation around best practices. This is an opportunity to lift the bar.

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[1] Government Fact Sheet, "Electricity Distribution Business (EDB) efficiency, available at: https://www.beehive.govt.nz/sites/default/files/2025-10/Fact%20sheet%20-%20EDB%20efficiency%20and%20investment%20thresholds.pdf

As owners, our members regularly engage with boards and management. They are signaling their support for greater standardisation by actively questioning their companies as to their plans and approach to standardising processes across the sector. We continue to monitor progress in this space.

Members are interested in a procurement body, and ETNZ is exploring this. However, officials have indicated this would be a problem area for regulators. We note it would be an efficient way to get standardisation across the trust-owned sector, at a pace that works for ETNZ members.

What is efficiency?

This discussion document has a glossary which defines things such as "trust deed" but it does not define efficiency, nor does it provide any measures on what efficiency is and how to achieve it.

The Government's message is clear – find ways to make the distribution sector more efficient. Efficiencies will place downward pressure on prices. Our members want the same thing for their consumers. We are aligned in seeking the same outcome.

In response, we focus on actions that will flow to lower prices for consumers. We recognise the desire for solutions over rhetoric. However, we also note other points raised in the discussion document that in our view require further discussion. We welcome the opportunity for ongoing dialogue ahead of any changes.

ETNZ works closely with the ENA in advocating for our common members and we have chosen not to repeat many of the points in their response. Our views reflect the perspective of long-term owners who embrace their role as intergenerational stewards of critical community infrastructure. Our response focuses on practical and readily implementable measures that will improve outcomes for New Zealanders.

Reports referenced by MBIE in the discussion document also note that while there are differences between trust-owned and non-trust-owned EDBs, it is hard to identify what causes the differences, given the diversity of demographics, geography, density, and others.

For this reason, it is not possible to comment on matters such as comparative benchmarking until officials and regulators outline details of how they might determine and measure efficiency. We reserve our position until this is clarified.

Ownership is not the issue

EDBs play a critical role in the electricity system, between Transpower and retailers, distributing electricity to consumers. Electricity is a vital part of our society, and communities and businesses rely on it.

Trust-owned lines companies and their predecessors have been providing electricity through their networks to consumers for more than 100 years. Today, they are rebuilding renewable generation assets, operating subsidiary businesses, and enhancing networks to cope with increased intermittent energy from solar and other generation flowing from households and farms towards the grid.

As the owners of most of the lines companies in New Zealand, we are concerned that the discussion document proposes measures to exert control over the lines companies without any clear evidence for why this is needed. Intervening in community-owned assets in this way requires clear evidence to justify it.

Many of the powers mooted in the discussion document are drawn from the water services regime. Those powers were introduced by the Government following a general election where the specific powers were reflected in manifesto commitments after a period of reform attempts and sector collaboration and consultation. The water services regime applies to council-owned water suppliers to address longstanding underinvestment issues, weak asset management and operational failures (evidence documented in a Government Inquiry and multi-year reform process). For the electricity sector, MBIE itself says there is limited evidence that ancillary investments are a systemic problem for EDBs, and insufficient evidence to draw firm conclusions about exempt EDBs. ETNZ is also not aware of any regulator in a comparable jurisdiction that requires community owners to review their ownership, as Option 3D proposes. Can MBIE explain why powers designed for a sector with demonstrated failures are needed here?

It is appropriate that lines companies as natural monopolies be regulated.

However, that requirement covers all lines companies, regardless of ownership. There is no reason to single out trust-owned EDBs for actions such as mandatory director training or placing new controls on trust-owned EDBs' subsidiaries, for example.

Trusts and their lines companies often use subsidiaries to diversify earnings and to spread risk. Owning an ancillary business (which all Trust networks do or have done in their lifetime) should never threaten investment in the network if that business doesn't perform. There is no evidence that has ever occurred, certainly not at trust-owned lines companies identified as having "anomalous" subsidiaries, according to Energy Minister Simeon Brown in his meeting with ETNZ representatives. That is the only thing the regulator should be concerned with.

There is no evidence in the discussion document or elsewhere of specific issues with trust-owned lines companies. The discussion document refers to problems that "could" occur, or "might" occur, but acknowledges there are no examples of situations where they have occurred.

Rather, it is clear that trusts have learnt from their own history and the wider New Zealand corporate history, and that they are focused on the success of their businesses and the needs of their beneficiaries – the current and future power users of their districts.

Any fallout from poor overall business performance is adequately dealt with through the Trust model – trustees are elected from the pool of consumers – the ultimate owners of the lines companies, as beneficiaries of the trusts - and if consumers are unhappy with business performance, they can and do vote out trustees.

It is this close accountability to their community of power consumers that has seen trust-owned EDBs exempt from much regulation previously. It is a much more intensely focused accountability than most businesses in New Zealand experience.

Officials have raised these concerns about possible problems many times over the past 20 years, all without finding any grounds to force changes – indeed, the same arguments are rebutted in the

Yarrow reports as attached, with the same "concerns" voiced 10 years ago, again with no evidence.

The CEPA report was commissioned by the Commerce Commission to try to measure EDB productivity. The most important finding from the report was the admission that this is hard to do.

ETNZ and its members support improving productivity as it leads to reduced investment costs and lower prices over time. What is critical is to define the outputs. A clear and coherent view on this will align EDBs to focus on delivering these outputs more efficiently. It is important we get this right. Officials and regulators need to engage properly with EDBs and consult intensively to ensure this happens.

Pricing concerns

The cost of living crisis is important, and it is a significant factor in trust-owned EDBs' planning and activities. ETNZ members' companies are consumer-focused.

It needs to be recognised that New Zealand is in a period of transition, with new technology, equipment, and requirements to manage a diverse system with increasing demands with intermittent generation and the drive for solar energy exports. These changes have costs.

Access to data around costs and ways to mitigate those costs is important. And it's important that the sources of the data are verifiable and accurate.

For example, members are concerned about how the figure that has apparently driven these proposals – that of a 22 per cent increase in lines charges – has been derived.

The MBIE discussion document states:

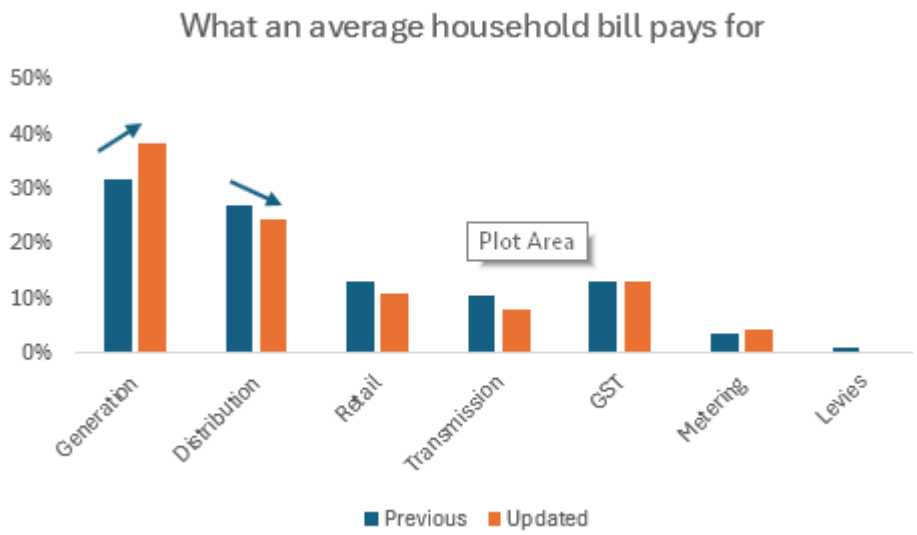
> Power prices have been a significant contributor to cost-of-living pressures recently. Distribution charges currently make up around 24.5 per cent of the average power bill. Further, the average New Zealand household has seen an eight per cent increase in its power bill in the last year with network costs driving almost two-thirds of that increase.

Data from the 17 trusts that make up ETNZ shows the increase from our members is considerably less than this – about 6 per cent. This equates to a 1.5 per cent increase in the overall customer bill.

There are also significant increases in transmission costs (from Transpower) or retailer margins on lines charges (as happened when the DPP3 reduction in lines charges was absorbed in greater power bills at the time).

Last year, the Electricity Authority (EA) updated its infographic showing the make-up of an average household power bill.[2] This showed distribution costs had fallen from 27% of a typical bill to 24.5%. Conversely generation costs had risen from 32% of a typical bill to 38.5%. The graph below shows a comparison across all components of a typical household bill from the previous infographic to the updated one.

[2] Electricity Authority, 30 May 2025: https://www.ea.govt.nz/news/general-news/new-power-bill-graphic-helps-consumers-see-where-their-money-goes/



We support improving efficiency in our sector; however, the data shows that other areas are driving increased costs. A holistic approach is needed across the entire electricity sector, not just distribution networks. We are also concerned that efficiencies in the distribution sector leading to lower prices get captured by other sector participants and do not flow to consumers. We seek assurances that measures will be put in place to prevent this occurring.

Future pathways

ETNZ and its members share the desire of ministers and officials for the electricity sector (and the wider energy sector) to be efficient, reliable, and affordable.

Our country needs all parts of the sector to work together – including officials and regulators.

There is a large number of consultations and required inputs from EDBs and their owners currently, and it is again disappointing that the responses to the letter from then-Energy Minister Simon Watts have not been taken into account in this latest discussion document. None are cited in the documents listed as being drawn on to inform this discussion document. All EDBs, ENA, and ETNZ contributed thoughtful submissions, listing the many ways that EDBs work together collaboratively and the innovations that are occurring in networks already. This latest discussion document threatens all that work.

ETNZ and its members are concerned about this document. Our concerns are three-fold:

- The document makes claims about efficiency, but is not able to define it, nor explain how measures will improve efficiency.
- There is no evidence that trust-owned EDBs are performing so badly that the scale of intervention proposed is necessary, nor is there any evidence that such intervention will bring about reductions in lines charges.
- The measures are targeted at one type of EDB ownership, whereas if the efficiency concerns were real, the measures would be aimed at all EDBs, regardless of ownership.

ETNZ is uniquely positioned to answer the question as to whether the current price-quality framework is the optimal regulatory framework for the future. Amongst our members are all exempt EDBs. We know firsthand the differences in decision making processes between both price-quality regulated and exempt businesses. We repeat our standing offer to officials to engage with us to improve their understanding.

MBIE itself accepts that the evidence is insufficient to draw firm conclusions about differences between exempt and non-exempt networks.

In closing, ETNZ and its members wish to reiterate and emphasise that we are committed to meeting the needs of our consumers and to maintaining our lines companies as successful businesses. Members' companies are collaborating, innovating, and maintaining a distribution system that continues to meet the needs of consumers. Affordability is one of those needs that trust-owned EDBs have as a priority.

The future is exciting for the electricity sector.

New technology and increasing electrification brings lots of opportunities. Trust-owned lines companies are keen to embrace these opportunities and the challenges that they bring.

However, this is at risk because of regulatory intervention that is not supported by evidence.

ETNZ does not support the proposals as they apply to trust-owned EDBs, and asks that officials work with trusts and their lines companies on the best way forward for the industry as a whole.

Yours sincerely,



Richard Allison
Chair
Energy Trusts of New Zealand Inc

Annex: ETNZ responses to MBIE consultation questions

Discussion document: Options to improve the efficiency of electricity distribution businesses (MBIE, 19 August 2026). This annex maps ETNZ's submission to MBIE's questions.

MBIE question	ETNZ position	Draft response
Part 1: Collaboration and standardisation		
Q1. How could regulatory settings better support standardisation and collaboration?	Support	ETNZ members are already acting. ETNZ commissioned NZIER on a collective funding agency for EDBs, on the model of the Local Government Funding Agency. Members support standard processes for new connections, including distributed generation, and are pressing their boards on this. Regulators can help most by making clear how joint work can proceed lawfully, and by letting the sector set the pace.
Q2. What barriers are there to standardisation and collaboration?	Barriers identified	Officials have indicated that a joint procurement body could raise concerns for regulators. Uncertainty under competition law is a real barrier to the collective procurement that MBIE wants. ETNZ asks for a clear pathway, such as guidance or authorisation from the Commerce Commission. The volume of consultations also draws heavily on smaller EDBs.
Q3. What is the likely scale of benefits?	Real benefits exist but have limitations MBIE itself notes	Scale matters for procurement, shared systems, financing and insurance, and members are pursuing these. The evidence, which MBIE accepts on page 12, is that cost differences between EDBs are driven mainly by **customer density** rather than size. Gains from collaboration are therefore likely to be larger, and cheaper to obtain, than gains from structural change.
Part 2: Monitoring performance (Options 1A and 1B)		
Q4. Does the chapter describe the current situation accurately?	Partly	The document does not define efficiency or say how it would be measured. The CEPA study MBIE

MBIE question	ETNZ position	Draft response
		relies on found that productivity is hard to measure and depends on how outputs are defined. MBIE and regulators need a clear understanding of the available efficiencies before embarking on a major review and reform.
Q5. Do you support the options?	1A: Reserve 1B: Oppose	1A: ETNZ cannot comment on comparative benchmarking until officials set out how efficiency will be measured. Any benchmarking must control for density, terrain and geography, as MBIE itself acknowledges. ETNZ supports clearer published performance information if the method is consulted on first. 1B: MBIE states there is **limited evidence** that ancillary investments are a systemic issue. Wider disclosure powers over non-regulated activities are not justified on that evidence.
Q6. Costs, benefits and unintended consequences?	Costs to consumers	Extra compliance costs flow through to consumers and fall hardest on smaller EDBs. League tables that do not control for density will mislead consumers rather than inform them.
Q7. Other options?	Alternative	Officials and regulators should first agree with EDBs and their owners what outputs EDBs are expected to deliver and how efficiency will be measured. ETNZ repeats its standing offer to work with officials on this.
Part 2: Responsive regulation under Part 4 (Options 2A, 2B and 2C)		
Q8. Does the chapter describe the current situation accurately?	Partly	MBIE rightly says the evidence is insufficient to draw firm conclusions about exempt and non-exempt EDBs. Price pressure is coming mainly from elsewhere. Electricity Authority figures show distribution's share of the average bill fell from 27 to 24.5 per cent, while generation rose from 32 to 38.5 per cent. Line charges for ETNZ members rose about 6 per cent, about 1.5 per cent of the total bill.
Q9. Do you support the options?	2A: Oppose for exempt EDBs 2B: Oppose 2C: No comment	2A: A wider toolkit should not be applied to exempt EDBs without evidence of a problem. 2B: ETNZ opposes both approaches. The consumer petition is the accountability mechanism that matches consumer ownership: the owners decide. Removing it moves that decision to the regulator without evidence of a problem. Applying price-quality regulation to all EDBs would add costs that MBIE accepts will pass to consumers. 2C: A matter for the larger non-exempt EDBs.
Q10. Costs, benefits and unintended consequences?	Costs to consumers	Regulatory and compliance costs for 13 additional EDBs would be recovered from consumers. Local accountability would weaken. Efficiency gains in distribution may be captured by other parts of the

MBIE question	ETNZ position	Draft response
		supply chain; ETNZ seeks assurance that they reach consumers.
Q11. Other options?	Alternative	A whole-of-sector approach that also covers generation, transmission and retail margins, which are driving recent increases.
Part 3: Governance of consumer-owned EDBs (Options 3A to 3D)		
Q12. Does the chapter describe the current situation accurately?	No	The chapter describes conceptual problems only. It describes what could or might occur but gives no examples of them occurring. MBIE concedes limited evidence that ancillary investments are a systemic issue, and the Office of the Auditor-General found public energy companies generally well managed and financially sound as they relate to core operations. The Office opines on future investment and capability challenges, but these are views about the future, not the current situation. The chapter understates the accountability trust-owned EDBs have to their customers: trustees are elected by consumers, who can and do vote them out. Consumers also already have a statutory safeguard. Consumers can petition for price-quality regulation if they are dissatisfied. Option 2B would remove it (see Q9 above).
Q13. Do you support the options?	Oppose statutory measures	3A: Consumer focus is already written into trust deeds. No statutory measures needed. 3B: Subsidiaries diversify earnings and spread risk. There is no evidence that any has threatened network investment. Dividend and rebate policy is a matter for beneficiaries. 3C: ETNZ supports voluntary training and guidance for directors, if applied to all directors in the New Zealand business environment. It opposes mandatory requirements applied only to trust-owned EDBs. 3D: Many trust deeds already require periodic ownership reviews. A statutory requirement is not needed.
Q14. Should the options apply to consumer-owned EDBs only, including partly owned?	No	If the concerns were real they would apply to all EDBs, whatever their ownership. Singling out one ownership model is not justified by the evidence presented. The same applies to partly consumer-owned EDBs.
Q15. Costs, benefits and unintended consequences?	Costs to consumers	New compliance costs would fall on consumers. Direct control over community-owned assets requires a clear evidential case, which the document does not make. Prescriptive rules may also deter capable trustees and directors.