MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Consultation submission form

The Ministry of Business, Innovation and Employment (MBIE) would like your feedback on:

Options to improve the efficiency of electricity distribution businesses

Please provide your feedback by **5pm, Wednesday, 30 September 2026**

When completing this submission form, please provide comments and supporting explanations for your reasoning where relevant. Your feedback provides valuable information and informs decisions about the proposals.

All submissions will be read by MBIE officials. MBIE may also use AI to summarise content and identify key themes. All AI outputs will be subject to human review. We appreciate your time and effort taken to respond to this consultation.

Instructions

To make a submission you will need to:

1. Fill out your name, email address, phone number and organisation. If you are representing an organisation, please provide a brief description of your organisation and its aims, and ensure you have the authority to represent its views.
2. Fill out your responses to the discussion document questions. Where possible, please provide us with evidence to support your views. Examples can include references to independent research or facts and figures.
3. If your submission has any confidential information:
    i. Please state this in the email accompanying your submission, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 (Official Information Act) that you believe apply. MBIE will take such declarations into account and will consult with submitters when responding to requests under the Official Information Act.
    ii. Indicate this on the front of your submission (e.g. the first page header may state “In Confidence”). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
    iii. Note that submissions are subject to the Official Information Act and may, therefore, be released in part or full. The Privacy Act 1993 also applies.
    iv. Provide an alternative version of your submission with confidential information removed in both Word and as a PDF, suitable for publication by MBIE.
4. Submit your feedback:
    i. By email to ElectrifyNZ@mbie.govt.nz
    ii. By mailing your submission to:

MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Electrify NZ Policy
Building, Resources and Markets
15 Stout Street
Ministry of Business, Innovation and Employment
PO Box 1473, Wellington 6140
New Zealand

Please direct any questions that you have in relation to the submissions process to ElectrifyNZ@mbie.govt.nz

Submitter information

MBIE would appreciate if you would provide some information about yourself. If you choose to provide information in the section below, it will be used to help MBIE understand how different sectors view the options for improving the efficiency of electricity distribution businesses. Any information you provide will be stored securely.

Your name, email address, phone number and organisation

Name:	[redacted]
Email address:	[redacted]
Phone number:	
Organisation:	Fonterra Co-operative Group Limited

☒ The Privacy Act 1993 applies to submissions. Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE may publish.

☐ MBIE may upload submissions and potentially a summary of submissions to its website, www.mbie.govt.nz. If you do **not** want your submission or a summary of your submission to be placed on either of these websites, please tick the box and type an explanation below:

We would appreciate a heads up when the submissions are going to be published, thanks

Please check if your submission contains confidential information

☐ I would like my submission (or identifiable parts of my submission) to be kept confidential, **I have stated** my reasons and ground under section 9 of the Official Information Act that I believe apply (for consideration by MBIE), and I have provided an alternative version of my submission with confidential information removed (suitable for publication by MBIE).

Questions for the consultation

Collaboration and standardisation to drive efficiencies of scale

Q1. How could regulatory settings be improved to better support or incentivise standardisation and collaboration, where this improves efficiency and service outcomes?

Fonterra strongly supports greater standardisation, particularly where differences between EDB approaches are not justified by underlying network circumstances.

Our experience across multiple EDBs suggests there would be value in establishing common minimum expectations for:

- Connection application and assessment processes, including standard information requirements, service levels and indicative timeframes;
- Visibility of existing and forecast network capacity;
- The form, quality and timing of connection cost estimates;
- Methodologies for allocating network upgrade and connection costs;
- Standard contractual provisions for large customers;
- And Reporting of network performance, reliability and asset condition.

For large industrial connections, there should be greater consistency in the process from initial enquiry through feasibility assessment, commercial offer, construction and project delivery. We recognise that there remains good reason for some variation in approaches across the country, but having more consistency on the process, information provided, allocation principles and customer rights should make the system far more predictable.

Fonterra also supports strengthening standard contractual arrangements. In our experience, some EDBs use existing default arrangements as the effective ceiling for negotiations, rather than a minimum starting point for large customer contracting.

Standard arrangements could better address matters such as annual performance and reliability reporting, asset-health and refurbishment information, restoration expectations, escalation protocols, critical-spares strategies, transparent cost-allocation methodologies and formal customer information rights.

Q2. What barriers are there to standardisation and collaboration between electricity distribution businesses (EDBs?) If so, what Government action (if any) would help address these?

Fonterra sees several practical barriers. Firstly, EDBs differ significantly in scale and internal capability. Larger or better-resourced EDBs may have specialised commercial, engineering, regulatory and customer teams, whereas smaller EDBs may have fewer resources available to deal with large, complex connections.

Individual EDBs also have developed their own processes, contractual practices, and interpretations over time. Once embedded, there may be limited incentive for a monopoly provider to adopt a common national approach.

Thirdly, there can be a tendency for regulatory minimums to become operational maximums. We have seen EDBs reluctant to provide contractual commitments or information beyond what they consider they are strictly required to provide.

Being able to negotiate outside default arrangements can be important for large, export orientated businesses that depend on the reliability of energy supply and it is typical when negotiating with a wide range of other vendors.

For example, Fonterra will often negotiate with vendors supplying industrial boilers to secure guarantees associated with reliability and up-time, because of the criticality of this equipment to our operations, particularly over the peak of the dairy season where we cannot afford to have outages.

This contrasts with our attempts to engage with EDBs, who in some circumstances have claimed that SAIDI and SAIFI are the standards they are regulated by and therefore that is what they're willing to be contractually committed to. These measures are important, but they do not appropriately factor in the consequence of outages to large, single ICP-connected users.

We recommend clarifying that EDBs should be encouraged to consider a broader range of factors during contractual negotiations, alongside strengthening standard contractual arrangements. There is an opportunity to address these barriers by establishing national minimum standards and stronger mechanisms for larger customers to escalate unreasonable delays, terms or information gaps.

Q3. What do you consider to be the likely scale of benefits from encouraging greater standardisation and collaboration between EDBs?

Fonterra considers the potential benefits to be material. For a multi-site industrial consumer, inconsistent processes and requirements create duplicated engineering, legal and commercial effort. More importantly, uncertainty about connection timeframes, available capacity, and final connection costs can delay investment decisions and make otherwise viable electrification projects more difficult to approve. The benefits therefore extend beyond efficiencies within EDBs. Faster and more predictable connections can facilitate industrial investment, electrification and economic growth.

Monitoring performance

Q4. Does this chapter accurately describe the current situation?

Generally yes. Our experience indicates there is meaningful performance differences across EDBs, including in connection responsiveness, commercial capability, availability of network information and the ability to manage significant network upgrades.

Existing information disclosure is valuable, but does not always allow customers to answer the practical questions that matter when making investment decisions: how quickly is this EDB likely to progress a connection? How reliable are its cost estimates? Can it be relied upon to deliver on agreed timeframes? What capacity is actually available?

We therefore agree that information disclosure would be more valuable if it enabled clearer conclusions about relative performance.

Q5. Do you support the options outlined in this chapter? Please give reasons.

Yes, Fonterra supports both Options 1A and 1B. We particularly support comparative benchmarking. As a customer of multiple EDBs, Fonterra already sees material differences in performance. A robust benchmarking regime would make these differences more transparent and create stronger incentives for improvement.

Benchmarking should be extended to include customer-facing measures such as connection lead times, timeliness and accuracy of connection estimates, delivery against agreed milestones, reliability performance and the availability and quality of network-capacity information.

It would be sensible to control for factors outside an EDBs control, such as customer density, network geography, asset condition and sever weather.

Fonterra also supports enhanced information-gathering powers and independent assurance where proportionate.

Q6. What do you consider to be the costs, benefits, or unintended consequences of these options?

The principal benefit would be stronger accountability. Transparent comparison should create reputational and regulatory incentives for underperforming EDBs to improve, while also allowing good performers to be identified and their practices replicated.

Q7. Are there any other options or approaches that could achieve the objective(s) outlined in this chapter? Please describe them and explain why they may be preferable.

Fonterra recommends that MBIE consider a national EDB performance framework incorporating customer-facing measures alongside conventional financial and reliability indicators. Fonterra also recommends reform of standard contracting arrangements, including the default distribution agreement and/or other commonly used EDB customer contracts.

There may also be value in placing more explicit contractual disclosure requirements on EDBs, so that regulators can gain visibility into actual contracting behaviour of EDBs.

Responsive regulation under Part 4

Q8. Does this chapter accurately describe the current situation?

Broadly yes, Fonterra agrees that the existing distinction between information disclosure and full price-quality regulation can limit the ability to respond proportionately to differences in EDB performance.

Our experience also causes us to question the proposition that consumer ownership, by itself, provides a sufficient substitute for reasonable economic regulation. For an electricity consumer, the relevant outcome is whether the network is efficiently operated and appropriately investing, as well as providing acceptable service quality and setting transparent and fair pricing.

Q9. Do you support the options outlined in this chapter? Please give reasons.

Fonterra supports expanding the Commission's regulatory toolkit under Option 2A. In particular, we support performance requirements, quality regulation, greater scrutiny of large investments, comparable benchmarking and flexibility to tailor regulation to individual EDB circumstances.

On Option 2B, Fonterra supports applying price-quality regulation to all EDBs regardless of ownership structure.

Q10. What do you consider to be the costs, benefits, or unintended consequences of these options?

The major benefit of applying price quality regulation consistently would be a common baseline of economic accountability across the sector. This would strengthen incentives to control costs, deliver efficient investment and maintain service quality irrespective of ownership.

Q11. Are there any other options or approaches that could achieve the objective(s) outlined in this chapter? Please describe them and explain why they may be preferable.

Fonterra recommends that connection performance become a more explicit element of economic and quality regulation. For large customers, network quality is not limited to outage duration and frequency, although this is important. The ability of an EDB to accommodate new demand efficiently, provide credible cost and timing information, and deliver required network upgrades is increasingly important to consumer outcomes and New Zealand's electrification objectives.

Innovation is another area where greater benefits could be delivered & Fonterra believes there are likely to be significant system-wide benefits by enabling EDBs to collaborate more on innovation.

Currently, there are many smaller innovation pilots run in isolation by individual EDBs through Part 4 funding, often without clear expectations about long term benefits to customers and which can be duplicative.

A more collaborative and efficient approach to this funding facilitated by ENA or the Commerce Commission that applies greater discipline to innovative solution proposals while encouraging EDBs to work together on the earlier stage innovation pilots would likely mean fewer, more targeted pilots – reducing overall costs – while also increasing the likelihood of delivering enduring value to the system. Consideration should be given to adding mechanisms within funding allowance approvals for successful innovative pilots to be rolled out across the sector.

Fonterra also recommends considering whether there are ways to enable smaller EDBs to access debt funding equivalent to the Commerce Commission's Weighted Average Capital Input Methodology rates. EDBs are regulated monopolies, with guaranteed returns, so there's no reason they should not be able to access these lower rates for financing.

Governance

Q12. Does this chapter accurately describe the current situation?

Fonterra broadly agrees with the issues identified, although our experience is principally as a customer. The capability in the sector varies considerably, particularly the ability of EDBs to evaluate and deliver complex industrial connections and major network upgrades. We therefore agree that there is value in ensuring that governance arrangements produce boards and management teams with appropriate infrastructure, commercial, financing and regulatory capability.

Q13. Do you support the options outlined in this chapter? Please give reasons.

Fonterra supports Options 3A, 3C and 3D in principle. Clearer objectives should reinforce the fundamental role of EDBs in delivering safe, reliable, resilient and efficient electricity networks and enabling economically efficient electrification. We also support stronger expectations around board capability.

Q14. If you support the options in this paper, do you agree that they should apply to consumer-owned EDBs only? If so, should this include both wholly and partially consumer-owned EDBs? Please give reasons.

Not as a general principle. Core expectations regarding economic efficiency, service quality, governance capability, investment discipline and accountability should apply across the sector regardless of ownership.

Q15. What do you consider to be the costs, benefits, or unintended consequences of these options?

Better governance capability should improve investment decisions, strategic planning, risk management and accountability, particularly as networks undertake substantially larger capital programmes.

Q16. Are there any other options or approaches that could achieve the objective(s) outlined in this chapter? Please describe them and explain why they may be preferable.

Consider stronger links between governance oversight and objectively measured EDB performance.

Technical Amendments

Q17. Do you support the options outlined in this chapter? Please give reasons.

N/A

Q18. What do you consider to be the costs, benefits, or unintended consequences of these options?

N/A