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To: The Ministry of Business, Innovation and Employment
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Genesis supports regulatory reform to promote standardisation and shared delivery

Genesis Energy Limited **(Genesis)** welcomes the opportunity to comment on the Ministry of Business, Innovation and Employment's (MBIE) *Discussion document for the electricity distribution businesses*. Please find attached our response to the consultation questions. Genesis also refers MBIE to the submission by ERGANZ. Throughout our submission, we also refer to the NERA report appended to the ERGANZ submission.

As noted by MBIE in the discussion document, New Zealand requires an estimated $32 billion investment over the next ten years to enable electrification while ensuring networks remain reliable. Given the scale of investment required, it is appropriate and timely for government to ensure regulations are fit for purpose. As has been widely noted (including by NERA in its report for ERGANZ), the energy transition is changing the role of EDBs, requiring additional functionalities and capabilities. While NERA identifies limited remaining scale efficiencies from ownership amalgamation of poles and wires, NERA does identify significant potential efficiencies in the new functions the energy transition will require, and that these efficiencies can be captured by shared provision or contracting without amalgamation. In addition, NERA finds significant potential efficiencies from standardisation across EDB pricing structures and connection processes. NERA's analysis validates Genesis' own experience as both a retailer and a generator with a large pipeline of new renewable generation, and we agree there are potentially material benefits from improved standardisation in distribution pricing structures and connection processes. However, NERA's analysis shows standardisation is unlikely to occur without regulatory change.

Standardisation should be supported through the Code where common requirements are appropriate and can improve efficiency and outcomes, including for pricing structures, connection processes and customer-facing systems. While the Electricity Authority's recent work on connection pricing will lead to improvements, without further Code amendments we see further standardisation as unlikely. Most distributors answer to local owners while the benefits of standardisation accrue nationally, to consumers, to retailers serving 28 networks, and to installers and service providers seeking scale. The NERA report highlights how, absent regulatory change, incentives for EDBs to standardise may not be sufficient to achieve the level of function standardisation necessary to unlock efficiency benefits. For example, while EDBs pay the cost of standardisation, the benefits are largely systemwide. Similarly, no single EDB can drive standardisation across other EDBs, so there is no benefit to being a first mover. Other barriers likely include the way non-exempt EDBs are regulated and funded under Part 4, and how consumer ownership is organised for exempt EDBs.

Genesis supports MBIE's proposal to remove the consumer petition requirement for extending price-quality regulation to EDBs that are currently exempt. In principle, there appears to be a

case for applying price-quality regulation to all distributors. The discussion document's own evidence supports this, recording productivity falling 2.1 percent a year for exempt EDBs against 1.2 percent for non-exempt EDBs over 2008 to 2023. MBIE's compliance cost objection could be answered by grouping smaller networks under a common path, as the water regime allows.

On performance monitoring, Genesis supports MBIE's proposal to remove the prohibition on comparative benchmarking and to expand the Commerce Commission's information-gathering powers. We also agree with MBIE's proposals to give the Commission a wider regulatory toolkit. On governance, Genesis supports the proposed options including replacing the successful business objective with an objective based on the functions of a successful distributor, director capability requirements modelled on the Local Government (Water Services) Act 2025, and periodic independent ownership reviews.

Yours sincerely,



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