Letter to the Commerce Commission

6 November 2026

To: Nathan Strong, Commerce Commission
CC: Simon Wakefield; infrastructure.branch@comcom.govt.nz
From: Richard Fletcher (Aurora Energy), Nigel Barbour (Orion), Jason Franklin (Powerco), Jaun Park (Unison), Chris Blenkiron (Vector), and Greg Skelton (Wellington Electricity)

Kia ora koutou

Feedback on open letter – local lines networks

The six electricity distribution businesses represented in this letter (**Large Distribution Group**), serving just over 70% of New Zealand's electricity consumers, welcome the opportunity to provide an initial collective perspective on the Commission's open letter regarding the future performance and development of New Zealand's electricity distribution sector.[1]

We strongly support the Commission's willingness to engage early on these issues and to begin a strategic conversation about the longer-term direction of the sector well ahead of the next regulatory reset. As electrification accelerates and customer expectations evolve, all EDBs will need the efficiency, capability and accountability required to deliver reliable, resilient and affordable services and better long-term consumer outcomes. In this context we acknowledge the value of the Commission setting out an indicative vision for the sector on page 3 of your letter. While there is detail to work through, we broadly agree with what the Commission is seeking to promote.

The central question is how the regulatory framework can best support EDBs to deliver the least-cost combination of efficient network investment, price signals and flexibility solutions, while preserving reliability, resilience and readiness for future demand.

Addressing this central question will also require a consistent regulatory foundation, with a credible pathway for any stronger incentives and accountability mechanisms needed to protect consumer interests to apply across all EDBs. We agree with the Commission's core proposition that consumers cannot be asked to pay for inefficiency, however that may arise.

Focus on outcomes rather than prescription

A successful regulatory framework should support EDBs to deliver affordable, reliable and resilient services while enabling New Zealand's long-term electrification ambitions. Different networks will

[1] Commerce Commission, 10 September 2026, *Open letter – Local lines networks: achieving better outcomes for consumers now and in the future*, see link.

often achieve those outcomes in different ways, reflecting their geography, customers, growth profile and operating environment.

For this reason, we encourage the Commission to define the consumer outcomes it expects, while allowing EDBs flexibility to determine the capabilities and approaches needed to deliver them.

Regulation should test whether an EDB has selected an efficient and reliable solution in its circumstances, rather than prescribe a particular operating model, organisational structure, technology or use of flexibility. We acknowledge that some desired outcomes will come with inherent difficulty in establishing the right measures and baselines and that you have signalled a willingness to consider input regulation in these areas. This is an area where EDBs can work constructively with the Commission to develop a workable and meaningful set of outcome measures, which as a matter of regulatory theory and practice remains the best approach.

Enable success through incentives, capability and innovation

The greatest opportunities for consumers are likely to come from regulatory approaches that encourage and reward improvements in performance, capability and efficiency. In our experience, sustainable improvements are more likely to emerge from strong incentives, practical enablers and a culture of continuous improvement than from relying primarily on prescription or financial consequences.

Support collaboration and scaling of leading practice

Across the distribution sector there are already encouraging examples of innovation, digital transformation, asset management improvements, shared capability initiatives, pricing innovation, flexibility programmes and efforts to improve network visibility. While many of these initiatives are still emerging, they demonstrate that EDBs are investing in continuous improvement and provide a practical foundation for working with the Commission to shape the future framework.

We encourage the Commission to consider how future regulatory settings can actively incentivise efficient collaboration, capability sharing and the broader adoption of successful initiatives, while removing barriers that prevent them from scaling. In many cases, the greatest benefit may come not from developing entirely new solutions, but from helping proven approaches spread more quickly across the sector.

Unlock the benefits of better network visibility, flexibility and customer participation

We see significant potential in initiatives that improve network visibility, enable flexibility services and support more efficient use of existing network capacity.[2] These opportunities have the potential

[2] Efficient outcomes will not always mean higher utilisation, particularly where resilience, security standards or prudent investment ahead of demand require spare capacity. Utilisation measures should therefore inform regulatory judgement rather than operate as automatic performance or financial tests.

to improve consumer outcomes and reduce long-term costs, but they will require coordinated action across the electricity ecosystem, including EDBs, market participants, consumers and regulators. Given this need for coordinated action, regulatory settings should encourage experimentation, learning and collaboration, while recognising that EDBs do not control all of the factors that influence customer behaviour and network utilisation.

Maintain investment confidence

The transition ahead will require substantial ongoing investment in network capacity, resilience, technology and organisational capability. In many cases, networks will need to invest prudently ahead of demand so that capacity and capability are available when electrification and growth occur.

Regulatory predictability will be critical to supporting this investment. We therefore encourage the Commission to proceed cautiously when considering mechanisms that could reduce recognition of prudent investments after they have been made or otherwise create asset-stranding risk, as greater uncertainty around investment recovery may increase financing costs and weaken investment incentives.

From our earlier letter to MBIE outlining our openness to IPP regulation, we believe a move to IPP regulation is likely to deliver greater consumer and stakeholder confidence in our capital expenditure and detailed planning/forecast assumptions. If the Commission's core concern is that there is not enough pressure on capex decisions, we consider that this is the best place to start for the Large Distribution Group. We would be happy to work through this in more detail with the Commission if you have any residual concerns.

Finally, where regulatory expectations evolve over time, changes should be transparent, prospective and supported by appropriate transition arrangements so that EDBs have an opportunity to respond. Financial consequences should follow only once the relevant measures, data and attribution tests are sufficiently robust.

Continue the conversation

The Large Distribution Group welcomes the opportunity to contribute constructively to the development of the Commission's future work programme.

Building on the initiatives and opportunities outlined above, we support the sector-wide prioritisation and coordination exercise proposed by the ENA. Rethinking regulation in the way outlined by the Commission is important work. As a sector, we are ready to invest the time and expertise to workshop in person with the Commission clear problem definition and ideas for responding to any problems or areas of uncertainty. We ask the Commission to prioritise in person engagement over simply written submissions as an efficient way to test and explore ideas across all stakeholders.

We also see an urgent need to engage more broadly with the other regulators – primarily the Electricity Authority and MBIE to identify appropriate sequencing and prioritisation of multiple

initiatives and programmes across multiple regulators relating to the EDB sector. This is critical to ensuring that EDBs and the regulators focus on areas with the highest potential benefit to consumers. The Energy Competition Task Force appeared to provide a workable model for collaboration and prioritisation across multiple regulators, but we don't have a firm view on whether that remains fit for purpose in the current context.

The opportunity now is to turn shared ambition into practical progress for consumers.

Ngā mihi nui,



Richard Fletcher

Chief Executive
Aurora Energy



Nigel Barbour

Group Chief Executive
Orion



Jason Franklin

Chief Executive Officer
Powerco



Jaun Park

Group Chief Executive
Unison



Chris Blenkiron

Group Chief Executive
Vector



Greg Skelton

Chief Executive Officer
Wellington Electricity