Major Electricity Users' Group

Promoting a robust electricity market

6 November 2026

Ben Woodham
Electricity Distribution Manager
Commerce Commission
PO Box 2351
WELLINGTON 6140

Sent via email: Infrastructure.Regulation@comcom.govt.nz

Dear Ben

Open letter – Local lines networks: achieving better outcomes for consumers now and in the future

1. The Major Electricity Users' Group (MEUG) welcomes the opportunity to provide feedback to the Commerce Commission (Commission) on its open letter "*Local lines networks: achieving better outcomes for consumers now and in the future*"[1] published on 10 September 2026.

2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on the Commission's website unaltered. Members may lodge separate responses.

Executive Summary

3. MEUG supports the Commission's intention to "*work with sector stakeholders to establish a clearly articulated view on what 'good' performance for a local lines network / Electricity Distribution Business (EDB) looks like*."[2] EDBs play a key role in supporting both the needs of businesses and residential consumers alike; yet all consumers have faced a considerable increase in lines charges, with inconsistent performance across the country's 28 EDBs, concerns around connections costs and processes, and a lack of transparency around whether investment is providing value for money.

4. We support the Commission working with both the Electricity Authority and the Ministry of Business, Innovation and Employment, (EDBs) as well as other key stakeholders[3] to develop a cohesive government wide-work programme for EDBs. We acknowledge that EDBs are subject to a considerable number of workstreams at present, and any further work may be difficult to implement in the short term. To be successful, MEUG consider that the EDB work plan must focus on the key issues, have set deliverables, align with currently regulatory requirements and timeframes, be able to be implemented by EDBs, and set clear accountabilities.

[1] https://www.comcom.govt.nz/assets/Uploads/Open-letter-Local-lines-networks-achieving-better-outcomes-for-consumers-now-and-in-the-future.pdf
[2] Page 1 of the open letter
[3] For example, the Electricity Networks Association, FlexForum and the Energy Efficiency and Conservation Authority.

5. We welcome the Commission's intention to apply "*stronger and more direct financial and reputational incentives than in the past to promote change where required*". We consider that progress over the majority of EDB-focused workstreams in recent years has been slow and insufficient and therefore, welcome more direct interventions. A change in approach is necessary to move away from a Business as Usual (BAU) environment with low levels of steady demand, to the current environment we face as we go through the energy transition, with greater electrification, greater level of distributed / consumer energy resources (DER / CER), more two-way flow of electrons, and greater uncertainty and variability in demand growth across the regions.

6. Several of the points MEUG seeks to raise in response to this open letter have already been outlined in recent submissions and public documents published by our association. To avoid replicating material unnecessarily, we refer the Commission to the following documents to support the comments in this submission:

   - **Attachment 1**: *Election 2026: Abundant Electricity for Economic Growth & Productivity*, MEUG policy manifesto
   - **Attachment 2**: *Options to improve the efficiency of electricity distribution businesses*, MEUG submission to MBIE, 7 October 2026
   - **Attachment 3**: *MBIE EDB efficiency discussion paper: Review of productivity measurement and cost drivers*, NZIER report to MEUG, 7 October 2026

Importance of a cohesive work programme for electricity distribution

7. It is well recognised that EDBs play an essential role in the electricity system, making up approximately a quarter of the average (residential) customers' bill.[4] Distribution charges are forecast to increase out to 2030 and beyond, with the BCG report *The Future is Electric* estimating that $25 billion of investment is required across the distribution sector by the 2030s.[5]

8. The forecast increase in expenditure is attributed to both maintaining and renewing the existing distribution networks but also to meet future customer demand and growth from electrification of process heat and transport. Despite a proportion of this spend being necessary investment, the concomitant increase in distribution charges is putting pressure on all electricity consumers, who are facing year on year increases in their bills.

9. Our recent submission to MBIE (**Attachment 2**) outline's MEUG members' experience interacting with the 28 EDBs across the country. Our policy manifesto (**Attachment 1**) outlines the drivers for MEUG's strong focus on improving the efficiency and affordability of electricity distribution networks and the two focus areas that we recommend the incoming government focus on:

   - Action 3: Regulation of distribution businesses based on performance and optimising use of networks
   - Action 4: Review Part 4 regulation of Transpower and electricity distribution businesses.

10. In the open letter, the Commission note that the "*Minister for Energy, Electricity Authority (EA), Energy Efficiency & Conservation Authority (EECA), MBIE and others (Transpower etc) are also engaging with sector stakeholders" on distribution related work programmes*"[6]. It was therefore surprising to see this open letter published so soon after the MBIE consultation paper, rather than incorporated into one broad consultation package.

[4] Electricity Authority estimate for an average householder power bill, https://www.ea.govt.nz/your-power/bill/
[5] https://www.bcg.com/publications/2022/climate-change-in-new-zealand
[6] Page 7 of the open letter.

11. MEUG re-iterates the same recommendation we have made to MBIE – that the "*Government first develop a shared work programme or action plan for EDBs, before confirming what workstream(s) from this consultation process should proceed*." We consider that the Commission, alongside other energy regulators, must be focused on:

    - The key problems and issues facing the sector and opportunities for change, based on sound insight and evidence; then scoping the changes and proposals that would provide the biggest benefit for consumers. Given the regulatory environment, it is important to communicate to consumers how and when changes will start to benefit them.

    - A staged work programme, that balances the ability for stakeholders to provide robust input into consultation processes, works within current regulatory timeframes (i.e. DPP periods) and can be effectively implemented by all EDBs. We acknowledged that EDBs are subject to a considerable number of workstreams at present, and any further work may be difficult to implement in the short term.

12. MEUG would welcome the opportunity to engage and provide feedback on what a "whole of government" work programme for electricity distribution should include.

Support establishing a vision statement for electricity distribution

13. MEUG support's the Commission establishing a clear view of what "good" looks like for the electricity distribution sector. We support the three indicative areas identified in the open letter:

    a. EDBs delivering core network operations well

    b. EDBs having strong commercial arrangements in place

    c. EBDs building capability for the future.

14. We recommend that the vision for EDBs also explicitly includes "meeting the needs of consumers", not only now but as consumer needs evolve in the future (i.e. greater deployment of solar, higher levels of electric vehicle ownership). Meeting the needs of consumers needs to recognise the differing needs of different consumer types. For example, many businesses are often more unwilling to tolerate interruptions to electricity supply due to the impact this can have on production, particularly for time-sensitive goods and services (i.e. the need to process milk, meet daily production of fresh bread).

15. MEUG is comfortable with the underlying actions and objectives outlined in the open letter. We agree that achieving a consensus view on priorities and actions would be ideal, but MEUG supports the Commission exercising their judgement, where their work is considered in the broader context of the sector work programme.

Establishing a minimum level of performance

16. As outlined in our submission to MBIE and our policy manifesto, MEUG strongly supports the proposal to "Remove the prohibition on comparative benchmarking and require the Commission to periodically publish accessible conclusions on EDB performance (Option 1A)".[7] We consider that establishing a **benchmarking regime for EDBs** would improve transparency for all types of consumers, while establishing further accountability and incentivising improvements in performance.

[7] https://www.mbie.govt.nz/dmsdocument/32336-discussion-document-for-improving-the-efficiency-of-electricity-distribution-businesses

17. While there are inherit differences between the EDBs, we believe it would be valuable to establish a ranking amongst all 28 EDBs. We would recommend:

- Establishing a **group of metrics across a range of areas to monitor performance**. This avoids narrowly defining performance and getting fixated on the exact measures or measures and endlessly debating the technical approach to measurement.
- Then focusing on establishing a **minimum level of performance, then monitoring the direction of travel with the metrics** (i.e. improvement, static, or declining). We recommend inclusion of some customer-facing metrics, as well as adjusting metrics to account for factors that may be outside an EDB's control (e.g. customer density).
- Subsequently, any regulatory changes, interventions and work programmes would be focused on lifting the performance of the lower-performing EDBs based on this data, and what measures would have the greatest impact for consumers.

18. As outlined in our policy manifesto, we consider that it is essential that the regulatory regime overseeing EDBs evolves to ensure that it is "fit for purpose" and provides the Commission with the essential information, tools and powers to drive real change in the sector (where needed and supported by clear evidence). We recommend that the incoming Government prioritise a review of Part 4 of the Commerce Act, including removal of the prohibition of comparative benchmarking, early in its term, to ensure that changes can be consulted upon with the sector and the necessary changes made to legislation, before the next regulatory period (DPP5, 2030 – 2035).

Other areas for improvement

19. There are several other recommended improvements that MEUG would like to see the Commission and/or applicable government agencies pursue. These include:

- Reviewing the merits of fully regulating all EDBs to ensure a level of transparency and consistency across the country. We disagree with the current approach for determining which EDBs are subject to price-quality regulation. Regulatory intervention should be determined on performance and consumer outcomes, not ownership structure.
- Investigating different regulatory measures to better support high-performing EDBs in large urban areas, to deliver on increasing customer demand and support broader electrification and economic growth aspirations. This could involve applying Individual Price-Quality Path (IPPs) to the largest four or six EDBs in New Zealand.
- Reviewing the fair rate of return that regulated monopolies should be able to earn.
- Updating the Commission's information gathering powers, to reflect best practice and learnings from other sectors (i.e. water).
- Considering whether EDB connections processes and performance should be subject to a specific form of quality regulation under Part 4. Connecting to the electricity networks is one of the major barriers for firms seeking to transition off gas, as discussed at EECA's webinar on its recent work to understand how New Zealand businesses navigate energy transition and efficiency.[8]
- The Commerce Commission working with MBIE to understand the scope of the ancillary investments undertaken by EDBs and assessing the impacts these investments have on electricity customers. If the current information disclosure regime does not provide the Commerce Commission sufficient insight into these investments, proceeding with the proposal to provide the Commission with greater information gathering powers should be the first step.

[8] Webinar held 6 November 2026.

- Greater standardised processes and contracts which would reduce administrative costs for customers and businesses operating across multiple EDBs. There are significant costs associated with negotiating varying requirements and processes for similar work or connections across different EDBs. Standardised processes and contracts should drive faster and more predictable connections, which can facilitate greater industrial investment, electrification and support broader economic growth in communities and regions.

20. Each of these recommendations is discussed in our policy manifesto and/or submission to MBIE.

Next steps

21. We welcome further discussion with Commission staff on the issues raised in this submission and our recent engagement with both the Electricity Authority and MBIE on the performance of EDBs. If you have any questions regarding our submission, please contact MEUG on [redacted] or via email at [redacted].

Yours sincerely

[redacted]

Karen Boyes
Major Electricity Users' Group

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

Tim Sparks, General Manager, Networks and System Change, Electricity Authority