



18 August 2026

Dr John Small
Chair Commerce Commission
PO Box 2351
Wellington 6140
Email: [REDACTED]

Dear John

Electrifying New Zealand's economy is a key part of the Government's plan to drive economic growth, reduce emissions and strengthen energy security. Achieving this goal requires the commitment of a range of parties, including the Government, industry and regulators. Some of these matters fall within the Commerce Commission's (the Commission's) mandate and I am writing to bring them to your attention.

This letter should be read alongside the Minister for Energy's recent letter to the Electricity Authority. Together, these letters set out the Government's expectations for a more efficient and innovative electricity distribution system including increased collaboration between EDBs where this can benefit consumers.

The Government's objectives for the electricity distribution sector

Electrification of the economy will require significant investment in strengthening transmission and distribution networks. It is critical that this investment is economically efficient, which means (among other things) that it reflects demand and optimises distributed energy resources in a manner that is least cost for consumers, while ensuring network reliability.

The Frontier Economics report on the electricity market performance¹ identified the fragmented structure of the electricity distribution sector as a significant barrier to improving performance. In particular, it highlighted that many small and medium-sized electricity distribution businesses (EDBs) may lack the scale needed to operate as efficiently, innovate as effectively, and invest as confidently, as required to support New Zealand's energy future.

The Government's response to the Frontier Economics report did not support forced amalgamation. However, we agreed to encourage greater alignment across EDBs, to improve efficiency and innovation across our networks. This includes encouraging standardisation and collaboration between EDBs where that delivers better long-term benefits for consumers than individual action, such as in relation to:

- Operational coordination
- Procurement and supply chain management

¹ Frontier Economics, *Review of Electricity Market Performance*, dated 23 May 2025

- Customer-facing processes and policies, such as a common “shop-front”

Legislative reforms to lift the performance of the electricity distribution sector

The Minister for Energy and I are developing a programme of work aimed at lifting the performance of New Zealand's electricity distribution sector.

This includes exploring legislative amendments to Part 4 of the Commerce Act 1986 to ensure the Commission has modern, flexible regulatory tools that can better target and respond to the performance of individual EDBs. We are also considering governance reforms to strengthen the focus of EDB boards on improving performance and pursuing opportunities that deliver benefits for consumers, including through greater collaboration with neighbouring distributors where appropriate.

I encourage the Commission to participate in any MBIE-led legislative reviews to ensure the outcomes are workable and effective.

Driving greater efficiency through collaboration

The Minister for Energy and I have an enduring expectation that the Commission will continue to work closely with the Electricity Authority to coordinate priorities and direction, and ensure any regulatory initiatives are not siloed or duplicative, or providing misaligned investment signals.

I commend the Commission for its co-leadership of the Energy Competition Task Force with the Electricity Authority, and the Commission's contribution to the Electricity Authority's roadmap for the future of distribution system operation in New Zealand.²

I also acknowledge the Commission's work to strengthen incentives for efficiency and innovation through initiatives such as the Incremental Rolling Incentive Scheme, the expanded innovation allowance, and enhanced information disclosure requirements relating to non-network solutions and innovation practices. These are positive developments, and I am keen to see this momentum continue.

The Minister for Energy's and my expectation is that the Commission and Electricity Authority should explore initiatives within their respective regulatory mandates with urgency and ambition to deliver on the Government's priorities of reducing costs for electricity consumers and enabling innovation across the electricity sector.

These initiatives should provide clear and consistent incentives for EDBs to invest and innovate on an economically efficient basis and deliver reliable services at the least cost to consumers. This should include considering where standardisation and collaboration by EDBs can deliver better outcomes for consumers.

² Electricity Authority, *A roadmap for the future of distribution system operation in New Zealand*, dated 30 June 2026.

Next steps

The Minister for Energy has written to the Electricity Authority requesting its advice on how the Authority will meet the Minister's expectations in its work programme. I invite the Commission to work with the Electricity Authority to report back, outlining:

- how each of your respective work programmes are supporting improved EDB efficiency and performance;
- opportunities to better align regulatory settings and work programmes across both agencies;
- areas where greater collaboration between EDBs could deliver tangible consumer benefits; and
- any additional measures that may be required to encourage and support those outcomes.

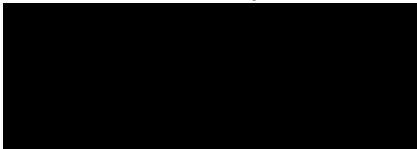
In your response, I would also like to understand how any initiatives will work within your existing work programme and any trade-offs that may be required or funding implications. If there are any conflicts or concerns regarding this request, please inform me in line with the Government's 'no surprises' policy.

I intend for MBIE to support this work through its coordination role across the Government's electricity distribution efficiency programme.

It would be appreciated if you could respond to this letter by 15 September 2026.

I look forward to continuing to work with both agencies on this important priority.

Your sincerely



Hon Cameron Brewer

Minister of Commerce and Consumer Affairs