

15 September 2026

Hon Cameron Brewer
Minister of Commerce and Consumer Affairs
Parliament Buildings
Wellington 6160

Dear Minister

Re: Letter of Expectations regarding Electricity Distribution Businesses (EDBs)

Thank you for your letter of 18 August 2026 setting out the Government's expectations for a more efficient and innovative electricity distribution system.

Electricity distribution is critical to the economy and becoming more so. The system needs to be managed in a smarter, more efficient way so that costs can be controlled while enabling consumers to benefit from local generation, storage and electric vehicles. The Commission is committed to addressing these challenges and will be bold in pursuing opportunities to improve outcomes for consumers.

We will continue to engage constructively in any MBIE-led legislative reviews and work closely with the Electricity Authority on relevant regulatory initiatives. We have strong working relationships with both organisations through the Council of Energy Regulators and the Energy Competition Task Force.

We are also strengthening how we coordinate with the Electricity Authority on key regulatory initiatives and stakeholder engagement. On 18 August, we agreed an updated Memorandum of Understanding that introduces new principles and clauses to support clearer communication of our respective work programmes, coordinated advice that reflects broader system impacts, and the use of taskforces to collaborate on priority issues. This will include working with the Electricity Authority on how moves to a Distribution System Operator model and digital visibility of networks fit with the design of and timescales for future price paths.

You asked about trade-offs and funding implications. We are committed to operating within our existing financial means, including reprioritising within baselines and redirecting effort to areas that make the biggest difference for consumers, while ensuring that we meet our legislative obligations. It is however fair to say that the

electricity appropriation has not kept up with the volume of work that we need to carry out to deliver value for money for consumers. We will engage separately with MBIE officials on this and are already working with officials on the implications of possible changes to Part 4 of the Commerce Act 1986, including for our funding.

With respect to how our work programme supports improved EDB performance, we already have a number of tools in place to promote EDB efficiency and innovation, including the Innovation and Non-Traditional Solutions Allowance and our information disclosure requirements. Through our ongoing monitoring of EDB performance, we continue to refine these tools and develop new initiatives where we identify opportunities to improve consumer outcomes.

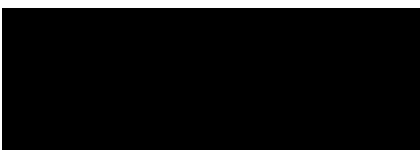
One of our focus areas is on promoting competition in electricity connections, which is a priority for the Energy Competition Task Force in 2026/2027. On 13 August, we wrote to the electricity network chief executives outlining our expectations regarding competition in relation to electricity connections. We will continue to monitor this area over the coming year, and the performance of the sector will inform Task Force work in 2027.

We support the Government's view that greater alignment across EDBs may improve efficiency and innovation across the sector. This was one of the areas covered in an open letter we published on 10 September. We challenged governors of smaller EDBs to undertake an objective assessment of the benefits of collaboration or ownership consolidation.

The main focus of our letter was to set out our ambition to develop a clear and shared view of what good EDB performance looks like and then to back-up that vision with regulatory incentives to achieve that vision. Our emerging vision is that EDBs have the capability, capacity and incentives to efficiently deliver core network services and are prepared for a more electrified future. We are seeking views on both this vision and the actions that could help achieve it. This will help inform potential actions to improve EDB efficiency, network planning and monitoring, network utilisation, and to reduce the costs of stakeholder interactions with EDBs.

We will keep you informed of progress in this area as we aim to deliver the best outcomes for current and future consumers with the tools available to us.

Yours sincerely



Dr John Small
Chair