Response to survey of industry participants' perceptions 2023/24

16 December 2024

ELECTRICITY AUTHORITY
TE MANA HIKO

Contents

1. Introduction

1.1 In May and June 2024, the Electricity Authority Te Mana Hiko (Authority) commissioned AK Research & Consulting (AKR)[1] to conduct a survey of randomly selected electricity industry participants and stakeholders.

1.2 We have run annual consumer and participant surveys since the Authority's founding in 2010 to help monitor Authority performance. This annual survey was conducted from 28 May – 24 June 2024 and had 137 respondents (28% response rate).

1.3 The survey focused on respondents' perceptions as a representative of their organisation, with a range of questions relating to the Authority's strategic ambitions set out in our *Statement of intent 2021-25*[2] and statutory objectives.

1.4 We acknowledge participants' responses and thank them for taking the time to provide their valuable feedback.

1.5 The feedback we received represented a wide range of views from industry participants. This year results were weighted to the type of organisation based on the population database. Some consistent themes emerged, and these have been summarised and responded to below.

2. Results of the perception survey

2.1 Results from this perception survey were included in the Authority's *Annual Report 2023/24*[3] as part of our performance measures. The Authority uses performance measures to assess progress against our statutory objectives. A range of measures and data sources may be used to assess an outcome. The participant perception survey is used alongside a consumer perception survey, internally held data and results from independent assessments[4].

2.2 The use of many data sources allows the Authority to consider performance from many perspectives, and these sources work together to paint an overall picture of performance. Performance measures should be considered in the wider context of the outcome to which they relate.

2.3 The key themes from the survey reinforce our priorities as listed in the *Statement of performance expectations 2024/25*[5].

2.4 We remain focussed on addressing the challenges we are facing with rapid electrification across New Zealand.

Improved perception of reliability through the transition to a low-emissions future

2.5 New to this year's survey was a question asking whether the electricity system is contributing to reducing NZ's carbon emissions. Close to two thirds of respondents agreed with the statement, and only 15% disagreed.

[1] AKR is an independent research company, offering qualitative and quantitative research.
[2] Statement of intent 2021-2025 (amended)
[3] Electricity_Authority_Te_Mana_Hiko_Annual_report_2023-24.pdf
[4] The Authority engage a third party to conduct an annual independent assessment of Authority performance. Results are recorded in the annual report.
[5] Statement of performance expectations 1 July 2024 - 30 June 2025 (ea.govt.nz)

2.6 Participant perceptions on reliability significantly improved on last year. There was an increase of 10% from last year and 47% agreed that the system would maintain reliability through the transition.

2.7 However, challenges remained with perceived efficiency and reliability during the transition. Respondents mentioned the enablers and supports for the transition were not as clear as they could be. There were also comments regarding generation investment issues, such as long payback periods, high capital requirements and lack of certainty on transmission costs.

2.8 Lack of investment in the sector was viewed to be driving short-term behaviours to the detriment of the end consumer.

Our response

2.9 As New Zealand's electricity regulator, we facilitate the market to produce reliable electricity at the lowest possible cost and for the long-term benefit of consumers. The Authority has a major role to play in ensuring a reliable supply of electricity in an increasingly renewables-based system. As electrification ramps up, a decarbonised system will support New Zealand's target of achieving net zero carbon by 2050. The Authority is focused on ensuring reliability and efficiency through the transition.

2.10 The participant perception survey began two weeks after the low residual situation on 10 May 2024, and we are aware that event caused concern for participants. It is likely that event contributed to participant sentiment on reliability.

2.11 We have workstreams underway to support system reliability and address dry year demand concerns. We are working to improve investment signals for new reliability solutions such as battery energy storage systems, to improve their flexibility and capability. Our goal is to ensure the Electricity Industry Participation Code and market settings continue to enable reliable supply of electricity during the transition.

2.12 We are developing six initiatives to support security of supply following our consultation into *potential solutions for peak electricity capacity issues*[6] and lessons learned from the low residual situation on 10 May 2024. We will:

- **improve intermittent generation forecasting** by implementing a centralised forecasting system for wind and solar generation
- **improve investment and coordination signals in the wholesale market** by updating the scarcity pricing settings
- **improve risk management information** by publishing thermal fuel availability
- **improve trust and confidence in the market** by developing and publishing seasonal security of supply outlook forecasts with scenario modelling
- **enhance forward price discovery in flexibility markets** by developing standardised flexibility financial products
- **enhance outage information and coordination** by improving the outage coordination process.

2.13 During the year we made enhancements to the dispatch notification product[7]. It provides a low-cost path for inclusion of small-scale resources in the wholesale

[6] https://www.ea.govt.nz/projects/all/managing-peak-electricity-demand/
[7] Dispatch notification enhancements | Our consultations | Our projects | Electricity Authority (ea.govt.nz)

electricity spot market. Users of dispatch notification could include owners of small hydro generation or small industrial loads, or aggregators of residential solar and battery installations, smart appliances, and/or commercial buildings. Allowing providers of small-scale flexible resources to participate in the market will promote competition and reliability, supporting Aotearoa New Zealand to efficiently transition to a lower emissions economy by helping to displace high-cost and carbon-intensive thermal generation.

2.14 Another focus is achieving efficient distribution pricing to help provide a reliable electricity supply for consumers. Distribution pricing reform is a key priority, noting that electrification of the economy will require substantial investment in distribution networks. Distribution pricing reform aims to maximise the consumer benefits from increased electric vehicle adoption, new technology and the building of distributed generation (eg, solar panels and batteries). The Energy Competition Task Force includes a package of work that would see distributors pay a rebate when consumers export surplus energy back into the system at peak times. This could reduce the need for distributors to build more infrastructure to cope with higher demand peaks, meaning lower overall costs, a smoother transition and lower prices for consumers in the long run. This option would further incentivise investment in home solar and battery systems, creating more system reliability.

2.15 The Government Policy Statement highlights our role in electricity reliability. Ensuring that clear and comprehensive guiding principles and impartial procedures are in place for the System Operator to follow in power system emergencies, including any public calls for electricity conservation or reduced consumption.

Respondents divided on whether electricity market meeting consumer needs

2.16 There was little change in responses this year to the statement that the electricity industry is meeting consumers' needs; 43% agreed (no change on prior year).

2.17 Respondents mentioned a lack of support from gentailers toward consumers as well as insufficient competition across retail, generation and wholesale electricity markets as a contributing factor.

2.18 There were also challenges highlighted in the ability of consumers to easily compare time of use tariffs between different retailers, and concern regarding the Authority's understanding of consumers, more specifically, vulnerable consumers. It was suggested that the Authority could take a leading role in publishing consumer data in a simple format.

2.19 Almost half (49%) of participants surveyed agreed that the industry will meet the needs of consumers in the future. This is an increase of 10% on the prior year.

Our response

2.20 Protecting the interests of domestic and small business consumers is one of our statutory objectives and key to ensuring that all New Zealanders have access to the electricity they need. Our focus is on the interactions that electricity retailers and other industry participants have with these small consumers. We are aware of the issues of affordable electricity and are working to ease the pressure on consumers.

2.21 That's why, in February 2024, we announced our decision to mandate the Consumer Care Guidelines by 1 January 2025 to improve protections for

consumers. This decision underscores our commitment to consumers receiving the care and protection they need in a world where electricity is vital to achieving healthy and prosperous lives. In November we announced a staged implementation of the Consumer Care Obligations (Obligations) – with two key protections to be mandated by 1 January 2025 but with full compliance to be in place by 1 April 2025 before winter. This was in response to retailers requesting additional time to make operational changes and to allow for staff training given the upcoming holiday period. We agreed to a three month delay to ensure a smooth rollout of the Obligations and given the importance of ensuring consumer outcomes are achieved.

2.22 By mandating the Guidelines, we will create a solid regulatory framework that provides consistent and supportive protections for all consumers across the electricity sector. This is particularly important for those who need it most, such as medically dependent consumers and consumers facing hardship.

2.23 We established the Electricity Authority Advisory Group and appointed 25 members to represent a diverse range of perspectives and voices, including those of consumers. This group will provide independent advice on our work programmes and test the practical implications of regulatory decisions with a strong focus on improving outcomes for consumers.

2.24 As a regulator, we are committed to doing everything within our power to tackle energy hardship. In March 2024, we hosted a consumer and industry wānanga. This gave us some incredible insights, as well as areas to explore in more detail that could have a real impact for people living in energy hardship in Aotearoa. We hosted another wānanga on 31 October 2024. The focus of this event was on Winter 2025 – what we should expect and how we might prepare for it, inviting updates and collaborative input from all participants.

2.25 Our current focus on reviewing, refreshing and increasing communication with our consumer audiences will also support awareness, understanding and increased use of our switching tool.

Enforcement improving and increasing confidence in regulator

2.26 Most respondents (61%) agreed that the Authority actively monitors market outcomes and monitors participant behaviour and market outcomes. Respondents were more confident, than last year, that the Authority holds participants to account for their actions.

2.27 However, specific comments noted that more should be done to prevent generators spilling rather than generating electricity. Respondents requested more reviews of Code changes and major policy decisions to be conducted by the Authority. There was improved confidence in the role of the Authority as a kaitiaki of the electricity sector, but comments made show there is still work to be done to improve reliability and create better outcomes for consumers.

Our response

2.28 We monitor, investigate and enforce compliance with the Electricity Industry Act 2010, its Regulations and the Electricity Industry Participation Code 2010 by industry participants to create a fair and competitive market. Transparency and understanding are vital to give regulatory certainty and build trust and confidence in the market, the industry and the Authority.

2.29 In 2023/24, we launched a new industry education programme aimed at providing industry participants with the tools to build their understanding of their regulatory environment and legal obligations. The primary focus is to increase the compliance of participants with the Code, through raising understanding and competency thus reducing the need for enforcement. We ran a series of webinars, an auditor's forum, published information on breach trends and produced guidance to help improve participants' policies and practices. Case studies are routinely being published and a Q&A session was held between the Auditors and Registry Manager. Further to this a Registry Managers course is being planned for late November.

2.30 We are readying our compliance function to monitor, enforce and educate under the incoming Consumer Care Obligations to create better outcomes for consumers.

2.31 During the reporting period, the Authority issued nine warning letters and one strong warning letter. We commenced four formal investigations and closed 68 cases in total.

2.32 We proactively monitored hard to detect and potentially significant impact areas of the Code as outlined in our Compliance Monitoring Framework. These areas included:

a. Trading conduct
b. Reasonable and prudent system operator
c. Automatic under frequency load shedding readiness
d. Wholesale market information disclosure
e. Distributor arm's length requirements
f. Grid emergency planning.

Decline in perceived market competition

2.33 Respondents were more likely to disagree (43%) that competition between electricity generators ensured wholesale market prices were set at an efficient level. Generators were seen to not be supportive of a competitive market, with several respondents stating generators were incentivised to limit supply rather than investing in new generation. It was also mentioned that retailer competition is dominated by gentailer activity, and that independent retailers struggle to compete.

2.34 There was also a decline in agreement that competition between electricity generators ensured they built the most efficient power stations. Comments were made that it's hard to assess if efficient power stations are being built, without taking a system-wide view.

2.35 There was a small increase in agreement (30%, up 3%) that competition between retailers ensured that consumer prices only rose in line with costs to the electricity companies.

2.36 Respondents' main comments were that prices didn't really reflect the outcomes expected in a workably competitive market. The spot market had the highest agreement level at 37% and the hedge market had the lowest level of agreement at 25%.

Our response

2.37 The Authority is committed to enabling a competitive and efficient electricity market in which innovation flourishes. This is the best way to ensure downward pressure on prices and an affordable electricity supply for all consumers.

2.38 The Authority's independent Market Development Advisory Group (MDAG) final report[8] delivered in December 2023, said the wholesale market continues to be the best approach for the future and recommended a series of measures to strengthen the electricity market. Since receiving the report, the Authority published our formal response, incorporated the recommendations into our work programme as a sequenced package, and made progress on a number of recommendations.

Work is currently underway on 19 of the 31 recommendations, including all recommendations in Tranche 1 and several in Tranche 2. In recent months, the Authority has made significant progress on actions that will enhance information and transparency around price signals and improve access to risk management tools, bolstering competition. This includes:

- Started work on a dashboard to assess market competition, including competition in the flexible segment of the market
- Industry co-design group established to develop standardised flexibility contracts
- Work on an outline of virtual disaggregation, as a backstop measure, is in progress.

2.39 In February 2024 we began our risk management review work programme. Effective competition in the retail electricity market is in the long-term interests of consumers, as it puts downward pressure on retail prices and encourages a greater variety of products and services. This project focuses on the availability of efficient risk management options as an important enabler of retail market competition.

2.40 The review includes considering whether the current approach to pricing over-the-counter[9] contracts (including availability, shape and price), and other risk management options, is effectively creating a barrier to entry or expansion in the retail electricity market for retailers, and therefore harming competition. For this we worked with the Commerce Commission, including drawing on their competition economics and investigation expertise. We are committed to being as transparent as possible about our work on this project. Any proactively released information will be published on our website.

2.41 In August 2024, we stood up the Energy Competition Task Force[10] in response to persistently high wholesale prices. The Task Force focuses on two overarching outcomes; enabling new generators and independent retailers to enter and better compete in the market, and to provide more options for end-users of electricity. The Task Force has two packages of work that are underway, to deliver eight outcomes that strengthen the electricity market.

[8] https://www.ea.govt.nz/documents/4335/Appendix_A2_-_Final_recommendations_report.pdf
[9] Over-the-counter risk management contracts are exchange-traded contracts
[10] https://www.ea.govt.nz/projects/all/energy-competition-task-force/

3. AK Research & Consulting report

3.1 The remainder of this document contains AK Research & Consulting's report to the Authority. The report to the Authority includes the survey results and AK Research & Consulting's high-level analysis. All results presented are the perceptions of the survey respondents as representatives of their organisations, and do not necessarily reflect the views of the Authority.

ELECTRICITY AUTHORITY
TE MANA HIKO

Survey of electricity industry participant perceptions

July 2024

Prepared for
Electricity Authority Te Mana Hiko

ak research & consulting

Contents

1. Executive summary

The Electricity Authority Te Mana Hiko (Authority) is an independent Crown entity responsible for overseeing and regulating the New Zealand electricity industry. The Authority engaged AK Research and Consulting Ltd (AKR) to conduct a survey to understand industry participants' perceptions of competition, reliability, and efficiency of the electricity system, and of the Authority's strategic ambitions.

Results are based upon questions asked in an online survey of n=137 electricity industry participants and stakeholders. Fieldwork was conducted from the 28th of May to the 24th of June 2024.

The questions are based on the performance measures outlined in the Authority's Statement of Intent 2021-25 and are consistent with previous years in order to compare year-on-year progress, with some additional questions included in anticipation of the Authority's updated strategy and priorities.

The survey results are used to measure the Authority's progress and performance and will be reported on in the Authority's 2023/24 Annual Report.

Reporting notes:

- At the request of the Authority, figures have been standardised to avoid totals not adding to exactly 100%. This has been done by 'adding' or 'subtracting' 1 percentage point to the rounded unsure or N/A figures where the total appears to add to 99% or 101%.
- Commentary compares results with the previous year. Where trends are evident these are noted. The charts show data from 2021 – 2024.
- Throughout the report where we have commented on total agree and total disagree these are defined as:
    - total agree(d)=strongly agree + agree
    - total disagree(d)= strongly disagree + disagree.

Key positives this year were:

- Nearly two thirds agreed that the electricity system was contributing to reducing New Zealand's carbon emissions. Also, there was an increase in agreement the electricity system will maintain reliability through the transition to low-emissions energy.
- Increased agreement that respondents have confidence in the role the Authority plays as kaitiaki of the electricity sector and that it holds participants to account for their actions.

Key negatives this year were:

- Two thirds of respondents agreed there was a reliable supply of electricity every day which has decreased to its lowest level from the high in 2021/2022.
- Also decreasing this year were respondents' agreement that competition was ensuring generators would build the most efficient power stations or that wholesale market prices were set at an efficient level.

Low-emissions energy

64% of participant respondents agreed the electricity system was contributing to reducing New Zealand's carbon emissions (new statement this year).

47% agreed the market will maintain reliability (up 10%).

Respondents remain divided about whether electricity market settings will support an efficient and reliable low-emissions transition.

Challenges mentioned by respondents regarding the low-emissions transition included:

- Enablers and supports for the transition were not as clear as they could be.
- Difficulties with investments, such as long payback periods and lack of certainty on transmission costs.
- Pricing continues to be a challenge with concerns about peak pricing, high wholesale rates and market pricing.
- Gentailers and distribution sectors could support the transition better.

- 64% agreed the electricity system is contributing to reducing NZ's carbon emissions (new statement this year).
- 47% (up 10%) agreed the market will maintain reliability through the transition to low-emissions energy.
- 42% (up 6%) agreed that electricity market settings will support an efficient transition to low-emissions energy (32% disagreed).
- 35% agreed the Electricity Authority is enabling investment and innovation in renewable generation, storage and technologies, new statement this year (28% disagreed).

The Authority was encouraged to support the transition more. Although it was also acknowledged the transition was affected by government policy decisions.

Consumer centricity

Respondents remain divided on whether the electricity market was meeting consumer needs currently and that the Authority was committed to promoting competition and efficiency to ensure affordable electricity for consumers.

Challenges and concerns mentioned by respondents included:

- Gentailers not supporting consumers as well as they could.
- More investment in infrastructure (by the distribution sector) and alternative generation being needed.
- Insufficient competition in retail, generation and wholesale electricity markets.
- The ability for consumers to easily compare time of use tariffs of different retailers.

- 49% (up 10%) agreed that the industry will meet consumers' evolving needs in the future. (29% disagreed).
- 43% (no change) agreed that the electricity industry is meeting consumers' needs (42% disagreed).
- 39% agreed the Authority is committed to promoting competition and efficiency to ensure affordable electricity for consumers (32% disagreed).

Concern was also expressed regarding the Authority's understanding of consumers and, more specifically, vulnerable consumers.

Trust and confidence

Role of the Authority

A majority agreed that the Authority actively monitors market outcomes (61%) and monitors participant behaviour (57%).

- 61% (up 1%) agreed the Electricity Authority actively monitors market outcomes.

Also, in a new statement this year, 55% agreed that the Authority conducts reviews and audits of its Code amendments.

There were calls by respondents for more examples of how the Authority monitors market outcomes, participant behaviour and publication of reviews of major Authority decisions. More regular post-implementation reviews of Code changes were also suggested.

- 57% (no change) agreed the Electricity Authority actively monitors participant behaviour.
- 55% (new 2024) agreed that the Electricity Authority conducts reviews and audits of its Code amendments.
- 44% (up 6%) agreed the Electricity Authority holds participants to account for their actions.
- 40% (up 12%) agreed that they have confidence in the role the EA plays as a kaitiaki of the electricity sector.

Efficiency and reliability

Over two thirds of respondents agreed that the Authority actively delivers a high level of reliability. This remains steady. However, respondents' agreement that the electricity sector was operating efficiently continues to be divided.

Concerns around reliability were regarding the ability of the electricity system to be reliable during times of high demand (winter). While distribution, metering companies and gentailers were viewed as not supporting efficiency as well as they could.

- 69% (no change) agreed that the Electricity Authority actively delivers a high level of reliability.
- 41% (up 3%) agreed that the electricity industry operates efficiently, 38% disagreed.

Thriving competition

There was very little shift in perceptions that new entrant generators or retailers can operate on a level playing field with established industry players.

A quarter or less of respondents agreed that new entrant retailers and generators can operate on a level playing field with established retailers or generators.

Around a third agreed that access to risk management mechanisms and network settings enabled the entry of new market participants. Conversely, around a quarter disagreed.

Main concerns impacting on the ability for new entrants (both generators and retailers) were the difficulties faced when competing with gentailers. Also securing hedges at viable rates and accessing the ASX were difficult.

- 25% (down 3%) agreed new entrant generators can operate on a level playing field with established generators.
- 22% (up 2%) agreed new entrant retailers can operate on a level playing field with established retailers.
- 33% agreed that market participants have access to risk management mechanisms. (new 2024).
- 31% agreed that network settings enable the entry of new market participants (new 2024).

Innovation flourishing

49% of respondents disagreed that the electricity regulatory environment supports the incorporation of new business models and technology in a timely manner. 45% disagreed that the current market settings encourage innovation in distribution network management.

There was some recognition that the current market settings were open to innovation. A few mentioned innovations in time of use network pricing.

- 28% (down 3%) agreed the current market settings encourage innovation in consumer-facing services.
- 25% (up 4%) agreed the current market settings encourage innovation in generation.

Barriers mentioned by respondents included:

- Progress was slow for industry participants to access data from metering equipment providers (MEP) and multiple trading relationships (MTR).
- The TPM (transmission pricing methodology) was seen as a constraint on innovation in generation.
- There was a call for a platform to sell PPA (solar power purchase agreement) without going through current channels.
- The Code.
- The distribution sector.

- 17% (no change) agreed the electricity regulatory environment supports incorporation of new business models and technology in a timely manner.
- 17% (up 1%) agreed the current market settings encourage innovation in transmission network management.
- 16% (up 1%) agreed the current market settings encourage innovation in distribution network management.

Competition (in the electricity sector)

Agreement among respondents regarding competition in the electricity sector indicates falls in agreement for the generation sector and a small rise in agreement in the retail sector.

Disagreement was higher than agreement for all three measures tested.

The main concerns mentioned by respondents included:

- Generators incentivised to limit supply rather than invest in new generation.
- Gentailers dominating the retail sector.

- 32% (down 6%) agreed competition between electricity generators ensures they build the most efficient power stations.
- 31% (down 10%) agreed competition between electricity generators ensures wholesale market prices are set at an efficient level.
- 30% (up 3%) agreed competition between retailers ensures that consumer prices only rise in line with costs to the electricity companies.

Reliability

Over two thirds of respondents agreed there was a reliable supply of electricity every day.
Agreement that there will be enough electricity to meet ongoing needs and that current electricity market arrangements ensured an appropriate balance between reliability and cost has remained steady.
There was a rise in agreement from respondents that over the next 10 years the electricity system will strike a balance between reliability and cost, although a larger proportion disagreed.

- 68% (down 7%) agreed there is a reliable supply of electricity every day.
- 43% (down 1%) agreed there will be enough electricity to meet ongoing needs.
- 36% (up 1%) agreed the current electricity market arrangements ensure an appropriate balance between reliability and cost.
- 32% (up 4%) agreed over the next 10 years the electricity system will strike a balance between reliability and cost.

The main concerns expressed by respondents were regarding New Zealand's ability to meet increasing demand during a dry year. There were strong perceptions that the system would not be affordable with insufficient generation for future unforeseen crises as well as accounting for climate change impacts.

Efficiency

The New Zealand Electricity Market

The majority of respondents agreed that electricity was being transmitted efficiently. This measure has risen along with agreement that electricity was being distributed efficiently.

Agreement that electricity was being generated efficiently remained steady.

- 59% (up 5%) agreed the New Zealand electricity market ensures electricity is transmitted efficiently.
- 50% (down 1%) agreed the New Zealand electricity market ensures electricity is generated efficiently.
- 44% (up 4%) agreed the New Zealand electricity market ensures electricity is distributed efficiently.

New Zealand's Wholesale and Hedge Markets

49% agreed that NZ's **wholesale market** efficiently coordinate electricity production and consumption, while a around one quarter agreed the **hedge market** efficiently coordinates electricity production and consumption.

Nearly a quarter agreed that the wholesale market efficiently facilitates timely investment in the electricity system. Slightly lower agreement was recorded (18%) regarding the hedge market.

With the exception of the measure *"wholesale market efficiently coordinates electricity production and consumption",* disagreement scores were generally higher than agreement. This remains similar to previous years and is an indication that wholesale and hedge markets may not support efficiency or timely investment as well as they should.

The main concerns noted about efficiency in the electricity system were:

- Hedge markets were limited and could be working better.
- Investing in generation was not being encouraged.
- Distribution had too many distribution companies and had not invested in their networks to meet increasing demand.
- Retail was able to pass on extra costs to the consumer too easily.
- Demand side management could be better.

- 49% (down 6%) agreed that New Zealand's wholesale market efficiently coordinates electricity production and consumption.
- 27% (up 6%) agreed that the hedge market efficiently coordinates electricity production and consumption.
- 23% (down 1%) agreed that New Zealand's wholesale market efficiently facilitates timely investment in the electricity system.
- 18% (down 4%) agreed that the hedge market efficiently facilitates timely investment in the electricity system.
- 36% (down 5%) agreed that competition between electricity retailers promotes efficiency within retail operations.

Additional feedback

Respondents were asked if they had any further comments about the questions asked in this survey, or if there was anything else they thought the Authority should know.

The Authority was encouraged to continue to be engaged with industry as they work to support an efficient, innovative and reliable electricity system. One suggestion was made to the Authority to address the audit system and improve the way participants performance was reflected.

Challenges and concerns mentioned here included challenges in the retail sector, development of the futures market and the need for more engagement with smaller retailers.

2. Introduction and methodology

2.1 Introduction

The Electricity Authority Te Mana Hiko (Authority) is an independent Crown entity responsible for overseeing and regulating the New Zealand electricity industry.

The Authority regulates the electricity industry by developing and setting the rules, enforcing, and administering them and monitoring compliance with those rules.

Key functions of the Authority include:

- Monitoring market behaviour and making data, information and tools available to help improve participation and understanding of the electricity markets by consumers and industry participants.
- Operating the electricity system and markets to ensure efficient operation.
- Monitoring, investigating and enforcing compliance with the Electricity Industry Act 2010, its regulations and the Electricity Industry Participation Code 2010 by industry participants to create a fair and competitive market.
- Promoting market development by maintaining a responsive and robust regulatory environment that keeps up with innovation and new technologies to enable electrification and deliver better outcomes for consumers.
- Protecting the interests of small electricity consumers in relation to industry participants supplying their electricity e.g. monitoring how electricity retailers and other industry participants deal with small consumers.

As an independent Crown entity, the Authority sets its own work programme, which is in line with its statutory objectives.

This report covers the responses received via a survey of electricity industry participant perceptions, commissioned by the Authority. This survey has been conducted annually since 2021 to provide an opportunity for participants to give their feedback on key performance metrics for the Authority.

Respondents were asked to answer all questions from their perspective as a representative of their organisation, company, or group. Questions are based on the performance measures outlined in the Authority's Statement of Intent 2021-25 and are consistent with the previous year (2022/23) to compare year-on-year progress, with some additional questions included in anticipation of the Authority's updated strategy and priorities. The survey results will be reported on in the Authority's 2023/24 Annual Report.[1]

Opinions expressed throughout this report are based on the verbatim comments provided by the survey respondents on a variety of topics, and do not necessarily reflect the views of the Authority.

The research was conducted by independent research company AK Research (AKR). AKR is a full-service market research company covering the full range of market research services and has key areas of expertise in stakeholder, client experience research, and knowledge, awareness, and attitudinal research among the general public. AKR is a member of the Research Association of New Zealand and abides by the RANZ Code of Conduct which outlines ethical standards for the industry.

[1] We note that the Authority has published an updated SoI for 2024-28 with an updated vision and outcomes framework. These survey results are limited to the impact measures and strategic ambitions described in the 2021-2025 SoI.

In addition, data was collected, analysed, and reported independently of the Authority. The database of participants was provided to AKR and a random sample of participants were invited to take part in the survey. AKR used the Voxco platform for building and hosting their online surveys. Analysis and reporting are conducted by the AKR senior team which includes a senior data manager/ statistician, research analyst and senior researcher. The team approach ensures that objectivity of the research findings is maintained, and key findings are interrogated and peer reviewed.

2.2 Methodology

The results in this report were based upon questions asked in an online survey of electricity industry participants and stakeholders. A total of 491 randomly selected electricity industry participants were invited to take part in the survey and 137 did so, giving a response rate of 28%. Survey invitees were initially given a pre-notification of the survey by the Authority; this was followed by an email invite from AK Research and four separate reminders over the subsequent weeks to those who had not responded.

- Fieldwork was conducted from the 28 May to 24 June 2024.
- The maximum margin of error for a sample size of n=137 is ±7.1% (with 95% confidence).
- This year results were weighted to the type of organisation based on the population database.

Notes on reporting:

- At the request of the Authority, figures have been standardised to avoid totals not adding to exactly 100%. This has been done by 'adding' or 'subtracting' 1 percentage point to the rounded unsure or N/A figures where the total appears to add to 99% or 101%.
- Commentary compares results with the previous year. Where trends are evident these are noted. The charts show data from 2021 – 2024.
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2.2.1 Sample characteristics

Type of organisation represented – All respondents (n=137)

Representatives of organisations from across the electricity sector took part in the survey. Electricity distribution businesses (19%, down 3%) and generator and electricity retailers (14%, down 4%) were most strongly represented. These were followed by electricity retailers (10%, unchanged), primarily a generator (9%, up 1%) and electricity consumer representatives (6%, up 3%). Please refer to the following table for a full breakdown of respondents to this survey over the last four years.

	% (n)	2021 (n=100)	2022 (n=114)	2023 (n=118)	2024 (n=137)
Electricity distribution business (EDB) /company		19	23	22	**19**
Both generator & electricity retailer ("Gentailer")		19	18	18	**14**
Primarily an electricity retailer		13	13	10	**10**
Primarily a generator		5	5	8	**9**
Electricity consumer		7	4	3	**6**
Service provider or agent (e.g. hedge market agent)		6	5	8	**5**

	% (n)	2021 (n=100)	2022 (n=114)	2023 (n=118)	2024 (n=137)
Metering servicer / provider		3	4	3	3
Consultancy		11	9	9	2
Electricity consumer representative		3	7	3	2
Transmission company		1	4	3	2
Investors / educational institutions / professional bodies		6	0	2	19
Other		7	7	8	7

Length of time organisation active in the electricity industry – All respondents (n=137)

Sixty-three percent (down 2%) of respondents have been active in the electricity industry for more than 20 years, 21% (up 1%) between six to twenty years, and 16% (up 1%) five years or under.

	% (n)	2021 (n=100)	2022 (n=114)	2023 (n=118)	2024 (n=137)
Under two years		6	4	3	4
Two to five years		12	11	12	12
Six to ten years		13	6	12	7
11 to 15 years		6	7	3	11
16 to 20 years		5	5	5	3
More than 20 years		58	67	65	63

How electricity is purchased – Electricity Consumers (n=10)

Four respondents purchased their electricity directly from the spot market, three purchased their electricity directly from retailers on a fixed price tariff and one purchases electricity hedges.

	% (n)	2021 (n=7)	2022 (n=5)	2023 (n=4)	2024 (n=10)
Purchase directly from the spot market		29 (n=2)	20 (n=1)	50 (n=2)	40 (n=4)
Purchase from a retailer on a fixed price tariff		29 (n=2)	60 (n=3)	25 (n=1)	30 (n=3)
Purchase electricity hedges		14 (n=1)	20 (n=1)	0 (n=0)	10 (n=1)
Purchase from a retailer - prices paid fluctuate with the spot market		14 (n=1)	0 (n=0)	0 (n=0)	0 (n=0)
Other		14 (n=1)	0 (n=0)	25 (n=1)	20 (n=2)

Assess non-network services on a competitive basis when you have a need for new investment – EDBs (n=29)

Ten representatives of EDBs said they assessed non-network services on a competitive basis when they had a need for new investment, eight said they did not and eleven were unsure.

	% (n)	2021 (n=19)	2022 (n=26)	2023 (n=26)	2024 (n=29)
Yes		16 (n=3)	65 (n=17)	50 (n=13)	34 (n=10)
No		37 (n=7)	15 (n=4)	19 (n=5)	27 (n=8)
Unsure		47 (n=9)	19 (n=5)	31 (n=8)	39 (n=11)

Number of participants assessed to provide non-network services as an alternative to investment in traditional network infrastructure. (n=5)

Two respondents said they had assessed five participants to provide non-network services as an alternative to investment in traditional network infrastructure, one had assessed four participants, one had assessed ten participants.

	% (n)	2021 (n=3)	2022 (n=7)	2023 (n=5)	2024 (n=5)
Unsure		34 (n=1)	0 (n=0)	0 (n=0)	20 (n=1)
1		0 (n=0)	43 (n=3)	0 (n=0)	0 (n=0)
2		33 (n=1)	0 (n=0)	40 (n=2)	0 (n=0)
4		33 (n=1)	14 (n=1)	20 (n=1)	20 (n=1)
5		0 (n=0)	14 (n=1)	20 (n=1)	40 (n=2)
10		0 (n=0)	14 (n=1)	0 (n=0)	20 (n=1)
24		0 (n=0)	14 (n=1)	20 (n=1)	0 (n=0)

Number of participants assessed who are currently providing non-network services (n=3)

One respondent said no participants were still providing non-network services to their network company, one said two were and one said three.

	% (n)	2021 (n=3)	2022 (n=10)	2023 (n=5)	2024 (n=3)
Unsure		34 (n=1)	0 (n=0)	0 (n=0)	0 (n=0)
0		33 (n=1)	60 (n=6)	60 (n=3)	60 (=1)
1		33 (n=1)	30 (n=3)	20 (n=1)	0 (n=0)
2		0 (n=0)	10 (n=1)	20 (n=1)	20 (n=1)
3		0 (n=0)	0 (n=0)	0 (n=0)	20 (n=1)

Participants whose organisation has provided new products or services to consumers in the past 24 months

37% (down 5%) said their organisation has provided consumers with new products or services in the past 24 months. The new products and services provided are listed below.

	% (n)	2022 (n=100)	2023 (n=118)	2024 (n=137)
Yes		37	42	37
No		51	45	51
Unsure		12	13	12

In the past 24 months, has your organisation provided new products or services to consumers? - Yes (please specify the new product/service)
New pricing plans/ retail offerings
Time of use plans
EV related services including charging services, mobile and pricing
Tech solutions including more mobile phone services, fibre and metering products
Consumer services including updated price comparisons, saving power/lowering electricity costs
New distributed generation

Note: the full list is in the Appendix.

2.2.2 Reporting of verbatim feedback

Respondents were invited to make additional comments about each of the topics in the survey in an additional open-ended question after each module of questions relating to the Authority's strategic ambitions and statutory objectives:

- Low-emissions energy
- Consumer centricity
- Trust and confidence
- Thriving competition
- Innovation flourishing
- Competition/ workably competitive
- Reliability
- Efficiency.

They were also asked to provide further comments if there was anything else they thought the Authority should know.

Key themes are summarised in the relevant sections of this report, with a selection of verbatim comments. Please note these comments were made by individual respondents and were their own perceptions or opinions.

3. Low-emissions Energy

3.1 Results

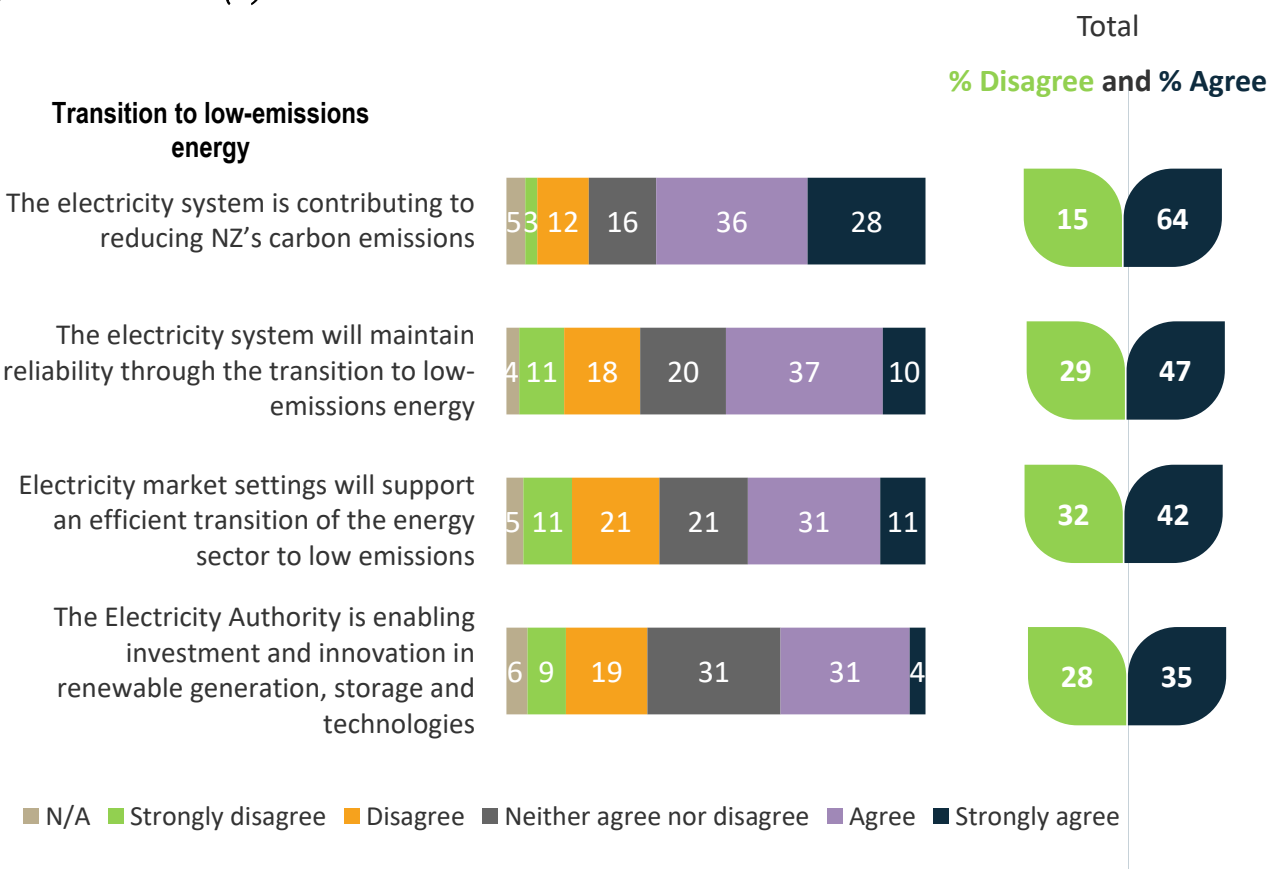
In a new rating introduced this year there was strong agreement that the electricity system was contributing to reducing NZ's carbon emissions (64% total agreed, 15% total disagreed) and 16% were neutral).

There was an increase in agreement with the statement that the electricity system will maintain reliability through the transition to low-emissions energy; 47% (up 10%) total agreed, 29% (down 6%) total disagreed, while 20% (down 5%) were neutral.

Respondents remain divided regarding whether the electricity market settings will support an efficient transition or maintain reliability through transition of the energy sector to low-emissions energy. 42% (up 6%) total agreed that the electricity market settings will support an efficient transition to low-emissions energy, while 32% (down 10%) total disagreed. 21% were neutral (up 3%).

This year there was a new question about whether the Authority was enabling investment and innovation in renewable generation, storage and technologies. 35% of respondents total agreed, 28% total disagreed and 31% were neutral.

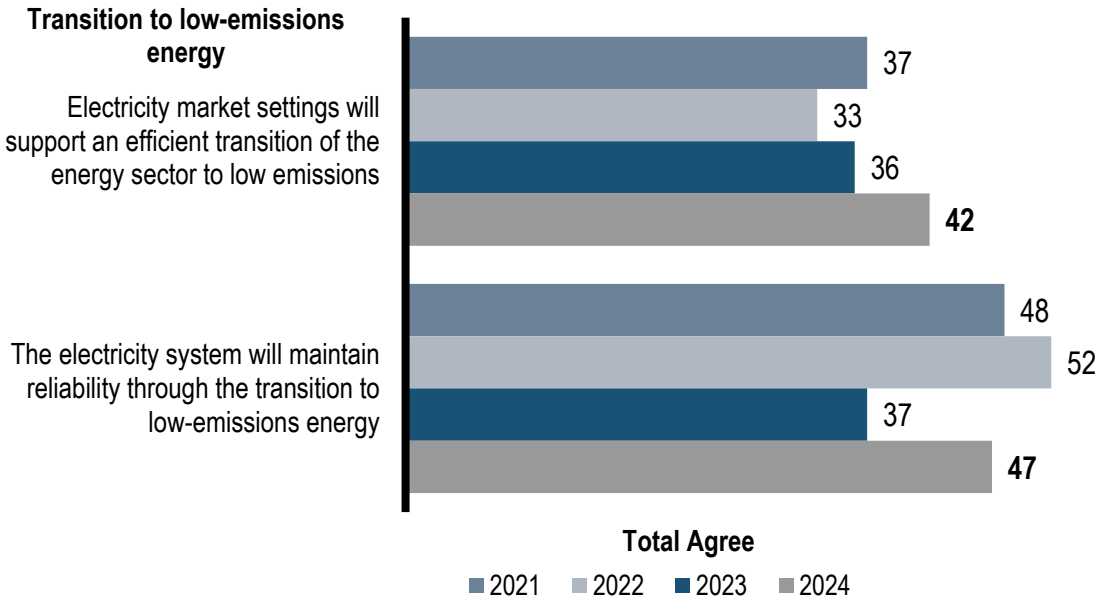
Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A (%)



Base: All respondents (n=137).

Tracking indicates that respondents' perceptions have improved this year, with higher agreement that electricity market settings will support the efficient transition of the energy sector to low-emissions energy. Agreement also increased regarding the system maintaining reliability through the transition.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A (% total agree)



Base: All respondents (approx n=100 per survey).

3.2 Verbatim feedback

Respondents were invited to provide feedback or comments about their answers. These are summarised below, with supporting verbatim comments. Please note, the same format is used for all questions with a verbatim component. All verbatim comments are in italics.

Transition to low-emissions energy remains a work in progress with challenges that were impacting on the transition. Some respondents thought the current market setting was mostly able to support the transition.	*The current market settings will create a disorderly transition, but New Zealand will get to the right place after the pain and disruption ends.* *I've put neither agree nor disagree with these statements as they are complicated and nuanced, my answers are very "on the one hand yes but on the other hand maybe no and either way very dependent on X, Y, or Z." At a high level I am positive-leaning though.* *I do believe that the current overall "structure" is perfectly capable of supporting the transition and that improvements will relate to ensuring that price signals are not obscured and appear as stable as possible, so that investment can respond efficiently.*

Other respondents commented on the challenges impacting on the transition to low-emissions energy.

Enablers and supports not as clear as they could be.	*The cash support requirements are too high. This limits the ability for new players and new products.* *If there are enablers and support in these areas, I have not been aware of them, but maybe because we are in the metering service provision sector rather than the generation sector.* *Investment in renewable energy is not occurring fast enough, numerous consents issued but not enough capacity actually being built?"*

Market settings not supporting investment in low-emissions energy. Difficulties mentioned were the long payback periods for investments and lack of certainty regarding costs e.g. transmission cost.	*The structure of the current market (throughout) will not facilitate a transition to a low carbon economy. It is completely unfit for the future - there is a lack of appropriate investment, particularly by the grid operators which are hamstrung by over regulation and lack of capital, and it drives behaviours by gentailers that is short term, all of which is resulting in huge cost to the end consumers.* *The market settings will not support diverse investment and a lack of action on misuse of market power will see New Zealanders come under continued cost of living pressure.* *Because of the long payback periods on renewable investments what is required for investment is certainty. There is currently a lot of uncertainty, and this is being helped by the TPM. Transmission costs under the new TPM are hard to determine for future large scale renewable projects.*
Pricing continues to be a challenge with peak pricing, high wholesale rates and market pricing not working as well as they should.	*In my view for high (scarcity) pricing to do its job of incentivising peaking generation through RTP, then peak pricing needs to reflect those prices. However, the alternative approach (perhaps more consumer-friendly) of using a public call for energy reductions for the cold snap may mean that scarcity pricing can't do its job in creating incentives for [gas / firm] peaking generation. Hence the "middling" view about reliability.* *Whilst the current market settings could be said to support an energy sector transition to low emissions, this is only through its current wholesale market inadequacies creating an environment where exceedingly high prices can be justified, with an outcome that renewable generation projects have extremely positive IRRs.*
Generators, gentailers and distribution sectors were inhibiting the transition. Concerns about how gentailers operate and impact future generation continue to be made.	*Gentailers have an absolute advantage from a generation perspective and are inhibiting retail competition through the misuse of cross subsidisations between generation and retail.* *The incumbent gentailers have the ability to run their retail businesses at a loss and no competition driver to lower spot market prices closer to LRMC. Demand response is a critical aspect of a highly renewable electricity market but there is no market mechanism to compensate demand response bidders in the price stack similarly to generators.* *Generation is severely restricted by capacity limitations on networks. The lines companies will only allow new generation facilities (or generation increases at existing facilities) as long as the generator pays all costs required to keep voltages within required limits.*
Policy decisions affecting the ability to transition to low-emissions energy; including policies around how to manage short-term fuel shortages.	*At a high level, we feel disorganized as a country at a government level. The energy sector along with others lacks clear leadership and this produces the potential for advances in one area (say EV uptake) to cause problems in others (insufficient generation capacity). How energy policy interacts with broader infrastructure needs, transport policy, environmental policy, housing policy, local Government and a range of other policy areas needs coordination and long-term planning that puts the national interest above three-year political terms.* *The biggest barrier to transitioning to low emissions is the operation of Huntly with fossil fuels. Until sufficient peaking abilities are operational the reliance on Huntly in its current guise is required. While the EA is not hindering this, I believe it is not in a position to enable. This needs to come from central government.*

4. Consumer centricity

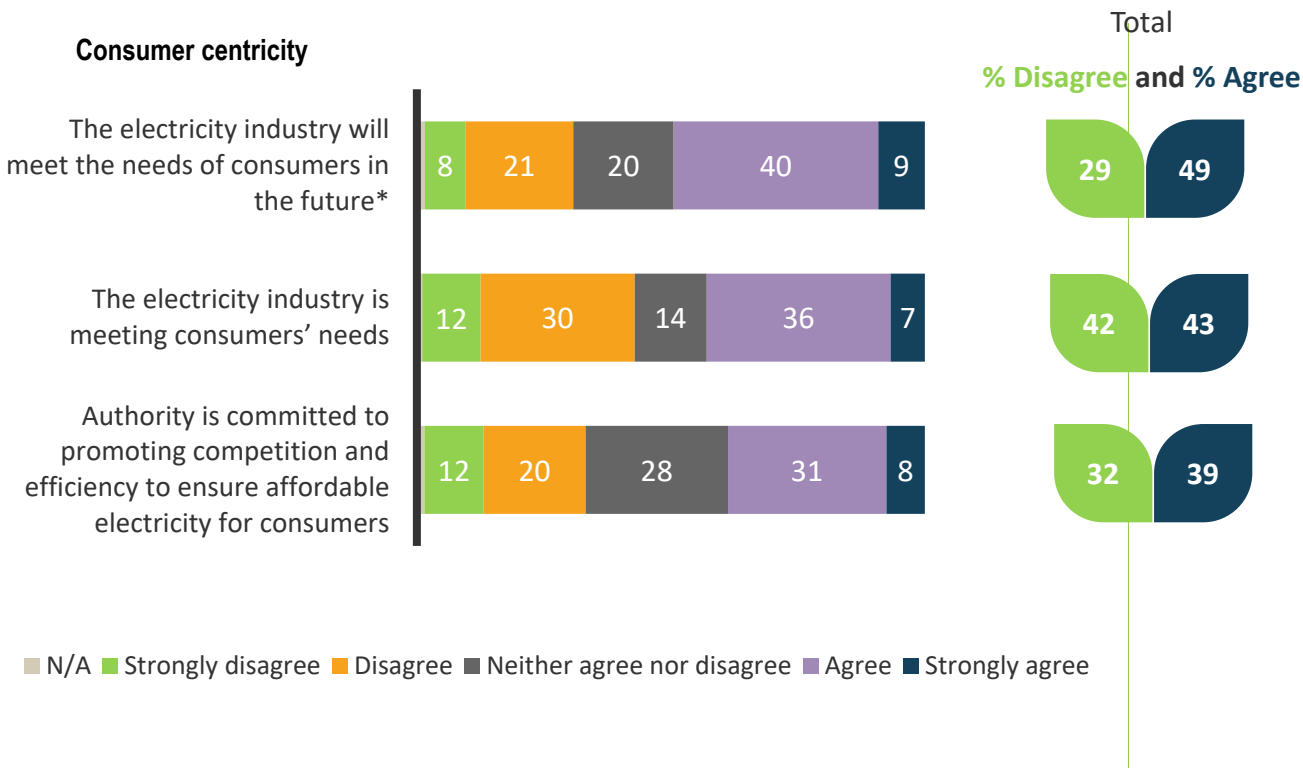
4.1 Results

Respondents were divided on whether the electricity market was meeting consumer needs and the role of the Authority in supporting consumer needs.

- There was little change in responses this year to the statement that the electricity industry is meeting consumers' needs; 43% (no change) total agreed, 42% (up 1%) total disagreed and 14% (down 1%) were neutral.
- 39% (new statement) total agreed that the Authority is committed to promoting competition and efficiency to ensure affordable electricity for consumers, 32% total disagreed and 28% were neutral.

While 49% (up 10%) total agreed that the industry will meet the needs of consumers in the future; 29% (down 2%) total disagreed and 20% (up 8%) were neutral. It should be noted this question was adjusted this year.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (%)

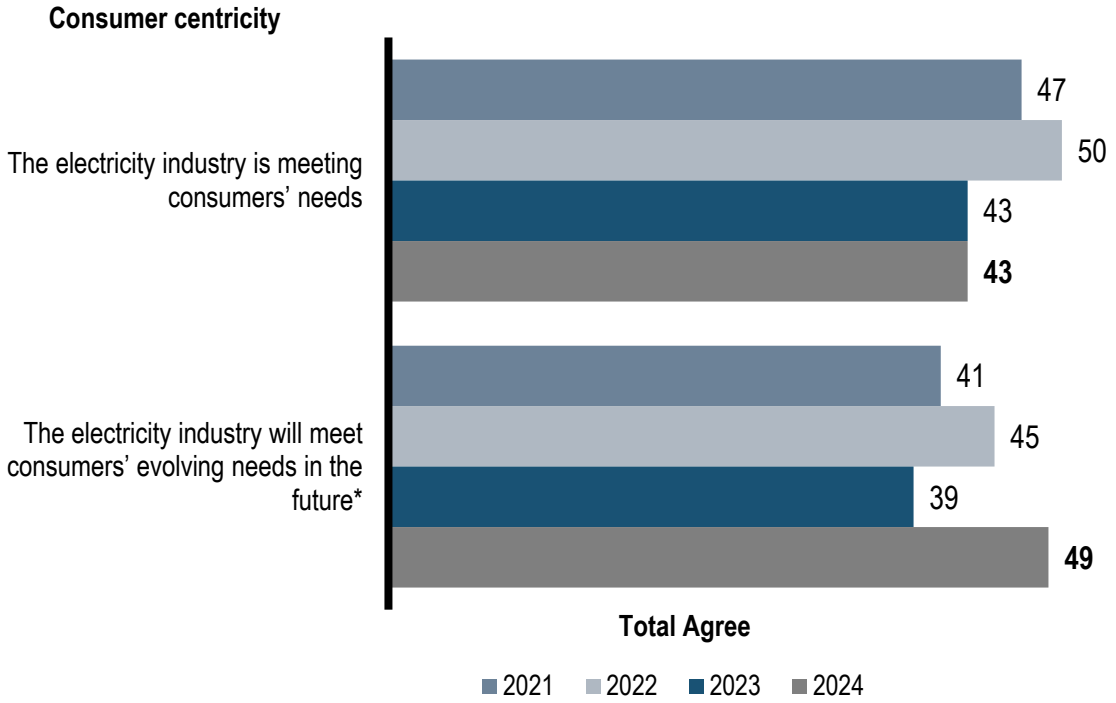


Base: All respondents (n=137).

**Note previous to 2024 the question read "The electricity industry will meet consumers' evolving needs in the future".*

Compared to 2023, respondents' agreement that the industry is meeting consumers' needs remained unchanged. While there was an increase in agreement that the electricity industry will meet consumers' evolving needs in the future, it should be noted that the wording of this question changed slightly this year.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (% total agree)



Base: All respondents (approx n=100 per survey).

**Note in 2024 the question read "The electricity industry will meet the needs of consumers in the future".*

4.2 Verbatim feedback

Both government policy and the Authority were impacting on the needs of consumers, seen to be more supportive of the industry than consumers.	*The EA is aware of the limitations of the existing settings and appears to be taking steps. As usual it seems to be dragging its feet!*
	I feel that the Authority has been under-resourced in the past few years and that this has hampered its ability to meet the needs of both consumers and the industry.
Acknowledgement the Authority was aware of limitations to market settings, but still taking too long to address these.	*The entire industry needs to be restructured. There is no overarching strategy to deliver the energy marketplace that will facilitate a low carbon economy. The electricity authority needs to play a much greater part in systems thinking and to be brave.*
Gentailers dominating the retail market, being protected with flow-on effect to consumers.	*The wholesale market is still dominated by the larger gentailers. Independent retailers make up approximately 15% of the total retail market due to the dominant vertically integrated structures of the gentailers.*
	Generators make no contribution to supporting consumers. Efforts by their retailer arms doesn't count.even though it is resulting in significant money flowing out of the electricity market, ultimately falling back on the consumer.

More investment in infrastructure by distribution sector and investment in alternative generation required to meet needs of consumers.	*The EA should be very proactive to encourage alternative generation sources. There should be no connection restrictions for a generator. Costs to upgrade networks to be able to transmit that power should be borne by network providers (either nationally or locally). Generators should be exempt from any lines network company connection charges.*
Insufficient competition in retail and wholesale electricity market.	*There is no competition in retail. To have to purchase hedges from our competitors who do not want to deal with us makes survival as a small independent retailer almost impossible... We need more social retailers and community-based retailers.* *Competition is required to ensure affordable energy. Wholesale pricing at levels they are at does not encourage competition as participants are not playing on an even playing field. Energy and transmission/ distribution pricing will need (and is) lifting dramatically.*
Higher prices for electricity an indication the industry was not meeting consumer needs.	*At the moment, prices that are higher than they should be show that Industry does not meet consumers' needs. According to Transpower, there is serious doubt of the industry's ability to meet the needs of consumers in the future. The Electricity Authority policies and support of the existing flawed electricity market guarantee a steady increase in prices and decrease in security of supply.* *With respect to affordability the Authority's work has recently seemed weighted more towards directly shaping outcomes rather than allowing competition and a well-functioning market to deliver.*
Time of Use (TOU) tariffs need to be more easily comparable among the different retailers.	*...If you want to actually let the market do some work on saving consumers money, publish their data - the customer's own data not the retailer's data - in a standard format, and provide them a way to compare apples-to-apples, one retailer's TOU rate with another's…* *The end consumers are not being offered true incentives to move electricity load or offer demand response, need to introduce multi-party relationships at the ICP level.*
Concern noted regarding Authority's understanding of consumers, including vulnerable consumers.	*Disagree is about vulnerable consumers and the prices they pay - still seem to expect competition to solve than when the vulnerable often don't have the time, skill or capability to shop around for better deals.* *Although I believe the Authority may feel they are working in the best interests of the consumers I think they are too far removed and have a lack of understanding of what the majority of consumer believe is important. I also believe that through various projects i.e. mandating of ALL consumer care guidelines and the future data requirement they are driving unnecessary cost into retailers which will end up being passed on to consumer.* *The electricity industry will meet the needs of consumers in the future. The industry will, but the EA won't.*

5. Trust and confidence

5.1 Results

Role of the Authority

The majority (61%) of respondents this year total agreed that the Authority monitors market outcomes and actively monitors participant behaviour (57%). Among the four measures tested all improved or stayed constant with last year.

Specifically:

- 61% (up 1%) total agreed that the Authority actively monitors market outcomes (13% total disagreed, down 5%)
- 57% (no change) total agreed the Authority actively monitors participant behaviour (17% total disagreed, down 1%)
- 44% (up 6%) total agreed the Authority holds participants to account for their actions (27% total disagreed, down 7%)
- There was an increase for confidence in the role the Authority plays as a kaitiaki of the electricity sector; 40% (up 12%) total agreed they had confidence and 28% (down 9%) total disagreed.
- A new statement was asked in this section about whether the Authority conducts reviews and audits of its Code amendments. 55% of respondents total agreed with this statement and 10% total disagreed.

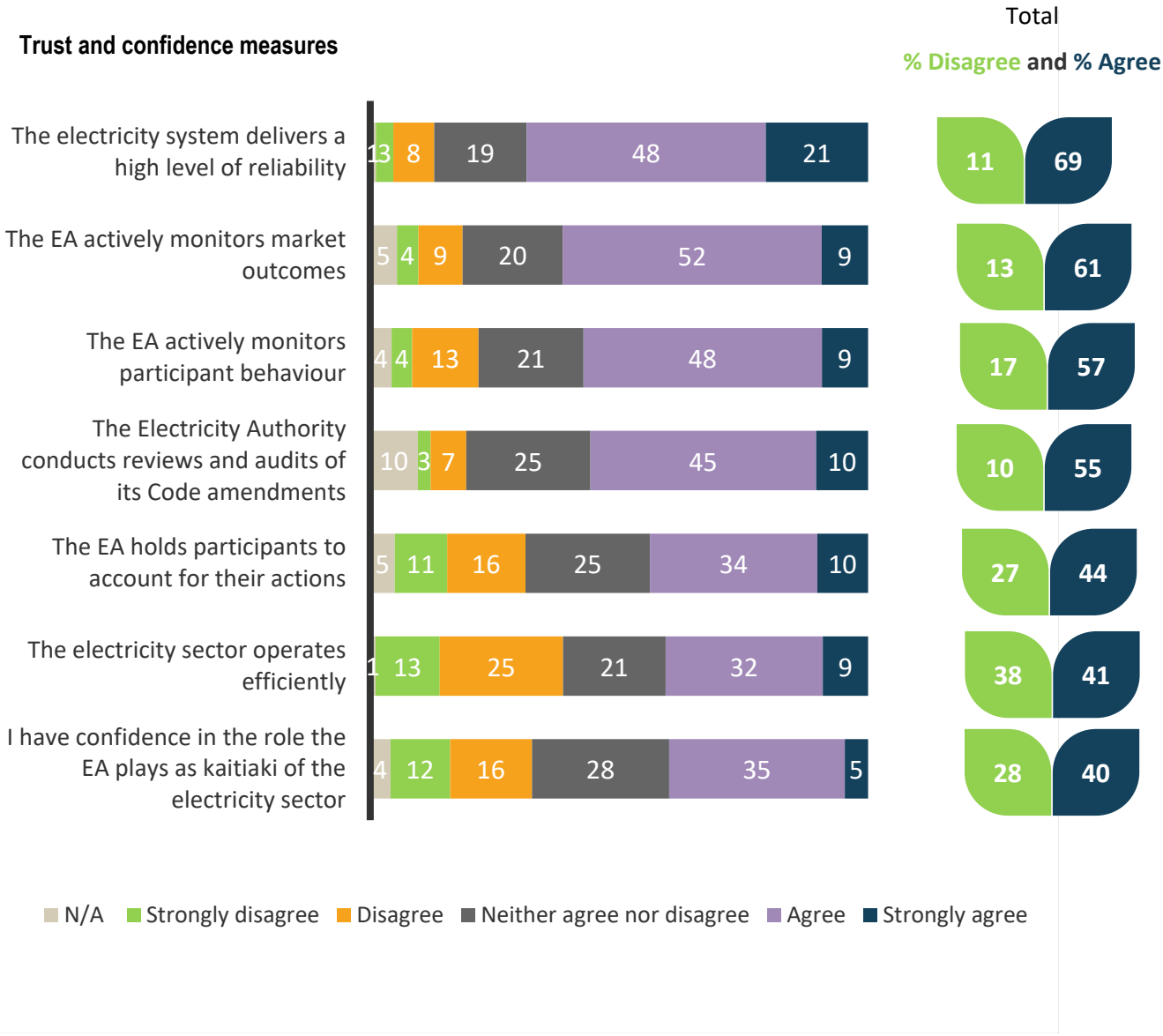
Efficiency and reliability in the electricity sector

Respondents' views of reliability of the electricity system remained steady compared to 2023 with just over two thirds (69%) total agreed the electricity system was reliable. Respondents' agreement that the electricity sector was operating efficiently continues to be divided.

Specifically:

- 69% (no change) total agreed the electricity system delivers a high level of reliability (11% total disagreed, no change)
- 41% (up 3%) total agreed that the electricity sector operates efficiently (38% total disagreed, up 4%).

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (%).

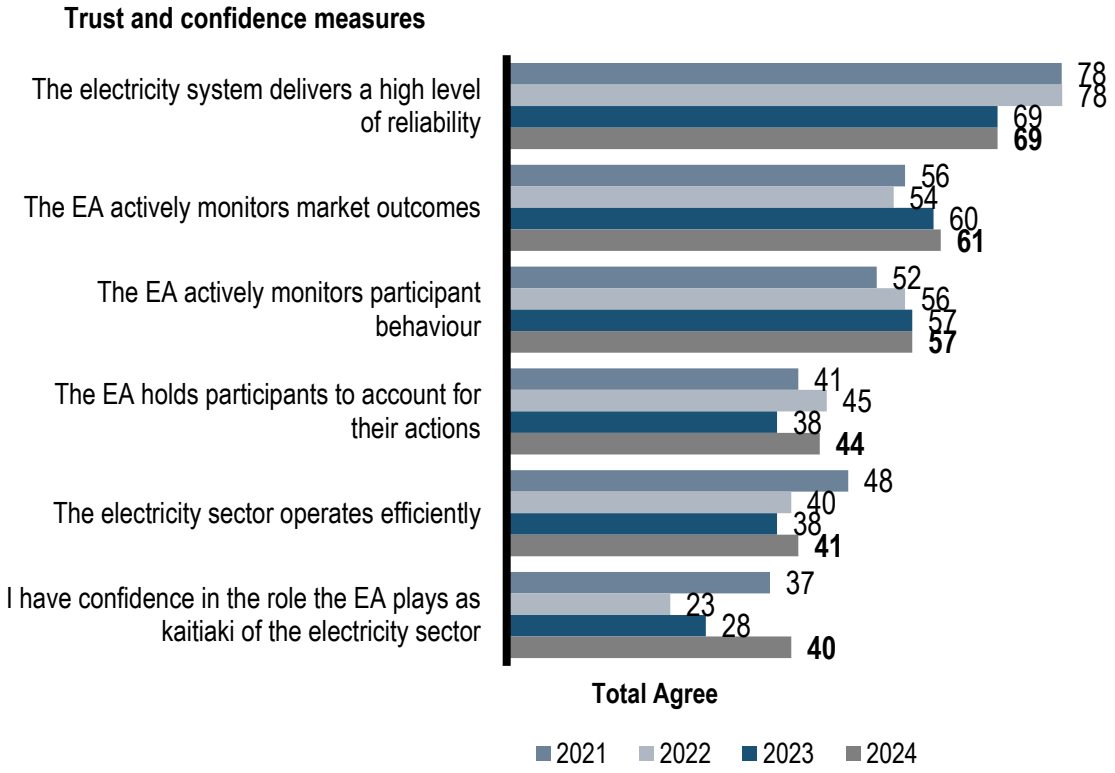


Base: All Respondents (n=137).

Tracking indicates the following:

- Reliability, monitoring market outcomes, monitors participant behaviour and operates efficiently were all similar to previous years.
- Holds participants to account was higher than last year.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (% total agree)



Base: All Respondents (approx n=100 per survey).

5.2 Verbatim feedback

Respondents identified several factors which undermined their trust and confidence in the electricity sector.

The electricity system delivers a high level of reliability (69% Agree).	*While I have indicated the electricity system delivers a high degree of reliability, that is seriously at risk in winter, and much more needs to be done to give the market sufficient certainty so participants can continue to operate in a way that will keep all of NZ served with electricity in periods of exceptionally high demand.* *----Please study the international studies that show that solar PV and onshore wind generates by far the cheapest electricity, and that distributed generation creates resiliency in the system by having both fewer points if failure and more redundancy. so most reliable power supply means: distributed generation via microgrids and lithium storage not $5B Transpower northland transmission lines vulnerable to weather events with many points of failure….*

The EA actively monitors market outcomes. (61% Agree).	*Feel that monitoring is focused on physical participants and less on the financial participants. Specifically, I believe that the ASX Market Making code that the EA has implemented to give liquidity for parties to hedge their physical position is being gamed and taken advantage by financial parties with less onerous trading restrictions. The EA seem to be not interested in monitoring or holding these parties to account, even though it is resulting in significant money flowing out of the electricity market, ultimately falling back on the consumer.*
The EA actively monitors participant behaviour. (57% agree).	*As noted earlier, the EA needs to act swiftly and decisively on cross generation retail subsidies. Be great to see more examples of how EA monitors market outcomes and participant behaviour. It would be useful to see a dashboard with analysis that is open to public on the intranet on the key measures/deliverables and market observations. I find weekly and quarterly reports very valuable but outdated by the time these get issued.* *Would be of interest to start monitoring and regulating solar and renewable energy participants, while supporting and reviewing their processes.*
The EA holds participants to account for their actions. (44% Agree).	*The EA does not hold generators to account (Provider) found to have been spilling rather than generating and gets punished with a wet bus ticket).* *I'm not aware of any publicised ex-post reviews of major Authority decisions - TPM, RTP etc?* *Post implementation reviews of Code changes could be more regular to try to identify whether actual consumer benefits have resulted.*
The electricity sector operates efficiently. (41% Agree).	*The system does operate efficiently to deliver reliable supply (in the short term) but not convinced it is least possible cost.* *Low efficiency in Distributor and Metering Companies is not encouraged as they can just pass them through to retailers. Why is metering data not owned and administered by the MEP so they can sell to more than retailers. Why are retailers allowed to continue to bill HHR meters as NHH? The list goes on.*
I have confidence in the role the EA plays as a kaitiaki of the electricity sector. (40% Agree).	*If Kaitiaki means "guardian" then I have no confidence in the EA. The electricity sector does not operate efficiently because we are paying very high prices for the 65% of the generation which is low-cost hydropower. The incident a few weeks ago when the system avoided shortages only by the patriotic action of consumers – not by market action – shows that reliability is at risk.*
Role of the Electricity Authority.	*The EA sits on the sidelines and does not get actively involved. I do not consider the EA proactively (actively) monitors instead it is reactive to events. It allows different parts of the industry to develop things independently which at times results in issues which the EA appears to only try and mediate not direct good outcomes for the customer (consumer) who is paying for everything.* *Inaction by the EA is concerning and letting customers down.* *The EA's statutory objective and structure is wide given its mix of regulatory and operations functions. This creates conflicting priorities, reduces efficiency as its tries to replicate technical capabilities, and holds back innovation across the sector. The market needs to move at pace to phase out fossil fuels - empower the participants to design and implement those reforms.*

6. Thriving competition

6.1 Results

Agreement was low regarding new entrant retailers and generators operating on a level playing field with established retailers and generators. This was consistent with previous years.

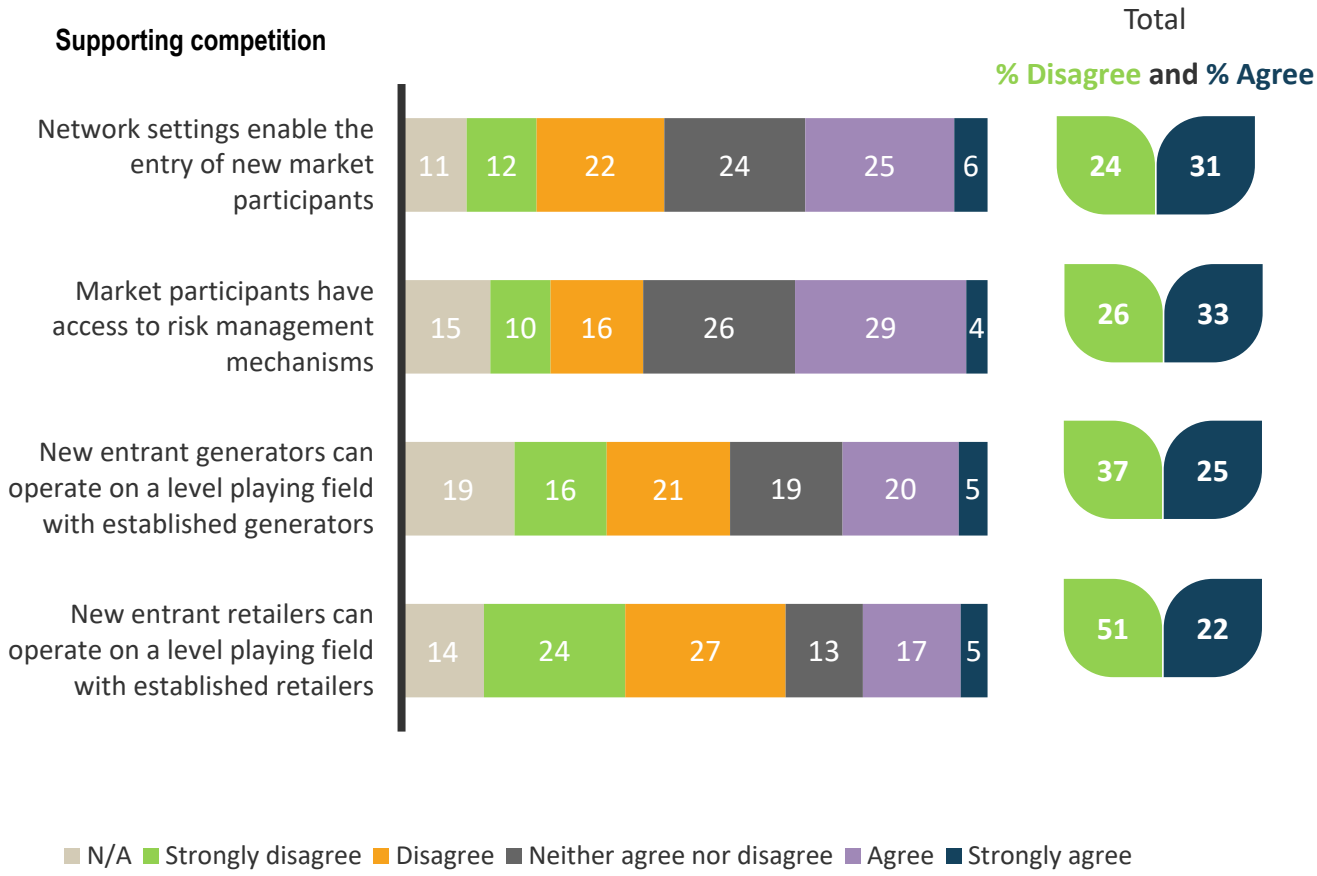
Specifically:

- Twenty-two percent (up 2%) total agreed that **new entrant retailers** can operate on a level playing field with the established retailers, 51% (down 1%) total disagreed.
- A quarter (25%, down 3%) total agreed that **new entrant generators** can operate on a level playing field with established generators, 37% (up 2%) total disagreed.

Two new statements were included in 2024; 31% total agreed that network settings enable the entry of new market participants (24% total disagreed) and 33% total agreed that market participants have access to risk management mechanisms (26% total disagreed).

- Those who have been in the industry for more than 20 years were more likely to agree market participants have access to risk management (44%) than those with less experience (14%).

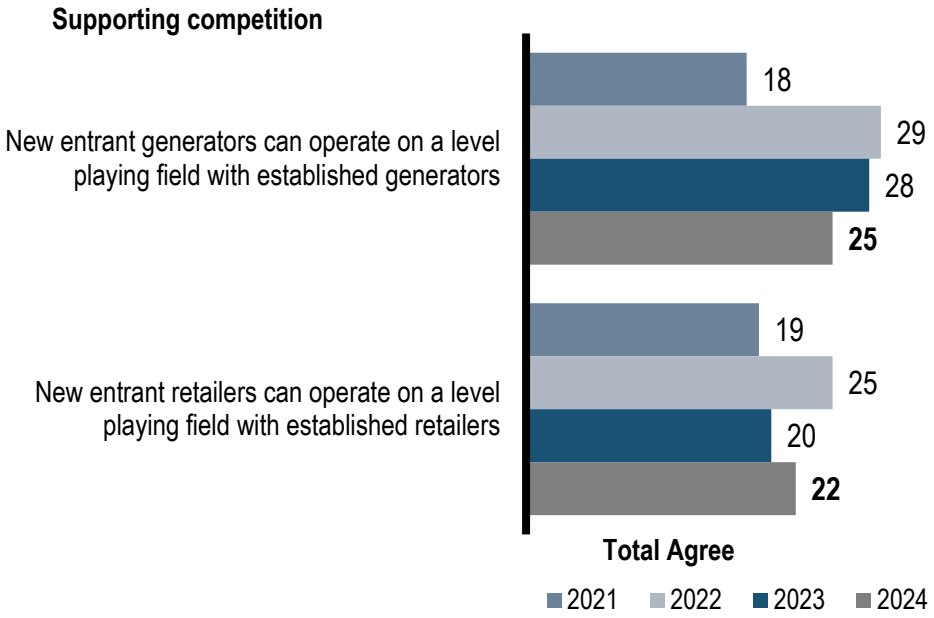
Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (%)



Base: All Respondents (n=137).

Tracking indicates that respondents' perceptions that new entrant generators and retailers operate on a level playing field with established generators and retailers was similar to 2023.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (% total agree)



Base: All Respondents (approx n=100 per survey).

6.2 Verbatim feedback

Level playing field exists for new entrants.	*In many respects additional costs are imposed on established participants (e.g. market making) tipping the playing field in favour of new entrants and smaller participants.* *Established players have built up risk management mechanisms over time. New entrants must do the same and cannot expect to have everything on day 1.* *Operating on a level playing field" is hard to give a black and white answer on. I think on paper "agree" however a small new entrant retailer or generator isn't going to have the same resource (budget for marketing, budget in general, established relationships etc) as an established participant.*
Gentailers had an advantage where they could cross subsidise their retail business. Difficult for new generators to enter the market as established generators and gentailers had an advantage. Line capacity restraints barriers for new generation.	*It is very difficult for new entrants that are not gentailers to compete with the current market participants, which have a natural hedge. There is very limited ability to hedge forward wholesale prices long-term - this is a role that government could take, and which would deliver huge benefit in terms of incentivising investment in renewable generation.* *High market power of a few participants, high barriers to entry in the market, and high degree of vertical integration fail to deliver a competitive market for new participants.* *New generators are restricted by line capacity constraints created by other generators who obviously take a priority.*

Ability to access appropriate risk management mechanisms continued to be difficult for new entrants. Securing hedges at viable rate an issue for new entrant retailers. Issues accessing the ASX for independent retailers.	*Very difficult for pure retailers to establish. We've seen a range of new entrants (which is good) but hard to see how they will survive as the spot rate sits unsustainably high. The market is pricing in supply risk (which is right) and that should help new generation come online. Not clear to me how the balancing aspect will work in the future.* *Just that new entrants are likely smaller and less resourced to navigate the complex Code requirements; risk management mechanisms may favour larger generator / retailer businesses? Also noting what happened in the UK with all those smaller / new entrant retailers that went bust when wholesale prices rose so high.* *Prudential requirements for non-gentailers tips the playing field before you even start. Then the ability to secure hedges at a decent rate is at the whim of the gentailers... whose own retail arms get their supply cheaper without needing hedging.* *The current issues with access to the ASX makes it hard for independent retailers. I have answered this under the assumption that that issue will be resolved. As the Authority is aware more risk management hedge products need to be developed. We are supportive of this work occurring. Well known problems with access to hedging on similar terms to incumbents and access to networks.*
Call for more innovative support for new entrants.	*With the complexity of our market reconciliation processes, becoming a market participant for a new entrant retailer is extremely difficult. I would like to see "back office" operations enabled, allowing fledgling retailers an option to dip their toes in the market without aggressively recruiting from established participants.* *If new entrant retailers were joining in great numbers, driving the cost of power down through some kind of market dynamic, we would see it. We watch and hear other countries with Power Purchase Agreements for solar, Virtual Power Plants, Demand Response programs that even households can participate in or at least benefit from through an aggregator, machine learning services to dovetail renewable generation with storage and consumption, and many other technical and business model innovations that could drive down energy costs for consumers. where are they in NZ?...* *Regulated frameworks need to be enabling long term low regrets investments to provide more certainty to generators and others of dispatch and wider locations for investment*

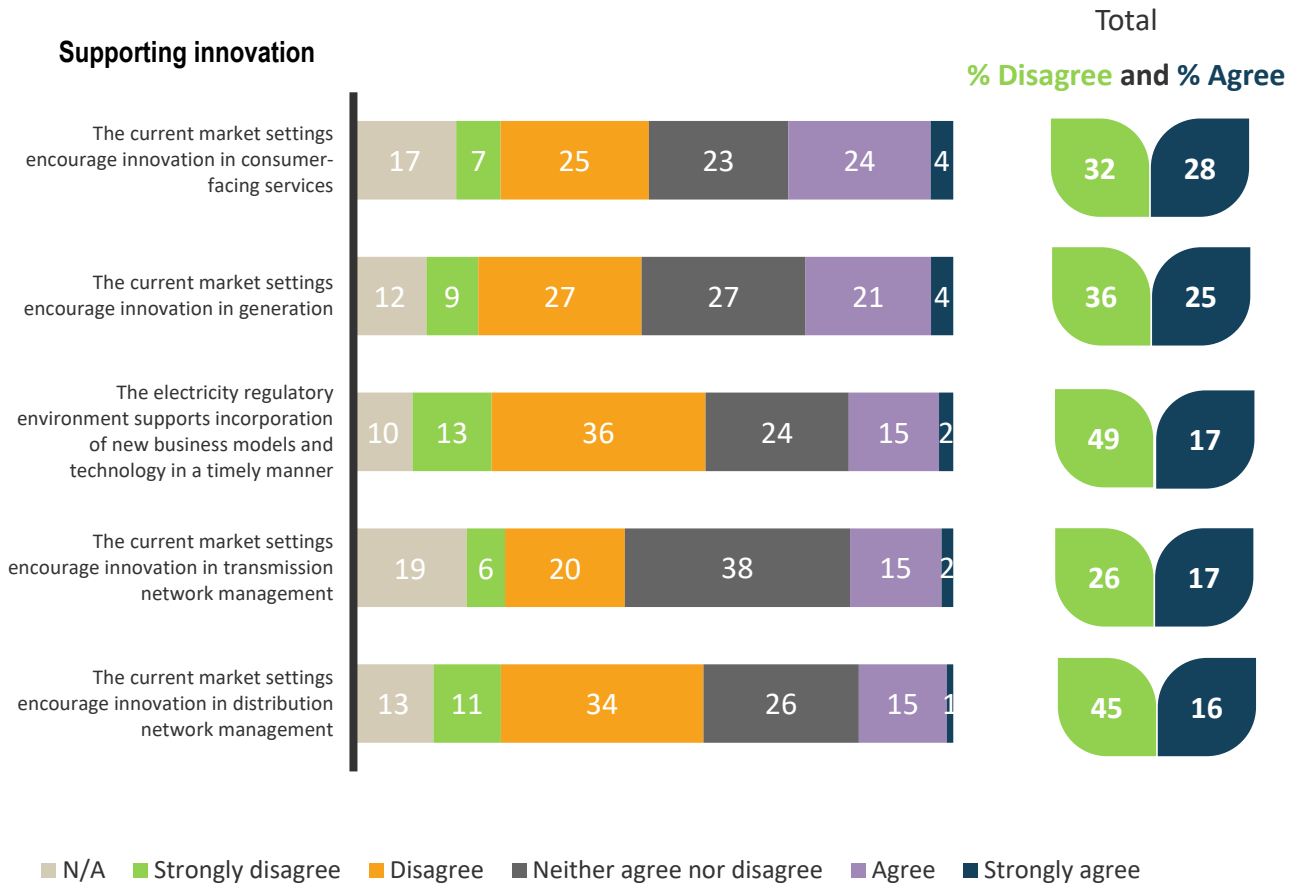
7. Innovation flourishing

7.1 Results

Respondents were more likely to disagree than agree on **all aspects** of innovation tested. Highest agreement 28% (down 3%) was that the current market settings encouraged innovation in **consumer-facing services,** 32% (down 1%) disagreed.

- 25% (up 4%) total agreed that current market settings encouraged innovation in **generation** and 36% (down 2%) total disagreed.
- 17% (no change) total agreed that the electricity regulatory environment supports incorporation of **new business models and technology** in a timely manner, while 49% (down 6%) total disagreed.
- 17% (up 1%) total agreed that current market settings encouraged innovation in **transmission network management**, while 26% (down 1%) total disagreed.
- 16% (up 1%) total agreed that current market settings encouraged innovation in **distribution network management**, while 45% (up 4%) total disagreed.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (%)

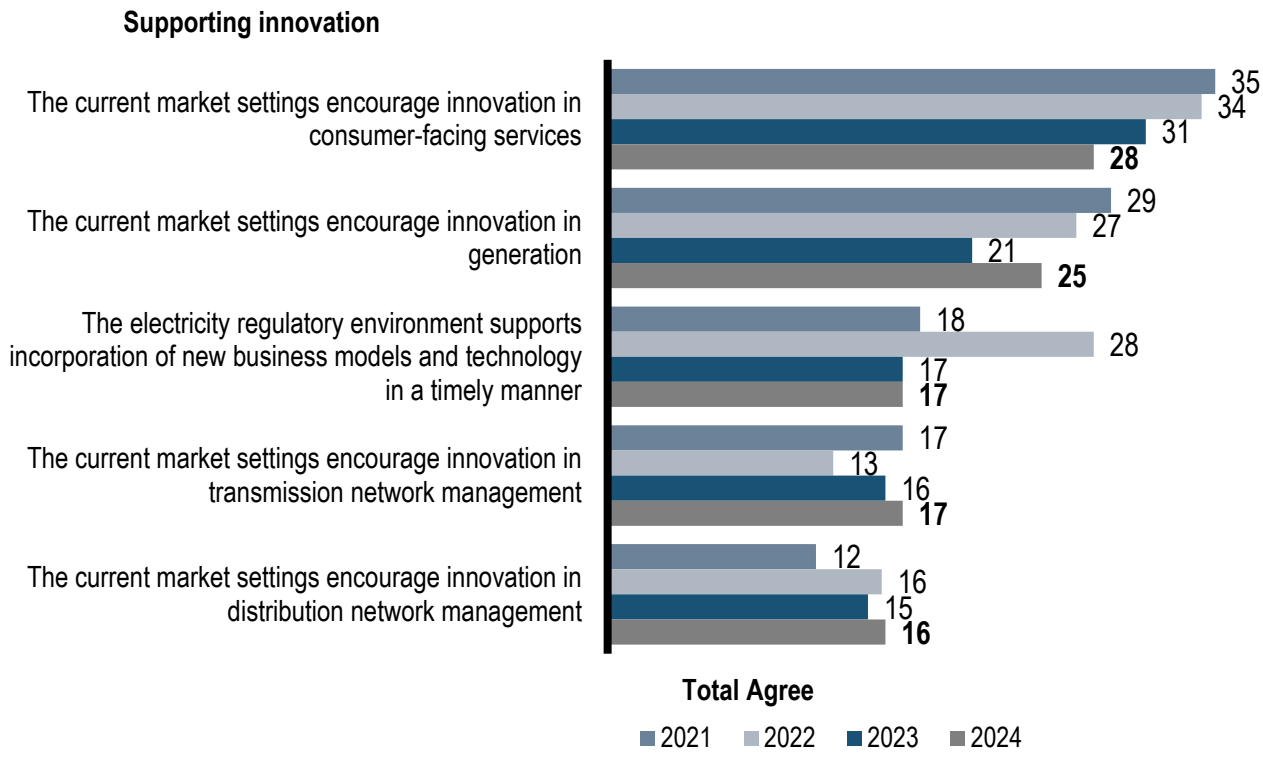


Base: All Respondents (n=137).

Tracking indicates that innovation metrics remained relatively steady overall. The main changes were:

- A downward trend since 2021 in agreement that 'current market settings encouraged innovation in consumer-facing services'.
- Agreement that 'current market settings encouraged innovation in generation' increased slightly.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (% total agree)



Base: All Respondents (approx n=100 per survey).

7.2 Verbatim feedback

Some innovation occurring, e.g. the move to time of use (TOU) network pricing.	*The move to cost reflective pricing and TOU network pricing is a step in the right direction, however this then puts pressure on retailers to ensure their own systems are complex enough to accommodate these innovations.* *I answered 'yes' to these questions but am of the view the regulatory environment/market settings could offer more encouragement in each of the respects mentioned in the questions. Flexibility around regulatory sandboxes would be one way to do this another would be to prioritise the 'smart system' work as a bundled work programme as individual pieces don't deliver big gains but collectively progressing this work will lead to a system change.*
Barriers remain that make innovation difficult. Some regulatory processes impacting on innovation: - Progress slow for industry participants to access data from metering equipment providers and	*Length of time that it's taken to progress MTR and flexibility markets has been a real drag on new business model development and distribution network innovation.* *The TPM is a material constraint on innovation in generation, particularly concerning new technologies.* *People with multiple sites should be able to share their own generation to encourage solar and renewables on a commercial level. More support for VPP and demand load control would be advantageous.*

multiple trading relationships. - Transmission pricing methodology a constraint on innovation in generation. - Call for a platform to sell solar power purchase agreements without going through current channels.	*True innovation in consumer products (new ways of doing things which will provide real value and reward the right consumer behaviour) is actively blocked by currently regulatory environment. The "innovation" which these settings allow is more "smoke and mirrors" through marketing/repackaging of the same products.* *I personally observe very little change regarding management and innovation and as such believe market settings are not driving change.*
The Code was making innovation difficult.	*Existing code has been a problem for implementation of new BESS technology. This is also a problem with SO technical codes.* *The Code stifles all innovation. Changes to the Code are too slow and the reluctance of gentailers to allow any change effectively kill almost all innovation.*
Distribution (EDBs and transmission) also seen as barrier to innovation, with current model not supporting innovation in the sector.	*Transmission and distribution regulation, including (Provider) price quality emphasises compliance through penalties. In the face of this the incentives available for innovation have not been sufficient.* *Distribution and transmission are heavily regulated as the businesses involved are natural monopolies. It is very hard for such businesses to meaningfully and efficiently innovate. I don't think this is necessarily a problem or a failure in the regulatory settings, but it comes with the territory given the nature of those businesses.*
Suggestion the Authority and its staff could support innovation more.	*The Authority seems to have a real lack of real-world experience, which makes it impossible to effectively regulate the sector. The use of working groups from industry is a good step forward.* *New thinking is required in the industry and the EA and MBIE need to employ staff understand the industry.*

8. Competition

8.1 Results – Competition in the electricity sector

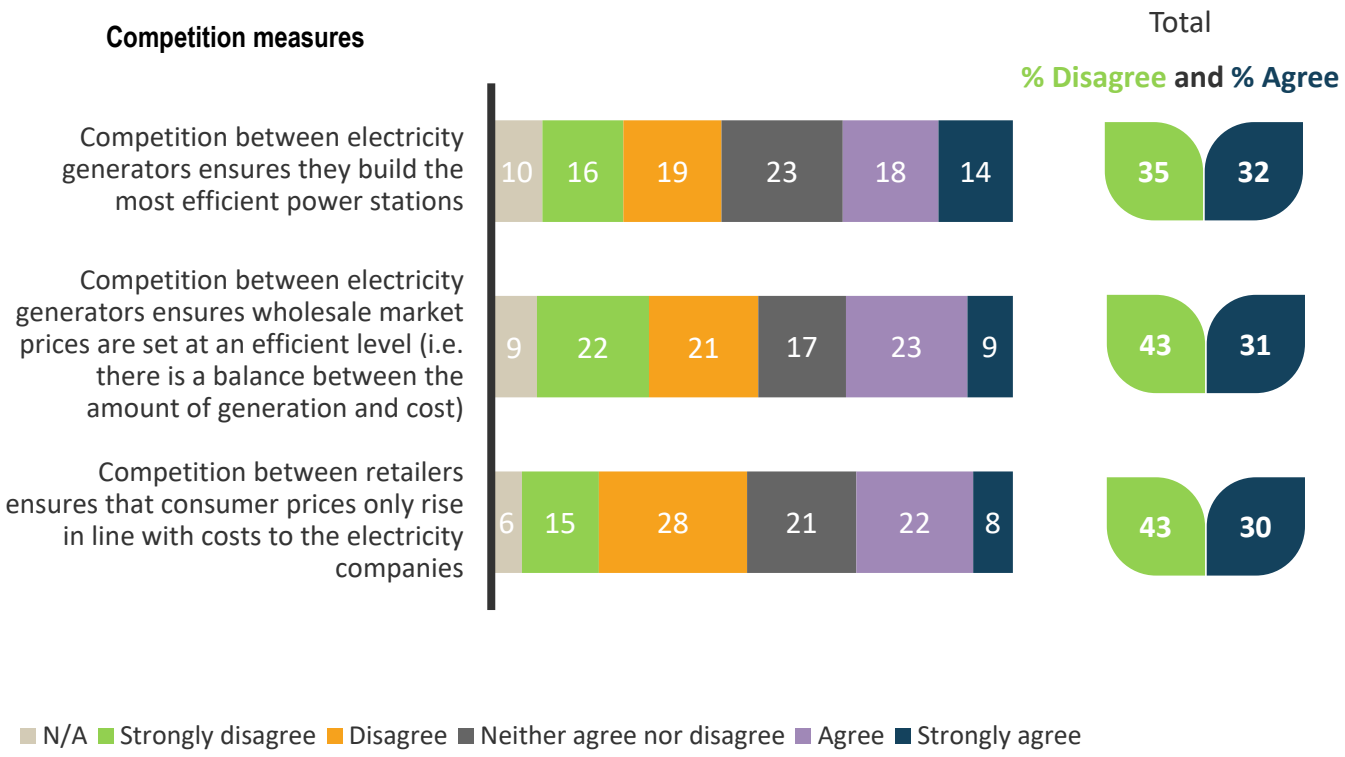
There was a fall this year in agreement that **competition between electricity generators** ensures that they build the most efficient power stations 32% (down 6%) total agreed, 35% total disagreed (up 3%).

Also falling was agreement that competition between **electricity generators** ensures wholesale market prices are set at an efficient level; 31% (down 10%) total agreed, 43% (up 2%) total disagreed.

There was 30% total agreement (up 3%) and 43% total disagreement (down 2%) that competition among **retailers** ensures that consumer prices only rise in line with costs to the electricity company.

- Total agreement was higher amongst generator and/or retailers for all three statements (43%, 49%, and 43% respectively).

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (%)

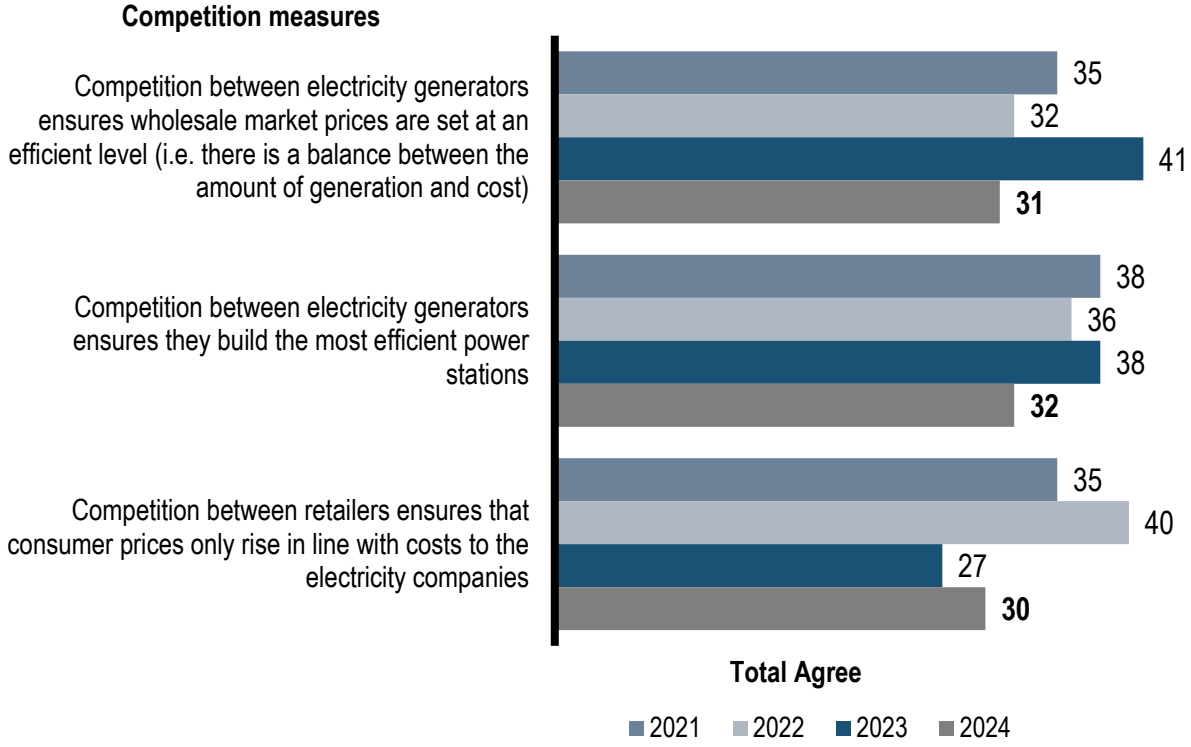


Base: All Respondents (n=137).

Tracking indicates that:

- Agreement that 'competition between electricity generators ensured wholesale market prices were set at an efficient level' declined from 2023.
- There was also a decline in agreement that 'competition between electricity generators ensured they built the most efficient power stations.
- There was a small increase in agreement that 'competition between retailers ensured that consumer prices only rose in line with costs to the electricity companies'.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (%total agree)



Base: All Respondents (n=100 per survey).

8.2 Verbatim feedback

A few respondents felt that there was competition in the retail and generation sectors.

In fact, in relation to the third question above, the evidence of the last 10 plus years is that competition has ensured that consumer prices in electricity have risen more slowly than costs to electricity companies i.e. in real terms electricit prices have decreased.

One of the most competitive markets in NZ. Pricing signals are driving investmer of unprecedented levels. There is much generation coming on and thus th market settings are good in this sense. Work is needed to ensure peak pricin signals support investment in peaking plant, demand response and othe innovative solutions.

Generators not seen to be supporting competition with several respondents stating generators were incentivised to limit supply rather than investing in new generation.	*There is no competition between generators. They all sell to a single market. Generators also do not compete to provide forward cover. Generators are incentivised to limit supply, so the big generators are not really investing in new power stations. Didn't we just have a shortage event that nicely added to the profits of our generators.* *Based on pricing the only ones benefitting are the Generators, industry and consumers unfortunately are bearing the brunt as a result. In an industry where costs cannot be passed on, it results in negative margins and has already seen sites being closed for good. It makes it impossible for NZ industry to compete in the global market.* *Electricity generators only build generation that meets their own RoI or commercial drivers, not what NZ Inc. needs. (in my humble view).*
Only limited competition in the retail sector with gentailers again being mentioned as impacting retail competition.	*As previously stated, competition in the retail market is dominated by the gentailers. They each operate several brands, giving the illusion of retail completion. The independent retailers will struggle to compete in this structure.* *Large gentailers dictate what happens.* *Competition between retailers is a joke. All are selling exactly the same commodity. The only competition is to find out who can increase their costs the most and get away with it.*
Role of pricing impacting competition with cross subsidisation among larger gentailers which did not reflect the real costs. This affected the smaller/ newer retailers whose margins were being squeezed.	*Retail prices are probably rising less than wholesale and lines/metering charges... i.e. retailers are having to suck up reduced margins.* *Transfer prices are at unrealistic levels and there is cross subsidisation across the large incumbent bases. Prices have not kept in line with increases in costs which is why there is a margin squeeze.* - *The wholesale price should be close to $120/ MW* - *The current surplus in prices is driven by capacity risk.* - *New generation will enter (and is entering) likely with overbuild.* - *In time that should help address capacity risk.* - *Still need an intraseasonal balancing solution (possibly enabled by a reserve capacity market)*
A system-wide view needed that included generation, distribution and retail to encourage more competition across the electricity sector	*Hard to assess if most efficient power stations are being built without taking a whole of power system view. Where could transmission and distribution unlock overall lower cost outcomes - and can they be delivered fast enough to ensure a low-cost transition.*

8.3 Results – Prices in the electricity market

Results regarding agreement that prices in the electricity markets reflect the outcomes in a workably competitive market remained steady, with higher agreement regarding the spot market.

Higher levels of agreement than disagreement for:

37% (no change) total agree) the **spot market prices** reflect the expected outcomes, while 32% (up 3%) total disagree.

- Generator and/or retailers were more likely to agree (52%).

25% (up 1%) total agree that **ancillary service markets** reflected outcomes expected, while 13% (no change) total disagree.

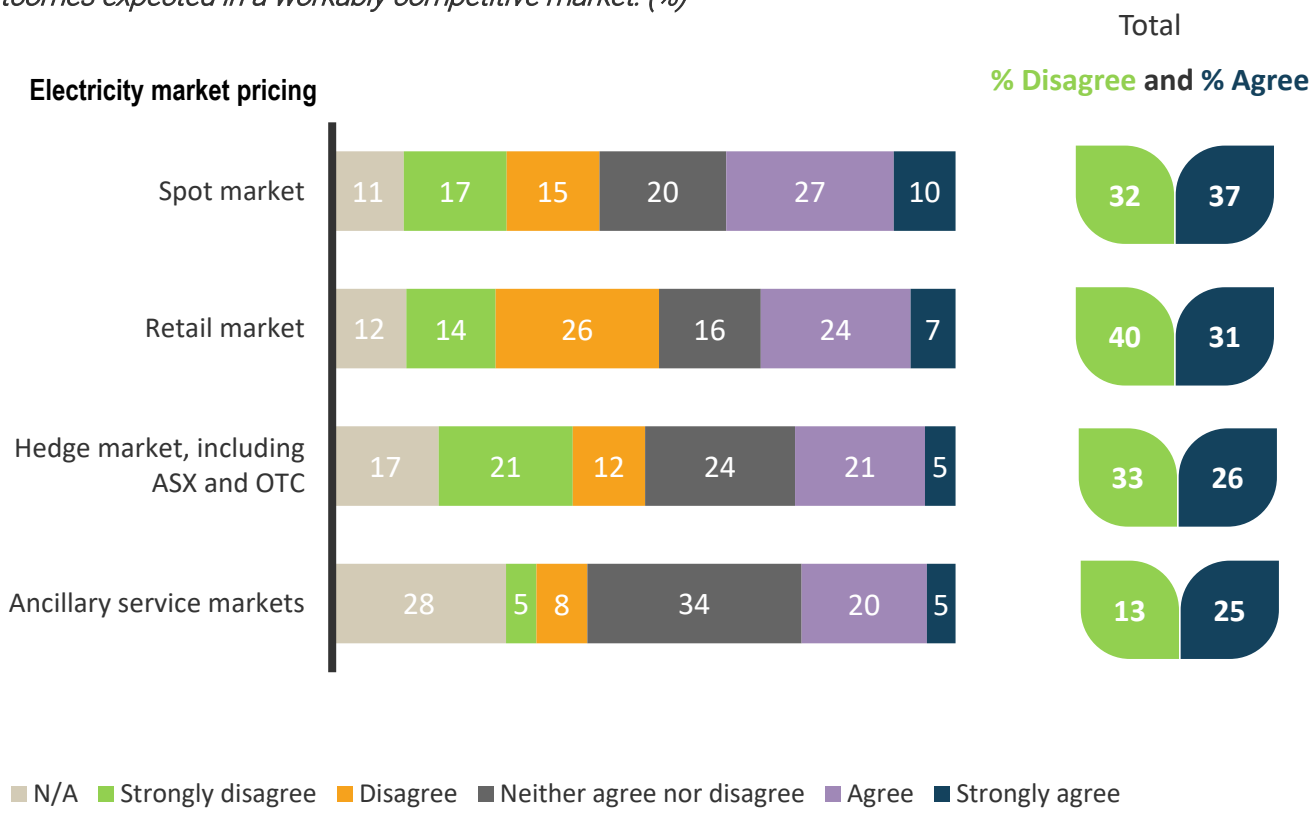
Lower levels of agreement than disagreement for:

31% (down 2%) total agree that **retail market prices** reflect the expected outcomes, while 40% (up 4%) total disagree.

26% (up 3%) total agree that **hedge markets**, including ASX and OTC prices, reflected outcomes expected, while 33% (up 1%) total disagree.

- Generator and/or retailers were more likely to total agree (39%).

Q: Please rate your level of agreement that prices in the following electricity markets reflect the outcomes expected in a workably competitive market: (%)

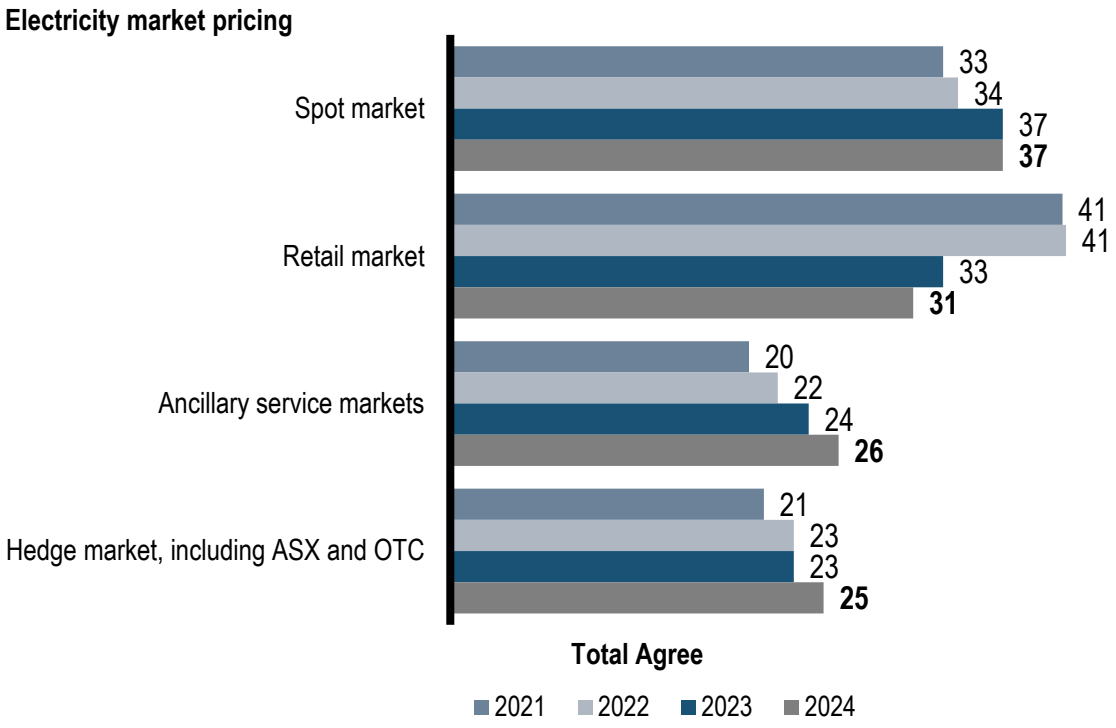


Base: All Respondents (n=137).

Tracking indicates that:

- There appears to be a slight positive trend in agreement that prices in the spot market, ancillary service markets and the hedge market reflect the outcomes expected in a workably competitive market (note still within the margin of error).
- However, agreement that the retail market reflected the outcomes expected in a workably competitive market was similar to 2023.

Q: Please rate your level of agreement that prices in the following electricity markets reflect the outcomes expected in a workably competitive market: (% total agree)



Base: All Respondents (approx n=100 per survey).

8.4 Verbatim feedback

Respondents' main comments were that prices in the following electricity markets reflect the outcomes expected in a workably competitive market.

Spot Market (Total agree 37%).	*It is likely that gas and other uncertainties mean that spot prices are not as efficie as they might be.* *Retailer players like (Provider) who offered consumers some access to the spot had to back off their plans once the rate went too high. What does that mean - I'm not sure, what made it go so high? Also - resiliency - what derivative or metric could be produced to let market players target the costs of outages or volatility. So much money is lost from outages in the form of lost electricity sales, and lost productivity. what market-based solutions are being tested to target this problem? in many cases this is the justification for derivative financial products in a contrarian attitude because it highlights inefficiency and while hopefully short lived, provides a balance in the market by rewarding the contrarians and thereby fixing the source of the problem.*

Retail Market (Total agree 31%).	*The markets are pricing risk well at the moment based on the current settings. Wholesale prices are high because system risk is rising, and the incentives favour rising risk i.e. new intermittent generation gets a free ride on system risk and then gets rewarded when system risk is priced into the wholesale market! This transfers to the retail market, which cannot pass on that risk to consumers. The lack of a requirement for intermittent generators to cover their portion of system risk, coupled with undercapitalised retailers are the two key features of market pricing currently.* *Retail prices are transitioning to a new normal to reflect current wholesale market prices.* *There is no competition in retail as it is too difficult to obtain forward cover and the costs of compliance are very high for new entrants. The EA persists to report that there are lots of retailers but many of them have few customers or are 'disruptor' brands of the gentailers.*
Ancillary service markets (Total agree 26% agree).	*To be workably competitive, electricity would have to have price elasticity and an alternative good. It has neither. As two retiring CEOs put it "the way to make money with this market is to keep the system on the edge of a shortage". So, we get shortages in dry years and struggle to meet peak demands.*
Hedge market (Total agree 25%).	*In a workably, competitive market, the wholesale price would be BELOW the Retail price. In NZ it's the opposite, ASX prices are ABOVE the price Gentailer's Retail divisions sell to consumers at.* *ASX prices are being affected by financial parties taking advantage of the restricted trading settings on market making. Need to even up the playing field here, so that all parties are subject to the same trading settings*

9. Reliability

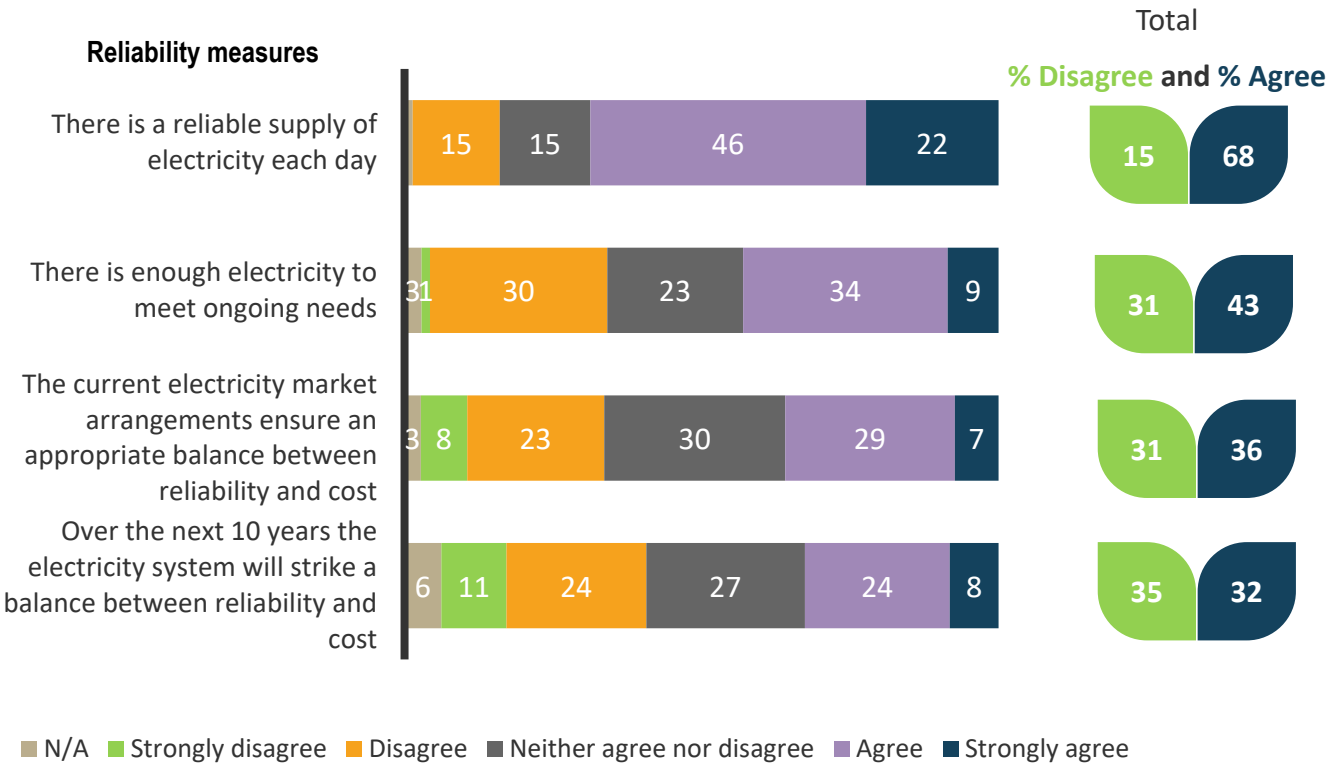
9.1 Results

While reliability of electrical supply continues to rate highly; this has fallen to 68% total agreed that there is a reliable supply of electricity each day, (down 7%). Fifteen percent total disagreed.

Feedback about other reliability statements remained relatively steady this year compared to last year.

- 43% (down 1%) total agreed that there was enough electricity to meet ongoing needs; 31% (down 6%) total disagreed.
- 36% (up 1%) total agreed that the current electricity market arrangements ensure an appropriate balance between reliability and cost; 31% (no change) total disagreed.
- 32% (up 4%) total agreed that over the next 10 years the electricity system will strike a balance between reliability and cost. However, a larger proportion total disagreed (35%, down 4%).

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (%)

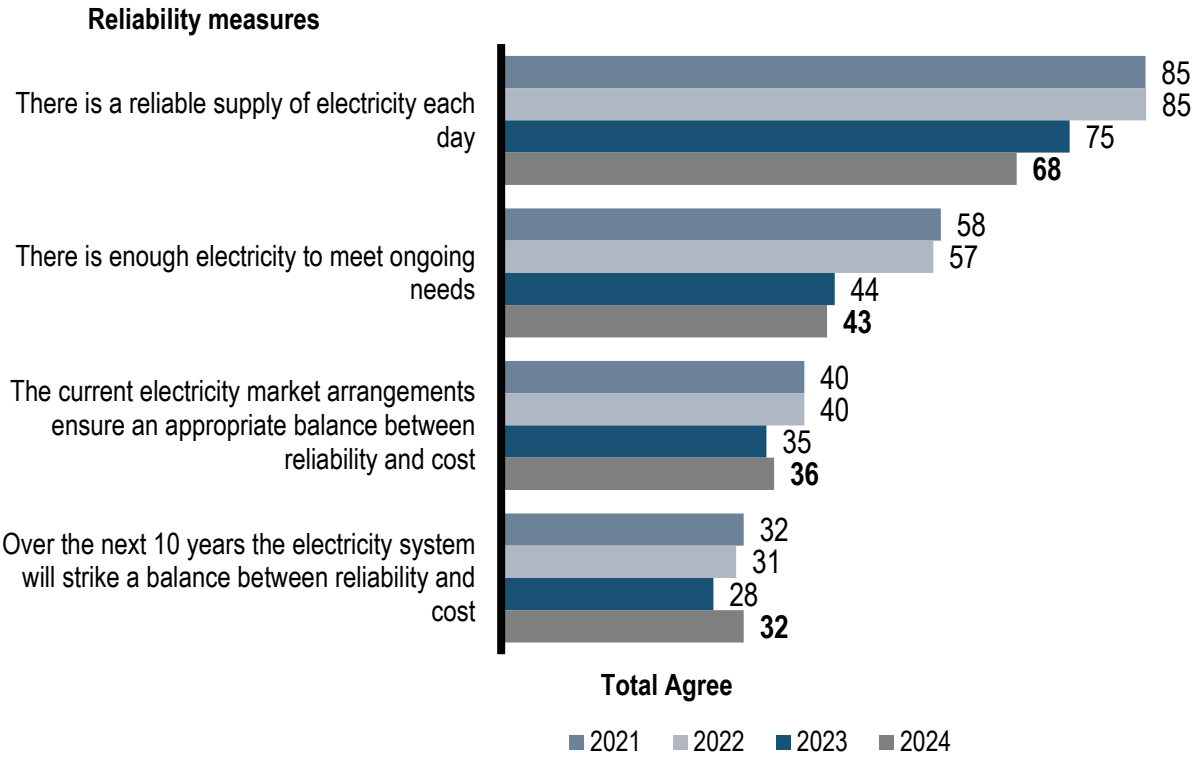


Base: All Respondents (n=137).

Tracking indicates that:

- There was a downward trend in agreement that 'there was a reliable supply of electricity each day' and that 'there was enough electricity to meet ongoing needs'.
- Agreement that the 'current electricity market arrangements ensure an appropriate balance between reliability and cost' and 'over the next 10 years the electricity system would strike a balance between reliability and cost' has remained relatively steady compared to the previous years.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A. (%)



Base: All Respondents (approx n=100 per survey).

9.2 Verbatim feedback

Main concerns were New Zealand's ability to meet increasing demand during a dry year. Strong perceptions system would not be affordable with insufficient generation for future unforeseen crises and impacts of climate change.	*It is clear that there is not sufficient generation under certain weather scenario's during winter and the gen-tailers are benefiting via high spot and futures prices. There are insufficient incentives to invest in additional generation and particularly overbuild of renewables if we are to move away from thermal generation and electrify large parts of our economy. We are heading for a volatile period due to mixed market signals from the previous government which stymied investment in generation and curtailed investment in natural gas exploration. It is unacceptable that the public is expected to curtail demand without compensation from retailers due to the industries under investment.* *If we continue in the current trajectory, then I can't see how the system will be affordable. the peaks will become peakier, generation will become more intermittent, and prices elevated and spikey at peak times.* *There is enough energy to meet ongoing needs BUT there is not enough capacity to meet peaks and firming needs. Failure will occur due to capacity rather than energy.*

	Transpower have made it very clear that supply is at risk, and they cannot guarantee to meet peak demands reliably. The declining supply of gas and the shutdown of Taranaki Combined Cycle station and the possibility that electrification will increase demand substantially put us at risk of dry year shortages and failure to meet peak demands for the foreseeable future.
Challenges impacting reliability of supply included the availability of fossil fuels as a back-up and current market arrangements.	*Gas and coal plant availability has been heavily impacted by regulatory change. Dry year risk is higher than normal - there is no clear mechanism to improve this situation.* *If supply of renewable cheap energy was ample, pricing would be lower and if construction of additional capacity is not fast tracked, under supply will be a factor as well as long term reliance on Huntley.* *The likelihood of striking a balance between reliability and cost will be determined by how realistic vs idealistic NZ is willing to be about the inclusion of natural gas to support the transition over the next 10 years.* *The current market settings allow nobody to have to own system risk, in fact they reward intermittent generators for growing system risk. This will eventually drive a capacity failure.* *Over the next 10 years, on current market settings there will be a failure, and this will cause policy intervention in the market and system risk will need to be addressed. For current market settings to strike a reliable supply/demand balance prices will go beyond the tolerance of politicians and consumers*
Conversely some concern with the reliance on renewable energy to support future reliability.	*Regarding balance b/w reliability and cost, solar farms may not assist our peak loads unless there are grid-scale batteries (BESS) or faster peakers installed as well.* *Too much solar is being built there needs to be a mix of renewable generation types with suitable back up when the sun is not shinning or the wind blowing, etc.*

10. Efficiency

10.1 Results

The New Zealand Electricity Market

Agreement that New Zealand's electricity market was efficient was varied, with both transmission and distribution recording increased agreement, and generation remaining steady.

- 59% (up 5%) total agreed that the New Zealand electricity market ensures electricity is **transmitted** efficiently; 9% (down 1%) total disagreed.
- Similarly, 50% (down 1%) of respondents total agreed that the New Zealand electricity market ensures electricity is **generated** efficiently; 21% (down 5%) total disagreed.
- A smaller proportion total agreed (44%, up 4%) that the New Zealand electricity market ensures electricity is **distributed** efficiently; 21% (up 6%) total disagreed.

New Zealand's Wholesale Market and New Zealand's Hedge Market

49% agreed that NZ's **wholesale market** efficiently coordinate electricity production and consumption, while over a quarter (27%) total agreed that the **hedge market** efficiently coordinates electricity production and consumption.

Nearly a quarter agreed that the wholesale market efficiently facilitates timely investment in the electricity system. Slightly lower agreement was recorded regarding the hedge market (18%).

Those with no view remained high, with between 26% to 46% of respondents being neutral or not applicable.

Excluding *wholesale market efficiently coordinates electricity production and consumption*, disagreement scores were generally higher than agreement. This was like previous years and an indication that wholesale and hedge markets may not support efficiency or timely investment as well as they should.

Wholesale market

49% (down 6%) total agreed that New Zealand's **wholesale market efficiently coordinates electricity production and consumption**; 22% (no change) total disagreed.

23% (down 1%) total agreed that New Zealand's **wholesale market efficiently facilitates timely investment in the electricity system**, 36% (down 7%) total disagreed.

Hedge market

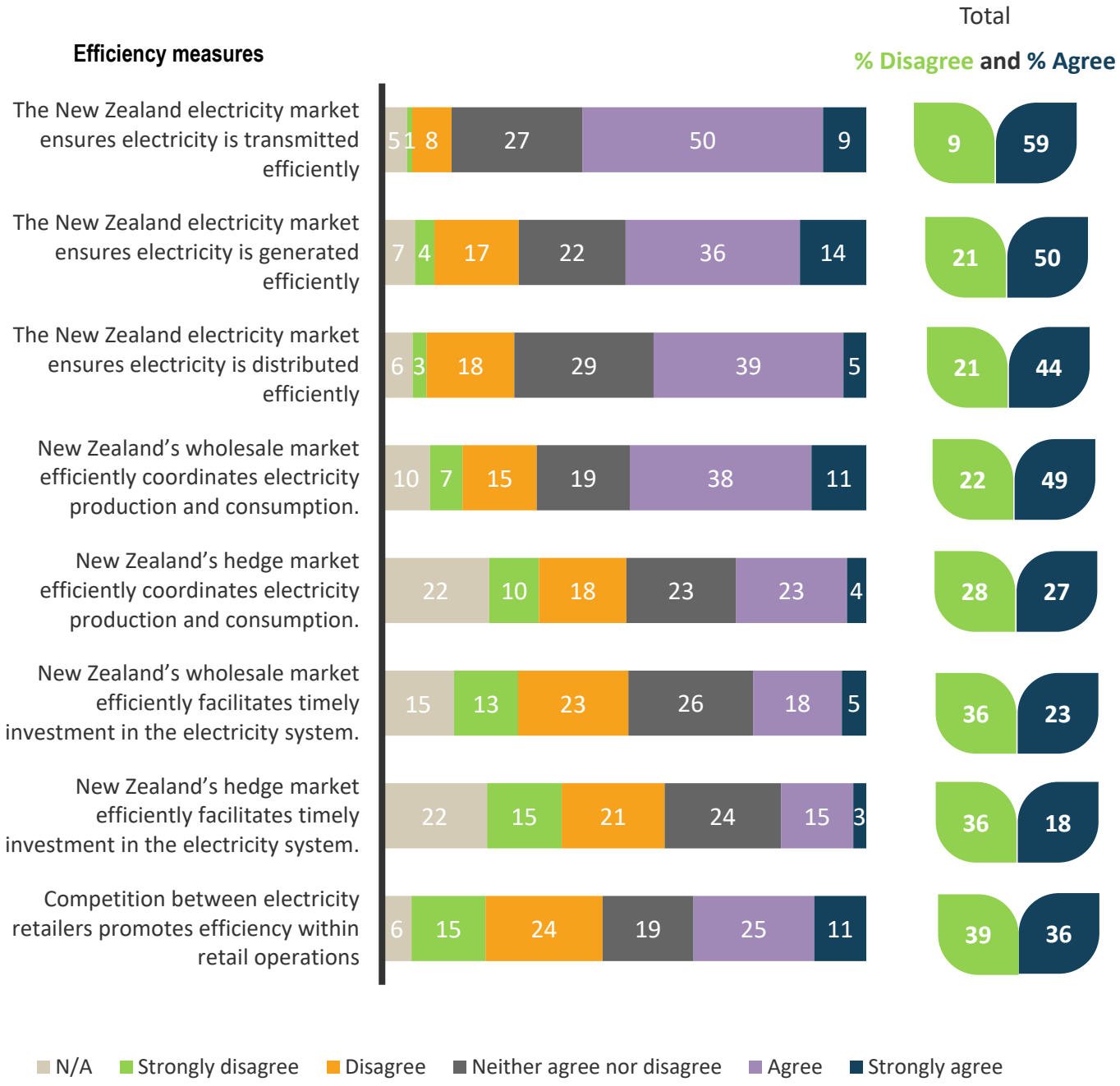
27% (up 6%) agreed that the **hedge market efficiently coordinates electricity production and consumption**, 28% (down 4%) disagreed.

23% (up 1%) agreed that the **hedge market efficiently facilitates timely investment in the electricity system**, 36% (up 6%) disagreed.

Competition promoting efficiency among retailers

Total agreement fell to 36% (down 5%) **that competition between electricity retailers** promotes efficiency within retail operations, while 39% (no change) total disagree.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A (%)

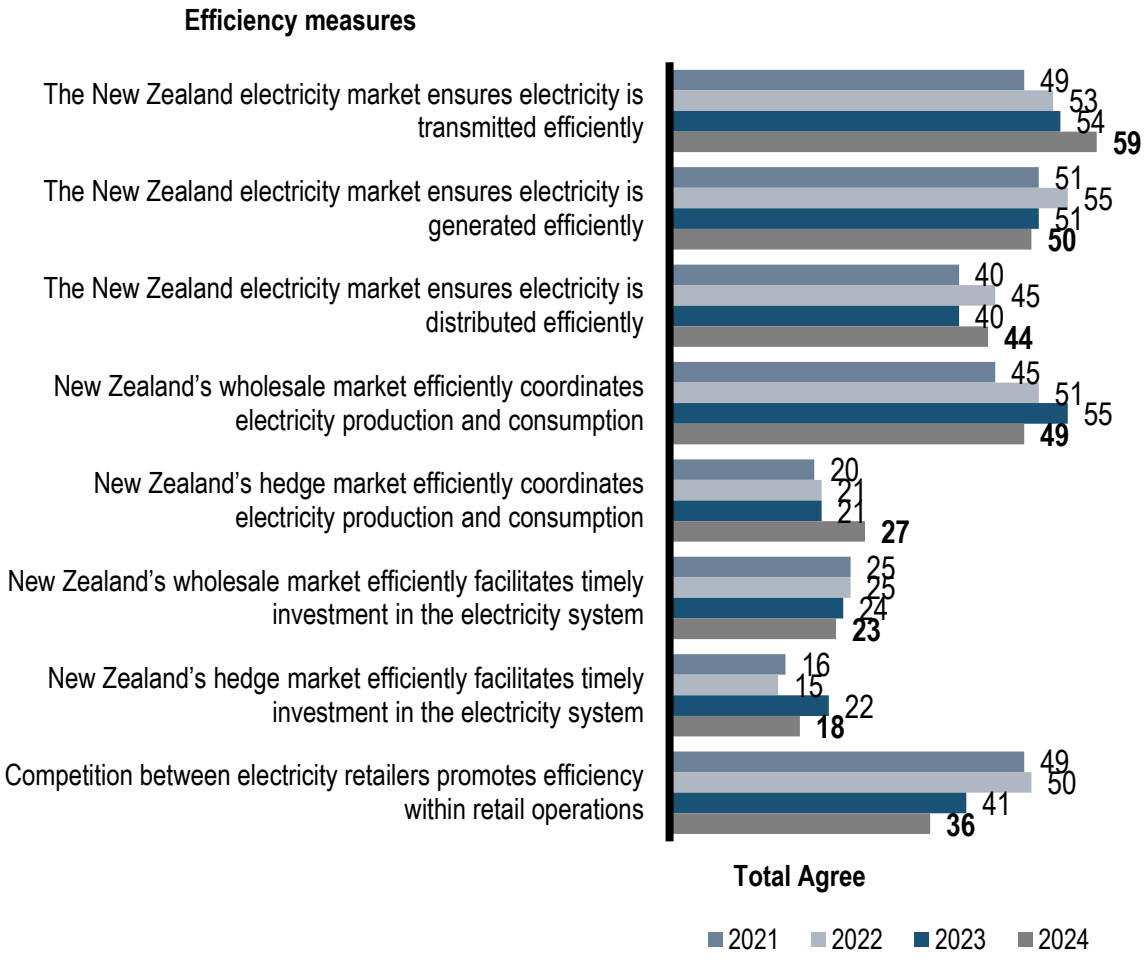


Base: All Respondents (n=137).

Tracking indicates that agreement regarding the efficiency of the electricity market was relatively steady across most areas. The main changes recorded were:

- A steady positive trend in those that agreed that the 'market ensured electricity was transmitted efficiently'.
- Agreement has risen in 2024 for the 'hedge market efficiently coordinates electricity production and consumption'.
- Agreement has declined for 'competition between retailers promoted efficiency within retail operations' and 'New Zealand's wholesale market efficiently coordinates electricity production and consumption' compared to the previous year.

Q: Please rate the following statements. If you are unsure, or would prefer to not answer a question, please select N/A (% total agree)



Base: All Respondents (approx n=100 per survey).

10.2 Verbatim feedback

Some agreement the electricity market was working resulting in an efficient electricity market.	*In terms of all of the above, the market is efficient, however the current settings are allowing system risk to be driven up and with that risk will be priced into the market. If it is not already there, it will go beyond the acceptability of consumers and politicians in the coming years and there will be intervention and just as we have seen in the gas market, the consequences on a country reliant on FDI will be felt for years beyond that.*

	While I agree for this block of questions there is always room for improvement. *Regulated bits are workable. The market is fine and will trigger investment. Some market gaps to close.* *Good competition across all aspects of the sector.*
Hedge markets were limited and not working as well as they should.	*Hedge markets are limited and shallow.* *The hedge market is broken and limiting competition in retail. If I could obtain hedges at the same rate as gentailers then my very low-cost operation could be very competitive.*
Other factors affecting efficiency were: - Investing in generation was not being encouragec - Distribution had too many distribution companies and had not invested in their networks to meet increasing demand - Retail was able to pass on extra costs to the consumer too easily - Demand side management could be better.	*There isn't any coordination between generation development projects, this could lead to too much/too little investment in the wrong place or technology.* *Too many distribution companies in NZ. This leads to huge costs to consumers and is not efficient.* *Many market participants are very inefficient because costs can be easily passed through to the consumer. Retailers can deal with the increasing inability of customers to pay. Legacy systems of gentailers allow them to slow down or eliminate innovation - what incentive do they have to change? I see increasing panic from Distributors on balancing load and facilitating connections to their networks. Why have they been rewarded with increased charges to manage needed changes that should have been obvious.* *The most powerful tool in the toolbox to facilitate the transition to a LCE required is demand side management. Because of the structure of the current industry, there is very little opportunity for consumers to efficiently manage their use, as enabling this will clearly impact on the profitability of the current industry players. This is where the electricity authority should be taking a major role in my opinion. There are plenty of examples overseas where this is being done very successfully and products are available to assist consumers in their own homes.*

11. Additional feedback

Respondents were asked if they had any further comments about the questions asked in this survey, or if there was anything else they thought the Authority should know.

The Authority was encouraged to continue engagement with industry to support an efficient, innovative and reliable electricity system. One suggestion was the Authority address the audit system and improve the way participant's performance was reflected.	*It is encouraging to see the Authority to continue to evolve to be more engaged with industry and taking a more collaborative approach to changes in and development of regulation while not compromising its statutory objectives. It is also encouraging to see upholding the interests of small consumers being added to these.* *There are many vocal critics of our current arrangements, however their comments are primarily driven by their own commercial interests. It is important to rise above this noise and look at long term competition, long term investment and ultimately the supply and demand balance to deliver an essential service to NZ'ers. We have a well-functioning, competitive market that has delivered through what has been a dynamic environment.* *Please redo the current audit system. It is flawed and derives results that are ultimately not even a true reflection of a participant's performance. I would love to discuss an enhancement or alternative given the chance.*
Some understanding of the current environment operating affecting the market, including uncertainty and development of the futures market.	*There is a lot of uncertainty in the market which hinders investment. There is uneven competition, which affects pricing and consumer ability to assess what is best for them.* *Important that confidence in the ability for electricity to enable the transition is not eroded by short term issues with shortages and inability to build at scale. Both should be a clear focus in objectives and decision making for the long-term benefit of future consumers.* *The futures market needs to be developed to support new renewables in a way which levels the playing field between gentailer and independent generators. Networks should be required to actively support non-network solutions to accelerate the uptake of BESS and other demand balancing options.*
Challenges in the retail sector already mentioned previously reiterated.	*The retail market is a basket case as vertically integrated players can operate with huge retail inefficiencies due to the cross subsidy, they receive from monopoly profits in the generation and wholesale business units.* *When will there be a wholesale market for electricity supply that independent retailers can buy from at prices below the Retail rates gentailers sell to consumers at? So that independent retailers can operate at a profit that is they can buy at a wholesale price (below the retail price) in bulk for on-selling to consumers in smaller parcels for a profit.*

Concerns the Authority was seeking mandatory reporting and the lack of engagement with smaller retailers.	*I do not provide monitoring information because they do not use it to regulate in any meaningful way. I can't be the only retailer with this view given the EA is seeking to make reporting to them mandatory. The EA have a big conflict with government dividends versus efficient regulation of the electricity sector, and from my perspective all they do is halt or slow down all innovation, side with the gentailers, run from distributor lawyers, add more and more retail compliance costs, let the generators manipulate the spot market without consequence ….* *To date the greatest restriction with entering the electricity market is the Electricity Authority.* *As a small independent retailer, I have no respect for the EA. They have made no attempt to gain my trust or even to have a conversation for years. The last engagement I had was the DDA where the end product was worse for me than the contract, I already had with Wellington Electricity. Any retailer requests were ignored. I think that was the point at which I gave up on the EA.*

12. Appendices – Full list of new products/services offered to consumers

In the past 24 months, has your organisation provided new products or services to consumers? - Yes (please specify the new product/service)
Retail Evolution of retail offerings. (Gentailer) Electricity retailing plans (including firming). (Gentailer) Demand response, different hedges, retail plans to consumers. Etc (Gentailer) Evolution of retail offerings. (Gentailer) New electricity supply services (including EV charging) and demand response arrangements with consumers. (Gentailer) Product bundles. (Gentailer) Time of Use plans for all consumers. (Retailer) Demand response, different hedges, retail plans to consumers etc (Gentailer) Regular innovation in tariff plans Developing flex/DR response for residential consumers, new contracts for commercial and industrial consumers. (Gentailer) Launched a mobile phone service Launched Good Weekends Launched Hot Water Sorter. (Gentailer) good nights and good weekends and good charge: mobile. (Gentailer) VPP, solar products. (Retailer) ToU pricing for all customers C&I Offering Bundled Broadband Hot Water Scheduling Commercial Demand Response Green Meter EV charging options. (Retailer) My Account, an application to improve customer experience when viewing bills, consumption and make payment online. (Retailer) TOU pricing. (Retailer) Battery Plan - Time of Generation pricing, Savings sessions. (Retailer) New retail pricing plans and offerings. New demand response offerings for larger customers. (Retailer) Retail services, EV services, Solar options. (Gentailer) New retail products, solar/battery, demand side flex options Firming Products. (Gentailer) Yes - we have launched new time of use products "Good Weekends" and "Good Charge" for retail customers to complement our existing Good Nights time of use electricity offering. and a mobile offering. (Gentailer)
Time of Use Hot water control, Time of use export buyback. (Retailer) Primarily increase in ToU based electricity products and Telco expansion. (Gentailer) a variety of time of use produces. (Gentailer) We have also launched a trial Hot Water Sorter demand response initiative. (Gentailer)
EV related Public and private EV charging solutions under a variety of models. (Gentailer) EV chargers Solar farms, Basepower units. (EDB) EV Charging. (Retailer) Public EV charging straight to you power bill. (Retailer) Mobile and EV charging. (Gentailer) New retail tariffs aimed at EV owners. (Gentailer) EV Charging (Retailer)
Tech solutions Capacity products. (Gentailer) A renewable energy data platform for aggregators and energy app builders (Other) Providing an ICCP service for generators to communicate with Transpower. (EDB) Mobile. (Gentailer) Mobile. (Gentailer) mobile phone services. (Gentailer) PV solutions. (EDB) Data products to Network companies Introduced new meters with enhanced functionality/services for retailers. (Metering service) New functionality for electricity retail price comparisons. (Electricity consumer representative) Solar PPAs & PATtech renewable tokens. (Retailer) DLC. (Metering service) Fibre. (Retailer)

In the past 24 months, has your organisation provided new products or services to consumers? - Yes (please specify the new product/service)
Generation • Installed wind turbines. (Generator) • Distributed Generation. (Consultancy) • We started supplying NZ energy certificates via Brave Trace for some customers in the last 24 months. (Generator) Solar • Solar energy, design and solutions. (Gentailer) • We host the SolarNetwork platform which is continually adding new features and services. (Service provider) Other • Support for consumers to lower their electricity costs. (Gentailer) • Market Security Options. (Gentailer) • Carbon reporting, Progressive Purchasing (electricity) services. (Service provider) • A Geoheat Action plan to highlight the untapped opportunities in regions for low/medium/high temperature consumers, including industrial processes. (Professional services)

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