



27 FEBRUARY – 23 APRIL 2025

# Levelling the playing field

We want to boost competition in the electricity market by levelling the playing field between the four large generators with retail arms (the gentailers) and independent generators and retailers.

Here's what you need to know about our proposal, and how to have your say.

We are proposing to introduce a new electricity industry rule called ‘mandatory non-discrimination obligations’ that the gentailers - Genesis, Contact, Meridian and Mercury – would have to follow.

This new rule would prevent the gentailers from giving preferential treatment to their retail arms in relation to hedge contracts. Instead, they would have to make these contracts available to all industry participants on effectively the same terms as they use when trading internally. This would ‘level the playing field’ so independent retailers and generators can better compete with the gentailers.

Our proposal is to introduce a three-step progressive approach. If the first step proves insufficient, the Authority could then impose other more prescriptive ways of levelling the playing field.

**The steps are:**

**Step 1:** Principles-based non-discrimination requirements.

**Step 2:** Non-discrimination requirements set out in detail.

**Step 3:** All gentailer-supplied hedge contracts must be traded through a regulated market, on equal terms for all buyers.

## What is flexible generation?

Flexible generation is electricity generation that can quickly ramp up or down production on demand, enabling it to respond to the need for power at any given time. Examples include hydroelectricity and thermal (gas and coal fuelled) power. Battery storage systems are also flexible. They provide flexibility to manage fluctuations in electricity supply due to variable renewable sources like wind and solar.

## What is an electricity hedge contract?

An electricity hedge contract is a contract between two parties who are both exposed to volatile electricity spot prices. Typically, one buys at spot prices, and one sells at spot prices. The hedge contract between the parties reduces their net exposure to price volatility. For example, an independent retailer or large industrial electricity consumer might hedge with a gentailer.

## Why do hedge contracts matter?

Hedge contracts matter because they support the financial viability of new independent retailers and generators in the electricity sector. For retailers, hedges provide insurance against very high spot prices. For new generators, hedges better enable them to enter into power purchase agreements (PPAs) with large users, which secures them a long-term revenue stream, opening up access to construction finance for new electricity generation projects.

Hedges are critical to enabling competition, which will get more power into the system, provide more choice to consumers and put downward pressure on electricity prices. The gentailers control the flexible generation that backs these hedges.

## What would the impact on consumers be?

Consumers would benefit from increased competition in the retail electricity market, and an increased supply of wholesale electricity. More electricity supply and more competition will lead to consumers having more choices and downward pressure on power prices over the longer term.

## How long before we see these benefits?

The first step of the changes we are proposing could be in place this year (subject to feedback). We expect that independent generators and retailers would take immediate confidence from such a change. We expect that confidence to flow through to innovation in the marketplace.

The information below explains how you can give us your feedback on the options paper.

We developed these proposed changes under the Energy Competition Task Force. The Electricity Authority and Commerce Commission set up the Task Force to improve the electricity market for all New Zealanders.

See [ea.govt.nz/taskforce](https://ea.govt.nz/taskforce) for more information.

# How to provide feedback

You can provide feedback by downloading and completing the survey at the end of this guide. Printed responses can be sent to us via post, and digitally completed or scanned responses can be sent to us via email. You can also talk to our team to provide feedback over the phone.

**Feedback is due by 5pm, 23 April 2025.**



taskforce@ea.govt.nz



Electricity Authority, PO Box 10041, Wellington 6143



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For more information visit [ea.govt.nz/taskforce](https://ea.govt.nz/taskforce)

# Feedback form

This survey is for individuals and business electricity users or organisations giving feedback on behalf of consumer groups. You can answer some of or all the questions in the form below.

We encourage industry participants to provide written feedback via the submission form in the option paper.

Visit [ea.govt.nz/taskforce](https://ea.govt.nz/taskforce) for details.

*\* = Response required*

**Name:**\*

*Firstname*

*Lastname*

**Organisation (if you are providing feedback on behalf of an organisation):**

**Terms and Conditions:**

We will publish your name and organisation (if this applies), but not your contact details. If you think we should not publish any part of your feedback, please tell us which part shouldn't be published and why.

Please note, all responses, including parts you've asked not to be published, can be requested under the Official Information Act 1982. This means we would be required to release all responses in full, unless there was a good reason under the Act to withhold it. We would consult with you if this meant releasing information you asked not to be published.

I understand\*

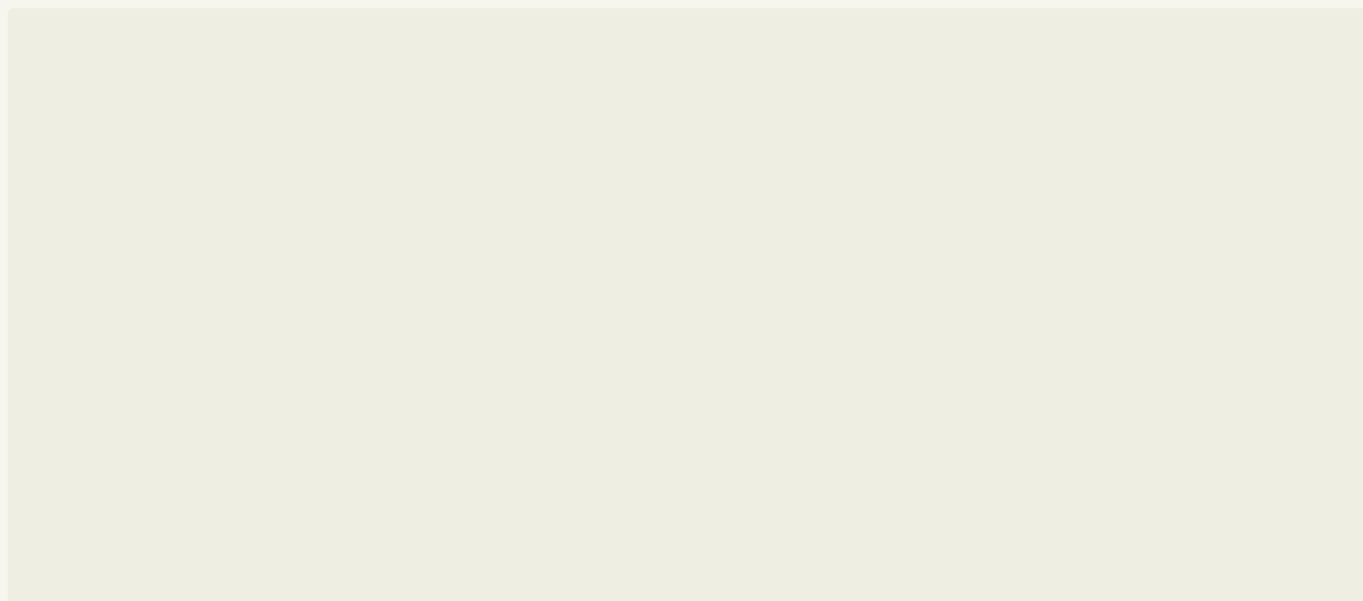
**Do you have any comments on our level playing field proposal?**

A large, empty, light green rectangular area intended for comments. It occupies the majority of the page below the question.

## Publishing feedback

We will publish all feedback on our website alongside your name and organisation (if applicable). If you think we shouldn't publish any part of your response, please let us know what parts and why in the box below.

Please note, all feedback can be requested under the Official Information Act. This means we would be required to release feedback in full, unless there was a good reason under the Act to withhold it.



## Submitting your form

Direct all submitted forms to Electricity Authority, PO Box 10041, Wellington 6143 or [levelplayingfield@ea.govt.nz](mailto:levelplayingfield@ea.govt.nz)

