



TRANSPOWER

Waikoukou
22 Boulcott Street
PO Box 1021
Wellington 6140
New Zealand
P 64 4 495 7000
F 64 4 495 6968
www.transpower.co.nz

Electricity Authority
By email: TaskForce@ea.govt.nz

28 February 2025

Context, Headwinds and Options for Power Purchase Agreements

We welcome the opportunity to submit on the Electricity Authority's (Authority's) consultation *Entrant generators – context, headwinds and options for power purchase agreements*, under the Energy Competition Task Force, Task 1A.¹ The Authority's webpage describes the paper as providing a snapshot of emerging thinking on Task Force initiative 1A, which "consider[s] requiring gentailers to offer firming for Power Purchase Agreements."²

The issues identified in the Authority's PPA paper to support development of PPA market are, in fact, broader renewables-based market issues. Following discussion with independent developers and analysis by the Market Development Advisory Group (MDAG), our own insights paper about Corporate PPAs³ identified that access to, and the cost of, suitable traded products appears to be an issue, as firming resources for longer-term PPAs are currently concentrated with a few parties only.⁴ As stated in a previous submission⁵ the most fundamental responsibility of the electricity industry and its market design, is that supply can meet demand at all times, ensuring the lights stay on and enabling communities, business and industry to thrive across Aotearoa New Zealand. A greater reliance on variable renewable electricity means more reliance on access to firming products to meet demand when renewable supply isn't available.

During this consultation process the Authority (and the Commerce Commission) have initiated consultation on 'level playing field measures – options paper'.⁶ The preferred option is to introduce non-discrimination obligations for Gentailer hedge contracts in the near term, such that competing retailers and generators can access standardised flexibility products on

¹ The paper provides a snapshot of the Authority's thinking on Task Force initiative 1A, which "consider[s] requiring gentailers to offer firming for Power Purchase Agreements."

² [Entrant generators – context, headwinds and options for power purchase agreements | Our consultations | Our projects | Electricity Authority](#)

³ Transpower insights paper [Corporate PPA Final .pdf](#)

⁴ Generator retailers and generators with battery energy storage systems (BESS) only provide firming for the shorter-term (i.e. hours).

⁵ [Solutions for peak capacity issues, March 2024](#)

⁶ [Level Playing Field measures - options paper](#) published 27 February 2025

an equal footing. Ultimately, all hedge contracts (including longer term ones) would be traded through a market. The paper⁷ includes the observation that longer term hedges e.g. 10 years, may effectively resolve the underlying concern around enabling new intermittent generators to enter into PPAs. We agree that a transparent and liquid market for longer term hedges would support the demand for PPA intermittent offtake agreements.

Finally, while the information provision at Table 4.1 outlining existing PPAs paper is based on publicly available information, we support the Authority being able to utilise its information collection powers to continue to create market information on offtake and 'firming' agreements and expand industry knowledge.

Yours sincerely

Joel Cook

Head of Regulation and Acting Head of Strategy

⁷ [Level Playing Field measures - options paper](#) page 80, footnote 88