

Update from the Chair

November 2024

Risk management review finds competition issues

The Electricity Authority this week released the [preliminary findings](#) of its review of risk management options for electricity retailers. The Authority found “that while there are a range and combination of solutions available to retailers, there is a potential risk to retail competition that the Authority cannot ignore.”

The Authority’s concerns relate to super-peak hedge contracts, when residential demand is high and wholesale electricity prices can get very high. The Authority states, “while some of the evidence is not conclusive, and scarcity is a factor in the availability of these contracts, we believe there is a risk that some level of gentailer market power could be in play.” This was evidenced, for example, with some gentailers not even offering hedges when requested.

Subject to feedback during the current consultation, the Authority and Commerce Commission’s [Energy Competition Task Force](#) will pick up on the review’s analysis as the Task Force considers ways to enable new generators and independent retailers to enter and compete in the market.

Further competition issues highlighted

On the same day the Authority released its preliminary findings on risk management options for electricity retailers, the Authority released an [additional report](#) showing that the internal transfer pricing and retail gross margins disclosure regime has little or no benefit in providing assurances about the competitive operation of the electricity market.

Where to from here?

The Authority notes it will reconsider the role of internal transfer prices and the disclosure regime after it finalises the findings from its risk management review. That review itself will sharpen focus on the work of the Energy Competition Task Force.

From an end-consumer perspective, there is a lot of interest in the yet-to-be-announced scope of MBIE’s competition review, which will hopefully examine issues from an end-consumer perspective, in addition to the Authority’s current work which focuses more on retailers.

MEUG strongly supports a market-based approach. At the end of the day, we are hoping the various reviews and any outcomes provide the needed assurance that consumers can have confidence in the market going forward, and that the market supports and enables an internationally competitive economy.

Key dates

What's on	Who	When	Notes for members
Submission: Level playing field measures	Electricity Authority	5 Nov	Authority called for early input from stakeholders on level playing field measures, as part of the Energy Competition Task Force.
Webinar: Energy Competition Task Force	Electricity Authority	5 Nov	Authority running two online Q & A forums on the Energy Competition Task Force.
Meeting: MEUG meeting	MEUG members	6 Nov	Online meeting of MEUG Executive Committee, with presentation from Electricity Authority.
Submission: Aurora reopener application	Commerce Commission	7 Nov	Consultation on draft decision on Aurora's Capacity Event Reopener application, with final decision expected in December
Release: Risk Management Review	Electricity Authority	7 Nov	Authority have published an issues paper with preliminary findings , with industry feedback sought by 18 December.
Submission: Contact acquisition of Manawa	Commerce Commission	7 Nov	Contact is seeking clearance to acquire Manawa (detail here), Consultation on Statement of Preliminary Issues. Final decision due by 26 November.
Submission: Outage coordination	Electricity Authority	8 Nov	Consultation on First steps in improving outage coordination.
Webinar: Distribution connections	Electricity Authority	11 Nov	Authority running a webinar to talk through its proposed rule changes to support more efficient connections to electricity distribution networks (register here).
Submission: HVDC risk classification	Transpower	11 Nov	Consultation on HVDC Single Pole Risk Classification & Cable Discharge Modelling Reviews.
Meeting: EA Advisory Group	Electricity Authority	11 Nov	In-person meeting of Electricity Authority Advisory Group.
Submission: Common quality	Electricity Authority	12 Nov	Consultation on addressing common quality information requirements.
Submission: Part 8 Code amendments	Electricity Authority	12 Nov	Consultation on Part 8 Code amendment – Part 1.
Event: Gender equality in energy sector	Mana Wahine	12 Nov	Panel session on gender equality and equity in the energy industry, hosted by Transpower (register here).
Event: Future Networks Forum	ENA	12 / 13 Nov	ENA Future Networks Forum held in Wellington.
Cross-submission: Amendments to IMs	Commerce Commission	13 Nov	Consultation on proposed amendments to input methodologies for electricity distribution businesses – wash-up amounts.
Webinar: Medically dependent consumers	Utilities Disputes	14 Nov	Webinar on how to best support medically dependent consumers (register here)
Submission: Under frequency event	Electricity Authority	15 Nov	Consultation on Draft determination of causer: 27 June 2024 underfrequency event.
Submission: Forecasting provisions for intermittent generators	Electricity Authority	15 Nov	Consultation on Review of forecasting provisions for intermittent generators – proposed Code amendments.
Webinar: Energy Competition Task Force	Electricity Authority	20 Nov	Authority running two online Q & A forums on the Energy Competition Task Force (register here).
Event: Growing to zero	Powerco	20 Nov	Stakeholder event on Growing to zero - collaborating for Aotearoa New Zealand's energy transition.
Decision: Decisions for Transpower and EDBs	Commerce Commission	20 Nov	Commission will issue its final decisions for Transpower (RCP4) and regulated EDBs (DPP4). Stakeholder and media briefing held in morning (register here).
Webinar: Customer webinar	Transpower	27 Nov	Transpower are running its final customer webinar for the year on 27 November.
Event: Taranaki Forum	ERA	27 Nov	Final online Energy Resources Taranaki Forum of 2024.
Event: Co-regulatory forum	GIC	28 Nov	Annual Co-regulatory forum will be held online on 28 November.
Submission: Scarcity price settings	Electricity Authority	29 Nov	Consultation on updates to scarcity pricing settings, with final decision expected by April 2025.
Submission: Permitted voltage range	MBIE	29 Nov	Consultation on proposals to expand the permitted voltage range for electrical supply.