6 November 2026

Simon Wakefield
Principal Adviser, Price Quality Regulation
Commerce Commission
PO Box 2351
Wellington 6140

By email to: infrastructure.regulation@comcom.govt.nz

Dear Simon,

Response to the open letter on local lines networks: achieving better outcomes for consumers now and in the future

1 Introduction

Electricity Networks Aotearoa (ENA) appreciates the opportunity to comment on the Commerce Commission's (Commission) open letter (the letter), *Local lines networks: achieving better outcomes for consumers now and in the future*, dated 10 September 2026.

ENA is the industry membership body that represents the 28 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses. Our members are listed in Appendix A.

EDBs employ over 7,800 people, deliver energy to more than 2.3 million homes and businesses, and have spent or invested $6.8 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

Our members are diverse in size, ownership, geography, customer base and regulatory status. ENA's role in this response is to identify areas of common interest and alignment, while recognising that individual members may raise additional or different points in their own responses.

ENA understands what the Commission is saying and accepts the challenge the open letter sets. We support a shared vision of good performance, and we are prepared to take the lead in turning it into a coordinated, prioritised programme of work that the sector, its regulators and its customers can stand behind. We will need the Commission and other agencies to meet us in that work. And where we consider the regulatory tools suggested in the letter are not the right ones for the problem, we say so, and offer alternatives we think will deliver more for consumers, sooner.

Our October 2026 submission to MBIE[1] and our October 2025 DPP5 response to the Commission[2] provide the foundation for this response and we recommend they be read alongside this letter. We have attached copies at Appendices E and F for the Commission's ease of reference.

[1] ENA, Submission to MBIE on options to improve the efficiency of EDBs, 7 October 2026 (available in Appendix E).
[2] ENA, ENA submission to ComCom on the DPP5 open letter - Oct 2025, 7 October 2025 (available in Appendix F).

2 Summary of our position

The open letter asks, in effect, what more EDBs should be doing. We think it's more relevant to ask what matters most to consumers, and how the sector and its regulators can deliver those priorities well together. Our response is built around that reframing of the question.

Our key messages are:

- **A shared vision, anchored in outcomes.** We support the Commission's vision. Regulation under Part 4 should hold EDBs to account for the outcomes consumers receive, but not prescribe a single way of running a network.
- **Problems before solutions.** Each newly proposed intervention should start from an evidenced problem and use the tool best suited to solve it. Standardisation is a means, not an end. It is most valuable where it delivers economies of scale that ease cost pressures, or a common, comparable process for customers dealing with more than one network.
- **Do the important things well, not everything at once.** The sector faces more than 250 separate but largely concurrent demands and deadlines, across 32 initiatives and several agencies. Delivering all of them at once, on conflicting timelines, will not be efficient and will not deliver the best outcomes for consumers. The issue is not regulation itself, but the lack of a shared view of priorities and sequencing across regulators, government and the sector.
- **Reciprocal accountability.** EDBs will show they are a safe pair of hands through visible delivery, stronger evidence and clear customer-facing performance measures. We ask our regulators for proportionate and predictable regulatory settings, including for efficient investment, and a coordinated and stable programme of regulatory demands.
- **We will get the ball rolling.** ENA will lead a sector-wide prioritisation exercise, bringing together EDBs, regulators and customer representatives to align efforts on the initiatives that deliver the greatest long-term benefits for consumers.
- **Coordination is a two-way street.** The alignment the Commission asks of EDBs is needed just as much across the regulatory and policy system.

We ask the Commission to:

- take part in the proposed prioritisation exercise, and use its outcome to help shape the Commission's work programme for EDBs, including DPP5;
- agree a focused set of customer-facing performance measures, build a baseline through reporting and publication, support improvement where needed, and only consider new financial consequences where evidence demonstrates a material performance gap and consumer harm;
- test each proposed intervention against a clear gateway (problem, cause, tool, counterfactual, cost, relative priority and review) before it proceeds; and
- work with the Electricity Authority, MBIE and other agencies to publish a single, prioritised and sequenced programme of regulatory work affecting electricity distribution.

3 A shared vision, anchored in Part 4 outcomes

We support the three pillars of the Commission's indicative vision: delivering core network operations well, having strong commercial arrangements in place, and building capability for the future. We also agree with the principle the letter sets out, that consumers should not pay for inefficiency.

Much of the current regime already gives effect to that principle, through allowances set in advance and incentive mechanisms that share gains and losses, and we support strengthening it where it falls short. Applying it well depends on separating genuine inefficiency from costs that reflect a network's circumstances, which any owner of that network would face. The principle also has limits where ownership and consumers overlap. For the many EDBs owned by community trusts or local authorities, shareholders and consumers are largely one and the same, so moving a cost from one to the other does not make consumers better off.

Our starting point is that delivering that vision is, first and foremost, the responsibility of EDB boards and management. They are accountable for running their businesses well and delivering for their consumers. Regulation provides the framework, the incentives and a backstop where needed, but it should not become a substitute for good governance and management.

Our main concern is how the vision is translated into regulation. The purpose of Part 4 is to promote outcomes consistent with those produced in workably competitive markets, for the long-term benefit of consumers. That is a test of outcomes: the quality of service, the price paid for it, innovation and investment, and the sharing of efficiency gains with consumers. Several of the regime changes suggested in the letter would instead regulate the means: a prescribed procurement route, a standardised specification, a particular asset management certification, or a common level of back-office cost per connection.

Workably competitive markets do not produce that kind of uniformity. Competing firms reach good outcomes in different ways, suited to their customers, geography and circumstances, and that diversity is part of how better practice is discovered and spread. There may be circumstances where minimum standards or prescribed requirements are justified, particularly where risks are significant and outcomes cannot readily be observed or assessed. But that case needs to be demonstrated, rather than assumed. In particular, adopting a preferred method should not automatically be treated as evidence of efficiency, nor should departing from it automatically be treated as evidence of inefficiency.

The focus shouldn't be whether efficiencies are achieved through collaboration, standardisation, consolidation or scale, but whether consumers are receiving better outcomes for what they pay, over the long term. Regulation should reward the delivery of those outcomes and allow EDBs flexibility to determine the most effective way to achieve them. This encourages innovation, keeps accountability with EDB boards and management, and avoids locking the sector into a prescribed view of what good looks like today that may not suit the future.

Regulatory settings should also remain neutral between ownership and delivery models. Allowances, capitalisation and incentives should reward the efficiency of the outcome achieved, not the structure through which it is achieved. Those outcomes should be judged on whole-of-life consumer benefits, including how transition risks are managed and the value of local accountability and stewardship. Good performance looks beyond the lowest-cost solution: it balances affordability, quality, resilience, innovation and future readiness.

4 Problems before solutions: the right tool for the right issue

The letter signals stronger and more direct financial and reputational incentives – and consequences – and states that stronger regulatory action is likely to be needed. We accept that the regime should evolve where there is an evidenced gap. In our experience, however, lasting improvement is more likely to come from incentives that reward better performance, practical enablers and a culture of continuous improvement than from relying primarily on prescription or financial consequences.

Either way, the order matters: agree the outcomes first, identify where performance is materially falling short, understand why, and only then decide whether incentives, capabilities, standards or regulatory change are the right response. The letter moves quickly from the vision to assumed causes of underperformance and then to quite specific mechanisms, which risks settling on the regulatory answer before the problem and its causes have been worked through. In particular, the letter does not yet show

where the outcomes are not already being delivered, how large the gains from closing any gap would be, or what it would cost to achieve them. That is the evidence we would expect before stronger consequences are introduced. Where underperformance is established and within an EDB's control, we support proportionate consequences, consistent with the graduated approach set out in Appendix B (question 9). The customer-facing performance measures and baselines we propose in Appendix B (questions 2, 3 and 6), the gateway below, and the prioritisation exercise in section 7 would help build that evidence base.

The sector regulators have already set the standard for this kind of discipline. They expect EDBs to assess network and non-network options, consider alternatives and proceed only where the evidence shows that an option is likely to deliver the best outcome for consumers.[3] Decisions to introduce new regulatory requirements should follow a comparable process. This is also what the Government's Expectations for Good Regulatory Practice ask of regulatory agencies: to identify the nature and underlying cause of a problem, and to assess alternative options, before a substantive regulatory change is proposed.[4]

We accept, equally, that the same discipline applies to EDBs' own investment and capability decisions, and that we should be held to it. This is not a test we are setting only for regulators – it is simply good business practice and good decision-making, wherever the decision is made.

Further to our similar ask of the Minister earlier this year,[5] we propose that this takes the form of a simple gateway that any new intervention clears before it proceeds:

- **The problem:** what consumer harm is occurring, and what evidence shows it, including its extent and distribution.
- **The cause:** whether it lies within the EDB's control, or with costs and decisions elsewhere in the system, and what is preventing progress, whether incentives, funding, standards, capability, information or market arrangements.
- **The tool:** what alternative responses are available, or already exist, whether Part 4 provides the right instrument, or whether another regulator or existing work programme is better placed to address the problem. Interventions should not duplicate, conflict with, or compound existing regulatory incentives or consequences.
- **The counterfactual:** the 'do nothing' option, as well as what existing tools and commitments, including under Part 4, will already deliver. The proposed intervention should then be assessed for the additional improvement it is expected to deliver.
- **The cost:** the compliance and implementation cost, and what other work it displaces (the 'opportunity costs'), compared with the cost of the alternatives.
- **The relative priority:** an intervention should be assessed against the counterfactual and credible alternatives, with the depth of assessment proportionate to its likely costs, benefits and consequences. This should inform whether the proposal should proceed, be deferred or be dropped altogether. Those that proceed should then be prioritised and sequenced according to their expected contribution to consumer outcomes, relative to other demands on the sector.
- **The review:** the measures and baseline against which success will be judged, when the intervention will be reviewed, and what will happen if it is not delivering the expected benefit – whether that is adjusting, replacing or removing it. Where the evidence is uncertain, a sunset or trial period may be appropriate.

[3] Commerce Commission, Electricity Authority and EECA, Ensuring consumers benefit from efficient investment in non-network solutions, 24 February 2026.
[4] New Zealand Government, Government expectations for Good Regulatory Practice, April 2017.
[5] ENA, Letter to the Minister: Working together to ensure affordable and secure energy, 29 January 2026, section 2.5.

This final gateway is the one most easily overlooked. Without it, expected benefits are treated as actual benefits and there is no way of knowing whether consumers are better off. Further, the next decision rests on assumptions that have not been checked against what actually happened and no one learns from the experience. Just as is the case for investment decisions, ex-post reviews provide an opportunity to assess the accuracy of key assumptions, identify lessons for future reform, and strengthen the accountability for regulatory decisions.[6]

Applied to the examples in the letter, the gateway points to better alternatives in several cases. Making full capitalisation of new assets conditional on a standardised specification and at-scale procurement would penalise efficient investment for its method rather than its cost. Reducing capitalisation of growth expenditure where flexibility is judged inadequate risks discouraging investment the network will need, and any expectation should be clearly articulated in advance and proportionate to a flexibility market that is still developing. A compensation regime for consequential failures raises questions of legal power, insurability and overlap with existing penalties that need to be resolved first. These proposals also need to be assessed together rather than one at a time. Each may seem reasonable on its own, but together they could make deferring efficient renewal, resilience or growth investment the lower-cost option for an EDB, which would not be in consumers' long-term interests. Our alternatives are set out in Appendix B (question 9).

5 Doing the important things well, not everything at once

The volume, timing and interaction of demands on the sector is becoming a consumer issue in its own right. Appendix C maps the demands EDBs currently face from the Commission, the Electricity Authority, MBIE, the Minister, the sector itself and others. Our register records over 250 entries across 32 distinct initiatives. Few were developed jointly: only six of the 112 regulator and government entries were established by two or more agencies, and we have identified around 20 timing or policy conflicts between entries. More than half of the entries are led by the sector and wider industry. The issue is not that any one body is asking too much, but that no one currently holds a view of the whole programme or a way to agree what matters most.

Individually, many of these initiatives have merit. Collectively, however, they compete for the same specialist resources, require overlapping engagement and often seek delivery within similar timeframes. This spreads effort across a large number of activities, rather than focusing it on those most likely to improve consumer outcomes.

Many of the objectives being pursued are individually desirable. However, they also involve unavoidable trade-offs. EDBs are expected to support affordability, resilience, electrification, customer service and efficient investment simultaneously. The challenge is not whether these objectives matter, but how they should be balanced, and that is not a balance EDBs can strike on their own or one regulatory instrument at a time.

A more prioritised and sequenced approach would allow both regulators and industry to concentrate resources on a smaller number of high-value initiatives and deliver them well.

The Commission's focus is "primarily on what can be achieved before the next default price-quality path reset (DPP5), but is not limited to this."[7] This reinforces the need for prioritisation. Initiatives that can realistically inform DPP5 should be progressed at pace, while others should be developed over a longer horizon, rather than being accelerated before sufficient evidence and capability are in place. Appendix C

[6] As the Commission has pointed out in relation to investment decisions, post-implementation reviews are an important mechanism for testing whether decisions delivered the expected outcomes. Energy Competition Task Force, Review of EDB-Initiated GXP investments, Issues Paper, 3 November 2026, page 19.

[7] Commerce Commission, Open letter – Local lines networks: achieving better outcomes for consumers now and in the future, 10 September 2026, page 5.

sets out our view of the workback. Robust evidence, assessment of the impacts and consultation, not the DPP5 reset date, should drive when new obligations and financial consequences come into force.

6 Reciprocal accountability

We recognise that greater regulatory flexibility, and greater trust, have to be earned. Requests for greater flexibility, whether on investment, regulatory scrutiny or the allocation of risk, will rightly be judged against the sector's record on efficiency, connections and customer outcomes. EDBs need to demonstrate strong delivery, transparency and disciplined investment decision-making.

We ask for the opportunity to deliver on our commitments and give the Commission the confidence it needs that EDBs are delivering better consumer outcomes as part of the approach to promoting good performance outlined in your letter.

We see this as the regulatory compact built on reciprocal accountability: decisions on both sides, by EDBs and by the Commission, should be evidence-based, prudent and focused on consumer outcomes.

The sector will provide:

- visible delivery of existing commitments, including the 18-initiative sector programme, reported separately as outputs, adoption and, to the extent possible, measured benefit;
- stronger and more transparent evidence behind investment decisions, including options analysis, utilisation data, genuine consideration of non-network solutions, and clearly documented assumptions underpinning our forecasts and investment decisions;
- a focused set of customer-facing performance measures, developed with consumer representatives; and
- collaboration and common approaches wherever they deliver a demonstrable net benefit to consumers.

We ask that the Commission:

- provides a workable pathway for efficient investment ahead of forecast demand, with prudence judged on what was reasonably known, and transparently documented, when the decision was made, and with any regulatory changes applied prospectively;
- applies proportionate scrutiny that reflects the strength of the evidence an EDB provides and the risks associated with the decision;
- provides clarity about who bears risks that arise from government policy and wider system decisions rather than from EDB performance, such as costs driven by changes in national policy or in transmission and other agencies' rules; and
- works with other agencies towards a coordinated and stable programme of regulatory demands (refer to section 8).

Greater flexibility should not mean weaker discipline. In some respects, it should mean stronger discipline. But that discipline is most valuable when it is focused on whether decisions are efficient, well evidenced and deliver the outcomes consumers need.

7 Our offer: a coordinated workplan and prioritisation exercise

In the absence of an aligned cross-agency programme, ENA proposes to develop an initial sector view of the regulatory and policy work programme as an input to a regulator-led, consumer-informed prioritisation process in two phases, ahead of delivery against the agreed plan (see Appendix D):

- **Phase one, with EDBs.** ENA will work with members to consolidate the current demands, identify duplication and conflicts, and propose a prioritised and sequenced programme based on our understanding of consumer benefit, urgency, risk, delivery capacity and dependencies.
- **Phase two, with regulators and consumers.** We will bring that proposal to the Commission, the Electricity Authority, MBIE and other agencies, and to consumer representatives, to test the priorities, agree responsibilities and settle what should be prioritised, deferred or stopped.

The aim is to agree a small number of priorities that the whole system commits to delivering well, with clear owners, milestones and decision points, including those needed to inform DPP5. The objective is to provide an initial sector input that the responsible agencies can test, adopt and take forward. Our intention is not to assume an ongoing coordination role that properly belongs with government and regulators. This would be a time-bound collaboration, with a clear focus on decisions and delivery, not on adding another layer of meetings or creating a new forum or committee. Each part of the work should have a defined problem, a decision-maker, an output and a route to implementation. Appendix D sets out the proposed approach to the workplan.

Consumers are seeking greater coordination as well. The Major Electricity Users' Group has also called for a shared, staged workplan for EDBs, noting that around 20 regulatory programmes focused on distribution are under way and are poorly coordinated.[8] MEUG would prefer that plan to be developed by the Government, which is consistent with our view that enduring coordination properly sits with government and regulators.

Our proposal does not take any decision away from the agencies responsible for it, and it is designed to feed into, or be taken over by, a government- or regulator-led programme as soon as one exists. We agree that consumers should help set the priorities, and we would welcome the involvement of MEUG and other consumer representatives.

To make this work, we ask the Commission to participate in phase two, consider the agreed priorities as an input to its own work programme, and work with other regulatory and policy agencies to improve the sequencing and coordination of new requirements. Coordination is a two-way street.

8 Sector and agencies have a role in coordination

We accept the open letter's challenge to coordinate, collaborate and standardise where this benefits consumers. Similar disciplines across the regulatory system would help align DPP5, connection and distribution pricing, future system operation and electrification work. Different agency perspectives are valuable, but poorly coordinated requirements can create duplication, competing signals and timing pressures.

ENA has raised the importance of coordination in previous submissions. In our previous DPP5 open letter response we called for tighter cross-agency alignment, an integrated workplan across the sector, and a consolidated, searchable index of regulatory changes.[9] In our January 2026 response to the Minister, we recommended that the Council of Energy Regulators publish its agendas and minutes, and that agencies publish a prioritised, combined forward work calendar.[10]

We recognise that regulators face the same capacity constraints as EDBs. Agency teams are being asked to design, consult on and implement a large number of reforms in parallel, often with limited specialist

[8] Major Electricity Users' Group, Options to improve the efficiency of electricity distribution businesses, 7 October 2026, page 11.
[9] ENA, ENA submission to ComCom on the DPP5 open letter - Oct 2025, 7 October 2025, sections 2, 5 and 7 (available in Appendix F).
[10] ENA, Letter to the Minister: Working together to ensure affordable and secure energy, 29 January 2026, section 2.5.

capacity. Agreeing a shared set of priorities could help make the best use of available capability across the sector, and help ensure the work that does proceed is done well.

This open letter also highlights the value of a more connected and iterative consultation process. Many of the issues it raises, including priorities for consumers, investment ahead of demand, connections and how regulatory settings should evolve, were considered in detail through the Commission's 2025 open letter on its approach to price paths and more recently through the MBIE consultation.

While the current letter references earlier work, there may be value in providing greater visibility of the key themes that emerged and how earlier feedback has informed the Commission's developing thinking. Given the importance of these issues to the development of DPP5, a more explicit articulation of what the Commission heard through earlier consultations, and how that feedback has shaped its emerging views, would help stakeholders engage more productively. It would also support a more coherent and cumulative consultation process, helping ensure that engagements build on previous discussions rather than revisiting them.

ENA is not alone in seeing value in stronger coordination. Others have also highlighted the challenge of delivering a coherent approach to the energy transition across several regulatory and policy agencies, and views differ on how best to address it, including whether structural change is needed.

We consider there is a substantial opportunity to improve outcomes within the existing institutional arrangements, provided agencies commit to shared priorities, clearer responsibilities and coordinated delivery. We welcome the Commission's commitment in the open letter to continue to focus on aligning work programmes where feasible. To support this, we encourage the Commission, alongside the Electricity Authority and MBIE, to provide a more coordinated and transparent roadmap for regulatory initiatives affecting distribution businesses. ENA's proposed workplan is designed to support this, providing sector input to that roadmap and helping to demonstrate what those arrangements can deliver.

9 Conclusion

The Commission and the sector want the same thing: networks that deliver good outcomes for consumers now, and that are ready for a more electrified future. ENA and its members are ready to lead the work to get there, and to be held to account for delivering it.

We ask the Commission to work with us: to anchor regulation in the outcomes consumers value, to test each intervention against the problem it is meant to solve, and to help the sector do the most important things well rather than everything at once, so that the combined effort of the sector and its regulators is focused where it will make the greatest difference for consumers.

We would welcome the opportunity to discuss this response and the proposed workplan with the Commission. If you have any questions about this submission, please contact Gemma Pascall, Regulatory Manager ( ).

Yours sincerely

Tracey Kai
Chief Executive

Appendix A: ENA Members

The lines companies represented by ENA are listed below.

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- EA Networks
- Electra
- Electricity Invercargill
- Firstlight Network – owned by Powerco
- Horizon Networks
- MainPower
- Marlborough Lines
- Network Tasman Limited
- Network Waitaki
- Northpower
- Orion New Zealand
- OtagoNet – represented by PowerNet
- Powerco
- Scanpower
- The Power Company – represented by PowerNet
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower

Appendix B: Responses to the open letter questions

This appendix responds to each of the Commission's questions. It should be read with the covering letter, which sets out our overall position. Where a question is addressed in the letter, we summarise our answer here and refer to the relevant section.

Vision and priorities

Q1. Is the proposed future state focus of EDBs delivering core network operations well, having strong commercial arrangements in place and building capability for the future appropriate?

Yes. The three pillars are a sound organising framework, and we support the headlines. Two changes would make the vision stronger. First, customer experience and efficient investment should be explicit across all three pillars, rather than implied. Second, capability should be judged by the services a network needs to provide and the outcomes it delivers, not by whether it has adopted a particular system, certification or business model, which the letter more broadly seems to focus on and some of the sub-points within the vision currently allude to.

The letter itself partly recognises this in footnote 6: not every EDB needs full distribution system operator capability.[11] The same principle should apply across the vision. EDBs should be able to build, share or buy the capability they need, with clear and consistent regulatory treatment of each route.

The vision should also distinguish between the pace of action and the pace of arrival. EDBs can reasonably be expected to have credible plans, governance and investment in place now, and to show progress against them. DPP5 is a useful point to demonstrate that progress, but it should not become the date by which every capability in the letter must be fully mature simply because it coincides with the reset (see also our answer to question 6).

Our support for the vision does not extend to every regime change suggested in the letter; our views on those are set out elsewhere in this response, and particularly in our answer to question 9.

Q2. Are there aspects which you consider are not adequately addressed within the Vision statement which are either impacting performance now, or are likely to in the future?

Five aspects need greater prominence. The first, and most important, is the customer. The letter acknowledges that the vision is EDB-centric, reflecting the Commission's regulatory role. We see that role differently. Part 4 regulates EDBs, but its purpose is defined by outcomes for consumers – outcomes consistent with those produced in workably competitive markets, where firms are judged by what their customers receive, not by how they organise themselves to provide it (see our covering letter, section 3). A vision framed in those terms would do much of the work the letter assigns to a separate set of agreed outcomes.

As drafted, however, the vision describes what EDBs should do and have, and the outcomes that follow include preferred means of delivery, such as joint procurement, common design standards and asset management systems, and adoption of a particular competency framework. That draws regulation

[11] Commerce Commission, Open letter – Local lines networks: achieving better outcomes for consumers now and in the future, 10 September 2026, page 5, footnote 6.

towards the means of delivery and away from the results. We suggest the vision instead defines good performance from the customer's side: how quickly enquiries are acknowledged and resolved, how connection offers are made and delivered, how outages are communicated and how complaints are handled, alongside safety, reliability, resilience and long-term affordability. A focused set of customer-facing performance measures can then track progress, with the means of delivery left to EDBs to choose and to justify. Those measures should be assessed together, and alongside existing quality standards, so that lower near-term expenditure is not mistaken for a better outcome where it increases future costs or service risk. Consumer engagement should inform how those trade-offs are struck, recognising that the right balance may differ across networks.

The second is the wider system. Many of the outcomes customers experience depend on decisions outside an EDB's control, including retail pricing, transmission, data access, the availability of flexibility providers, and costs such as traffic management, vegetation management and consenting. The vision should recognise these dependencies. Given the need for coordinated action, regulatory settings should encourage experimentation, learning and collaboration, while recognising that EDBs do not control all of the factors that influence customer behaviour and network utilisation.

The third is the timing of investment. Investing too late carries costs, just as investing too early does. Efficient utilisation includes justified headroom, and investment decisions should be judged on the information reasonably available at the time, not with hindsight. The future the letter describes should equally exclude consumers paying more later because networks were not ready for electrification.

The fourth is the pathway from today's networks to the future state. The vision is clear about the destination, but not about the foundations it depends on, such as data, network models, systems integration, cyber capability, operational processes and people. Some of these need to be in place before more advanced capabilities, such as flexibility or DSO functions, can sensibly be deployed. The vision should recognise that distinction and the need for a realistic, sequenced pathway between the two, which is why active prioritisation matters (see also section 5 of the covering letter and our response to question 6).

Finally, we encourage the Commission to work with the Authority, MBIE and other relevant agencies to establish a shared, coherent direction for the future distribution sector. Agencies are already expressing expectations about efficient distribution networks and the capabilities they may need, but through separate work programmes and with different emphases. MBIE's recent consultation, for example, sets out expectations for an efficient distribution system.[12] The Authority has also described efficient network outcomes,[13] and the functions and capabilities that may support future distribution system operation (DSO).[14] These contributions may be complementary, but the vision should give EDBs a coherent account of the outcomes being sought, how responsibilities fit together, and how resulting changes will be coordinated and prioritised. Without that shared direction, overlapping or inconsistent expectations may affect performance now and make it harder to plan future investment and capability development.

With or without a coordinated vision though, we note that many of the Commission's likely outcomes relate to work that is already being undertaken across the sector, as explained in the table below. The letter does not assess what this work is expected to achieve, which is a necessary starting point before deciding where further intervention is needed. These examples are mostly taken from ENA's shared work programme, as proposed to the Minister in January 2026, and as expanded to incorporate the additional Asset Dynamics recommendations in July 2026. Updates on these initiatives are reported to the Minister on a quarterly basis. Appendix C shows the range of other initiatives across the sector, many of which will also be contributing to these outcomes already.

[12] MBIE, Discussion document for the electricity distribution businesses, 19 August 2026.
[13] Electricity Authority, Statement of performance expectations 2026/27, 20 July 2026.
[14] Electricity Authority, A roadmap for the future of distribution system operation in New Zealand, 30 June 2026.

COMMISSION'S EXAMPLE	ENA RESPONSE AND, WHERE RELEVANT, ALTERNATIVES
Benefits of scale are better realised: Joint procurement, common design standards and asset management systems, and more efficient levels of overheads.	Joint procurement: there is existing joint procurement of some legal and consulting services relating to regulatory work programmes, and smaller coalitions for common equipment. A virtual critical spares store (ENA shared work programme initiative 5) has also been built and deployed. This is supported by a formalised mutual aid agreement (initiative 3). Common design standards: the EEA is working on common technical standards, as part of the 'streamlining connections' work programme between the EEA, ENA (via the Future Networks Forum) and the Electricity Authority. This is also aligned to ENA's shared work programme (see initiative 6 on standardised technical standards, starting with low-voltage connection guidelines, and initiative 12 on consistent inverter settings, as reported on to the Minister quarterly). Asset management systems: whilst common asset management systems are not specifically on a work programme, there is work on aligning asset management practices, both through the EEA and through the ENA's work programme, as updated for Asset Dynamics recommendations (see initiative 11 on sharing asset management practices and initiative 16 on standardising network planning frameworks, on the 18-initiative work programme, as reported on to the Minister quarterly). ENA work programme initiatives 18 and 14 also, respectively, require a regular update of a register of standardisation and collaboration initiatives (first published in our January 2026 response to the Minister), and to formalise and scale shared services and joint operating models, where they are deemed beneficial.
Operating costs are minimised while maintaining service levels: Support functions are efficient, value adding and contribute to the effectiveness of service delivery to consumers, including improved employee utilisation rates through adoption of the Common Competency Framework.	A number of the ENA initiatives will enable improved efficiency of support services by reducing duplication of effort and bespoke solutions e.g., common agreements and virtual spares. EDBs have already adopted a standard national charter on customer communications and engagement to aid consistency of consumer experience (initiative 1 on the ENA shared work programme). Several of the initiatives mentioned above should also impact operating costs.
More targeted and better value capex programmes: Asset replacements and resilience related investments are driven through robust data, analytics, engagement and risk profiles for whole of lifecycle cost and acceptable risk to consumers.	The Commission's recent resilience principles and guidance will assist with consistency on resilience investment, and see above for work on asset management practices more broadly.
Improved clarity and visibility of system costs: Asset utilisation is optimised by a suite of tools including pricing and flexibility. Higher usage of data analytics and asset visibility for optimal timing of network upgrades with underlying forecasts being transparent, robust, data driven and consistent.	We made some recommendations in our response to the Commission's DPP5 open letter in October 2025 on how asset management plans could be improved to support this. We would welcome discussing these options further with the Commission. As mentioned in response to question 4, we would also support inclusion of key metrics in a focused set of new disclosures to help establish benchmarks. Initiative 8 on the ENA shared work programme includes exploring how EDBs can use and share data more effectively across the country to improve understanding of low-voltage networks, improve risk management and focus utilisation. As per our last quarterly report to the Minister though, this is an

COMMISSION'S EXAMPLE	ENA RESPONSE AND, WHERE RELEVANT, ALTERNATIVES
	example where deprioritisation of data in the Authority's work programme has created an interdependency delay in the ENA shared work programme.
Common streamlined interfaces and processes are applied for third parties, including pricing structures and terms, connection processes and network information, reducing costs on other sector stakeholders and improving internal efficiencies.	A common connections shop-front roadmap is initiative 15 on the ENA shared work programme, linked to Asset Dynamics recommendation A2, along with initiative 7's standard connection contracts and initiative 2's connection 'quick wins'. The Authority's extensive connection process and pricing workstreams are designed to assist more broadly in this area. Initiative 13 adds standardised industry flexibility into the mix, through work already progressing through the Future Networks Forum on dynamic operating envelopes and valuing non-traditional solutions. In addition, five EDBs are participating in the Our Energy Localflex platform.

Q3. What are the industry's priorities, based on the needs of current and future consumers, and are we aligned?

3.1. Where are the biggest areas of focus where a material difference can be made for consumers and the potential hierarchy (priority) of these?

3.2. How should priorities be valued/evaluated, and what level of assessment or quantification may be good enough for proposed regulatory interventions?

We appear to be broadly aligned on the direction, but we are probably not yet aligned with the Commission on the prioritisation and sequencing. That is the gap our proposed prioritisation exercise is designed to close (refer to our covering letter, section 7). The sector currently faces more than 250 separate demands across 32 initiatives (Appendix C). Priorities cannot be agreed by simply adding to that list. They need to be set by making difficult choices and actively engaging in the inherent trade-offs – agreeing what matters most, and what can wait.

As a starting point for that discussion, and building on what we told the Commission in response to its 2025 open letter on DPP5[15] and MBIE in response to its recent consultation,[16] we suggest the following order of priority:

- deliver imminent connection and pricing requirements and existing customer commitments;
- demonstrate adoption and measured benefits from the common tools already developed through the sector programme;
- agree a focused set of customer-facing performance measures, supported by comparable efficiency and investment measures, and establish a baseline for discussions around 'efficiency'; and
- trial better pathways for investment ahead of demand, data use and flexibility, including better evidencing of options assessments in investment business cases and a voluntary pilot of investment decision-making frameworks (see question 9), sequenced to inform DPP5.

On valuation, the depth of assessment should match the consequence. A low-cost pilot or reporting change can proceed on a proportionate assessment. An intervention that affects allowances, RAB recognition or liability should clear every step of the gateway set out in section 4 of the covering letter in full, with costs and benefits quantified, where practicable, and the risk of unintended consequences

[15] ENA, ENA submission to ComCom on the DPP5 open letter - Oct 2025, 7 October 2025 (available in Appendix F).
[16] ENA, Submission to MBIE on options to improve the efficiency of EDBs, 7 October 2026 (available in Appendix E).

assessed. Non-monetised costs and benefits, such as safety, resilience and access, should be stated explicitly.

Material consumer benefit should be the starting point for all proposed interventions. Not every benefit can be quantified precisely, particularly where EDBs are building enabling capability, but 'good enough' should not mean accepting a weak causal link between a proposed regulatory intervention and consumer benefit.

Refer also to our proposed workplan in Appendix D.

Capability and regulatory enablers

Q4. How are EDBs internally determining the capabilities required to deliver most effectively and efficiently for their consumers and setting the path towards a future state? What is this compared against? Is there a specific set of Board level metrics which are tracked or specific information which it would be useful to require for disclosure to the Commission to better allow comparison?

EDBs determine the capability they need from the service they provide and the risks they manage: their customers, geography, asset condition, demand growth and exposure to events. Those differ across networks, so the right capability differs too. What matters is that an EDB has credible access to the capabilities its future operating model requires, whether built in-house, shared with other EDBs or bought in. That distinction is likely to matter more for smaller EDBs.

Boards typically track customer outcomes, safety, asset and resilience risk, investment delivery, forecast network and financial performance, critical skills and assurance over material controls. Much of this information is already disclosed, and a metric being useful to a Board does not on its own make public disclosure necessary. A few targeted measures of progress would be more useful than a broad new reporting requirement, which risks rewarding reporting over delivery and is unlikely to be in place in time to inform DPP5 (see Appendix C). We suggest the Commission first identifies the decisions it needs to make and what existing disclosures already tell it, and then agrees with the sector a focused common set of new disclosures to fill any genuine gap, recognising equivalent measures EDBs already report. We have set this as an explicit step in the proposed workplan (see Appendix D).

Common definitions matter. They should distinguish, for example, network-caused connection delays from customer or third-party delays, and normal performance from exceptional events, so that comparisons are fair. Benchmarking can start a conversation about an apparent outlier, but should not on its own be treated as evidence of inefficiency. Before publication, affected EDBs should be able to check the data, correct errors and explain material differences, and reports should make their limitations clear.

Q5. What is needed from regulators/regulation/legislation to enable achievement of the vision and outcomes?

5.1. What other enablers are important or essential within our, or other, regulatory regimes?

5.2. What should we deprioritise/reduce regulatory burden on?

The most important enablers are the asks in our reciprocal accountability section (covering letter, section 6): a workable pathway for efficient investment ahead of demand, scrutiny proportionate to the strength of the evidence an EDB provides, clarity about who bears risks arising from government policy and wider

system decisions, and a coordinated and stable programme of regulatory demands. Alongside these, EDBs need timely access to the data required to manage their networks.

The enablers we identified in our DPP5 response also remain relevant, including, but not limited to, better tools for managing connection and customer-driven capex risk, support for prudent anticipatory investment, more risk-based and data-driven review, greater clarity on opex/capex neutrality and a clear timetable for interdependent workstreams such as the IM reviews.[17]

Beyond Part 4, and as we said in our 2025 DPP5 response, our January 2026 response to the Minister and our recent submission to MBIE, the most valuable enabler would be a coordinated, prioritised and sequenced programme of regulatory work across the Commission, the Electricity Authority and MBIE (refer also to our covering letter, section 8).

To reduce regulatory burden, we suggest the Commission:

- draws on previous and related submissions, and on information already disclosed, before seeking new information;
- builds any new performance measures into existing information disclosure, rather than creating parallel requirements;
- actively considers whether there are current disclosures that are not used or have not been useful;
- coordinates with its fellow regulatory and policy agencies on the content and timing of new requirements and consultations; and
- uses our proposed prioritisation exercise to identify demands that can be deferred, merged or stopped.

Q6. What timescales are feasible?

6.1. For EDBs, do you have a clear work programme which identifies when certain capabilities or insights will be more readily accessible?

Timescales should be worked back from the decisions they need to inform. For DPP5, that means the final decision expected in November 2029, the draft decision before it, and the evidence that must feed in well before then, including the March 2028 asset management plans and the information disclosures for the period commencing 1 April 2027 (refer to Appendix C for a draft workback).

We propose a staged timetable: agree priorities and responsibilities in late 2026 and early 2027; establish the performance baseline and pilot designs during 2027; evaluate initial trials through 2027 and 2028; and settle the evidence and regulatory changes needed for DPP5 in time for the reset. A new measure without a reliable time series to establish a baseline should be piloted before financial consequences are attached to it. On current timelines, most new measures are therefore unlikely to be ready to carry financial consequences from the start of DPP5. They can still be reported and published during the period, giving early reputational incentives and building the baseline needed to attach financial consequences later in the period or at the following reset. The basis for publication of any new measures, including common definitions and how results are contextualised, should be agreed with the sector before results are published. When financial consequences are attached, any changes to RAB recognition, allowances and incentives should be assessed together, using the gateway in section 4 of the covering letter, so that they fill a demonstrated gap rather than duplicate existing incentives.

EDBs, ENA and other agencies already have substantial programmes of work under way or proposed. ENA's mapping exercise identified over 250 relevant requirements, commitments and projects across 32

[17] ENA, ENA submission to ComCom on the DPP5 open letter - Oct 2025, 7 October 2025 (available in Appendix F).

distinct initiatives. They have different owners and status, but many fall within the same period and draw on overlapping delivery capacity. It is not realistic to assume that all can be delivered in parallel within the proposed timeframes. The immediate task is to assess the full pipeline, distinguish mandatory work from proposed initiatives, and agree what should proceed, be combined, deferred, phased or stopped. That prioritisation should shape the joint workplan and the evidence expected in time for DPP5. Appendix C maps these current demands and Appendix D shows how they could fit into the proposed joint workplan.

Scale and standardisation

Q7. For smaller EDBs, where cost is identified as the key reason for not progressing system or capability development - how is the impact of this assessed and quantified?

The impact should be assessed by identifying the service or customer outcome at risk if the capability is not developed, including who is affected, where, and to what extent. The assessment should establish a baseline and compare likely outcomes under current practice with those under credible alternatives. It should quantify both the expected service benefits and the whole-of-life costs of developing and operating the capability, including options such as sharing a service, buying a solution, or continuing with the current approach. Assumptions and uncertainty should be made clear.

The same assessment framework should apply to EDBs of any size, but that does not mean the same solution will be efficient for each one. Scale can affect costs and delivery options; it is not, on its own, evidence of inefficiency or of a need for intervention. Comparisons should account for relevant differences between networks and the customers they serve, rather than treating expenditure or ownership of a particular system as a measure of performance.

Smaller scale may make a shared or purchased service more efficient than developing a capability independently, giving smaller EDBs access to economies of scale they could not achieve alone. If an EDB can achieve the required customer outcomes another way, requiring a particular technology could add cost without improving service. If the assessment identifies a material gap, the response should be a funded and accountable plan to address it. Common outputs, such as completed Future Networks Forum work or other shared initiatives, may help reduce development costs, subject to their suitability for the EDB's circumstances.

Refer also to section 3 of our covering letter and our response to question 8 below.

Q8. What are the barriers to increased consolidation and standardisation within the Part 4 regime? What is needed to overcome or reduce these barriers?

Standardisation, sharing or aggregation of capability, and ownership consolidation are distinct tools that address different problems. Common technical standards, data structures, interfaces, procurement, platforms and specialist capabilities may reduce cost and duplication. Much of that value can come from common performance requirements, data and interfaces without requiring identical equipment, leaving room for justified local variation such as coastal, geothermal or remote-service conditions. Some capabilities may be more efficient to develop jointly or share than for each EDB to build independently. Those benefits do not, by themselves, establish a case for changing network ownership.

Each should be judged by its net benefit to consumers, taking account of transition costs and risks. In particular, ownership consolidation should not be presumed to lower costs or improve outcomes for consumers; that needs to be shown in each case. The Commission's own recent advice found no single

optimal scale for EDBs and MBIE's discussion document also acknowledges that scale alone is not clearly established as a driver of efficiency, and a change of ownership is not a substitute for identifying the problem it is meant to solve (refer to our covering letter, sections 3 and 4). The government also rejected the Frontier Economics recommendation to amalgamate EDBs on the basis that "there is also no conclusive evidence that structural ownership changes are needed to achieve efficiencies."[18]

Initiative 14 of ENA's shared work programme, reported quarterly to the Minister for Energy and based on the recommendation A1 from Asset Dynamics, includes a Commerce Commission root-cause analysis of discontinued EDB collaborations, to inform ENA's subsequent work on a good-practice framework. We suggest the analysis should establish whether, and to what extent, those arrangements were affected by regulatory settings, as distinct from commercial, governance, capability or other factors. The programme records this work as due over 2026-27 and is awaiting the Commission's analysis. In light of this question, we encourage the Commission to agree its scope and timing with ENA by the end of this year.

Where regulatory barriers are found, the specific rule and affected service should be identified. The treatment of integration costs, the sharing of savings and allowance uncertainty should then be compared across aggregation and shared-service options, with safeguards against double recovery. We support considering whether reasonable transaction costs should be capitalised where this would enable aggregation expected to deliver lasting efficiency and service benefits. The framework should also clarify how costs are treated if a transaction does not proceed, and how expected benefits will be assessed. Equivalent recognition should be given to the efficient costs of establishing collaborative and shared-service arrangements, so that regulation does not favour one model over another.

Regulatory design and process

Q9. Are there particular proposed potential regime changes where you consider alternative approaches may be more impactful and easily implemented by both EDBs and the Commission?

Yes. We support regime changes that reward strong evidence and good outcomes, with criteria set in advance, proportionate verification and equivalent routes for different networks. We do not support automatic consequences based on a procurement route, a certification or a prescribed internal capability, because these regulate the method rather than the outcome (for more on this, refer to our covering letter, sections 3 and 4).

Rather than moving straight to fixed rules, we suggest a graduated approach: transparency and benchmarking first, investigation of clear outliers to understand why, a required plan and accountability for delivery where an EDB is not delivering the outcomes or capability its circumstances require, and stronger consequences only where inefficiency persists and the evidence supports it. Hard rules based on today's view of good practice risk locking in approaches that are still evolving.

Before RAB recognition is reduced or consequential compensation introduced, the failure, its cause, whether it was controllable, proportionality and the interaction with existing incentives should all be established. All prudency and efficiency tests should be applied prospectively, based on the evidence and reasonable assumptions available at that time.

The combined effect should be considered across existing and proposed Part 4 settings, including IRIS, allowances, quality consequences, cost-of-capital settings and RAB treatment. New measures should

[18] MBIE, Factsheet: Electricity Distribution Businesses, October 2025.

address a demonstrated gap without duplicating consequences or making deferred efficient investment more attractive.

Our response to each example in the letter is summarised in the table below.

COMMISSION'S EXAMPLE	ENA RESPONSE AND, WHERE RELEVANT, ALTERNATIVES
Streamlined allowance acceptance for higher-quality asset management (e.g. ISO 55000)	Support a voluntary trial, but define what streamlined allowance acceptance paths mean in practice. Treat certification as one possible source of assurance, not proof of efficient investment or a condition of streamlined treatment. The Commission should consider accepting equivalent evidence or assurance.
Standardised back-office operating cost per ICP	Use cost per ICP as diagnostic evidence for further investigation, with consistent definitions and relevant peer groups. Define which costs are included, how shared and outsourced costs are treated, and how peer groups account for differences in scale, density and operating model. Do not apply it to allowances until cost drivers are understood and avoid overlap with existing efficiency adjustments. Test whether it explains cost variation alongside service and customer outcomes before using it in allowance or incentive decisions. A low cost per ICP is not, on its own, evidence of efficiency. It could form part of the comparable efficiency measures we suggest agreeing alongside customer-facing performance measures (see question 3), read alongside service and customer outcomes.
Consumer compensation for consequential failures (e.g. cyber-related outages)	Not supported as a general mechanism without an identified gap in existing protections. The Commission should first identify the harm to be addressed and assess whether targeted assurance and remediation or clearer service expectations, incident reporting and restoration are better first steps. Causation, controllability, foreseeability, materiality and insurability need to be resolved first, including how to distinguish inadequate capability from residual risk that remains despite prudent planning and investment. An adverse event is not, on its own, evidence of an inefficient decision or capability failure. Any mechanism would need defined triggers and limits, a fair test of causation and EDB control, and proportionate consequences that do not duplicate quality penalties or other remedies for the same underlying failure. Any assurance approach should allow EDBs to demonstrate that material risks such as cyber security are identified and managed, without disclosure that itself creates a security risk.
Full capitalisation only for standardised specifications and at-scale procurement	We support common specifications and joint procurement where they deliver economies of scale that reduce whole-of-life costs. They should not be preconditions for recognising otherwise efficient investment. Assessment should focus on the costs and benefits of the investment, while allowing for urgent work, justified technical exceptions, multiple qualified suppliers and other efficient procurement approaches. Whole-of-life assessment should also consider supplier competition, common-defect and supply-chain risks, resilience and innovation. EDBs should be able to explain material departures from common approaches. Similarly, where commissioned asset costs are compared, differences between internal, related-party and independent delivery, including margins and risk transfer, should be recognised. Following a common route does not on its own establish efficiency, and nor does a different reported cost establish inefficiency. An alternative could be to assess the quality of each EDB's investment decision-making framework rather than the procurement route: whether it identifies the need, considers credible alternatives (such as joint or group procurement, competitive tendering for large projects and non-network solutions) and assesses whole-of-life cost and risk, supported by proportionate disclosure and, for more material investments, whether it obtained optional independent assurance, with scope and frequency reflecting materiality, risk and material changes to the framework. This would not require project-by-project approval or re-auditing of

COMMISSION'S EXAMPLE	ENA RESPONSE AND, WHERE RELEVANT, ALTERNATIVES
	every investment, and could start as a voluntary pilot. The Commission's related-party regime is a useful precedent for this kind of approach. The Government Procurement Rules[19] provide a further example of how a common framework can promote disciplined consideration of public value, cost, quality, risk and market engagement while retaining flexibility over the procurement approach.
Utilisation metrics in expenditure assessment and incentives	Trial constraint-level metrics before attaching financial incentives. Test whether the measures identify genuine opportunities to defer or avoid investment, accounting for necessary headroom, demand growth, forecast uncertainty, reliability and resilience needs, and deferral value. Avoid rewarding delay to necessary investment or encouraging assets to be run without prudent headroom.
Streamlined capex acceptance where pricing signals optimise utilisation	Support a simpler pathway where investment evidence is strong. Use it where evidence shows pricing or flexibility arrangements will reliably address the relevant constraint and change the investment need. Price signals are given to retailers, who may or may not pass them on to customers, who in turn may or may not change their behaviour. A price signal is therefore no guarantee of the behavioural change needed to optimise utilisation or defer capex. Using price signals to determine regulatory treatment would need clear scoping, a way to assess effectiveness and clarity on which party bears the risk or reward. Regulatory settings should encourage EDBs, retailers and others to trial different pricing and flexibility approaches, so that evidence on effectiveness can be built over time. Until then, where pricing or flexibility cannot reasonably be relied on to resolve a local constraint, EDBs should be able to support investment using other evidence.
Reduced RAB recognition of non-point-load growth capex where flexibility or DSO capability is inadequate	Not supported as an automatic consequence of an EDB lacking a particular capability or of flexibility uptake being low. Expectations should be set in advance, and any reduction should require evidence that a practical alternative was available, the EDB could reasonably control its delivery, and the investment was avoidable and inefficient. Shared or purchased capability should count. EDBs should be developing flexibility capability, and expectations should be proportionate to a market that is still nascent and uneven across networks. As with pricing, such a mechanism would need to distinguish an EDB meaningfully offering flexibility from the rate at which it is taken up and its success in relieving constraints or deferring investment. Efficient network investment should remain recoverable where it is needed.
Larger, wider innovation funding for leading practice	Support, where additional learning and consumer value are clear. Include later adopters, and continue to require reporting on learning and adoption. 'Leading practice' should be assessed against evidence of value and potential for wider adoption, rather than the fact that an initiative is new.
Compensation for efficient enablement and transformation costs	We support recovery of reasonable, efficient and incremental costs needed to enable change, where those costs are not already funded. Eligibility should be clear, supported by evidence and assessed proportionately, with safeguards against double recovery.
INTSA for DSO preparation	We support proportionate preparation for DSO functions, including options to build, share or buy capability. The Authority's DSO roadmap covers functions that may be performed by distributors or other parties. The Commission and the Authority should map DSO functions against the Part 4 definition of regulated services, so EDBs can see which activities may be funded through INTSA and which need another route. Funding should relate to a defined function and service need, with costs allocated appropriately where activities also serve contestable markets. A single project approval should not be treated as resolving

[19] Government Procurement Rules | New Zealand Government Procurement

COMMISSION'S EXAMPLE	ENA RESPONSE AND, WHERE RELEVANT, ALTERNATIVES
	the scope of every DSO function. Where that mapping identifies gaps, the agencies should agree the appropriate policy or regulatory route to fund or incentivise those functions.
Capitalising aggregation transaction costs	While we support this concept in principle, consolidation should not be presumed to be the most efficient outcome. Net consumer benefit should be tested against shared-service alternatives, taking account of whole-of-life benefits, transition risks and any local accountability or stewardship benefits. Recovery should be limited to efficient costs, with safeguards against double recovery and clarity around how expected benefits will be assessed. The framework should also clarify how costs are treated if a transaction does not proceed, so prudent exploration is not deterred while consumers are not exposed to unbounded costs. Regulation should remain neutral between ownership and delivery models, so equivalent recognition should be available for the efficient costs of establishing collaborative and shared-service arrangements (see question 8).

Q10. On the Commission's process from here – how do you think our work programme could be best developed in coordination with the sector?

Through the coordinated workplan and prioritisation exercise we propose in section 7 of the covering letter. ENA will start that work with EDBs and then bring it to the Commission, other agencies and consumer representatives. Appendix D sets out a starting proposal. In our view, the Commission's work programme would be most effective if developed in stages: first aligning on desired outcomes, then identifying material performance gaps and understanding their causes, then identifying the capabilities and transition pathways needed to close those gaps, removing barriers and strengthening incentives, and only then intervening directly where material underperformance remains. That still leaves room for the Commission to be more demanding of the sector than it has been in the past, but grounds any intervention in evidence and gives the sector a practical pathway to deliver it, while keeping the focus on better long-term outcomes for consumers.

The prioritisation exercise is the practical way to work through those stages together – developing the Commission's own work programme alongside it, not in parallel. In practice that means:

- agreeing a focused number of priorities and their sequencing;
- identifying, for each workstream, the decision owner, the evidence needed, the consumer benefit and the work that can stop or wait;
- learning from EDBs that are further ahead in particular areas, and identifying where a common approach would avoid each EDB solving the same problem separately;
- reusing existing sector work, including the 18-initiative programme and the Future Networks Forum, and connecting it to the Electricity Authority's work programme and the Commission's DPP5 information needs; and
- reporting progress in a way that distinguishes outputs, adoption and measured benefit.

Agency calendars already exist for some work programmes. What is missing is coordination across all workstreams, agreement on sequencing, on resource demands, and on what changes when a dependency slips.

We encourage the Commission to report how feedback has changed its programme, including feedback on its 2025 open letter on DPP5, and where gaps or differences remain. Statutory decisions remain with the responsible agency; coordination should improve the evidence and timing of those decisions without prejudging them.

Appendix C: Map of current demands on EDBs and the DPP5 workback

This appendix summarises the demands EDBs currently face from regulators, government, the sector itself and other stakeholders, and shows how they line up against the decision points for DPP5. It particularly supports sections 5 and 7 of the covering letter.

How the map was compiled

ENA compiled a register of current and planned demands on EDBs with the assistance of AI tools, drawing on published regulatory documents, ministerial correspondence, consultation papers, agency work programmes and ENA programme records – over 50 sources in total. ENA staff have reviewed the entries, but the register is intended to illustrate the volume and interaction of demands rather than as a definitive or audited list. It should be read as indicative. It reflects the documents reviewed at the time of compiling, so it may be incomplete, may not capture recent decisions that have not yet been published, and may contain errors of classification or interpretation. The full register is available from ENA on request.

Each entry records the originating body, the type of demand (mandatory, expected, voluntary or proposed), its status and timing, and any recorded dependency on, or conflict with, other entries. Milestones are linked to their parent programme. Recurring compliance obligations are grouped rather than listed individually, so that the register reflects the scale of change being asked of the sector rather than the routine of business as usual. Links, conflicts and identification of duplicates are inherently judgemental. Different agencies often describe similar work in different terms, so some duplicates, links or conflicts may not have been identified, and some entries may have been grouped or separated differently by another reviewer. The counts should therefore be treated as approximate.

Some initiatives have clearly defined dates readily available in the materials. Others can be sensibly inferred or estimated. However, there are around 60 entries without date information, so these are shown separately in Figure 2. There are also 28 ‘past due’ entries listed, where the original source due date has passed without a known completion of the activity. Some of these may have been completed, or deliberately resequenced, without a readily available status update or published output. Dates and status are therefore indicative, based on the documents we reviewed, and we would welcome corrections.

The map focuses on electricity-related initiatives. It does not capture the wider legislative and policy changes that also draw on EDBs’ people and resources, such as resource management reform and modern slavery obligations. The demand counts in this appendix are therefore likely to be a lower bound. The same applies to the dependencies and conflicts shown, which cover only interactions between electricity-related demands. They do not capture, for example, how consenting timeframes affect when network investment can be delivered, or competing calls on the same specialist staff, contractors and capital. Including these would be likely to add to the pressure shown, not reduce it.

Where the demands come from

The register contains 253 entries, representing 32 initiatives or work programmes once milestones are grouped under their parent programme. About a third of the entries are proposals that are not yet finalised. The entries come from numerous different bodies, which we have grouped as follows:

- **Regulator-led:** the Commerce Commission, the Electricity Authority and other regulators (88 entries across 14 initiatives).
- **Government and political:** ministerial expectations, MBIE proposals and independent review recommendations (18 entries across 3 initiatives).
- **Recurring compliance:** information disclosure and other ongoing obligations (6 entries, each a standalone annual obligation counted as its own initiative).
- **Joint-agency:** initiatives that are explicit collaborations of two or more regulators or government agencies (6 entries across 2 initiatives).
- **Sector-led:** ENA's sector programme, the Future Networks Forum and the Electricity Engineers' Association (97 entries across 5 initiatives).
- **Industry-led:** collaborations across the wider industry, such as FlexForum and the Energy Transition Framework, amongst others (35 entries across 2 initiatives).
- **Individual EDB-led:** work being conducted primarily by a single EDB, but that is likely to be beneficial to the wider group through its learnings (3 entries, all within FlexForum's industry-led Flexibility Plan 2.0).

Industry-, sector- and EDB-led work is a substantial part of the picture: 7 of the 32 initiatives, and more than half of the entries (135 of 253), are led in this way. The sector is not waiting to be told: much of this work is its own response to the challenges the Commission identifies. But it competes for the same people and budgets as everything else. Where progress is seen as too slow, the understandable response is to add new requirements or bring deadlines forward. Without a matching decision on what can be deferred, merged or stopped, that adds to the load on the same teams, slows existing work further and reinforces the view that the sector is not moving fast enough. Breaking that cycle needs agreement on what gives way when something new is prioritised.

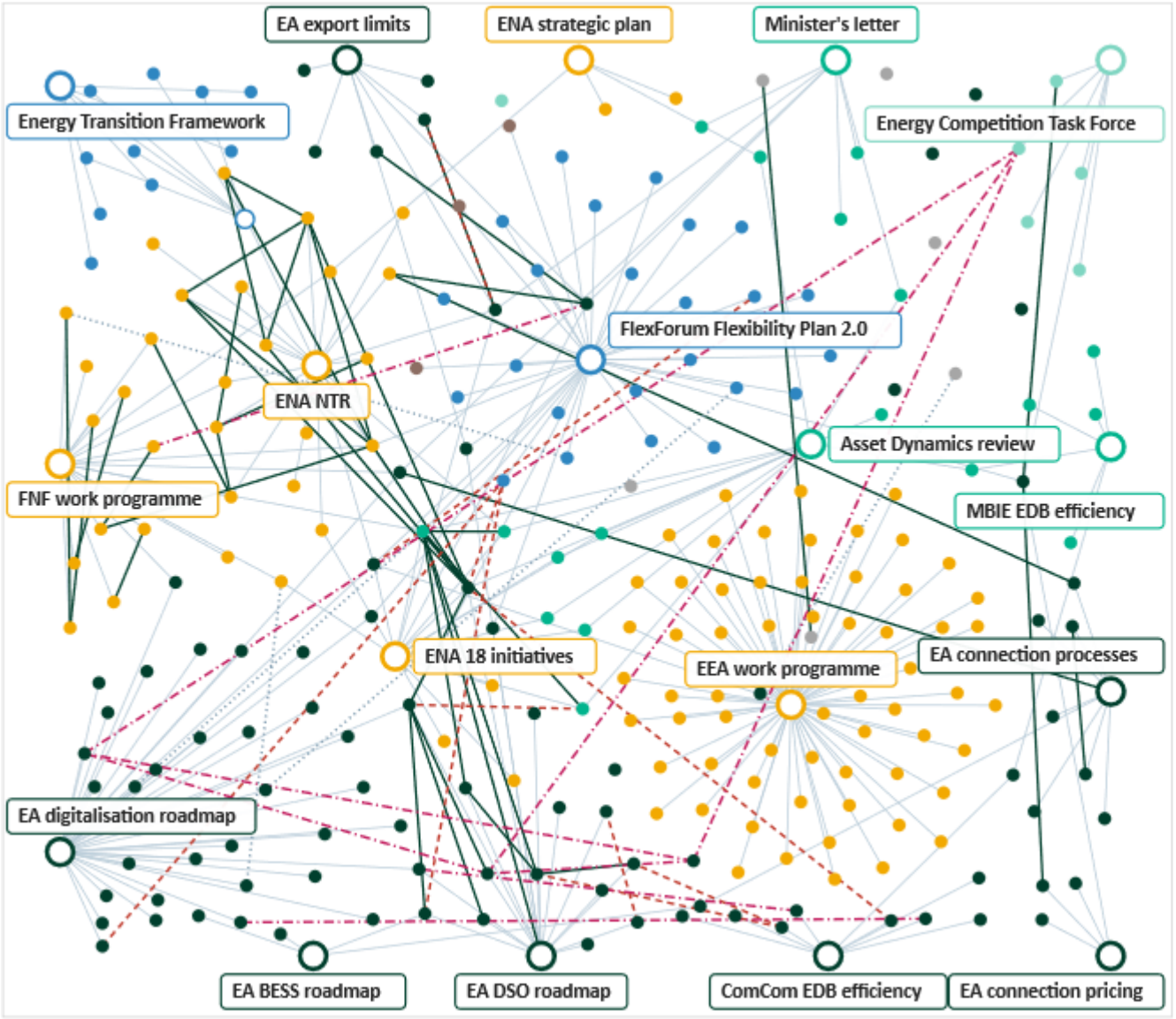
Joined up in places, but mostly not

Some demands are deliberately sequenced. Information disclosure feeds the price-quality path, asset management plans feed expenditure forecasts, and the sector's connection tools build on the Authority's connection rules. But most demands are developed separately. Only six of the 112 regulator/government demands in the register were established jointly by two or more agencies. At least one agency roadmap assigns actions to EDBs, ENA and other bodies without prior agreement on who will do what, or when, and without a follow-up process to align those actions with existing work. Actions allocated in this way are difficult to resource or sequence, and risk duplicating work already under way. About one in ten entries (26 of 253) has a recorded dependency on any other entry. We have identified two main types of conflict:

- **Sequencing conflicts:** timelines that do not work with each other, such as a decision due before the evidence that should inform it, or an output needed before its input exists (10 pairs).
- **Policy tensions:** objectives that pull in different directions, such as making prices more cost-reflective while avoiding price shocks (9 pairs).

Figure 1 illustrates the picture. Each point is a demand, coloured by its source; ringed points are the programmes they belong to. Solid lines show recorded dependencies, and dashed lines show conflicts.

Figure 1: Current demands on EDBs: 253 entries across 32 initiatives, mostly developed in isolation



Source: ENA's register of current and proposed demands on EDBs, compiled using AI tools, from over 50 source documents. Links, conflicts and identification of duplicates are inherently judgemental.

Pressure over time and the DPP5 workback

Figure 2 shows the number of open demands in each quarter to the end of DPP4, against the decision points that DPP5 evidence must feed into. Between 85 and 145 demands are open in every quarter from now until the end of 2027, which is exactly the window in which the core evidence for DPP5 has to be built. The apparent fall after 2026 mostly reflects the fact that few demands are yet dated that far ahead, not that we expect a lighter load in future.

Figure 2: Open demands per quarter, by source, against indicative DPP5 decision points



Source: ENA's register of current and proposed demands on EDBs, against key EDB reporting milestones and indicative DPP5 decision points, based on the DPP4 process timelines. (DD = draft decision, FD = final decision, ID = information disclosure, AMPs = asset management plans.)

What evidence can inform the DPP5 decisions?

Starting from now (November 2026) gives: [20]

- about 5 months until the start of the last full period of information disclosures ahead of the draft DPP5 decision (RY28), which will be reported in 22 months, in August 2028;
- about 17 months until the 2028 full AMP, published in March 2028 (basis of DPP5 draft decision);
- just under 2.5 years until the 2029 updated AMP, published in March 2029 (and likely used to update the draft DPP5 decision for the final DPP5 decision);
- about 2.5 years until the May 2029 draft decision on DPP5; and
- three years to the November 2029 final decision on DPP5.

These are separate decision gates. Changes to planning, cost recovery, measurement and system requirements must be worked backwards from the gate they need to influence, not simply from 1 April 2030.

The DPP4 process expected an earlier AMP to support the draft and the next-year AMP / forecast updates to support the final; a substantial new forecasting method or radically different assumptions introduced after the draft would probably be difficult to accommodate. Assuming a similar timeline for DPP5, this means that the March 2028 AMP becomes the key input into DPP5, updated for the 2029 AMP, where relevant, in the final decision.

If a new annual reporting measure took effect on 1 April 2027, the first full observation year would be RY2027/28, ending 31 March 2028 and ordinarily disclosed by 31 August 2028. That gives one completed annual ID dataset before the anticipated May 2029 draft DPP5 decision. RY2028/29 ends before the draft, but its ordinary ID publication deadline is 31 August 2029, after that draft.

This is where the timing point in our response to question 6 becomes real. A material change to DPP5 settings should receive proper consultation before it is settled; later information may refine an approach already consulted on, but should not introduce a materially new approach without that opportunity. For a measure requiring a complete annual observation before the anticipated draft decision, commencement on 1 April 2027 would provide one such year on the assumptions above. It is not the only possible evidence route and would not, by itself, establish a reliable baseline for financial consequences.

Recent precedent suggests that is unlikely to be achievable. More substantial changes to information disclosure requirements have typically taken between four and a half and six and a half months from draft to final decision, and even a targeted, single change took around two and a half months.[21] EDBs have then typically been given only a month to implement the new requirements, which we do not consider good practice given the system and process changes often required. Working back from 1 April 2027 on those timeframes, a draft decision would have needed to be published between mid-August and mid-October 2026 for a substantial change, or by mid-December 2026 for a narrow one. The first window has already passed, and the second would leave no time to scope new measures with the sector first. Even if a change could be made in time, it would produce only one year of data before the draft DPP5 decision, which, as we note in question 6, is not a reliable baseline on which to attach financial consequences.

Whilst the next full IM review is not due until after the DPP5 decision, we expect that some IM changes are also likely to be required to enable changes for DPP5 and therefore we expect draft and final decisions and associated workbacks for that process will also need to be factored into the above timelines. Refer to section 5.1 of our 2025 DPP5 open letter response for more on IM changes.

---

[20] The following dates are indicative workback assumptions based on the draft's comparison with DPP4, to be confirmed with the Commission. They do not establish mandatory dates or exclude alternative evidence routes.

[21] Recent EDB examples: Targeted Information Disclosure Review (TIDR) draft to final, 17 August 2023–29 February 2024 (6½ months); IM-alignment changes, 18 July–27 November 2024 (4½ months); related-party threshold, 3 December 2025–19 February 2026 (11 weeks, with a two-week submission period, which required an extension). Some changes apply to new reporting periods commencing within a month; TIDR disclosures were phased through to August 2026.

Electricity Networks Aotearoa is a trading name of the Electricity Networks Association.

What this means

The register shows implementation, reporting and policy-development demands falling on the same teams at the same time, with some major outputs depending on others and many depending on agency decisions outside EDBs' control. It does not show that any single demand is unreasonable. It shows that, taken together and on current timelines, they cannot all be delivered well at once. And it indicates that only a subset of these initiatives are likely to be able to meaningfully move the dial on the DPP5 decision. This is not a case for less regulation: many of these demands come from the sector itself, and most respond to real challenges. The case is for agreeing priorities and sequencing, so that regulatory effort and EDB capacity go where they produce the greatest consumer benefit. That is the purpose of the prioritisation exercise in section 7 of the covering letter.

A joint plan should protect live compliance and high-value existing work, combine duplicate data and standards work, settle funding and definitions before forecasts are required, and trial or defer immature measures before financial consequences are attached.

Appendix D: Delivering a coordinated and prioritised workplan

This appendix sets out how ENA proposes to develop the coordinated workplan described in section 7 of the covering letter. It is deliberately a plan to build the plan, not the plan itself. The priorities should be agreed with EDBs, regulators and consumers, not set in advance by ENA.

But it is not a reason to pause. Delivery of existing commitments continues throughout, the first steps are already scheduled, and the aim is to reduce the number of demands on the sector, not add to them.

Principles

- **Build on what exists.** Start from the current demands mapped in Appendix C and the work already under way, rather than creating new programmes.
- **Keep delivering.** Existing commitments, including the 18-initiative sector programme and live regulatory requirements, continue while the workplan is developed.
- **Fewer, better priorities.** The output is a realistically deliverable list of priorities the whole system commits to, and an explicit list of what will be deferred, merged or stopped.
- **A defined purpose, not another forum.** Each step has a defined problem, decision-maker, output and route to implementation.
- **Open and accountable.** Progress, decisions and the reasons for them are published.

What we will do before Christmas

ENA commits to the following steps before the end of 2026:

- **November 2026:** consolidate the register of current demands with members, including the source groups, dependencies and conflicts described in Appendix C. Hold an initial workshop with EDB chief executives to consolidate support and establish initial views on key priorities and customer pain points across the various networks.
- **By early December 2026:** hold a broader workshop with EDB chief executives and regulatory leads to test the register and agree draft criteria for prioritisation, to be confirmed with consumer representatives and regulators. Start matching EDBs by their pain points and priorities to help coordinate work. Start to test potential new disclosures to support evidencing of the draft priorities.
- **By mid-December 2026:** meet the Commission, the Electricity Authority and MBIE to explore how they will take part in phase two, and how its outcome will feed into their own work programmes.
- **By mid-December 2026:** contact consumer representatives to agree how consumers will be involved, including in testing the draft prioritisation criteria.
- **Ongoing:** report progress to the Minister through the sector's existing reporting on the 18-initiative shared work programme.

The plan in three phases

The timing below is indicative and will be confirmed with participants at the November and December workshops.

PHASE	INDICATIVE TIMING	WHAT HAPPENS	OUTPUT
1. Sector view	November 2026 to January 2027	ENA and EDBs consolidate the current demands, apply the prioritisation criteria, and identify duplication and conflicts.	A sector-endorsed draft list of priorities, a proposed sequence, and a list of demands to defer, merge or stop.
2. Joint prioritisation	February to May 2027	Workshops with the Commission, the Electricity Authority, MBIE and other agencies, and with consumer representatives, test the draft, agree owners and settle the sequence against DPP5 decision points.	An agreed coordinated workplan, with owners, milestones and decision points.
3. Delivery and review	From mid-2027	The agencies and the sector deliver against the workplan. Progress is reported publicly, and priorities are reviewed at set points, including before the March 2028 asset management plans and the DPP5 draft decision.	Public progress reports, and an updated workplan at each review point.

How priorities will be assessed

We propose that each candidate priority is assessed against a small set of criteria:

- **Consumer benefit:** the expected benefit to consumers, including non-monetised benefits such as safety, resilience and access. This will include consideration of the extent and distribution of the benefits.
- **Urgency:** the risk and cost of delay.
- **Delivery capacity:** the people and systems needed, and any resource conflicts with other work.
- **Sequencing:** dependencies on other work, including on DPP5 decision points.
- **An evidenced problem:** whether the demand addresses a clearly identified problem, using the gateway in section 4 of the covering letter. If evidence is deemed a missing link, determine whether new disclosures are required to provide future evidence on which EDBs and regulators can rely.

Where we expect the priorities to come from

To give the exercise a starting point, we expect the priorities to be drawn from the following themes. They are illustrative, not a predetermined answer:

- customer outcomes, a sector vision and a focused set of customer-facing performance measures, establishing baselines for customer outcomes and EDB efficiency – the focus here is on ‘what good looks like’;
- delivering and evidencing existing sector commitments, particularly on connections;
- consideration of more transparent and consistent investment decision-making frameworks, procurement approaches and proportionate assurance options;
- workable pathways for investment ahead of demand, and how it is financed;

- data, flexibility and distribution system operation, aligned with the Electricity Authority's roadmap, where relevant, but tested against trade-offs and relative priorities;
- external costs and whole-system choices, such as traffic management, vegetation and consenting; and
- reporting, sequencing and accountability across agencies.

What we need from others

- **The Commission:** take part in phase two, treat the agreed priorities as an input to its own work programme including DPP5, and confirm the DPP5 and input methodology workback early in 2027.
- **The Electricity Authority and MBIE:** take part, align their own programmes and, with the Commission, publish a single sequenced programme of regulatory work affecting distribution.
- **Consumer representatives:** help set the priorities and test the customer-facing performance measures.
- **EDBs:** commit people to the exercise and keep delivering existing commitments in the meantime.

We recommend a check-in early in 2027, before phase two begins, to confirm that the Commission, the Electricity Authority and MBIE are willing to use the exercise to make real trade-offs, including deferring, merging or stopping some demands. A prioritised workplan only benefits consumers if it changes what the sector is asked to deliver and when. If the agencies are not prepared to do that, the exercise would simply add another layer of work, and we would not take it beyond phase one. Delivery of existing commitments would continue either way.

Governance and reporting

ENA will coordinate the exercise and provide secretariat support. Decisions within each agency's statutory responsibilities remain with that agency. We recommend a memorandum of understanding underpin the workplan development to drive accountability, but also articulate respective roles and responsibilities and any limitations in the work. We will publish the agreed integrated workplan, a short quarterly progress update, and the reasons for any material change in priorities.

Appendix E: ENA's submission on the recent MBIE consultation

We consider this to be essential reading alongside this response and are therefore directly attaching it for the Commission's ease of reference.

7 October 2026

Ministry of Business, Innovation and Employment

PO Box 1473

Wellington 6140

By email to: ElectrifyNZ@mbie.govt.nz

Dear MBIE team,

Submission on options to improve the efficiency of electricity distribution businesses

1 Introduction

Electricity Networks Aotearoa (ENA) appreciates the opportunity to comment on MBIE's discussion document, *Options to improve the efficiency of electricity distribution businesses*. We also thank MBIE for allowing an extension to provide more time for submissions, which has helped respondents consider this consultation alongside the Commerce Commission's related open letter on EDB performance and future regulatory settings.[1]

ENA is the industry membership body that represents the 28 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses. Our members are listed in Appendix A.

EDBs employ over 7,800 people, deliver energy to more than 2.3 million homes and businesses, and have spent or invested $6.8 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable and affordable power for our members' customers.

ENA supports the Government's objective of a high-performing distribution sector that delivers safe, reliable and resilient electricity services efficiently, while enabling electrification and maintaining affordability for consumers. The sector also accepts that there are areas where customer experience, consistency and collective delivery can improve, and significant work is already under way across the sector and regulatory system in response. ENA therefore supports further action where there is a clearly identified problem and evidence that existing sector or regulatory mechanisms are insufficient. Additional intervention should build on, rather than duplicate or pre-empt, that work and should be proportionate to the consumer harm it is intended to address.

Our members are diverse in size, ownership, geography, customer base and regulatory status. Their views are not uniform on every option in the discussion document, particularly proposals that would change the regulatory treatment of currently exempt EDBs or alter ownership and governance arrangements. ENA's role in this submission is therefore to identify areas of common interest and alignment, and to set

[1] Commerce Commission, Open-letter-Local-lines-networks-achieving-better-outcomes-for-consumers-now-and-in-the-future.pdf, 10 September 2026

out design principles that can help MBIE develop proportionate policy. Individual members may raise additional or different points in their own submissions.

2 Overall position

ENA supports the objective of efficient networks, but considers that further legislative intervention should be based on a clearly defined and evidenced problem. Any interventions should address the causes of the concerns identified, rather than their symptoms, and should also take account of what existing regulatory tools and sector commitments can already achieve. Further intervention should then be targeted proportionately at any material residual problem that remains.

The wider challenge is to manage the trade-off between affordability today, the reliability and resilience consumers expect, and the investment required for a changing electricity system. Efficiency is fundamental to managing that trade-off, but it cannot remove it. Some expenditure can be avoided through better utilisation, flexibility, technology and more efficient delivery. Other expenditure can only be deferred, potentially at greater long-term cost. Good policy needs to distinguish between the two.

This distinction matters because several of the strongest signals driving the current debate — higher electricity bills and dissatisfaction with some connection experiences — have causes that extend well beyond the operational efficiency of EDBs. At the same time, significant sector-led and regulatory programmes are already under way to address collaboration, standardisation, pricing, connections, flexibility, data and future system operation. Legislative change should add demonstrable value over those existing mechanisms, rather than duplicate or pre-empt them.

Our key points in this submission are:

- Define and evidence the problem before selecting the intervention; distinguish observable outcomes from their causes.
- Address current consumer concerns at the source: higher bills/cost differences are not, by themselves, evidence of EDB inefficiency.
- Treat the existing 18-item sector programme and current regulatory work as part of the policy baseline; evaluate what residual gap remains before layering on new requirements.
- Support collaboration and standardisation where they deliver net consumer/system benefit, but do not pursue uniformity for its own sake.
- Improve regulatory coordination and sequencing. We believe regulatory design should be subject to the same efficiency disciplines expected of EDBs.
- Use benchmarking first for transparency, diagnosis and learning. ENA is not persuaded the paper has made the case for extending it into DPP price-setting before fuller use of existing powers.
- Where further Part 4 or governance intervention is justified, target the evidenced risk and escalate proportionately, with clear gateways, safeguards and review.
- Use the Minister-requested reporting on the sector programme to demonstrate outcomes and inform whether further intervention is warranted.

3 Define the problem before selecting the intervention

ENA welcomes MBIE's acknowledgement that the evidence is mixed in several important areas. The discussion document notes that scale alone is not clearly established as a driver of efficiency; that measuring EDB productivity is challenging; that the evidence is insufficient to draw firm conclusions about differences between exempt and non-exempt EDBs; and that there is limited evidence that ancillary investments represent a systemic issue across the sector. Those are not peripheral caveats. They should materially shape the next stage of policy development.

The Government's own Policy Quality Framework is useful in this context. It calls for policy analysis to identify the nature, scale and immediacy of a problem, explain its root causes and the effects of the status quo, establish the rationale for intervention, assess regulatory and non-regulatory options, and make evidence gaps and uncertainty transparent.[2]

This is not a new issue in policy analysis of electricity distribution. In his review of the IEA's 2017 analysis of New Zealand's electricity sector, Professor George Yarrow cautioned that "the existence of an expressed concern does not itself necessarily mean that it is warranted or justified." His broader point was that identifying a possible problem is a legitimate reason to investigate it, but not sufficient evidence for selecting an intervention.[3]

This consultation also needs to be considered in the context of the policy process already undertaken on EDB efficiency. Following the Frontier Economics review, the Government deliberately chose not to pursue forced amalgamation and instead asked EDBs to identify opportunities to improve efficiency through greater standardisation and collaboration. EDBs responded to the Minister in January 2026;[4] MBIE commissioned Asset Dynamics to independently assess those responses and identify further opportunities; the Minister subsequently asked the sector to progress and report against that work; and ENA's August 2026 response consolidated the resulting activity into an 18-item programme.[5]

That work should not simply be treated as background to a new policy process. It is directly relevant evidence for it. Before introducing further interventions to address the same broad concern, MBIE should assess what the earlier process identified, what has subsequently been implemented, what outcomes can reasonably be observed at this stage, and what residual problem remains.

ENA encourages MBIE to apply that discipline separately to each proposed intervention. In practical terms, before progressing a legislative option, the next stage should be able to answer four questions:

- What specific behaviour or outcome is causing a negative impact on customers, how material is it, and for which EDBs or consumers?
- What is causing that outcome, and how much of the cause is within an EDB's control?
- What can the existing regulatory and ownership framework already do about it, and what evidence shows that those tools are insufficient?

---

[2] Department of the Prime Minister and Cabinet, Policy Project, Policy Quality Framework, 30 July 2025 (updated 5 July 2026).

[3] Including, but not limited to, Professor Yarrow in response to *The International Energy Authority's 2017 Review of New Zealand*, which included specific matters on number of EDBs, economies of scale and adequacy of trust governance.

[4] ENA, Letter to the Minister: working together to ensure affordable and secure energy, January 2026.

[5] ENA, Response to the Minister for Energy on EDB efficiency and the Asset Dynamics report, 28 August 2026, including Appendix A.

- What additional consumer benefit is expected from the proposed intervention, after implementation, compliance and unintended-consequence costs are included?

Where the consultation revisits policy settings or questions considered previously, ENA encourages MBIE to make the policy history explicit. That should include the rationale for the existing setting, the evidence available when it was adopted, what has subsequently changed, and why that change now justifies reconsideration. Without that step, there is a risk of repeatedly reopening regulatory questions without accumulating the learning from previous decisions.

Comparative benchmarking is one example. Parliament expressly prohibited its use for setting certain price-quality parameters in 2008. MBIE now proposes removing that restriction. ENA is open to reconsidering historic settings where circumstances or evidence have changed, but the policy analysis should explain why the existing safeguard was adopted, what has changed since then, and why the proposed replacement provides better protection for consumers.

For example, in the Electricity Price Review of 2018, trusts were in the spotlight and at that time: "There is no indication of inferior cost performance on the part of Trusts or smaller EDBs more generally." The discussion document does not demonstrate that the evidence has changed materially from that earlier assessment, yet it reopens ownership-targeted interventions.

A sequence of intervention → implementation → observation → evaluation is important. Where a new requirement has only recently taken effect, the absence of demonstrated improvement cannot reasonably be treated as evidence that the requirement has failed. Nor should a further intervention be layered on before there is sufficient evidence to understand the effect of the first, unless there is a clear and urgent consumer harm that justifies doing so.

The scale of forecast sector expenditure makes good policy design more important, not less. It is not, by itself, evidence that a broader regulatory power will improve efficiency. Both under-intervention and poorly targeted over-intervention ultimately create costs for consumers.

4 Focus on the drivers of current consumer concern

A useful starting point is to distinguish the cost of delivering electricity distribution services from the efficiency with which those services are delivered. A higher cost does not necessarily indicate lower efficiency.

Network costs reflect a combination of controllable business decisions, the physical characteristics and condition of the network, required investment, financing costs and externally driven inputs such as consenting, traffic management and vegetation management. A credible efficiency framework needs to distinguish between those causes before attributing differences in expenditure or prices to EDB performance.

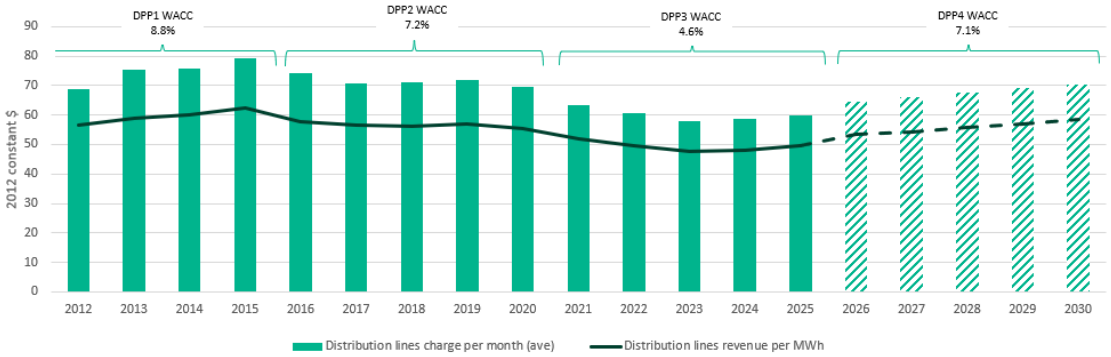
4.1 Recent bill increases need context

ENA agrees that recent electricity bill increases are significant and that affordability is a real concern for consumers. However, movements in lines charges should not be treated as a direct measure of EDB operational efficiency.

Recent price increases also need to be considered against the longer-term trend. As ENA set out in its January 2026 response to the Minister for Energy, distribution lines charges had increased more slowly than CPI over the preceding period, and materially more slowly than capital-goods inflation, despite EDBs facing input-cost escalation above general inflation. The recent step-up in allowable revenues therefore

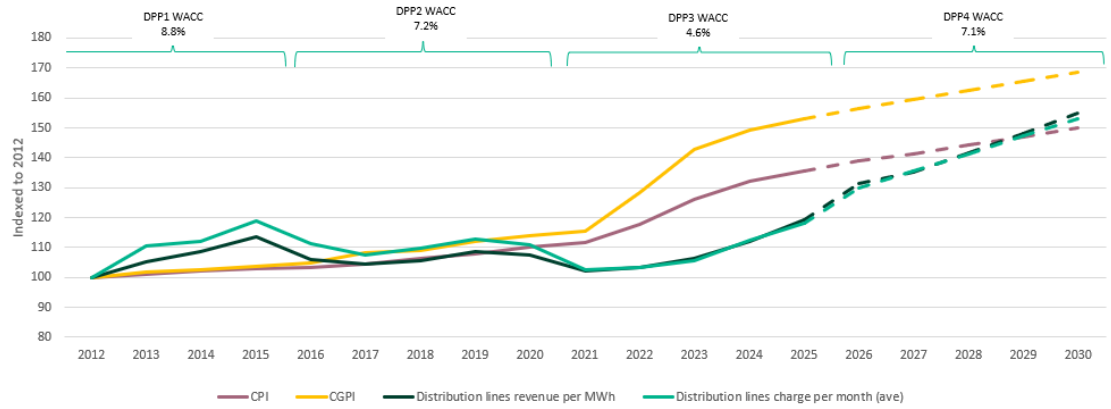
represents a marked change from that longer-term trend; it does not, by itself, demonstrate a corresponding deterioration in EDB efficiency.

Figure 1: Distribution lines charges 2012 – 2030



Source: ENA analysis, based on information disclosure, asset management plans and Commerce Commission DPP4 communications[6]

Figure 2: Distribution lines charges 2012 – 2030, indexed to 2012 dollars



Source: ENA analysis, based on Commerce Commission published ID data to 2025, Stats NZ CPI and CGPI, and forecast data from the DPP4 modelling suite and asset management plans

MBIE's discussion document records that forecast net allowable revenue under DPP4 increased by 47 per cent in real terms compared with DPP3, reflecting higher interest rates, inflation and increased investment needs, with the weighted average cost of capital (WACC) a significant contributor.

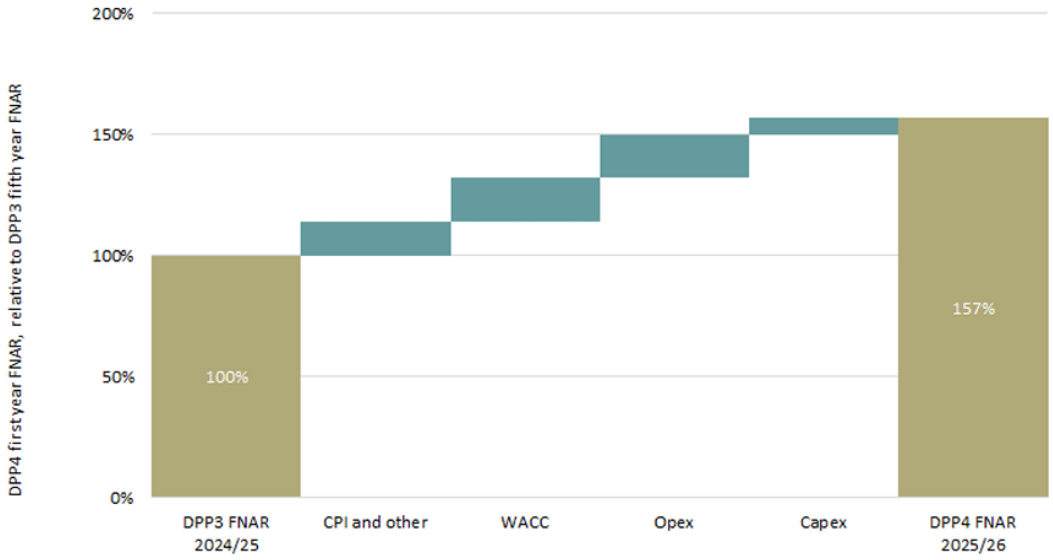
4.2 Financing and regulatory settings matter

The composition of the DPP4 increase reinforces this point. In the Commission's DPP4 analysis, only $4.30 of an illustrative $10 per month increase from 1 April 2025 related to increases in underlying capital and operating costs; the remaining $5.70 reflected CPI and WACC.[7]

[6] 2012 to 2025 based on actuals reported under information disclosure. 2026-2030 forecast lines charges per month have been projected using high-level Commerce Commission estimates of customer bill impacts (Understanding how changes to lines charges may impact your electricity bill | Commerce Commission) with MWh forecasts from published EDB asset management plan forecasts.

[7] Commerce Commission, EDB-DPP4-Final-decision-Reasons-paper-Attachment-F-Revenue-path-20-November-2024.pdf, November 2024, page 7, paragraph F18.

Figure 3: Drivers of change in forecast net allowable revenues between DPP3 and DPP4



Source: Commerce Commission[8]

The Commission has similarly observed in its Aurora decision that most of the relevant increase in allowable revenue reflected external cost pressures, including borrowing costs, return on capital, materials and inflation, rather than increases in capex and opex allowances. EDBs also recover transmission and other pass-through costs that are determined externally and should similarly be distinguished from EDB operational efficiency. The Commission's final DPP4 decision also set total ex-ante expenditure allowances 12 per cent below EDBs' 2024 asset management plan forecasts.[9] EDBs must therefore deliver their programmes within allowances materially below the expenditure they had forecast as required.

Financing methodology also matters to the timing and volatility of prices. At the DPP4 reset the WACC increased from 4.6 per cent under DPP3 to 7.1 per cent under DPP4. A joint submission by consumer representatives, regulated businesses and industry bodies recorded the Commission's estimate that changes in WACC accounted for around one-third of the forecast increase in allowable revenue.[10]

ENA has therefore been among a broad group of stakeholders asking the Commission to reconsider whether a trailing-average approach to the cost of debt would better reflect efficient financing practice and reduce avoidable price shocks at regulatory reset points. Since MBIE published this discussion document, the Commission has confirmed that it will adopt a five-year trailing-average approach to estimating the risk-free rate for the cost of debt.[11] ENA welcomes that decision. It recognises that the prevailing-rate approach can make regulatory settings unnecessarily sensitive to interest rates at a single point in time and should help reduce the risk of short-term movements being locked into regulated revenues for an entire regulatory period.

[8] Commerce Commission, EDB-DPP4-Final-decision-Reasons-paper-Attachment-F-Revenue-path-20-November-2024.pdf, November 2024, page 8, figure F2.

[9] Commerce Commission, Default price-quality paths for electricity distribution businesses from 1 April 2025 - Final decision - Reasons paper, 20 November 2024, Executive Summary, page 8.

[10] ENA et al., Joint letter re WACC - Fibre IM Review Issues Paper Tranche 1, 7 August 2025.

[11] Commerce Commission, Commission determines new approach to infrastructure financing costs | Commerce Commission, 23 September 2026.

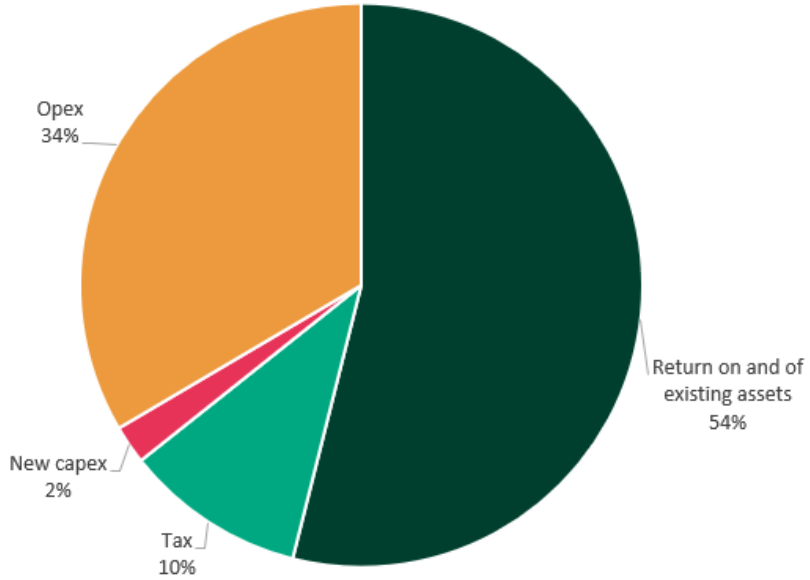
The timing is useful in the context of this review. It illustrates both that some drivers of consumer price movements sit in regulatory settings rather than EDB operating efficiency, and that those settings can be improved through the existing regulatory framework where a problem is identified.

4.3 Much of today's bill reflects yesterday's decisions

There is an important timing issue between expenditure decisions and consumer prices. ENA's January analysis of the DPP4 building blocks estimated that more than 60 per cent of an average distribution charge is effectively fixed in the short term, reflecting returns and depreciation on the existing asset base, tax and other regulatory or policy settings. On that analysis, around $628 of an illustrative $977 annual distribution charge was not capable of being materially altered through current-year operating or investment decisions.

Conversely, reductions in current investment have only a small immediate effect on bills. ENA illustrated that a $100 million reduction in the 2027 capital programme would reduce the following year's allowable revenue by around $2.2 million — less than $1 per customer when spread across 2.3 million connections.

Figure 4: Breakdown of DPP4 BBAR



Source: ENA analysis based on the Commerce Commission's DPP4 final determination financial model[12]

Current bills can also reflect past policy choices about how costs are recovered, rather than current EDB efficiency. The Low Fixed Charge regulations are one example. By prescribing maximum fixed daily charges in dollar terms, the regulations constrained how network and retail costs could be recovered even as underlying costs and the wider electricity system changed. The resulting cross-subsidies and pricing distortions were among the reasons for the five-year phase-out that began in 2022. As that transition now reaches its final stage, some of the resulting bill impacts reflect the unwinding of those historic policy settings rather than a change in the underlying efficiency of the network providing the service.

Those impacts may raise legitimate affordability questions, but higher bills resulting from the unwinding of an historic cross-subsidy do not, in themselves, indicate inefficient EDB performance.

[12] Commerce Commission, https://www.comcom.govt.nz/assets/file/0025/363292/PUBLISH-AS-ZIP-FILE-EDB_DPP4_-Financial_modelling-suite-20-November-2024.zip, 20 November 2024, Financial model

4.4 Cost differences are not necessarily efficiency differences

Similarly, the same caution applies to comparisons between EDBs. As ENA set out in January, and asserted by numerous studies over the years,[13] observed cost differences reflect factors including customer density, geography, terrain, environmental conditions and network characteristics, as well as management performance. Comparative cost differences therefore need to be understood and decomposed before they can reliably be characterised as efficiency differences.

Comparative analysis can be valuable in identifying apparent outliers or areas for further investigation. For example, declining demand or the loss of a major network customer may increase apparent unit costs where underlying network costs do not reduce proportionately. It is less reliable if the observed difference is itself treated as proof of inefficiency without understanding its cause.

4.5 Underlying delivery costs and connections

ENA accepts that connection costs, timeliness, transparency and customer experience are important areas for continued improvement. The sector has already supported greater standardisation of connection processes, terminology, information and customer interfaces where this reduces cost and complexity.

However, the policy response needs to distinguish between the price of a connection and the efficiency of the underlying pricing or service. A connection can be expensive without being inefficiently priced or delivered. Civil works, materials, consenting, temporary traffic management, technical requirements and market capacity can all contribute to the total cost, and not all of those drivers are controlled by an EDB.

There is also a substantial reform programme already in implementation. ENA's August 2026 submission to the Electricity Authority recorded that three fast-track connection-pricing requirements took effect on 1 April 2026, a further network-capacity-costing requirement takes effect on 1 April 2027, and the Authority's balance-point intervention commenced in August 2026. ENA's position in that process has been that the evidence generated by those changes should be used before further overlapping requirements are layered on.[14]

Before connection concerns are used to justify wider changes to Part 4 or EDB governance, MBIE should identify which problems are not being addressed by the Authority's connection-pricing and process work, the Streamlining Connections programme, and the sector's own standardisation commitments. Where the gap is implementation speed or consistency, the answer may be coordinated delivery and accountability rather than new legislative powers.

4.6 Retail prices add another layer to the affordability picture

There is a further reason for caution in drawing conclusions about EDB efficiency from consumer electricity bills. Most residential and small-business consumers do not purchase distribution services directly from EDBs. Network charges form one input into a bundled retail electricity product, alongside wholesale electricity, transmission, metering and retail costs and margins. In some cases, electricity is itself bundled with other services such as gas, broadband, mobile or entertainment services. Retailers

---

[13] Including TDB's 'Estimated efficiency gains from amalgamation of electricity distribution businesses' from 2018, and updated in the authors' 2024 paper 'Scale efficiency gains in utilities? The case of electricity distribution in New Zealand'. This aligns with earlier 2004 work for Treasury: 'Productivity and Regulation in a Hard–to–Measure Sector – The Case of New Zealand's Electricity Networks', as well as Professor Yarrow's submission on behalf of Energy Trusts New Zealand (ETNZ) on the Electricity Price Review in 2018 and NZIER's 'Taking electricity seriously' report in February 2022.

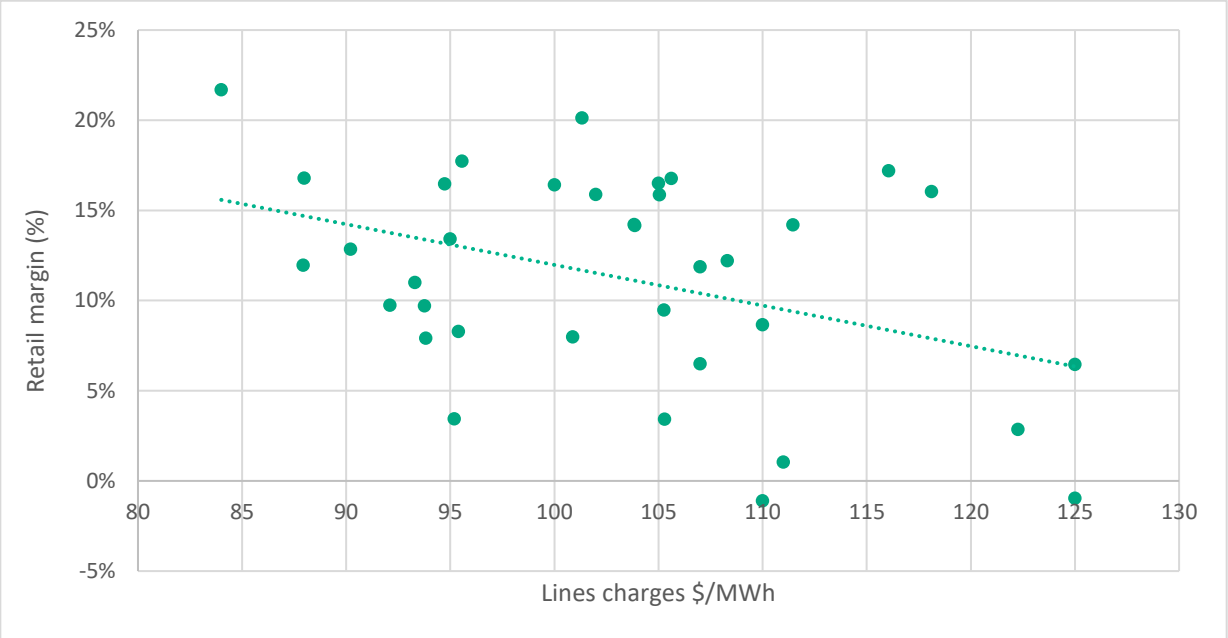
[14] Electricity Networks Aotearoa, Submission on Further reform of distribution connection pricing, 24 August 2026, section 2.

make their own decisions about how those inputs are reflected in retail offerings. ENA does not suggest that network charges should necessarily be passed through mechanically or dollar-for-dollar. The point is that this additional layer breaks any simple causal relationship between movements in distribution charges and movements in the final price experienced by consumers.

This matters when considering the relative transparency of different parts of the electricity supply chain. EDB expenditure, revenues and pricing are already subject to extensive regulatory scrutiny and public disclosure through the Input Methodologies, Information Disclosure regime, price-quality regulation where applicable, asset management plans, pricing methodologies and published pricing schedules, in addition to normal corporate financial reporting. Retail market monitoring and disclosure requirements also exist and have recently been strengthened, but there remains considerably less visibility for consumers and policymakers of the relationship between network cost movements, retail margins and final retail prices experienced by consumers.

Analysis of the Electricity Authority's retailer gross margin data illustrates the point. Figure 5 shows an apparent inverse relationship between lines charges and retail margins across network areas: areas with lower lines charges tend, on this analysis, to have higher retail margins. This does not establish causation, nor does it imply that any particular retail margin is inefficient or inappropriate. It does, however, demonstrate why lower network charges cannot simply be assumed to produce correspondingly lower retail electricity prices — and therefore why final bill outcomes cannot be treated as a straightforward measure of EDB efficiency.

Figure 5: Distribution lines charges and retail margins 2022 - 2025



Source: ENA analysis of Electricity Authority retailer gross margin data.[15] The observed relationship is descriptive only. It does not establish, and is not intended to imply, causation.

[15] Data sourced from this dataset on the EA's website: Retail gross margins.xlsx. Per the EA: "The retail gross margin is the revenue received by an electricity retailer after electricity, metering, levies and distribution costs. The retail gross margin therefore includes both the cost of service related to the retail business and any retail profits." (Retail gross margin | Electricity Authority). Margin percentage calculated as margin ($/MWh) divided by revenue ($/MWh). One data point for "Retailer C" in 2023 was excluded, because it represented a margin of nearly 130% and appeared to be based on an anomalous revenue input and was likely to skew results.

The same issue matters for distribution pricing reform. More innovative or cost-reflective network pricing may create useful signals for efficient network use, but the consumer outcome will depend in part on how those signals interact with retail products. If Government's concern is ultimately affordability and consumer outcomes, the relevant question is therefore not only whether the regulated distribution component is efficient, but what is driving the final price experienced by consumers across the electricity supply chain. Policy scrutiny should follow that evidence, rather than treating the most extensively regulated and disclosed component of the bill as a proxy for the whole.

4.7 Target the cause, not the symptom

ENA is not asking MBIE to assume that current EDB expenditure is efficient. EDBs have a responsibility to manage the expenditure within their control efficiently and should be held accountable for doing so. Inefficient expenditure ultimately increases the costs consumers pay. However, higher expenditure, higher distribution charges or higher final electricity bills should not be assumed to demonstrate EDB inefficiency. Current bill movements are not a reliable proxy for current EDB efficiency.

The examples above illustrate why that distinction matters. Some costs are controllable and should be rigorously managed. Other costs reflect past investment, financing conditions, regulatory settings, geography, external input costs or other circumstances outside an EDB's immediate control. Others reflect necessary investment to maintain reliability and resilience and enable future demand. Reducing or deferring necessary expenditure is not necessarily an efficiency gain, nor will reductions in current expenditure necessarily produce a material reduction in current bills. And the ultimate impact on a consumer's electricity bill also depends on how network charges and pricing signals are incorporated into retail tariffs.

Getting the diagnosis wrong has consequences. It could suppress necessary investment, duplicate reforms already under way, or result in structural, governance or regulatory remedies being applied to costs generated elsewhere.

5 What can the sector and regulators do now?

5.1 Build on the existing sector work programme

The discussion document itself says that a joined-up approach is needed. ENA agrees. The sector is already implementing the commitments made in response to the Minister’s 2025 letter and the subsequent Asset Dynamics recommendations. ENA’s 28 August 2026 response to the Minister brought together the original 13 sector commitments and five additional initiatives into an 18-item work programme aimed at reducing duplicated effort, improving connection processes and customer experience, increasing collaboration and standardisation, and making better use of shared capability and existing network assets.[16]

That programme should be treated as part of the policy baseline, not as a parallel industry initiative. Many of the issues MBIE now identifies — including connections, standardisation, network visibility, collaboration and future system operation — are already within the scope of work initiated through the Minister's own process, alongside existing regulatory work programmes across the Electricity Authority and Commerce Commission. ENA recommends that existing work programmes and commitments are given sufficient time to operate and their effectiveness assessed before additional requirements are imposed.

[16] ENA, Response to the Minister for Energy on EDB efficiency and the Asset Dynamics report, 28 August 2026, including Appendix A.

The 18-item work programme specifically provides an opportunity to test whether sector-led action can deliver measurable improvements, where common standards add value, and where regulatory or legislative barriers remain. ENA accepts that sector commitments need to translate into demonstrable delivery. We would welcome working with MBIE on a proportionate framework for reporting progress and benefits against the existing programme. Where that evidence shows progress is insufficient, it can then help identify the nature and scale of any residual policy gap.

ENA does not suggest that existing arrangements should be preserved simply because they are existing arrangements. The sector has an opportunity — and a responsibility — to demonstrate that it can make meaningful progress where greater consistency, collaboration and transparency will improve consumer outcomes. The policy framework should create space and accountability for that progress, and intervene where evidence shows it is not occurring, rather than assuming from the outset that legislative prescription is required.

5.2 Collaborate and standardise where it adds value

ENA supports greater collaboration and standardisation where it produces a clear consumer or system benefit. This is consistent with the sector work already under way and with the Government's decision to pursue the benefits of scale through collaboration rather than forced structural consolidation.

Collaboration is already a well-established feature of the distribution sector. ENA's January 2026 response to the Minister documented existing collaboration across workforce competency and safety, asset management and information, pricing, regulatory practice, innovation and technology, alongside partnerships and shared initiatives between individual groups of EDBs.[17] The question is therefore not whether EDBs should collaborate, but where deeper or more consistent collaboration can produce additional consumer benefit.

Collaboration can take many forms. It can range from sharing knowledge and good practice, through common standards and frameworks, to joint procurement, shared services and joint operating arrangements. The appropriate depth will differ by function. Some activities may benefit from a genuinely national approach; others from collaboration between EDBs with similar needs; and others remain inherently local. This allows the sector to pursue scale benefits where they exist without assuming that every function, network or community is best served by the same operating model.

The important qualification is that standardisation is a means, not an end. Standardisation should focus on common outcomes and interfaces, rather than uniformity for its own sake. That principle is consistent with the approach EDBs proposed to the Minister in January. The sector committed to investigate further shared approaches — including asset-management practices, procurement and data — where scoping and cost-benefit analysis demonstrated that doing so would benefit consumers. The objective was not uniformity for its own sake, but to identify where sharing capability, systems or approaches could reduce duplicated cost or improve outcomes.

EDBs operate materially different networks and there will remain legitimate reasons for different technical, commercial and operational approaches. At the same time, where those differences do not create consumer or system value, there is little benefit in 28 businesses independently developing solutions to the same problem. Nor does every EDB need to participate in developing every common solution: in some cases, particularly for smaller EDBs, adopting a proven approach developed elsewhere may be the more efficient option. A common approach can reduce duplicated design, procurement, systems or customer effort. It can also create cost or reduce resilience if it forces materially different networks into a solution that does not fit their circumstances. But implementation costs and timing also

[17] ENA, Letter to the Minister: working together to ensure affordable and secure energy, January 2026

matter. Where existing systems or processes remain fit for purpose, the benefits of earlier alignment should be weighed against the cost of replacing them before they would otherwise need to change. The appropriate test should be net consumer benefit, not the degree of uniformity achieved.

Government and regulators can add value by clarifying common outcomes and interfaces, removing regulatory barriers to shared approaches, sequencing decisions that multiple EDBs depend on, and supporting interoperability. They should be cautious about prescribing detailed solutions where the sector can meet the same outcome through more flexible implementation.

5.3 Improve regulatory coordination

The same principle should apply to regulatory coordination. EDBs are simultaneously responding to work by MBIE, the Electricity Authority and the Commerce Commission across pricing, connections, data, flexibility, DSO capability, economic regulation and performance. Each initiative may be reasonable in isolation, but duplicated information requests, inconsistent sequencing and changing implementation requirements create real systems, assurance and staff costs.

ENA raised this issue in its January response to the Minister, recommending greater alignment between regulators and that new performance measures and reporting be integrated, where possible, into the Commission's existing Information Disclosure and DPP frameworks rather than creating parallel requirements. That remains our view.

Recent experience illustrates why better sequencing and coordination matter. Connection charge reconciliation reporting requirements, for example, have continued to evolve during implementation, requiring EDBs to revisit systems and processes several times before the first reporting cycle was complete. The LFC transition provides a different example. Full repeal in April 2027 has been the planned end point of a five-year phase-out since 2022, including a formal midpoint review by MBIE in 2025, yet significant concerns about the transition are now prompting further policy and pricing work in its final stages. Most recently, and somewhat ironically, EDBs are being asked to respond concurrently to this MBIE consultation on EDB efficiency and a Commerce Commission open letter covering many of the same underlying questions about EDB performance, capability and regulatory settings. These examples are all different processes with different statutory contexts, but the degree of overlap and rework reinforces the case for clearer coordination, sequencing and shared problem definition across agencies.

Regulatory efficiency also requires timely implementation. Where Government or regulators have identified an existing regulatory barrier and decided to remove it, lengthy delays in giving effect to that decision can themselves constrain efficient sector responses.

Regulatory efficiency therefore matters alongside regulated-business efficiency. Regulatory design should be subject to the same disciplines being asked of EDBs — clear objectives, avoidance of unnecessary duplication, efficient use of existing information, stable implementation and demonstrable net benefit. This is particularly important for long-lived infrastructure, where changing policy or regulatory direction during implementation can create real costs through redesign, system changes and repeated transition. Policy and regulatory continuity therefore contribute to efficiency in their own right.

New Zealand's scale should make regulatory coordination easier, not harder. The relevant agencies and industry participants are sufficiently few that shared problem definition, clear allocation of responsibilities and coordinated sequencing should be achievable. ENA therefore supports a shared work programme across MBIE, the Authority and the Commission, with clear ownership, sequencing and decision points. Where existing work is intended to address the same problem as a proposed legislative intervention, MBIE should explain the residual gap before progressing the additional measure.

6 Where further intervention is justified, escalate proportionately

Where evidence identifies a material problem that sector action or existing regulatory tools cannot adequately address, ENA accepts that further intervention may be justified. The response should, however, escalate in proportion to the problem and the evidence of consumer harm.

A sensible sequence is to understand and expose performance first; investigate apparent problems and their causes; use targeted requirements where necessary; and reserve stronger price-quality or structural intervention for cases where the evidence demonstrates that lighter-touch approaches are insufficient. This preserves the ability to intervene while reducing the risk that broad new powers are used before the residual problem is clear.

6.1 Performance monitoring and benchmarking

ENA supports making performance information more accessible and useful. The current information-disclosure regime is already substantial: all EDBs disclose financial and non-financial performance information, publish asset management plans, and are subject to Commission analysis and comparison. ENA considers the first step should be to make better use of the information already collected, before assuming that additional data or stronger consequences are necessarily required.

Comparative benchmarking can be useful as a transparency, diagnostic and learning tool. ENA is not persuaded that the discussion document has established the case for moving directly from comparative measures to setting revenue allowances or other price-quality parameters. MBIE itself notes the limitations created by geography, weather, topography, asset condition and customer density, and records that the statutory prohibition was introduced in 2008 when there was concern that the Commission was over-relying on benchmarking methods under the previous Part 4A regime. Before removing it, MBIE should explain what has changed since that safeguard was enacted and why those changes now justify its removal.

It is also important to be precise about what the current restriction does. The Commission is not prohibited from benchmarking EDB performance. As MBIE acknowledges, it can already use benchmarking under information disclosure to identify relatively poor performance. The Commission's recent open letter goes further, contemplating comparative and standardised measures within the existing regulatory framework, including standardised back-office costs per ICP and greater use of utilisation metrics in assessing expenditure programmes and incentive outcomes. The statutory restriction is narrower: it limits the use of comparative efficiency benchmarking in setting specified DPP parameters. The fact that the Commission is now proposing greater use of these existing tools also raises the question of why legislative change should precede experience of their fuller application.

That sequencing is also consistent with the Commission's own recent expert advice. Pollitt recommends first undertaking comparative benchmarking to establish whether individual efficiency factors could deliver material benefits for New Zealand consumers, with that exercise then informing whether removal of the statutory prohibition is "worth proposing."[18] He also cautions that benchmarking is becoming more difficult as network inputs and outputs diversify, particularly with growing DER and innovation, whose impacts on network costs can be difficult to measure consistently.[19] These are good reasons to test the measures and adjustments in practice, and the explanatory value of the resulting benchmarking, before relying on it to determine financial outcomes.

[18] Pollitt, Michael-Pollitt-Benchmarking-and-Optimal-Scale-for-Electricity-Distribution-Boards-in-New-Zealand-A-study-for-the-Commerce-Commission-20-November-2025.pdf, page 15.

[19] Pollitt, Michael-Pollitt-Benchmarking-and-Optimal-Scale-for-Electricity-Distribution-Boards-in-New-Zealand-A-study-for-the-Commerce-Commission-20-November-2025.pdf, page 16.

This makes fuller use of the existing framework an important intermediate step. If greater comparative analysis can improve transparency, accountability and performance, the Commission should first use its existing powers to provide more of that "sunlight": publishing accessible comparisons, identifying apparent outliers and investigating what drives them. Before comparative findings about an individual EDB are finalised or published, that EDB should have an opportunity to identify factual or data errors and explain material local circumstances relevant to the comparison. This is not intended to constrain the Commission's final judgement, but would reduce the risk that apparent differences are misinterpreted. It would also provide practical evidence about which measures reliably distinguish controllable efficiency from legitimate differences between networks. Before extending benchmarking into DPP price-setting, MBIE (and the Commission) should identify the material problem that these existing tools cannot address and demonstrate how the additional power would address it.

International experience also supports caution about treating benchmarking outputs as mechanically determinative. The UK Independent Water Commission noted fundamental limits to the precision of benchmarking and recorded stakeholder concerns that insufficient adjustment for company-specific circumstances could create a "doom loop" for poorer-performing companies if lower assessed efficiency led to insufficient funding to improve.[20]

A proportionate pathway would therefore be to make greater use of the Commission's existing benchmarking powers first: co-design a limited set of meaningful metrics, publish and explain them through the information-disclosure framework, investigate apparent differences, and observe their behaviour through time. That experience can then inform whether there is a residual problem that existing tools cannot address and, if so, whether any extension into price-setting is justified.

6.2 A more flexible Part 4 toolkit

Several of the possible extensions to the Part 4 toolkit revisit policy questions considered in earlier reviews of the electricity sector. Where MBIE proposes reopening those settings, the analysis should identify what has changed, what current evidence demonstrates a material problem under the existing arrangements, why the existing regulatory toolkit is insufficient to address it, and why the proposed additional intervention is expected to improve consumer outcomes.

ENA is open to considering a broader range of Part 4 tools where that allows intervention to be more targeted and proportionate than an immediate choice between information disclosure and full price-quality regulation. A well-designed intermediate tool can be preferable to blunt regulation if it responds to a specific, evidenced problem and can be removed when no longer needed. The design safeguards matter as much as the existence of the tools. Any escalation should have a clearly defined evidential threshold, transparent criteria, consultation and cost-benefit assessment, predictable processes, and a mechanism for review, de-escalation or removal. The intervention should also be no broader than the identified problem requires. It should also preserve the distinction between economic regulation and operational management: regulation should generally specify the outcomes or constraints required, rather than direct particular investments or operational decisions unless the identified problem clearly requires that level of intervention. New tools should also be assessed against the flexibility already available through reopeners, customised price-quality paths, large connection contracts, innovation allowances and information disclosure.

The timing of change also matters. Where proposals overlap with matters addressed through the Input Methodologies or other established regulatory processes, changes should be sequenced with those processes where practicable to avoid unnecessary regulatory churn. More broadly, the sequencing of

[20]Independent Water Commission, Independent Water Commission: Final Report, 21 July 2025, pp 183 and 187.

Input Methodology reviews and price-quality resets should be considered together, so that relevant changes can inform regulatory periods in a timely way rather than being stranded between review cycles.

The new water-services regime may provide useful ideas, but it is not yet an evidence base for how those tools perform in practice. It was designed in response to particular concerns about underinvestment, asset management and financial sustainability. MBIE should therefore test each proposed electricity tool against an identified electricity-sector problem rather than treating consistency with the water framework as sufficient justification.

6.3 Governance, ownership and ancillary activities

The governance chapter requires particular care because "consumer-owned" covers materially different arrangements, and ownership type does not map neatly to regulatory status or performance. Trusts differ in purpose, beneficiaries and governance arrangements, and a number of trust-owned EDBs are already subject to price-quality regulation. Policy analysis should distinguish the EDB operating company, its owner, and any wider group activities before attributing a concern to an ownership model.

The evidence presented in the discussion document also points in both directions. MBIE records limited evidence that ancillary investments are a systemic issue and notes that some investments have generated returns used to reduce lines charges, provide consumer benefits or support community initiatives. Ancillary activities may also provide operational or capability benefits — for example through shared infrastructure, data, expertise or customer relationships — although the nature and extent of those benefits will depend on the activity and circumstances. MBIE also records the Audit Office's finding that public energy companies are generally well managed and financially sound in relation to core operations, while identifying future capability and investment challenges.

ENA therefore considers that broad controls on ancillary activity, lines revenue or dividends require a clearer problem definition and evidence of a causal link to poorer regulated-service outcomes. Existing cost-allocation and related-party transaction requirements are intended to provide safeguards around the boundary between regulated and non-regulated activities. Where evidence identifies a material gap in those arrangements or a specific non-regulated activity creates a demonstrable risk to the regulated service, targeted information-gathering or regulatory action may be justified. That is different from assuming that diversification is itself inefficient.

Likewise, governance capability should be approached proportionately. Guidance, training and voluntary accreditation may be useful where boards want additional support. However, mandatory competency frameworks or independent reviews should be justified by evidence of a problem they are expected to solve and should avoid creating a presumption that a particular ownership model is inherently less capable.

Earlier analysis commissioned by ETNZ has similarly concluded that no organisational form has an absolute advantage in governance performance; different ownership forms have different strengths and weaknesses.[21] Ownership form should therefore not itself be treated as evidence of poor governance or performance.

That evidential limitation is particularly important when considering more interventionist options such as ringfencing, restrictions on distributions or additional governance requirements. Measures of that kind should respond to a clearly identified risk or outcome; they should not be inferred from isolated examples, or from ownership form itself.

[21] NZIER report on Prof Yarrow for ETNZ, February 2022, page 1

Regulation should target the identified risk, rather than ownership type, unless there is evidence that the ownership model itself is the source of that risk. This is particularly relevant to the discussion document's proposals concerning distributions by consumer-owned EDBs.

ENA agrees that distributions should not compromise the long-term interests of consumers or the financial sustainability of a network. However, the payment of dividends or other returns to an owner is not, in itself, evidence of inefficient performance or poor governance. In the case of consumer-owned EDBs, the ownership relationship also matters to the analysis: ENA's analysis of publicly disclosed 2025 distributions found that approximately 73 per cent were made to trusts. In these ownership models, retaining earnings for prudent network investment, price discounts and returning surplus value to consumer beneficiaries can serve consumer interests. The appropriateness of the balance between those uses is what matters.

Nor are distributions to owners unusual elsewhere in the energy sector. In 2024/25, the Crown received approximately $640 million in dividends from Transpower and the three majority-Crown-owned gentailers, Meridian, Mercury and Genesis. The Government therefore does not appear to regard distributions from energy businesses as inherently inconsistent with responsible ownership or long-term investment.

If the concern is that underinvestment, financial resilience, excessive distributions or some other outcome is causing an identifiable consumer harm or governance risk, that problem should be identified and evidenced directly. MBIE can then consider what intervention targets that risk most effectively, rather than assuming that the ownership model or the existence of distributions is itself the problem.

7 Demonstrating progress and building confidence

The sector also has work to do in demonstrating performance more clearly. Better consumer outcomes are the primary objective, but confidence matters too. Where EDBs are delivering efficiently, that should be visible and capable of scrutiny; where performance can improve, the sector should be prepared to acknowledge that and demonstrate progress. Greater transparency, useful performance information and delivery against clear sector commitments can all contribute to that confidence without presuming that more prescriptive regulation is necessarily the answer.

The Minister has already asked the sector to provide greater visibility of progress against the commitments in the 18-item work programme in the next quarterly update. ENA accepts the need for clearer reporting. The opportunity now is to ensure that reporting is useful and proportionate, and provides evidence of whether the programme is delivering the outcomes sought rather than simply recording activity.

For material initiatives, that could include the outcome being sought, appropriate milestones and, where practicable, evidence of consumer or system benefit. The measures should be proportionate to the initiative: not every benefit will be capable of being reduced to a dollar value, and demonstrating progress should not itself become a significant new reporting exercise. Existing information should be used wherever possible.

Greater visibility should allow the evidence to inform subsequent policy decisions in both directions. It should identify initiatives that are delivering and could usefully be extended or replicated, as well as areas where progress is insufficient or a genuine barrier remains. That would give Government, regulators, owners and consumers a stronger basis for judging where sector-led action is effective and where further intervention may be justified.

8 Conclusion

ENA supports the objective of improving EDB efficiency and consumer outcomes. The pathway we propose is evidence-led and proportionate: define the problem and its causes; treat existing sector commitments and regulatory tools as part of the policy baseline; make fuller use of transparency, coordination and targeted interventions; assess the outcomes; and escalate only where a material residual problem remains.

That approach is not an argument for preserving the status quo. It creates room for meaningful change while improving the likelihood that intervention is directed at the behaviour or outcome that actually needs to improve, and that its consumer benefit exceeds the regulatory and implementation cost. The existing 18-part sector work programme provides an immediate opportunity to test that approach in practice. Its implementation and outcomes should form part of the evidence base for determining whether material problems remain and whether further regulatory or legislative intervention is justified.

Appendix B provides the submitter information requested, and Appendix C provides ENA's responses to the specific consultation questions in more detail.

ENA thanks MBIE for considering these comments. If you have any questions about ENA's submission please contact Gemma Pascall, Regulatory Manager ( ).

Yours sincerely

Gemma Pascall

Regulatory Manager

Appendix A: ENA members

Electricity Networks Aotearoa represents the following electricity distribution businesses:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- EA Networks
- Electra
- Electricity Invercargill
- Firstlight Network - owned by Powerco
- Horizon Networks
- MainPower
- Marlborough Lines
- Network Tasman Limited
- Network Waitaki
- Northpower
- Orion New Zealand
- OtagoNet - represented by PowerNet
- Powerco
- Scanpower
- The Power Company - represented by PowerNet
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower

Appendix B: Submitter information

MBIE would appreciate if you would provide some information about yourself. If you choose to provide information in the section below, it will be used to help MBIE understand how different sectors view the options for improving the efficiency of electricity distribution businesses. Any information you provide will be stored securely.

Your name, email address, phone number and organisation

NAME:	GEMMA PASCALL
EMAIL ADDRESS:	
PHONE NUMBER:	
ORGANISATION:	ELECTRICITY NETWORKS AOTEAROA

☐ The Privacy Act 1993 applies to submissions. Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE may publish.

☐ MBIE may upload submissions and potentially a summary of submissions to its website, **www.mbie.govt.nz**. If you do **not** want your submission or a summary of your submission to be placed on either of these websites, please tick the box and type an explanation below:

I do not want my submission placed on MBIE's website because… [insert reasoning here]:

- N/A

Please check if your submission contains confidential information

☒ I would like my submission (or identifiable parts of my submission) to be kept confidential, **I have stated** my reasons and ground under section 9 of the Official Information Act that I believe apply (for consideration by MBIE), and I have provided an alternative version of my submission with confidential information removed (suitable for publication by MBIE).

I claim confidentiality over the following information on the grounds of it being personal information and not relevant for public consumption or for understanding our submission:

- My signature
- My phone number
- My email address

There is no other confidential information in this submission.

Both a full MS Word version for internal MBIE use and a redacted PDF for publication are provided as part of this submission.

Appendix C: Responses to consultation questions

The responses below should be read together with the covering letter and are intended to add detail rather than repeat the main submission. Cross-references are provided where the underlying position is developed more fully in the covering letter.

Collaboration and standardisation to drive efficiencies of scale

Q1. How could regulatory settings be improved to better support or incentivise standardisation and collaboration, where this improves efficiency and service outcomes?

As set out in sections 5.2 and 5.3 of the covering letter, ENA supports regulatory settings that make efficient collaboration easier, but additional prescription should not be the starting point. Government and regulators can add most value by setting stable common outcomes, removing external barriers to collective delivery, coordinating dependencies and supporting interoperable interfaces where these reduce transaction costs.

Useful regulatory support includes:

- providing stable and coordinated direction on common outcomes and interfaces, so collaborative solutions are not built against moving requirements
- identifying and removing regulatory or competition-law barriers to shared procurement, shared services or common technical approaches
- supporting common data definitions and interoperability where these produce demonstrable customer or system benefit
- maintaining and publishing a shared forward regulatory calendar covering significant consultations, decisions and implementation activity across agencies, and improving transparency of the Council of Energy Regulators through publication of meeting agendas, minutes and agreed actions
- sequencing agency decisions that sector initiatives depend on, including work on connections, network data and future system operation
- following through promptly on agreed policy and regulatory changes where existing settings are constraining efficient sector responses[22]
- using outcome-based requirements where possible, so EDBs can meet common objectives through proportionate implementation.

The relevant test should be net consumer or system benefit, not the degree of uniformity achieved. Different networks may legitimately require different technical or operational approaches.

See also the main covering letter.

[22] For example, the Government announced its intention to increase EDB generation limits more than 18 months ago, but the necessary legislative change has yet to be introduced. Delays between policy decisions and implementation can themselves become a barrier to efficient investment and innovation.

Q2. What barriers are there to standardisation and collaboration between EDBs? If so, what Government action (if any) would help address these?

Barriers differ by initiative. Common themes include upfront implementation cost, legacy systems, materially different network circumstances, the transaction cost of aligning multiple businesses, scarce specialist capability, and uncertainty about future regulatory requirements.

Access to data can also be a barrier. For example, EDBs have differing levels of access to smart meter data. The availability, coverage, technical characteristics and commercial terms for that data can depend on the metering providers operating on a network. Where multiple providers are involved, achieving sufficiently complete network-wide coverage can require different commercial arrangements and data sources, increasing cost and complexity.[23,24]

Some initiatives also depend on decisions or participation by regulators, Transpower, retailers or other market participants rather than EDBs alone.

These barriers do not mean collaboration is not worthwhile. They mean the appropriate depth and timing of collaboration should be assessed initiative by initiative, including whether some EDBs can achieve benefits more efficiently by adopting a proven approach rather than participating in its initial development. Government action is most useful where it removes an external barrier, provides a stable common outcome, or coordinates dependencies that the sector cannot resolve itself.

See also sections 5.2 and 5.3 of the covering letter.

Q3. What do you consider to be the likely scale of benefits from encouraging greater standardisation and collaboration between EDBs?

ENA expects meaningful benefits in selected areas, but there is no sound basis for a single sector-wide estimate. Benefits will depend on the activity, current variation, implementation cost, participation and whether the function is genuinely scalable.

The more useful approach is to assess benefits at initiative level using measures suited to the outcome sought. For example, connection initiatives may be assessed through timeliness, customer effort or cost; procurement initiatives through unit cost and supply resilience; and data initiatives through reduced duplication or faster decision-making.

The Minister has already asked for clearer progress reporting on the 18-item sector programme. That reporting can provide an evidence base on realised benefits, using existing information wherever possible and without creating a separate reporting regime.

See also sections 5.1 and 7 of the covering letter.

[23] Are Ake, EDB Challenge_Learnings and insights report_Final.pdf, October 2024, page 5

[24] Commerce Commission, Visibility-of-Low-Voltage-Networks-across-Electricity-Distribution-Businesses-Summary-report-Disclosure-year-2024-13-February-2025.pdf, page 6, paragraph 16

Monitoring performance

Q4. Does this chapter accurately describe the current situation?

Broadly, but the chapter should place more weight on the breadth of the existing information-disclosure regime and the Commission's current ability to analyse and compare EDB performance. The Commission is not prohibited from benchmarking EDBs under information disclosure; MBIE itself notes that it can already use benchmarking to identify relatively poor performance.

ENA considers the focus should be on whether existing information is being used and explained as effectively as it could be, what material information gap remains, and whether filling that gap would justify the associated compliance cost.

The chapter should also retain its own caveats about the limits of comparison and the limited evidence that ancillary investments represent a systemic issue. Those qualifications matter to the proportionality of any new monitoring power.

See also sections 3 and 6.1 of the covering letter.

Q5. Do you support the options outlined in this chapter? Please give reasons.

ENA supports making performance information easier to understand and use, including more accessible Commission analysis and conclusions, provided comparisons are transparent about data limitations, relevant network differences and the distinction between correlation and controllable efficiency.

ENA also sees a potential case for targeted information-gathering about non-regulated activities where there is a reasonable basis to consider that those activities are materially affecting the regulated electricity-lines service. Any power should have a clear nexus to that service, avoid duplication and be proportionate to the issue being investigated.

ENA is not persuaded that the discussion document has established the case for extending comparative efficiency benchmarking into DPP price-setting. The Commission already has substantial scope to benchmark and publish comparative analysis. Fuller use of those existing powers should precede legislative change, so MBIE can identify what residual problem cannot be addressed under the current framework.

See sections 3 and 6.1 of the covering letter.

Q6. What do you consider to be the costs, benefits, or unintended consequences of these options?

More accessible comparative analysis could improve transparency, support peer learning and help regulators, boards, owners and consumers focus on areas warranting closer investigation.

The principal risks are false precision and poorly specified incentives. A metric that does not adequately account for geography, density, asset condition, service obligations, resilience, growth or other legitimate drivers can make a cost difference look like controllable inefficiency. Comparisons should also consider whole-of-life costs rather than rewarding lower short-term expenditure where this reflects the deferral of necessary investment or creates higher costs later. Those challenges may increase as networks evolve. Pollitt notes that differing levels of DER, flexibility and innovation can have difficult-to-measure effects on

network costs, making apparently comparable EDBs less straightforward to compare over time.[25] If a poorly specified measure then affects revenue, it can distort behaviour or constrain the funding available to improve network performance.

There are also direct implementation, assurance and reporting costs. These should form part of the net-benefit assessment rather than being treated as costless transparency.

The UK Independent Water Commission experience illustrates the need for caution where benchmarking moves from diagnostic use to financial consequences. Company-specific circumstances and the feedback between assessed efficiency and future funding need to be understood first.

See also sections 4 and 6.1 of the covering letter.

Q7. Are there any other options or approaches that could achieve the objective(s) outlined in this chapter? Please describe them and explain why they may be preferable.

ENA recommends making fuller use of the existing framework before extending benchmarking into price-setting:

- co-design a focused set of meaningful comparative metrics and explanatory variables
- publish and explain them using existing information-disclosure powers wherever possible
- observe their stability and explanatory value over time
- investigate apparent outliers and understand their causes, including giving affected EDBs an opportunity to correct factual or data errors and explain material local circumstances, before characterising them as controllable inefficiency
- then assess whether a material residual problem remains that existing tools cannot address and whether any extension into DPP price-setting is justified.

This approach would deliver the transparency and diagnostic benefits first, while building the evidence needed to decide whether stronger intervention is necessary.

See also sections 6.1 and 7 of the covering letter.

Responsive regulation under Part 4

Q8. Does this chapter accurately describe the current situation?

The chapter provides a useful overview, but it underplays the flexibility already available under Part 4. Information disclosure, DPP and CPP mechanisms, reopeners, large connection contracts, innovation/ non-traditional solution allowances and other existing tools already provide substantial scope to respond to different circumstances. The Commission's September open letter[26] also illustrates that it is considering further use of comparative, incentive and expenditure-assessment tools within the existing framework.

[25] Pollitt, Michael-Pollitt-Benchmarking-and-Optimal-Scale-for-Electricity-Distribution-Boards-in-New-Zealand-A-study-for-the-Commerce-Commission-20-November-2025.pdf, page 16.

[26] Commerce Commission, Open-letter-Local-lines-networks-achieving-better-outcomes-for-consumers-now-and-in-the-future.pdf, 10 September 2026

Any new statutory tool should address a material problem the Commission cannot adequately address using its current powers. Any additional flexibility also needs to preserve reasonable certainty and predictability for long-lived investment.

See also sections 3, 4, 5.1 and 6.2 of the covering letter.

Q9. Do you support the options outlined in this chapter? Please give reasons.

ENA is open in principle to a broader Part 4 toolkit where an intermediate tool would allow a specific, evidenced problem to be addressed more proportionately than a binary choice between information disclosure and full price-quality regulation.

Any gateway should require the Commission to identify the problem and affected consumers, explain why existing tools are insufficient, assess benefits and costs, consult affected parties, apply no broader intervention than the problem requires, and specify review or removal arrangements.

The new water-services framework may provide useful design ideas, but it is not yet evidence of how those tools perform in practice and it responds to a different sector history. Each electricity-sector tool should be justified against an identified electricity-sector problem.

ENA does not take a collective position in this submission on proposals that would change the price-quality regulatory status of currently exempt EDBs; individual members may address those options separately.

See also sections 3 and 6.2 of the covering letter.

Q10. What do you consider to be the costs, benefits, or unintended consequences of these options?

The main potential benefit is proportionality: an intermediate or tailored tool may address a defined problem at lower cost and with fewer unintended consequences than full price-quality regulation.

The principal risks are regulatory uncertainty, duplicated oversight, compliance cost, inconsistent treatment and reduced ability to plan long-term investment. These increase where intervention thresholds are subjective, tools are not time-limited, or multiple regulators address the same underlying issue through overlapping requirements.

Timing and sequencing can add to these costs. Changes that unnecessarily reopen recently settled settings can create regulatory churn, while poor alignment between Input Methodology reviews and price-quality resets can delay the application of relevant changes or leave important settings under review while a regulatory period is being determined.

Any assessment should include the Commission's administration costs and EDB implementation, systems, assurance, financing and advisory costs, together with the potential benefit of more targeted intervention. Regulatory efficiency is part of the net consumer benefit calculation.

See also sections 3, 4 and 5.3 of the covering letter.

Q11. Are there any other options or approaches that could achieve the objective(s) outlined in this chapter? Please describe them and explain why they may be preferable.

ENA suggests a staged escalation model: expose and diagnose performance first; investigate the cause of any apparent problem; use targeted requirements where necessary; and reserve stronger price-quality intervention for cases where evidence shows lighter-touch approaches are insufficient.

Any intermediate tool should include transparent entry criteria, consultation, review and a mechanism for de-escalation or removal when the justification no longer exists. It should also be coordinated with the Electricity Authority or other regulatory work addressing the same behaviour.

The DPP5 process and the Commission's current work on EDB performance provide an immediate opportunity to test the practical limits of the existing framework before new statutory powers are relied on.

See also sections 5.3, 6.2 and 7 of the covering letter.

Governance

Q12. Does this chapter accurately describe the current situation?

The chapter identifies relevant questions, but the framing needs greater differentiation between ownership models, regulatory status and the EDB operating company itself. 'Consumer-owned' encompasses materially different arrangements, and trust ownership does not determine whether an EDB is exempt from price-quality regulation.

The evidence in the chapter should also be given appropriate weight. MBIE records limited evidence that ancillary investments are a systemic issue and cites findings that public energy companies are generally well managed and financially sound in relation to core operations. Those findings do not remove future capability or investment risks, but nor do they establish systemic governance failure.

See also section 6.3 of the covering letter.

Q13. Do you support the options outlined in this chapter? Please give reasons.

ENA supports the objective that governance arrangements remain capable of delivering safe, reliable, resilient and efficient network services over the long term. However, the discussion document does not establish a case for treating the proposed governance package as a response to a demonstrated sector-wide problem.

Non-statutory capability support, training or voluntary accreditation may be useful where boards and owners consider it valuable. Where there is evidence that a particular ancillary activity is affecting the regulated service, the first step should be to assess whether existing cost-allocation, related-party transaction and information-disclosure requirements adequately address the identified risk. Targeted transparency or information-gathering may be appropriate where a material gap remains.

More interventionist measures — including statutory ringfencing, restrictions on lines revenue, dividend controls, mandatory competency requirements or prescribed ownership reviews — should each be supported by their own problem definition, causal evidence and assessment of costs and benefits.

Ownership form or the existence of ancillary investment is not, by itself, evidence of inefficient performance.

See also sections 3 and 6.3 of the covering letter.

Q14. If you support the options in this paper, do you agree that they should apply to consumer-owned EDBs only? If so, should this include both wholly and partially consumer-owned EDBs? Please give reasons.

ENA considers the starting principle should be that regulatory obligations follow the identified problem or risk, rather than ownership type. Where the same risk exists across ownership models, MBIE should explain why different treatment is justified. Ownership-specific regulation should only be considered where there is evidence that a feature of the ownership model itself is materially contributing to the identified harm or risk, and that broader outcome or risk-based regulation would not address it adequately.

This does not mean every governance proposal should be extended to all EDBs. It means the scope of each option should follow from its rationale and evidence.

ENA does not take a collective position on every ownership-specific option; individual members may provide more detailed views.

See also sections 3 and 6.3 of the covering letter.

Q15. What do you consider to be the costs, benefits, or unintended consequences of these options?

Potential benefits include clearer expectations, improved transparency and opportunities for owners and boards to test whether governance arrangements remain fit for future investment and capability needs.

Potential costs and unintended consequences include:

- additional governance and compliance cost
- constraining beneficial ancillary activities or access to diversified capability
- weakening legitimate owner discretion; making director or trustee recruitment more difficult
- investment and financing impacts, including the risk that uncertainty about future government intervention in ownership, governance or distributions increases perceived regulatory risk, raises the cost of capital, or reduces the attractiveness of investment in electricity networks
- creating overlapping obligations across existing statutory frameworks.

Dividend or ringfencing rules could also alter incentives and the distribution of value between current consumers, future consumers, owners and communities. Those effects should be analysed explicitly. A distribution to an owner is not, by itself, evidence of underinvestment, inefficient performance or poor governance.

See also section 6.3 of the covering letter.

Q16. Are there any other options or approaches that could achieve the objective(s) outlined in this chapter? Please describe them and explain why they may be preferable.

Before adding broad statutory controls, MBIE could make greater use of targeted disclosure, existing owner and trust obligations, voluntary capability support and case-specific intervention where evidence identifies a material risk to the regulated service.

A staged approach should separate the information question from the intervention question: first establish whether more information is needed to understand a risk; then, if the risk is substantiated, decide whether any substantive restriction is required.

See also sections 3 and 6.3 of the covering letter.

Technical amendments

Q17. Do you support the options outlined in this chapter? Please give reasons.

Removing the restriction on CPP applications in the final 12 months of a DPP period appears capable of reducing unnecessary regulatory discontinuity and process cost. Clarifying enforcement of quality-incentive requirements may also be sensible if the amendment is narrowly confined to the identified enforcement gap and preserves appropriate procedural safeguards.

The proposal concerning Transpower's ongoing individual price-quality path is not principally an EDB matter, and ENA does not take a substantive position on it.

Q18. What do you consider to be the costs, benefits, or unintended consequences of these options?

Removing the CPP timing restriction could reduce avoidable process cost and support continuity where a customised path remains appropriate. Any change to enforcement powers should be drafted narrowly enough to provide certainty about the obligations and consequences that apply.

ENA has not identified a separate EDB-specific cost or benefit from the proposed Transpower amendment at this stage.

Appendix F: ENA's response to the Commission's previous open letter on DPP5

We also consider this to be essential reading alongside this response and are therefore directly attaching it for the Commission's ease of reference.

ENA submission in response to the DPP5 open letter

Submission to the Commerce Commission

DATE
7 October 2025

NAME OF SUBMITTER
Electricity Networks Aotearoa

INDUSTRY/AREA OF INTEREST
Utilities/infrastructure

CONTACT
Gemma Pascall, Regulatory Manager

ADDRESS
Level 5, Legal House
101 Lambton Quay
Wellington 6011

EMAIL

āhuarangi. kiritaki. mahi ngātahi. climate. customers. collaboration.

Contents

1	Introduction	3
2	Executive Summary	3
3	Reflections on DPP4	4
4	Wider sector developments and implications for the DPP5 timetable	5
5	Process improvements for DPP5	11
6	Substantive issues for DPP5	15
7	Next steps	20
8	Conclusion	20
Appendix A – List of members		21
Appendix B - Potential increase in electrical demand from commercial and industrial gas boilers		22

1 Introduction

Electricity Networks Aotearoa (ENA) is the industry membership body that represents the 29 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses (our members are listed in Appendix A).

EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have invested $6.2 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for consumers.

We welcome the opportunity to provide feedback on the Commerce Commission's (Commission) open letter on ensuring the Commission's approach to price paths is delivering for consumers. We appreciate the Commission's decision to initiate this conversation early, giving stakeholders greater opportunity to contribute to shaping priorities for the next default price-quality path (DPP5) from the outset.

2 Executive Summary

This reset comes at a time of significant transition. The government has signalled its intent to deliver the most significant energy sector reforms since the 1990s through the Frontier Economics report, which the Minister of Energy (the Minister) described as setting out a 'fast and furious' reform agenda.[1] Alongside this, decarbonisation and electrification goals, changing policies on fossil fuel use, and interdependent industries such as transport and gas are reshaping energy demand.

The 2025 *Mood of the Boardroom* survey found that 87% of business leaders want to see greater investment in energy infrastructure to underpin growth.[2] Businesses, investors, and consumers are calling for long-term strategic clarity. ENA has consistently highlighted the need for an integrated national energy strategy and the National Infrastructure Plan also highlights this as a key priority. DPP5 must be designed with this wider context in mind.

In this environment, DPP5 must not only maintain the foundations of efficiency and transparency, but also enable timely investment, provide resilience, and give consumers confidence that regulatory settings are fit for a rapidly changing sector.

We support the Commission's continued efforts to improve transparency and accessibility through initiatives trialled in DPP4. Clearer explainers, stakeholder workshops, and greater use of consumer-facing material have been welcomed across the sector.

However, the pace and scale of change now require the regulatory framework to go further. We encourage the Commission to prioritise:

- **Balancing affordability with broader consumer outcomes** – ensuring reliability, fairness, resilience, and climate readiness are given appropriate weight.

[1] ENA notes that, due to the timing of internal feedback loops and governance sign-offs, this submission was prepared prior to the release of the Frontier Economics report and the associated government responses on 1 October 2025. A comprehensive review of this submission in light of these recent developments has not been undertaken. We anticipate there will be further opportunities to engage throughout the DPP5 process, once the sector has had time to fully consider the market review outcomes and the correspondence received by EDBs on 6 October 2025 from the Minister and the Ministry of Business, Innovation and Employment (MBIE).

[2] NZ Herald, Mood of the Boardroom: Executives call for long-term energy plan as power prices climb - NZ Herald, 25 September 2025

- **Better treatment of connection and customer-driven capex** – current tools (including the incremental rolling incentive scheme (IRIS), reopeners and large connection contracts (LCC)) are insufficient to manage the risks from lumpy, unpredictable electrification-driven demand.
- **Risk-based and data-driven** – the Commission should seek to work with EDBs to increase reliability of data to allow for more proportionate review and allowance-setting.
- **Support for anticipatory investment and neutrality between solutions** – enabling EDBs to prepare networks for the transition while letting capex and non-network options compete fairly.
- **Clarity on the role of EDBs in wider transition pathways** – particularly fuel switching, electrification, and gas transition, and how regulatory mechanisms such as reopeners will provide flexibility if circumstances change significantly leading up to, or within, DPP5.
- **Maintain agility** – to adapt to the changing policy landscape and give stakeholders confidence that regulatory settings are fit for a rapidly changing sector.
- **Cross-agency alignment** – with Commission, the Electricity Authority (Authority), and MBIE priorities more tightly coordinated, avoiding duplication or conflicting policy signals.
- **Clear process timetable for interdependent workstreams** – such as Input Methodologies (IM) reviews.
- **Improved transparency of regulatory instruments** – including a consolidated, searchable index of IM and information disclosure (ID) changes, a standard tool in other regulated sectors.

These priorities are explored in more detail in the sections that follow.

3 Reflections on DPP4

3.1 What worked well

The Commission made visible efforts to improve engagement in DPP4. Explainer documents, videos, and consumer-facing material helped demystify complex regulatory processes and supported a wider range of stakeholders to participate.[3] The sector also benefited from cross-agency collaboration in developing shared messages on pricing reforms and decarbonisation challenges, which created a more coherent narrative for stakeholders.

The trial of new mechanisms such as the large connection contracts (LCC) framework and the innovation and non-traditional solutions allowance (INTSA) demonstrated the Commission's willingness to test new approaches and refine them based on feedback. The Commission's iterative development of guidance in these areas has been appreciated.

3.2 What could be improved

Despite these improvements, several issues remain, including:

[3] Including resources on this page: Understanding how changes to lines charges may impact your electricity bill | Commerce Commission

- **Transparency and navigation of rules** – The Commission's determinations and accompanying instruments remain complex and fragmented. Without a centralised, up-to-date index of changes to IMs and IDs, stakeholders risk misunderstanding or overlooking important obligations. This creates compliance risk for EDBs and undermines transparency for consumers. (Refer to section 5.2 for more on this.)
- **Risk expenditure allowances are set incorrectly –** by design, there is risk that expenditure allowances are either set too high (in which consumers are paying too much) or too low (which impact incentives to invest or force inefficient trade-offs). This is because the framework and methodology rely heavily on historical operating patterns to predict future expenditure requirements and broad-based assumptions (e.g. capex scaling), which do not account for differences in local operating environments to reflect localised growth or resilience requirements.
- **WACC methodology** – The current weighted average cost of capital (WACC) methodology means that consumers are exposed to volatile debt costs. Changing to a trailing average cost of debt is in the long-term best interests of consumers. Please refer to our previous submission as part of the Fibre IM review in August this year, as well as the cross-industry joint letter.

4 Wider sector developments and implications for the DPP5 timetable

Because DPP5 sits at the intersection of several significant, and interacting, strategic drivers, ENA recommends the Commission treat DPP5 as an opportunity to improve the sector's ability to plan over longer horizons. That means, for example, ensuring the DPP process explicitly recognises these drivers, and provides clearer guidance on the treatment of anticipatory investment cases, having fit-for-purpose reopeners and uncertainty mechanisms where genuine exogenous shocks arise, and coordinating closely with MBIE, the Authority and the Infrastructure Commission (Te Waihanga) to ensure regulatory choices are not made in isolation and don't fail to keep pace with sector change.

The following points outline a sample of key uncertainties and themes currently facing the sector. While these reflect the present landscape, it is important to acknowledge that the sector is dynamic and subject to rapid change. What is true today may look markedly different in one, two, or five years' time.

Whilst policy and regulatory stability and predictability are generally seen as ideal — particularly for investors and infrastructure providers — the current environment makes that feel increasingly unlikely. In this context, it may be more realistic and effective to strive for policy and regulatory frameworks that are agile and responsive.

Accordingly, it is critical that we maintain a watching brief on developments and remain prepared to adapt our processes, solutions, and decisions to ensure they remain fit for purpose in an evolving environment.

4.1 Policy reform momentum

Public and political attention on major energy sector reform (including the work of Frontier Economics and other strategic reviews) is increasing the likelihood of material policy change over the coming years. The Minister has described the reforms as 'the most significant in the sector since the

1990s' and how the government plans to be 'fast and furious',[4] underlining the pace of change and uncertainty regulators will need to accommodate.

These developments could change expectations about the timeliness and scale of investment, and they underline the need for DPP5 to be able to accommodate, or at least to adapt to, significant upstream and downstream policy change.

4.2 Energy strategy

The electricity sector is undergoing rapid transformation, driven by decarbonisation, electrification, digitalisation, resilience challenges and other factors noted in this section. EDBs are seeking greater certainty to enable long-term planning and investment and there is broad industry support for a national energy strategy and more coordinated sector planning.

As we stated in our 2025 Briefing to the Incoming Minister:

> *"The whole energy industry would benefit from a national energy strategy and direction from central government… [it] should provide clear direction to industry and investors on the medium-to long-term preferences of central government including some of the key trade-offs the sector is considering – investment versus affordability, future of fossil fuels (especially gas), and planning reform to enable new renewable generation to be built. This would ensure that, to the best extent possible, the sector and government (including independent regulators), can all pull in the same direction, as set out in the energy strategy. If differences of focus should arise within the sector, these can at least be judged against the expressed preferences of central government. For the electricity sector to effectively and collectively move forward on the decarbonisation journey, strategic direction (with ideally cross-party support) from central government is imperative."*[5]

Te Waihanga have also found in their research that "Many advocated for a more strategic, coordinated approach to infrastructure planning across government agencies, local councils and industry stakeholders to reduce duplication and ensure better alignment between policy, funding, and project delivery."[6] "Respondents strongly advocated for cross-party agreement and commitments to ensure infrastructure decisions are guided by long-term national priorities rather than short term political agendas. Many emphasised the importance of adopting a 30- to 50-year planning horizon that aligns with population growth, climate resilience and economic development."[7] We discuss inter-agency collaboration further in section 5.5.

Whilst such a strategy is not immediately forthcoming, it has been signalled by the Minister that this is on his agenda, and it may 'come to life' after the imminent release of the Frontier Report and its associated government action plan. It will be important for the DPP5 process that developments in this area are front of mind, including considering a move away from 'just in time investment', and that the process is agile enough to adapt.

4.3 National infrastructure planning

In the absence of an energy strategy, Te Waihanga's 2025 Draft National Infrastructure Plan (NIP) is a compass for the sector, providing an independent roadmap for electricity investment and how it fits together with broader infrastructure needs. It highlights rising long-term needs for electricity and other infrastructure, and signals a sustained period of increased capital investment by the state and

[4] Minister Watts, verbally at an industry breakfast, 16 September 2025
[5] ENA, 2025-BIM-Energy-Minister.pdf, page 6
[6] Te Waihanga, Draft National Infrastructure Plan 2025, page 21
[7] Te Waihanga, Draft National Infrastructure Plan 2025, page 18

private sector, particularly for the electricity sector. It notes the importance of decarbonisation as a driver, noting "other demand drivers such as population and economic growth are expected to be relatively modest, although resilience investment is likely to be an increasing focus."[8]

The NIP also emphasises the complexities involved in infrastructure decision-making and the often-conflicting goals and pressures. It discusses the challenges of juggling affordability and need, maintenance and new investment, short-term political cycles and long-term planning, and the tension between stability and agility. "Well-designed and maintained infrastructure is important for long-term economic growth and development, and for raising living standards. […] Achieving these benefits requires us to invest the right amount in the right type of infrastructure, at the right time."[9] These trade-offs highlight the importance of adaptive frameworks that can respond to shifting priorities, demographic changes, and emerging risks over time.

Charts from the NIP highlight expected growth in capital requirements over the next decade, underscoring the importance of prudent anticipatory investment to meet future demands. It goes on, however, to highlight that "the quality of spend tends to be more important than quantity."[10] This means that maintenance of existing infrastructure, maximising utilisation and prioritisation, and right-sizing new investments are all vital.

4.3.1 Maintenance

The NIP identifies that maintenance and renewals are vital and should be funded first. "Without it, access to services will be lost or levels of service will decline."[11] Moreover, they warn that "deferred maintenance should not be allowed to turn into future infrastructure deficits."[12] Natural hazards in New Zealand also increase risks for infrastructure, like electricity, potentially bringing forward the need for renewals, as we have already seen through previous DPPs.

It may perhaps be possible in DPP5 to simplify expenditure approvals based on the categories of spend, if sufficient reliance can be placed on the asset management plans (AMPs) and underlying data. This is discussed further in section 6.6.

4.3.2 Utilisation and prioritisation

This is discussed further in section 6.7.

4.3.3 Right-sizing new investments

There are numerous factors to ensure right-sizing, including reliable AMPs (see section 6.6), robust option evaluations (see section 6.4), strong consumer engagement to identify priorities and tease out trade-offs (see section 5.4), and the right incentives (see section 6.3).

4.4 Gas transition, decarbonisation and fuel switching

Policy and attitudes in interdependent sectors — including fossil fuel policy, carbon-zero goals, and electrification incentives — will influence the pace and scale of network investment.

[8] Te Waihanga, Draft National Infrastructure Plan 2025, page 141
[9] Te Waihanga, Draft National Infrastructure Plan 2025, page 15
[10] Te Waihanga, Draft National Infrastructure Plan 2025, page 15
[11] Te Waihanga, Draft National Infrastructure Plan 2025, page 9
[12] Te Waihanga, Draft National Infrastructure Plan 2025, page 9

Decarbonisation-related expenditure is expected to be the key driver for investment in electricity networks. Electricity is expected to play a major role in meeting our 2050 legislated emissions goals. The NIP expects about $70 million per annum of expenditure in transmission and distribution networks over the next 30 years to meet Climate Change Commission scenarios, most of which is front-loaded into the next 10-15 years. Without such expenditure, Te Waihanga expects that network investment "will largely track the more subdued investment trends over the past 20 years."[13]

MBIE and industry data show material declines in domestic gas supply, with indications that "our gas supply is falling faster than previously expected […] with annual production likely dropping below 100 PJ in the next two years. This contrasts with previous production profiles, which had predicted an increase in production around 2025 as development projects were expected to mature (Figure 19) [shown below]. Since around 2020, this expected increase has been revised downward multiple times as new developments have failed to meet production expectations."[14]

Even just comparing 1 January 2024 and 1 January 2025 on this chart shows how much the forecasts have dropped during the critical period of the DPP4 decision finalisation. This future uncertainty is likely to create an additional source of potentially lumpy demand for distribution networks and may require rapid decisions on connections and upstream augmentation, as some industrial users will seek to electrify or switch fuels in compressed timeframes.

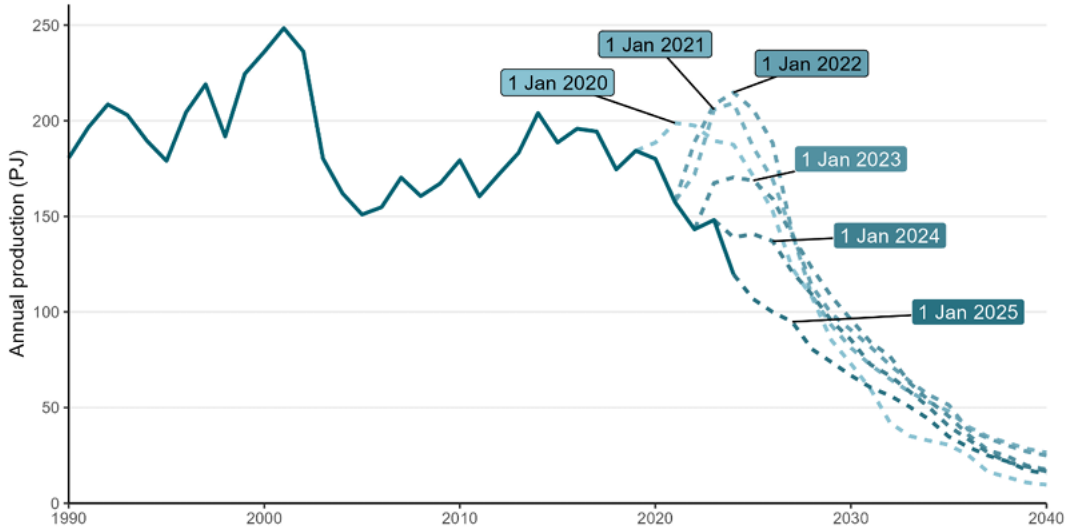


Figure 19. Gas production profiles as reported from 1 January 2020 through 1 January 2025.

A recent Castalia report has modelled the impacts a gas switch-off is likely to have on electricity distribution networks, based on three areas: "Compared to the 2025 maximum coincidental system demand, switching off the gas network increases peak electricity demand by 28 MW (9 percent) in Hamilton, 5 MW (7 percent) in Gisborne, and 52 MW (10 percent) in Wellington."[15] The report also estimates the 'significant' capex increase and the 'modest' impacts on network and non-network opex, totalling $152 million across the three regions.[16]

[13] Te Waihanga, Draft National Infrastructure Plan 2025, page 141
[14] MBIE, https://www.mbie.govt.nz/assets/energy_in_new_zealand_2025.pdf, pages 31-32
[15] Castalia, Switching off the gas distribution network: Consumer, network, and emissions impacts – Final report to Gas Industry Company, September 2025, page 48
[16] Castalia, Switching off the gas distribution network: Consumer, network, and emissions impacts – Final report to Gas Industry Company, September 2025, pages 8 and 48-51

With the DPP4 gas reset currently underway, we're sure the Commission will be very focused on future demand trends and that these will be factored into the development of the EDB DPP5 process and assumptions in due course.

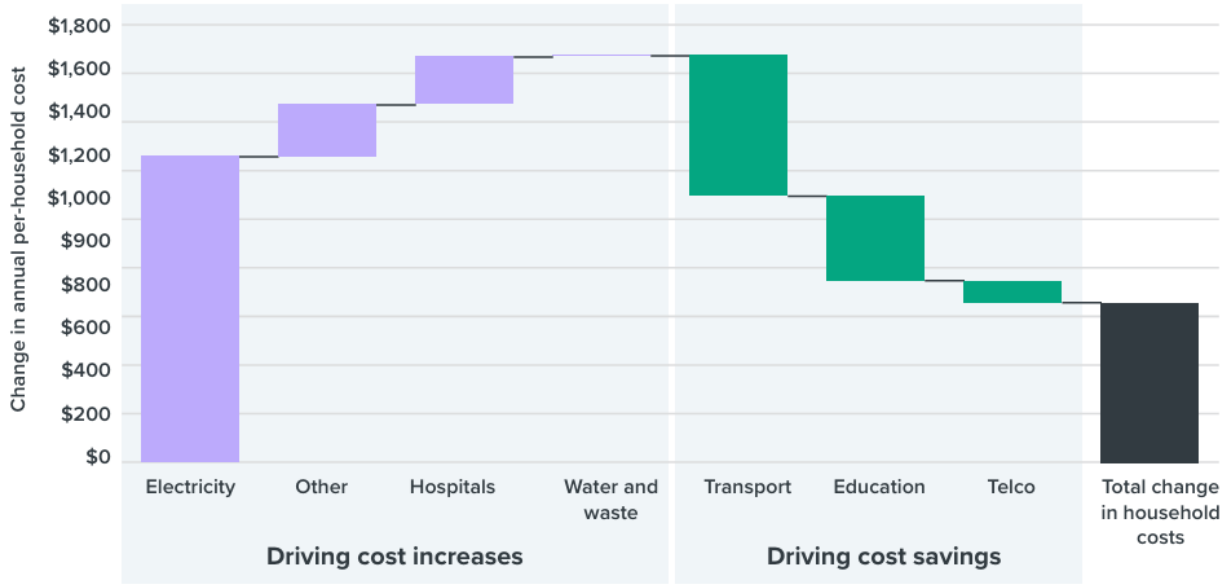
4.5 Consumer sentiment and affordability pressures

Consumer and business advocacy groups are rightly focused on affordability and the distributional effects of network investment. Consumer NZ published statistics showing that around 20% of households experienced difficulty paying their bill this year[17] and the Major Electricity Users Group (MEUG) recently said that "industry cannot keep absorbing double-digit price increases in the cost of power."[18]

Figure 15 in the NIP,[19] shown below, highlights the cost pressure this is likely to add to household budgets by the end of the DPP5 period, but also shows this in the context of partially offsetting cost savings expected in the wider infrastructure system.

Infrastructure investment has an impact on household budgets

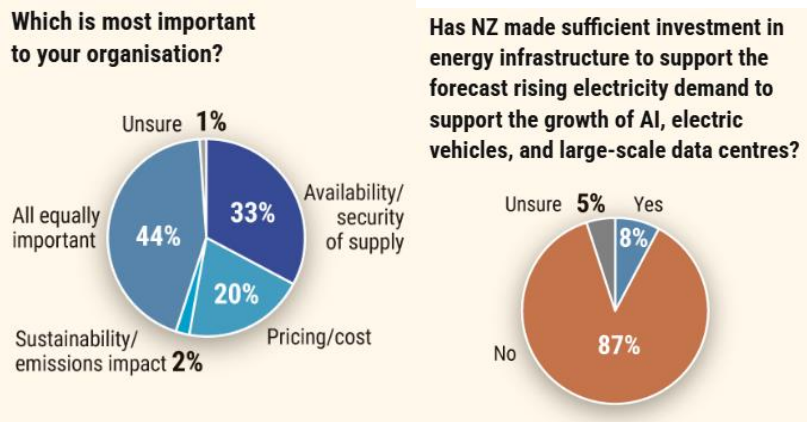
Figure 15: What our forward guidance would mean for the average household budget, 2035–2040



Note: Changes in cost are relative to expenditure on infrastructure services in 2019. Source: New Zealand Infrastructure Commission analysis and modelling.

At the same time, business leaders and many EDBs are calling for clearer, long-term investment signals so critical assets can be maintained and adapted for the energy transition. NZ Herald's 'Mood of the Boardroom'[20,21] highlighted concerns about electricity prices, but also the importance of all of the energy trilemma and the view that current investment in electricity in insufficient (extracts from the survey shown below).

[17] Consumer NZ, Power poverty persists - Consumer NZ, 9 September 2025
[18] MEUG, MEUG-press-release-Double-digit-price-increases-12-Sept-2025.pdf, 12 September 2025
[19] Te Waihanga, Draft National Infrastructure Plan 2025, page 45
[20] NZ Herald, Mood of the Boardroom: Executives call for long-term energy plan as power prices climb - NZ Herald, 25 September 2025
[21] NZ Herald, Mood of the Boardroom: Business leaders' optimism hits highest level since 2016 - NZ Herald, 25 September 2025



Top domestic concerns

What impact do you feel the following domestic concerns have on business confidence in NZ?

1 = No concern to 10 = Extremely concerned

Issue	Rating
Energy price increases	7.55
Inflation/cost of living pressures	7.48
Security of energy supply	7.45
Interest rate levels	7.14
Cyber threats	7.01
Rising insurance costs	6.97
Reserve Bank management of OCR	6.76
Climate change policies	6.72

Affordability remains a key focus of DPP settings and it is important to recognise the pressures households and businesses face from high electricity prices. However, consumers value not only cost minimisation, but also reliability, resilience, fairness, and climate adaptation. "Our infrastructure drives higher living standards, contributes to a strong economy, enables our culture and society to thrive, and protects our environment."[22] Over-prioritising short-term cost reductions can result in underinvestment, creating higher long-term costs and lower service quality.

These twin pressures — affordability and the need for investment — are both real and must be balanced in framing DPP5. The long-term interests of consumers should be at the heart of decisions. As summarised in the NIP:

> *"Infrastructure must serve different types of needs in different places. Because New Zealand can't afford everything, we need to choose carefully and make trade-offs. Addressing one need or priority may make it difficult to address another, either today or in the future. A sustainable long-term investment approach needs to recognise current and future affordability constraints, while balancing investment between different needs and different places."*[23]

ENA recommends that DPP5 explicitly recognise these multiple dimensions of consumer value, guiding EDBs to balance affordability, resilience, and sustainability in planning and investment decisions. As in DPP4, the Commission also has an important role in working alongside industry to

[22] Te Waihanga, Draft National Infrastructure Plan 2025, page 14
[23] Te Waihanga, Draft National Infrastructure Plan 2025, page 26

support clear and meaningful communication with consumers and stakeholders, helping them to understand both the rationale for regulatory decisions and the broader implications of the energy transition. We discuss this further in section 5.4 below.

5 Process improvements for DPP5

As noted in the NIP, "Regulatory inefficiencies, complex approval processes, and inconsistent frameworks were highlighted as the main factors delaying infrastructure projects and driving up costs by many respondents."[24]

This section discusses some areas which may help mitigate this risk in the context of DPP5 and the Commission's remit. Collectively, these process improvements — clear sequencing, improved transparency, more prescriptive consumer engagement guidance, strengthened inter-agency coordination, and explicit recognition of wider sector drivers — will reduce uncertainty for consumers and investors, improve regulatory efficiency, and ensure that DPP5 settings are durable and adaptable.

5.1 Timing and coordination with IM reviews

Several DPP5 issues intersect with IM reviews, including trailing average WACC, financeability, and capex treatments. The IM reviews and DPP resets are tightly interlinked, yet their timelines risk misalignment. The next IM review is scheduled to conclude in 2030, whereas the DPP5 final decision will be in November 2029. Deferring key issues until the maximum window for the IM review risks locking in mis-specified settings for the duration of DPP5.

For example, the treatment of connection and customer-driven capex may need adjustment before DPP5. Deferral to 2030 could leave networks and consumers exposed to significant risk until 2035. (Refer to section 6.1 for more on this particular example.)

We are also aware that some elements affecting EDBs are being determined through the Fibre IM review process, such as WACC methodologies. It would be useful to understand how and when the results of the Fibre IM review will translate into the EDB IM review.

There may even be changes that require amendments to Part 4 of the Commerce Act, which would also need to be factored into timelines.

ENA therefore recommends that the Commission:

- identify and publish, as soon as possible, a clear sequencing plan that explains which issues will be resolved in DPP5, which will proceed via the respective IM reviews and which may require a Part 4 amendment process; and
- consider bringing forward targeted IM workstreams (or using a supplementary, targeted IM amendment process) for a small set of high-priority IM issues that must be settled in time to be incorporated into DPP5 (for example: the framework for treating connection/customer capex risk; the use and structure of wash-ups or carve-outs in IRIS; and key elements of any financeability approach).

Adopting a clear sequencing approach will reduce uncertainty, enable more coherent submissions from stakeholders, and avoid the need to revisit major structural policy choices mid-period.

[24] Te Waihanga, Draft National Infrastructure Plan 2025, page 21

5.2 Transparency and accessibility of instruments

IMs and IDs have been subject to multiple amendments over time, making them increasingly complex, yet there is no consolidated, user-friendly index of changes. The current structure of IMs and IDs, scattered across multiple determinations and amendment papers, is a barrier to transparency. Even experienced regulatory staff can find it difficult to determine which version of a clause applies; for consumer groups and smaller stakeholders trying to meaningfully engage, the task is near-impossible.

This lack of transparency increases compliance risk and undermines confidence in the regulatory framework. A consolidated, searchable index of IMs and IDs – including hyperlinks, tracked changes, and summaries of amendment rationales – should be a priority. Other regulated sectors and jurisdictions treat such consolidation as standard practice and the government's expectations are that the regulatory system "sets out legal obligations and regulator expectations and practices in ways that are easy to find, easy to navigate, and clear and easy to understand."[25]

As the Commission website gets more complex, it might also be useful to introduce a couple of other pages to help navigate, for example:

- a page for live consultations – it can be really difficult to find consultations, as they are buried in the relevant section of the website. A single page, somewhere easily accessible from the homepage, that links all open consultations (and perhaps even recent decisions) would be useful. For example, this page the Authority has: Our consultations | Electricity Authority
- a landing page for each industry – with links key sections and documents off the landing page. Use this page to shortcut to key documents, like the IMs, IDs, most recent DPP/CPP decisions and supporting guidance, without having to navigate several more layers to find them. Perhaps even consider using language that doesn't assume prior knowledge of Commission processes – 'rules' rather than 'IMs' and 'IDs' for example (it can be further explained later, but it would perhaps help with initial navigation).[26] Linking to the regulatory process explainer would also be useful, so people understand your role and how the various processes fit together.

5.3 Differentiated regulatory treatment

Given the diverse characteristics of New Zealand's 29 EDBs, a one-size-fits-all regulatory approach - such as the DPP - may no longer be fit for purpose. EDBs vary significantly in terms of ownership structures, network maturity, geographic coverage, consumer density, and investment profiles. Some are facing substantial capital investment requirements to replace aging infrastructure or

[25] New Zealand Government, Government Expectations for Good Regulatory Practice, April 2017, page 4

[26] For example, if you go to the Commission website and navigate to 'regulated industries' > 'electricity lines', it is not possible to find the 'rules' from that screen or even that section of the website. First, you have to know that the 'rules' are called 'Input Methodologies' to find those in a different website section or 'Information Disclosure requirements' are also found elsewhere. When you go to the 'Input Methodologies' page, you find a long list of projects and reviews, but still no clear title or link identifying the currently applicable version. Even upon eventually discovering the section called 'current input methodologies for electricity distribution businesses', the narrative and list are still unclear, and appear incomplete for more recent amends post 2023, e.g. the recent insurance, wash-up or reopener amendments.

accommodate emerging technologies, while others operate relatively stable networks with lower growth pressures.[27]

The DPP framework, while efficient for broad application, risks constraining necessary investment or failing to incentivise innovation in networks undergoing transformation. We need to avoid a situation where the DPP does not provide sufficient allowances to enable an EDB to replace its aging assets, due to the 'broad applications' framework. There should be the ability to fund proven necessary investment, regardless of the step change between regulatory periods. As the NIP has shown, investment comes in cycles and the prior period may not be reflective of future periods. Arguably this is particularly true for smaller EDBs, whose capex replacement programmes may cause less frequent but larger 'spikes' in spending.

Whilst CPPs and reopeners are available for EDBs, when required, for a more tailored price path, these have an additional administrative burden on both the regulated party and the Commission, and they can increase tensions with consumers who may see a separate process as a sign the EDB is applying for optional or unnecessary changes.

It may be worth considering whether individual price-quality paths (IPPs) for some EDBs, or another mechanism, would better align regulatory settings with the unique challenges and opportunities faced by individual EDBs. This would ensure that regulation supports efficient investment, maintains service quality, and enables the transition to a low-carbon energy future, while still protecting consumer interests.

5.4 Consumer engagement — clearer expectations and practical guidance

Consumer engagement is a core part of regulatory planning, as well as being at the heart of business-as-usual planning for EDBs. ENA members strongly support meaningful consumer input, but consistent feedback shows uncertainty about what constitutes credible engagement. The concern is not *whether* to engage, but how to ensure the Commission recognises, values, and supports meaningful approaches.

Feedback from members is that the current model sometimes feels like 'moving goalposts' – whatever an EDB does, it risks being judged insufficient, without clear advice on how to improve. There is a perception that efforts will never be considered good enough, leaving businesses unsure how to invest effort effectively.

ENA suggests the Commission:

- considers its own role in consumer engagement, perhaps even demonstrating its own consumer engagement practices for DPP5, and/or
- works with the industry (or even cross-industry) to provide clearer guidance on what constitutes 'good' consumer engagement, how to evidence it, and how it links into quality standards, AMP disclosures and reopener applications.

That would enable EDBs to meet expectations confidently, rather than second-guess them, allowing EDBs to allocate engagement resources efficiently and giving regulators confidence that outputs reflect genuine consumer preferences for what the 'right' quality and price settings should be.

[27] Refer to ENA's EDBs investment driver heatmap for more on this best estimation visual of some of the drivers of demand and the scale of network investment required to support it, over the coming three decades, by region/EDB. (Please note this heatmap has not been updated since the DPP4 decision and does not take into account the faster than expected decline of gas discussed earlier in this paper.)

ENA proposes that any guidance on consumer engagement strikes a balance between a binary 'box-tick' test or overly prescriptive checklists, and a more principles-based approach. Practical measures could include: a short, plain-language statement of engagement principles; examples of good engagement practice drawn from recent AMPs, IPPs or reopener applications; clear guidance on the types of evidence the Commission finds persuasive (e.g. sample surveys, independent moderation notes, documented trade-offs and how they were addressed); and a proportionate approach to evidentiary expectations that recognises the differing scale and resourcing of EDBs. Producing a short 'what good looks like' note would help EDBs invest their engagement budgets[28] efficiently and would make it easier for the Commission and consumer representatives to rely on those outputs.

5.5 Cross-agency coordination and the Commission's influence

Many of the key issues that will affect DPP5 (like connection pricing and processes, distribution pricing, the potential evolution of a distribution system operator (DSO) role, the NIP and the scale and timing of electrification) are being progressed by multiple agencies: the Commission, the Authority and MBIE, and Te Waihanga. Parallel workstreams can produce useful policy ideas, but they also risk creating contradictory or confusing signals for EDBs and investors. There is a real risk of unintended consequences if agencies act in silos rather than collaboratively.

Recent Authority work — for example, the consultations on improving network visibility, future system operation / DSO models and the distribution connection pricing Code amendments — illustrates how closely intertwined operational, commercial and regulatory settings are, and how changes in one forum can have immediate implications for current or future DPP settings that the Commission must determine.

Whilst section 54V of the Commerce Act enables the Electricity Authority to request the Commission to reconsider a price-quality path where its regulatory decisions materially affect electricity lines services, this mechanism is rarely used. Many individual changes may not meet the materiality threshold on their own, yet the pace and volume of recent regulatory developments suggest that cumulative impacts could be significant. These impacts may relate not only to new disclosure or performance expectations, but also to pricing and operational constraints, which could materially affect EDBs' ability to deliver within the current price path. This reinforces the need for proactive coordination and integration of such considerations into the DPP5 framework.

ENA recommends the Commission use its influence more proactively to reduce fragmentation and improve sequencing. Practical steps could include:

- publishing a joint, multi-agency multi-year forward roadmap that identifies key milestones for related policy work (e.g. DPP5, DSO, distribution-level pricing reforms, MBIE's energy strategy inputs, infrastructure planning)
- agreeing which agency will lead any complex cross-cutting change, and
- using secondments or joint working groups (with clear objectives and timelines) to share capability and reduce rework.

These measures would not seek to remove the legitimate independence of each agency's decision-making, but would materially improve clarity for industry participants and help avoid inconsistent or duplicative demands on EDBs.

ENA also encourages the Commission and other agencies to adopt structured engagement approaches — such as workshops, joint technical papers, and time-bound task groups — to

[28] With an allowable expenditure step change provided, if the revised guidance increases the costs associated with consumer/ stakeholder engagement, to allow for proper cost recovery.

collaboratively address emerging concerns, rather than defaulting to formal regulatory interventions before design issues are fully resolved. Identified issues could be periodically surfaced to the industry for resolution while they remain at the 'niggles' stage. Where industry-led efforts fall short and those 'niggles' evolve into more systemic concerns, regulation remains a necessary backstop — but should, where possible, follow coordinated problem-framing and joint solution development.

6 Substantive issues for DPP5

6.1 Connection and customer capex risk

Risk should sit with those best placed to manage the risk. New customer connections, including those driven by industrial electrification, are inherently unpredictable and largely outside of an EDB's control. This suggests EDBs are not best placed to manage the associated capex risk.

While the LCC framework provides tools to manage large connection projects, it may not fully mitigate risks arising from rapid gas-to-electricity transitions and lumpy industrial demand. EDBs may be forced to reprioritise renewal expenditure or adjust capital contribution policies to stay within capex allowances and avoid IRIS penalties. If legitimate customer-driven investments are not adequately recoverable, EDBs may be perversely incentivised to delay connections, slowing electrification and decarbonisation.

Past requests to expand mechanisms for managing connection/ growth capex risk mechanisms have been declined due to insufficient evidence and workable designs. However, with several EDBs now facing sudden demand spikes from fuel-switching industrial customers and growing concerns from potential acceleration of the gas transition, ENA recommends this topic be workshopped early in the DPP5 process to reassess viable options. These could include:

- excluding new customer capex from the IRIS mechanism to avoid windfall gains or losses,
- a connection capex mechanism similar to the Chorus model,
- a 'use it or lose it' allowance for new customer capex/ growth investment,
- a standardised, transparent process for fuel-switch-driven reopeners, with clear thresholds and accelerated pathways, or
- amendments to the LCC framework to accommodate lower value contracts.

Addressing IRIS treatment could also help reduce reliance on capital contributions, enabling EDBs to recover more of the costs of unexpected demand and easing pressure on connecting customers. Proactive mechanisms can reduce financial risk to EDBs while supporting a smooth and efficient energy transition.

We have worked with the Energy Efficiency & Conservation Authority (EECA) in recent weeks to develop indicative pathways for how many commercial and gas sites across the North Island currently rely on natural gas and how many of these may need to transition within the next few years. The spreadsheet (included as an attachment to Appendix B) summarises the potential scale of transitions for EDBs.

In the meantime, we recommend maintaining watching brief on the effectiveness of the current mechanisms, and whether they strike the right balance between necessary regulatory rigour and the need for speed and predictability.

6.2 Financeability and anticipatory investment

Financeability is a critical enabler of anticipatory investment. If regulatory settings do not adequately recognise capital requirements and financing risks, networks may face constrained access to capital or increased financing costs, ultimately impacting consumers. There needs to be a balance between prudent investment (as reflected in DPP allowances) and the financial metrics that underpin access to capital, such as credit ratings and gearing levels. While DPP4 introduced improvements in financeability considerations, further work is needed ahead of DPP5 to ensure networks can invest with confidence.[29]

In New Zealand, anticipatory investment will be critical to accommodate electrification, renewable generation, and resilience needs. Current regulatory settings are largely focused on near-term, demonstrated demand, which risks slowing the energy transition and undermining long-term consumer outcomes. ENA recommends that DPP5 explore mechanisms to support prudent anticipatory investment, potentially drawing on international examples while ensuring alignment with New Zealand-specific requirements.

The Energy Transition Framework has a workstream considering the removal of finance-related barriers for commercial and industrial electrification. It would be efficient to ensure this workstream's development is connected to the DPP5 process and further discuss the challenges of anticipatory capacity and related investment.

With the Authority workstream on connection pricing, many EDBs are going to face pressure to reduce upfront cost-recovery for new connections, contributing higher socialised price impacts for consumers and to potential financing issues for EDBs. For smaller networks, a large unexpected connection could be difficult for EDBs to fund. Whilst the regime may allow them to recover costs over time, that doesn't necessarily mean they're able to borrow money to invest in a timely or cost-efficient manner in the meantime.

Financeability considerations also include how the WACC is set. The current WACC methodology means that consumers are exposed to volatile debt costs. Changing to a trailing average cost of debt is in the long-term best interests of consumers. We understand that the WACC methodology is being considered as part of the Fibre IM review, so won't add much more in this document. However, please refer to our previous submission as part of the Fibre IM review early this year, as well as the cross-industry joint letter for more information on our views on this topic.

6.3 Incentives and behaviour

The current IRIS framework is economically neutral in principle, but perceptions of bias can affect investment decisions. Boards and investors may be cautious about pursuing either capex or opex solutions if the mechanisms appear to favour one type of spend over the other.

Opportunities also exist to improve transparency and clarity around existing reopeners. For example, some EDBs have not fully recognised that reopeners can be triggered by unplanned opex growth alone, independent of associated capex projects. Clarifying this point would help ensure that efficiency-neutral decisions are not distorted by uncertainty about recoverability.

ENA recommends that the Commission:

- Review IRIS settings to reinforce opex-capex neutrality and clarify treatment of flexibility and innovation solutions.

[29] Please also refer to previous submissions on financeability, including: Big-6-EDBs-financeability-issues-paper-submission-15-March-2024.pdf and 2024-03-15-ENA-financeability-issues-paper-submission.pdf

- Provide explicit guidance on reopener eligibility for opex-driven initiatives to reduce the perception of regulatory bias.

6.4 Flexibility and non-network solutions

While regulators and market participants are keen to explore flexible solutions, the market is still nascent. EDBs often face difficulties valuing flex options over long horizons, and price signals, if passed on by retailers, may only defer investment for months or a few years rather than longer-term capex avoidance. There is also uncertainty regarding the role EDBs can play in flexibility due to recent Authority consultations and open processes.[30]

EDBs have deployed flexible solutions to defer or smooth investment peaks, but these are not always long-term substitutes for capex. For instance, some distribution networks have successfully used demand-response and local storage to defer reinforcement by up to two years in high-growth areas, demonstrating that flexibility can complement, rather than replace, prudent investment.

Focusing on the 'lowest cost now' risks under-investment in future-ready solutions and it can also drive a 'just in time' investment risk. If flexibility doesn't deliver as intended, this likely compresses the timeline to pivot to a capex solution, potentially driving higher costs due to pressure to deliver a solution at speed or by creating a duplication of investment over time. Under-performing flex solutions may also impact network quality, even breaches, which add cost and reputational risk. EDBs are incentivised to avoid quality breaches and capex solutions are often viewed as more certain risk management tools.

That said, we acknowledge that all project options should be considered and evaluated in an efficient manner. To that end, one of ENA's working groups, the Future Network Forum (FNF), plans to develop methodologies to consistently value flexibility within the next 12-18 months.

ENA recommends DPP5:

- Support further research and discussion with EDBs on barriers and drivers for flex versus capex decisions. Help develop a shared understanding of expectations and best practice in this area.
- Consider pilot flexibility incentives with clear disclosure in AMPs and reopeners, using a backstop approach if market mechanisms alone do not suffice.

6.5 International lessons in innovation and incentives

Lessons from leading markets in Australia and the UK show that well-structured incentives can improve uptake without undermining investment in essential network capacity.

The UK's RIIO-ED2 framework promotes targeted incentives for non-network solutions and supports strategic investment where there is clear evidence of future demand, particularly in the context of decarbonisation and electrification.

Similarly, in Australia, the AER's Demand Management Incentive Scheme and Innovation Allowance Mechanism encourage distribution businesses to pursue efficient, consumer-focused alternatives to traditional network investment. While Renewable Energy Zones (REZs) are not part of the AER's incentive schemes per se, they reflect a coordinated approach to network development that complements these regulatory objectives.

ENA notes that while these examples are informative, we are not directly proposing these specifically. Any mechanisms adopted in New Zealand must be carefully tailored to avoid unintended over-

[30] Refer to Distributor involvement in flexibility services market | Our projects | Electricity Authority

regulation or complexity that could undermine efficiency. We suggest they are considered as part of the review of the previous sections on substantive issues.

6.6 AMPs and data

Asset Management Plans (AMPs) are intended to demonstrate an understanding of existing assets, and long-term planning and resilience requirements, not merely to satisfy compliance obligations. Feedback from members indicates that while AMP reviews and guidance exist, their recommendations are inconsistently applied, and expectations for 'good practice' could be made clearer.

ENA recommends the Commission provide revised guidance (or workshops) on:

- the purpose and expectations for AMPs,
- practical examples of high-quality plans, including consumer engagement integration and resilience assessment,
- reporting on assumptions, risk management, and the interaction with DPP settings.

ENA's Regulatory Working Group and Information Disclosure Working Group are planning a joint 'stocktake' session on AMPs later this month. Our intention is to review what works well and what could be improved. For example, it may be beneficial to establish a Strategic Asset Management Plan (SAMP) that sets out the EDB's long-term asset management approach, which would only require updates every five years or following a significant strategic reset. More detailed and operational components of the AMP could then be updated more frequently, as investment decisions and network needs evolve. We're also keen to test whether there is an opportunity to create more consistency in inputs to forecasts (e.g. common demand assumptions) and outputs to deliverables (e.g. structure/form, comparability).

We understand the Commission is reassessing its approach to AMPs, and ENA welcomes the opportunity to collaborate on this work. Given the central role AMPs play in the DPP-setting process, we believe it's important to begin discussions early — potentially even co-developing a roadmap for AMP evolution over time.

Through the working groups, EDBs are already contributing to improvements in data transparency and comparability. However, differences in treatment across EDBs continue to make some expenditure categories difficult to compare. We're keen to work with the Commission to develop greater consistency, potentially through enhanced guidance and clearer definitions.

Improving trust in AMPs and their underlying data could also enable a more targeted approach to expenditure approvals. For example, with robust data and controls in place, lower-risk capex categories - such as 'known' or 'critical' investments - could be approved with less regulatory effort. This would streamline the DPP process and allow Commission staff to focus on higher-risk or more judgement-based areas. It may also support more nuanced consideration of step changes across EDBs, helping to address concerns raised earlier in section 5.3.

We also expect the Commission will increasingly draw on the enhanced disclosure requirements introduced in recent years to tailor its approach to expenditure approvals - particularly for categories like vegetation management, where improved disclosures may support more targeted and proportionate scrutiny. This also presents an opportunity to review whether certain disclosures remain necessary, especially where they are not actively used by the Commission or other stakeholders.

Optional targeted assurance or independent verification of specific expenditure areas or modelling approaches could also enhance the robustness of the regulatory process. However, EDBs would want clarity on how such efforts would meaningfully contribute to the Commission's decision-making,

rather than resulting in duplicated costs or effort. Providing transparency around how such assurance would be used - and the weight it would carry - would help ensure that EDBs can invest in assurance activities with confidence that their input will be valued and impactful.

6.7 Utilisation, prioritisation and efficiency

The distribution system is largely designed to meet peak demand and provide sufficient resilience against outages. In New Zealand, climate change and natural hazards, including extreme weather events and earthquakes, can amplify the resilience requirements.

"To sustain high quality infrastructure services, we need to get smarter."[31] New Zealand is not an easy location for infrastructure, with challenging terrain and a sparse population outside of urban centres. "We can't always afford to build infrastructure to the same standard as more densely populated countries, because we don't have as many people to use and pay for it."[32]

Effective utilisation, prioritisation, and efficiency in network investment are increasingly critical as EDBs navigate evolving consumer expectations, decarbonisation goals, and affordability pressures. These measures need to be considered alongside network resilience and security.

While EDBs acknowledge that there is room for improvement in these areas, the sector is actively working to strengthen its investment decision-making frameworks. Smarter investment - focused on optimising existing assets and deferring non-essential upgrades - can help reduce or delay capital expenditure without compromising service quality or long-term resilience. However, it is important to recognise that such efficiencies will not eliminate the need for future investment altogether. Rather, they should be seen as part of a broader options analysis that informs prudent, timely, and targeted investment.

Encouraging a deeper understanding of utilisation, prioritisation, and efficiency within the regulatory framework would support better outcomes for consumers and the sector alike. Given that these terms are widely used but often interpreted differently, ENA recommends that an initial step should be to workshop how they could be consistently defined and measured. This exercise may highlight the value of developing new disclosures to be collected over time, helping to build a clearer picture of current practices and informing whether further improvements or regulatory interventions are warranted. It would also help all parties better understand the impacts of trade-offs required between network quality and affordability.

6.8 Quality measures and performance indicators

Te Waihanga concluded that "in general, New Zealanders' expectations for the reliability of electricity seem to be well met."[33] That said, they also report that "Outages in New Zealand appear to be more frequent in number and duration than peer countries and are among the highest in the OECD."[34]

This contrast may not be immediately apparent when looking at the current quality metrics (SAIDI, SAIFI). This may suggest that these measures may not fully capture the consumer experience, indicating there could be value in exploring whether more representative, practical, and cost-effective metrics could be developed.

As noted in section 6.4 above, EDBs are incentivised to avoid quality breaches, which can increase risk aversion and discourage the adoption of innovative, flexible or non-network solutions. It may be

[31] Te Waihanga, Draft National Infrastructure Plan 2025, page 23
[32] Te Waihanga, Draft National Infrastructure Plan 2025, page 20
[33] Te Waihanga, Draft National Infrastructure Plan 2025, page 140
[34] Te Waihanga, Draft National Infrastructure Plan 2025, page 140

worth considering whether there are mechanisms that could help mitigate this risk for EDBs and support greater uptake of such alternatives, if that is a desired policy outcome.

This is also an area where greater alignment between regulators could be beneficial. If the Electricity Authority or other agencies have concerns about EDB quality or performance, or are considering introducing new disclosure requirements, it would be preferable to integrate these into the Commerce Commission's DPP5 framework, and associated ID reviews. This would help avoid duplication, reduce compliance burden, and ensure a more coordinated and efficient approach to regulation and reporting.

7 Next steps

In summary, to support effective development of DPP5, ENA recommends the Commission:

- Publish a clear roadmap showing how DPP5, IM reviews, and related workstreams (pricing, consumer engagement) fit together, including sequencing of issues that may arise under reopeners or future IM amendments.
- Kick-off conversations with other agencies to create an integrated workplan across the sector.
- Convene targeted workshops on connection-driven capex, flexibility and incentive mechanisms, asset management plans, utilisation and quality to further understand concerns before an issues paper is published.
- Continue structured dialogue with industry and investors to monitor financeability and capital access issues, including anticipatory investment and WACC settings.
- Consider working with EDBs to create further guidance on consumer engagement.

8 Conclusion

ENA appreciates the Commission's commitment to improving transparency, consumer engagement, and investment outcomes through DPP4 and looks forward to building on this progress in DPP5. The sector faces unprecedented change, and regulatory settings must evolve to enable efficient, timely, and consumer-focused investment.

We encourage the Commission to adopt the recommendations in this submission, drawing on both domestic experience and international lessons, and to engage closely with industry and consumers as DPP5 is developed.

Appendix A – List of members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- Firstlight Network
- Electra
- EA Networks
- Horizon Networks
- Mainpower
- Marlborough Lines
- Nelson Electricity
- Network Tasman
- Network Waitaki
- Northpower
- Orion New Zealand
- Powerco
- PowerNet (which manages The Power Company, Electricity Invercargill, OtagoNet and Lakeland Network)
- Scanpower
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower

Appendix B - Potential increase in electrical demand from commercial and industrial gas boilers

ENA has worked with the EECA to collate the draft data in the attached spreadsheet. The spreadsheet shows an estimate of gas users, and their potential electrical demand, who may transition to electricity in the near future. EECA has used their RETA database to attempt to capture most of the large process heat fossil fuel energy users in each North Island region, as well as some of the small to medium ones. It is not a complete database of all energy users. Scenarios have been modelled on the basis of both an electricity-centric pathway and a marginal abatement cost (MAC) optimal pathway. The regions have been broadly mapped to each EDB to assist with demand planning.

The spreadsheet itself is provided to the Commission on a confidential basis and is not suitable for publication.