

# Update from the Chair

May 2026

## Towards a more affordable, secure and sustainable electricity system

### The OECD economic survey of New Zealand

Last week the OECD released its latest [Economic Survey of New Zealand](#). If you have not read Chapter 2: *Towards a more affordable, secure and sustainable electricity system*, then I would encourage you to do so. It is an excellent read, and will provide a strong, independent foundation for MEUG's engagement with politicians, government and others going forward.

Much of the analysis in the report is not new, but together it forms one of the best single-source summaries available of our system and the challenges it faces. Some of the points that stood out to me included:

- Supply shortages and high prices are hurting households and accelerating deindustrialisation
- The central challenge is securing seasonal (dry-year) firming, along with sufficient short-duration flexibility to replace the declining role of gas, rather than simply adding renewables or focusing on peak-shaving as in most other OECD countries
- New Zealand's electricity is no longer at the lower end of international prices. From 2018 to 2025, New Zealand had the fourth-equal highest average wholesale price in the OECD
- Market structure, notably dominance by vertically integrated generator-retailers (gentailers), and an even higher concentration of firming assets is limiting competition in both the spot and hedging markets
- Rising electricity demand and rapid deployment of intermittent renewables are intensifying market structure issues in the wholesale market.

We urge spokespeople from all political parties, as well as officials at MBIE and the Electricity Authority, to consider the recommendations the OECD makes. The OECD report makes it clear that leaving the market to resolve all issues will almost certainly lead to adverse outcomes for New Zealand. This is not to say that MEUG supports every single recommendation, but taken together they form a coherent, evidence-based set of initiatives. They deserve to be considered seriously. Some notable recommendations are:

- Create a firming and flexibility market to incentivise firming investment and lower barriers to entry
- Update market conduct rules so they are fit for purpose in the age of net zero
- The Electricity Authority's powers are limited compared to leading regulators across the OECD and should be strengthened and broadened

- Structural solutions to vertically integrated generators-retailers should be a last resort, to be used if market conduct rule changes and a firming and flexibility market do not produce desired results
- New Zealand should explicitly task mixed ownership model gentailers with supporting secure, sustainable, and affordable electricity, and require that their financial strategies reflect this mandate
- Remove land planning roadblocks.

## Key dates

What's on	Who	When	Notes for members
<b>Submission:</b> HVDC underseas cables	Transpower	8 May	Transpower sought feedback on its <a href="#">proposal</a> to address HVDC undersea cable decommissioning.
<b>Briefing:</b> Industry exercise 2026	Electricity Authority & Transpower	12 May	The Electricity Authority and Transpower are holding a briefing to help organisations across the sector prepare for the Industry Exercise 2026, which will simulate a space weather event. Details <a href="#">here</a> .
<b>Submission:</b> Common quality requirements	Electricity Authority	12 May	The Authority are seeking feedback on <a href="#">proposals</a> aimed at addressing six common quality issues in the Code. The six proposed amendments will update Code terminology, clarify requirements, and remove inconsistencies in Parts 1, 7 and 8 of the Code.
<b>Seminar:</b> LNG – lessons from Asia Pacific	University of Auckland	14 May	The University of Auckland's Energy Centre is holding a seminar on <i>LNG and New Zealand's Energy Balancing Act: Lessons from Asia-Pacific</i> . Register <a href="#">here</a> .
<b>Webinar:</b> Customer webinar	Transpower	14 May	Transpower is holding its next customer webinar on 14 May.
<b>Conference:</b> Competition Matters	Commerce Commission	14 May	The Commission's 2026 <a href="#">conference</a> , <i>Competition Matters</i> , will be held at the NZ International Conference Centre in Auckland.
<b>Submission:</b> Draft SoSA 2026	Transpower	14 May	Transpower is seeking <a href="#">feedback</a> on its draft Security of Supply Assessment for 2026, prior to final publication of the SoSA by 30 June 2026.
<b>Nominations:</b> Ngākau Hihiko Steering Committee	Ngākau Hihiko	17 May	Ngākau Hihiko – Wāhine in Energy is calling for new committee members, to lead the network into its exciting next phase. For more detail, click <a href="#">here</a> .
<b>Conference:</b> Electrify Queenstown 2026	Destination Queenstown	17 – 19 May	<a href="#">Electrify Queenstown</a> is a three-day event that brings together community, business, government, and industry to accelerate the transition to a low-emissions, electrified future. Details <a href="#">here</a> .
<b>Cross-submission:</b> HVDC link upgrade	Commerce Commission	18 May	The Commission is seeking feedback on its <a href="#">draft decision</a> to approve Transpower's HVDC Stage 1 major capex project, enhancing HVDC capacity to 1,400 MW. Submissions are published <a href="#">here</a> .
<b>Submission:</b> Distributed generation	Electricity Authority	19 May	The Authority is consulting on its <a href="#">review of the network pricing rules</a> for solar and other forms of distributed generation and storage – big and small. Cross submissions are due by 3 June.
<b>Nominations:</b> Co-design panel	Transpower	20 May	Transpower is calling for <a href="#">nominations</a> for the co-design panel being established to design and implement the Energy Reserve Scheme.
<b>Webinar:</b> TPM draft assumptions book	Transpower	20 May	Transpower is running a webinar on its consultation process for updating the <a href="#">BBC assumptions book</a> .
<b>Cross-submission:</b> Draft SoSA 2026	Transpower	21 May	Transpower is seeking <a href="#">feedback</a> on its draft Security of Supply Assessment for 2026.
<b>Submission:</b> Ōtāhuhu-Whakamaru listed project	Commerce Commission	21 May	The Commission is seeking feedback on its <a href="#">draft decision</a> to approve Transpower's Ōtāhuhu-Whakamaru listed project and increase Transpower's base capex allowance by \$50.5 million. Cross submissions are due by 9 June.
<b>Conference:</b> CEP 2026 conference	CEP	26 – 27 May	Carbon and Energy Professionals New Zealand's 2026 conference will be held in Hamilton. Details <a href="#">here</a> .
<b>Submission:</b> TPM draft assumptions book	Transpower	29 May	Transpower is consulting on an update to the <a href="#">BBC Assumptions Book</a> . Cross submissions are due 5 June.