

Update from the Chair

April 2025

Does the electricity sector have a credibility problem?

Is the sector sleep-walking towards political intervention by failing to address affordability?

Downstream 2025 was notable for explicitly talking about the challenges and problems facing the wider sector. James Kilty set the tone for Downstream in his keynote address, saying the sector has been failing New Zealand by not delivering secure supply at prices that enable our economy to compete and grow. Minister Watts reiterated the point that security of supply and deindustrialisation bring the risk of significant political intervention.

Much of the Downstream Conference then focused on the need for thermal firming and increasing renewable generation. Both of these are critical. But Downstream was notable in not talking about how the sector is driving ever higher prices. You could be forgiven for thinking the sector's general approach is to keep building more and more assets and passing more and more costs onto consumers. The thinking seems to be "if we get through this winter, then the risk of intervention will go away and we can get back to business-as-usual."

But August 2024 was just a moment in time. Wholesale prices for the last 6 – 7 years were already contributing towards reduced manufacturing and/or gradual deindustrialisation. It's just that last year hastened the process and thereby bought it into sharper focus.

And it is not just our industrial manufacturers. According to the Electricity Authority, average monthly residential bills will double (or more) over the next 5 years. No political party will tolerate that, whether incumbents seeking re-election on the back of promising to get cost-of-living pressures under control, or opposition parties trying to win an election.

For the last 6 – 7 years we have been repeatedly told that we will experience a few years of pain, then prices will start coming down. Every year or so, there is a new reason given for why prices keep climbing – whether political risk under the previous government, the uncertain future of the Tiwai aluminium smelter, investment uncertainty in the face of the Lake Onslow project, etc. Every single time those risks have gone away, prices have not fallen. Not only have prices not fallen, over time they have got worse. Yet nothing has changed – we are still being told to trust that after a few years of pain things will start getting better.

It is hard to find a single person on the consumer side who thinks the wider sector has credibility when it comes to affordability. This seems to be a view increasingly shared by our politicians who are much closer to consumer (voter) sentiment than the sector. A sector response that "we have built some more distribution / transmission / generation" is unlikely to be an acceptable future answer to sustained and increasing high prices.

Key dates

What's on	Who	When	Notes for members
Event: Utility Disputes annual forum	Utilities Dispute Limited	3 April	UDL will be running its annual forum in Wellington, with this year's theme: <i>Keep Calm and Carry on Resolving: Dealing with growing complaint numbers and changing technologies</i> (register here).
Submission: Distribution generation pricing principles	Electricity Authority	3 April	The Authority is seeking feedback on ways to improve the distributed generation pricing principles that guide the cost of connecting distributed generation, such as wind and solar farms, directly to the network.
Webinar: EAF webinar	Electricity Authority	4 April	The Authority is running a webinar for people interested in how the Electricity Allocation Factor (EAF) is used to determine how many emissions units are allocated to emissions-intensive, trade exposed businesses. Register here .
Cross-submission: Requiring distributors to pay a rebate	Electricity Authority	9 April	The Authority is consulting on its proposal to require distributors to pay a rebate when mass-market consumers supply electricity at peak times. This work is part of the Energy Competition Task Force.
Cross-submission: Improving pricing plan options for consumers	Electricity Authority	9 April	The Authority is consulting on improving pricing plan options for consumers, including time-varying retail pricing for electricity consumption and supply. This work is part of the Energy Competition Task Force.
Training: Transpower / Electricity Authority Industry Exercise	Electricity Authority / Transpower	9 April	Transpower and the Authority are running a pan-industry simulated exercise for an extended electricity supply shortage.
Event: Young Energy Professionals event	YEPN	9 April	The Young Energy Professionals Network are running an event in Auckland (details here).
Submission: Expiry of Urgent code	Electricity Authority	14 April	The Authority is seeking feedback on whether to make permanent, or allow to expire, an urgent amendment to the Electricity Industry Participation Code that provides relief from market-making requirements during periods of market stress.
Conference: NZ Energy Research Consortium	Energy Centre	14 – 15 April	The New Zealand Energy Research Consortium will be held at the University of Auckland over 14 – 15 April. MEUG's Executive Director and two members will be presenting. Details here
Cross-submission: Distribution generation pricing principles	Electricity Authority	16 April	The Authority is seeking cross-submissions on ways to improve the distributed generation pricing principles that guide the cost of connecting distributed generation directly to the network.
Submission: Term of Parliament Legislation Amendment Bill	Select Committee	17 April	Select Committee is currently seeking public submissions on the Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill .
Holiday: Easter Friday	Public	18 April	Public holiday.
Holiday: Easter Monday	Public	21 April	Public holiday.
Submission: Level playing field measures	Electricity Authority	23 April	The Authority is consulting on a proposal to introduce a new electricity industry rule called 'mandatory non-discrimination obligations' that the gentailers would have to follow.. This work is part of the Energy Competition Task Force.
Holiday: ANZAC day	Public	25 April	Public holiday.
Event: ENA and ERANZ networking event	Sector stakeholders	29 April	Wellington networking function organised by Electricity Networks Aotearoa and Electricity Retailers Association of New Zealand.
Submission: Western Bay of Plenty major capex project	Commerce Commission	29 April	The Commission is consulting on its draft decision to approve Transpower's Western Bay of Plenty major capex project. Cross submissions close 15 May
Meeting: MEUG Executive Committee meeting	MEUG members	30 April	Online Executive Committee meeting for MEUG members, with presentations from Contact, Genesis and Flex Forum.
Event: Solar Energy Breakfast Event	BusinessNZ	30 April	BusinessNZ are running a breakfast event to discuss how solar energy can help reduce costs and emissions for businesses and contribute to a sustainable future for New Zealand. (details here).