

Update from the Chair

May 2025

It is time to be bold

If we keep doing the same things we did before, we will keep getting the same results

Frontier Economics' review of the electricity market will be published next month. MEUG believes Ministers need to be bold when they consider whatever recommendations the review will make. If we continue to tinker around the edges or keep doing the types of incremental interventions we have been trying over the last six years, nothing will substantively change. We will continue to see electricity pricing acting as a handbrake on the economy and contributing towards deindustrialisation and the resulting impacts of business closures on our regional communities.

We need to be bolder than we have been in the past. The previous government's electricity price review in 2018/19 and the Electricity Authority's previous wholesale market review in 2022 both took an iterative and limited approach, and both utterly failed to improve affordability. In December last year, the [OECD](#) summed up the situation succinctly when they reported, "Despite previous reforms to improve competition, electricity futures prices are high and above the threshold considered sustainable for the economy in the long run."

In other words, if we do not tackle the affordability crisis, our export-led economy risks becoming unsustainable. The stakes are that high.

Addressing the crisis will require political decisions. And, for a government whose policy platform is based on delivering economic growth and doubling exports, the status quo does not seem like an attractive option.

Much of the current focus is on increasing supply and thermal firming. MEUG believes both are critical. However, we are skeptical that either will substantively reduce wholesale prices. In other words, we believe both will improve security of supply but may not tackle the affordability crisis.

What is critical is that reforms are not theoretical, but reflect real world lived experience.

The [level-playing field measures](#) consultation, for example, assumes gentailers will start offering lower prices to everyone. This ignores that the gentailers run their retail arms at a loss. The recent history of market behaviour is that gentailers (and other generators) have grown their revenue through continual price increases rather than by increasing and selling more supply. Assuming gentailers will stop growing their revenue through pricing and start offering lower prices to everyone is optimistic to say the least, when the stakes are so high.

This is not to say MEUG does not support the level playing field reforms, or the work of the Taskforce. That work is needed, and we are pleased to see the Electricity Authority acting decisively and at pace to make reforms. But the levers the Authority has to pull are not enough to bring about the change that is needed. The market needs more than iterative, limited reforms. We have tried that, and it has failed. We need our politicians to step up and be bold.

Key dates

What's on	Who	When	Notes for members
Event: Power Innovation Pathway Day	Electricity Authority	7 May	The Authority brought innovators, regulators and industry together for the Power Innovation Pathway Day . The event aimed to identify the key regulatory barriers hindering innovation within the electricity sector and collaboratively explore potential solutions.
Decision: Contact acquisition of Manawa	Commerce Commission	8 May	The Commerce Commission has granted clearance for Contact Energy Limited to acquire up to 100% of the shares in Manawa Energy Limited.
Submission: Draft Ancillary Services Procurement Plan	Transpower	8 May	Transpower is consulting on its Draft Ancillary Services Procurement Plan , which covers the five ancillary services including frequency keeping, instantaneous reserve, over frequency reserve, black start, and voltage support. The plan must be reviewed at least every two years.
Event: Change to winter grid ratings	Transpower	10 May	Grid moves to winter ratings from 10 May to 20 October.
Submission: Under frequency event	Electricity Authority	13 May	The Authority is seeking feedback from generators, the grid owner and other participants who may have been substantially affected by an under-frequency event on 26 July 2024 and its draft determination.
Submission: Emergency Management Bill	NEMA	13 May	The Government intends to pass a new Emergency Management Bill during this term of Parliament, to replace the Civil Defence Emergency Management Act 2002.
Event: Flexibility market	University of Auckland	14 May	Our Energy is launching Aotearoa New Zealand's first local flexibility market, in collaboration with EPEX SPOT, providers of Localflex. Register for the event here .
Cross-submission: WBOP capex proposal	Commerce Commission	15 May	The Commission is consulting on its draft decision on Transpower's major capex proposal for Western Bay of Plenty.
Cross-submission: Draft Ancillary Services Procurement Plan	Transpower	15 May	Transpower is consulting on its Draft Ancillary Services Procurement Plan , which covers the five ancillary services.
Submission: Firstlight reopener	Commerce Commission	15 May	The Commission is consulting on its draft decision on Firstlight Network Limited's application to reopen its default price-quality path (DPP3) in response to Cyclone Gabrielle
Submission: Aurora's transition to DPP4	Commerce Commission	20 May	The Commission is seeking feedback on its Open letter on Aurora Energy's transition from its customised price-quality path to the default price-quality path.
Webinar: HVDC Link upgrade programme	Transpower	21 May	Transpower is holding a webinar to discuss its short-list consultation on the HVDC Link upgrade programme. Submissions are due 20 June.
Webinar: Quarterly update	Electricity Authority	22 May	The Authority is holding its next quarterly update on the it's priority projects and current focus areas. Register here .
Training: Registry Manager course	Electricity Authority	22/23 May	The Electricity Authority and Registry Manager (Jade Software) are repeating their popular two-day Registry Manager users' course designed for those new to the industry. The in-person courses are in Christchurch (22–23 May) and Wellington (12–13 June).
Submission: Improving visibility of competition in the OTC contract market	Electricity Authority	26 May	The Authority is seeking feedback on a proposal to require all retailers (including gentailers) and large industrials (who buy electricity from the clearing manager) to regularly provide the Electricity Authority with their over-the-counter requests for buying contracts (bids) and responses to those requests (offers).
Event: CEP2025 conference	CEP	27/28 May	Carbon and Energy Professionals New Zealand (CEP) is hosting its 2025 conference in Auckland. Register here .
Event: H2 2 Zero summit	NZ Hydrogen Council	28/29 May	The New Zealand Hydrogen Council is hosting its H2 2 ZERO Summit 2025 in Wellington. Register here .
Event: Climate change impacts on extreme weather events	BusinessNZ Energy Council	30 May	The BusinessNZ Energy Council is hosting an exclusive Breakfast Event on Navigating New Zealand's Changing Risk Landscape. Register here .