

# Update from the Chair

October 2025

## Frontier Economics report a missed opportunity

### Political uncertainty will continue to cast a long shadow

Last week, all eyes were on the Government's response to the Frontier Economics report on New Zealand's electricity market. The general feeling amongst many MEUG members is that the response was [underwhelming](#). There were some good initiatives to improve security of supply, but nothing that will address affordability or competition within the next decade.

Earlier this year, the Northern Infrastructure Forum reported [survey results](#) that one in four businesses had limited or reduced production because of high electricity prices, and one in four businesses experienced job losses due to high electricity costs. Nothing in the Government's response will make any difference to the struggles of businesses and employers. In that sense, the Government's response can be viewed as a huge missed opportunity.

It is also a missed opportunity in that it did not resolve the political uncertainty that casts a long shadow over the electricity sector. Because issues relating to affordability or competition were not clearly addressed, we now have at least three political parties, on both sides of the political spectrum, that will campaign on electricity sector reform at next year's general election. And the substance of the relevant election year policies will likely be radicalised as a response to perceived inaction by the Government, as a means of political differentiation. We already know that nationalisation of generation assets and structural separation of gentailers will be on the table.

With the economy struggling to grow, the cost of living will be one of the defining issues at next year's election. Voters will be considering who to vote for off the back of 2026's annual transmission and distribution prices increases – and most voters will not differentiate between distribution costs driving increases in their electricity bills and increases from other sources. They will just be unhappy that their electricity bill keeps getting more expensive. Some of them will blame the Government for not doing anything about it (regardless of whether that perception is accurate or not).

Rather than resolving the political uncertainty that has hung over the market since the crisis last August, the Government's response to the Frontier Economics report has prolonged that uncertainty for another year. We would all have been better off if the Government's response to the Frontier Economics report went far enough to dispel this uncertainty. Failing to do so may go down as the greatest missed opportunity of all.

## Key dates

| What's on   | Who                       | When      | Notes for members   |
|---|---------------------------|-----------|---|
| <b>Announcement:</b> Government energy reforms              | Government & MBIE         | 1 Oct     | Government announced a <a href="#">package of work</a> , in response to the Frontier Economics review of the wholesale electricity market. MEUG's press release is available <a href="#">here</a> .   |
| <b>Submission:</b> Open letter for DPP5                     | Commerce Commission       | 7 Oct     | The Commission is seeking feedback on its <a href="#">open letter</a> discussing its approach to setting default price-quality paths (DPP) for electricity distribution businesses (EDBs), for both the current period and DPP5 (from 1 April 2030).        |
| <b>Submission:</b> Network connections project              | Electricity Authority     | 7 Oct     | Technical <a href="#">consultation</a> on Code drafting to implement the Network connections project (stage one).   |
| <b>Conference:</b> Energy Resilience and Affordability      | Ara Ake                   | 8 / 9 Oct | Energy Resilience and Affordability Conference (formerly the Reducing Energy Hardship Conference) to be held on 8 – 9 Oct in Wellington.  |
| <b>Webinar:</b> Connection pricing methodology              | Electricity Authority     | 9 Oct     | Online Q&A session on for distributors and practitioners to ask questions about the new connection pricing methodology requirements (register <a href="#">here</a> ).   |
| <b>Submission:</b> Authorisation for Huntly agreement       | Commerce Commission       | 10 Oct    | The Commission is consulting on its <a href="#">draft determination</a> proposing to authorise Genesis, Contact, Meridian and Mercury to enter and give effect to a series of agreements referred to as the Strategic Energy Reserve Huntly Firming Option. |
| <b>Submission:</b> Unison reopener                          | Commerce Commission       | 10 Oct    | Consultation on <a href="#">draft decision</a> for reconsideration of DPP3 for Unison – Cyclone Gabrielle catastrophic event.   |
| <b>Submission:</b> CPI error in reopeners                   | Commerce Commission       | 10 Oct    | Consultation on the Commission's <a href="#">draft decision</a> regarding reconsideration of DPP3 default price equality path – CPI error in reopeners.   |
| <b>Deadline:</b> Over-the-counter hedge contracts           | Electricity Authority     | 14 Oct    | Applicable participants must provide their <a href="#">first submission of data</a> on over the counter (OTC) hedge contracts no later than 14 October 2025, and then every quarter going forward.  |
| <b>Webinar:</b> Transpower customer and stakeholder webinar | Transpower                | 15 Oct    | The next Transpower Customer and Stakeholder Webinar will be held Wednesday 15 Oct from 1:30 - 2:30pm, with the theme "Building our capacity to deliver connection and interconnection assets". <a href="#">Click here</a> to join the webinar.             |
| <b>Cross-submission:</b> Authorisation for Huntly agreement | Commerce Commission       | 17 Oct    | The Commission is consulting on its <a href="#">draft determination</a> proposing to authorise the Strategic Energy Reserve Huntly Firming Option.  |
| <b>Submission:</b> Network visibility                       | Electricity Authority     | 17 Oct    | The Authority is seeking feedback on a <a href="#">discussion paper</a> focused on improving network visibility.  |
| <b>Event:</b> Energy Trader Forum                           | Energy Resources Aotearoa | 17 Oct    | Online Energy Forum with an excellent lineup of speakers and panellists to discuss the theme 'Solutions to Fuel our Future'. Register <a href="#">here</a> .  |
| <b>Workshop:</b> Reconciliation manager user forum          | Electricity Authority     | 23 Oct    | The Authority is running a reconciliation manager user forum – register <a href="#">here</a> .  |
| <b>Workshop:</b> Te Kanapu                                  | Transpower / NZWEA        | 29 Oct    | A Wellington workshop to discuss <a href="#">Te Kanapu</a> , an initiative to chart a blueprint for NZ's electricity grid to 2050 and beyond. The workshop will focus on the second phase of the initiative.  |
| <b>Meeting:</b> MEUG Executive Committee                    | MEUG members              | 29 Oct    | Online meeting, with speakers from Mercury and Transpower.  |
| <b>Deadline:</b> Power innovation pathway                   | Electricity Authority     | 31 Oct    | The Authority has opened the <a href="#">second priority round</a> of the Power Innovation Pathway, with priority applications open from 29 September to 31 October 2025.   |