

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.

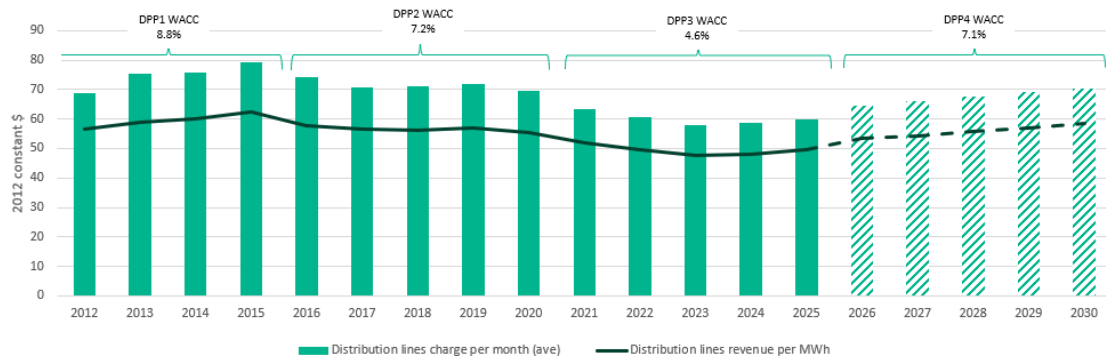
4.1 Recent bill increases need context

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

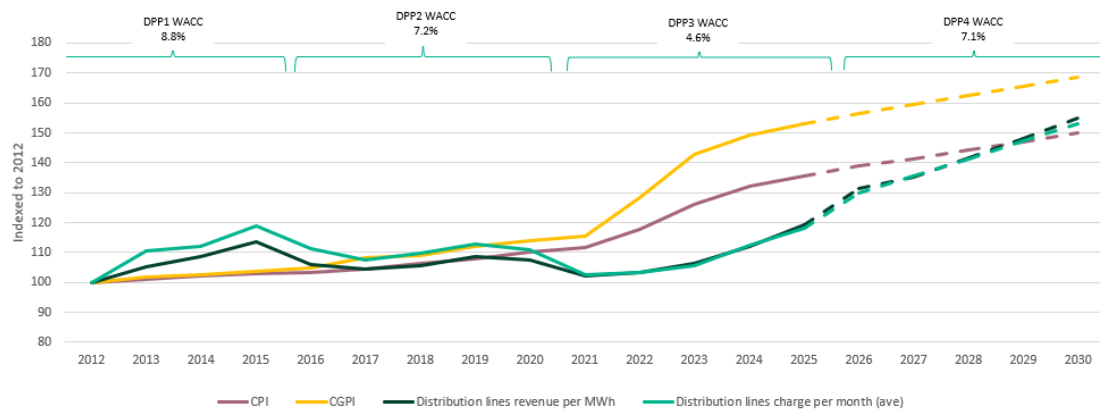
represents a marked change from that longer-term trend; it does not, by itself, demonstrate a corresponding deterioration in EDB efficiency.

Figure 1: Distribution lines charges 2012 – 2030



Source: ENA analysis, based on information disclosure, asset management plans and Commerce Commission DPP4 communications⁶

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.

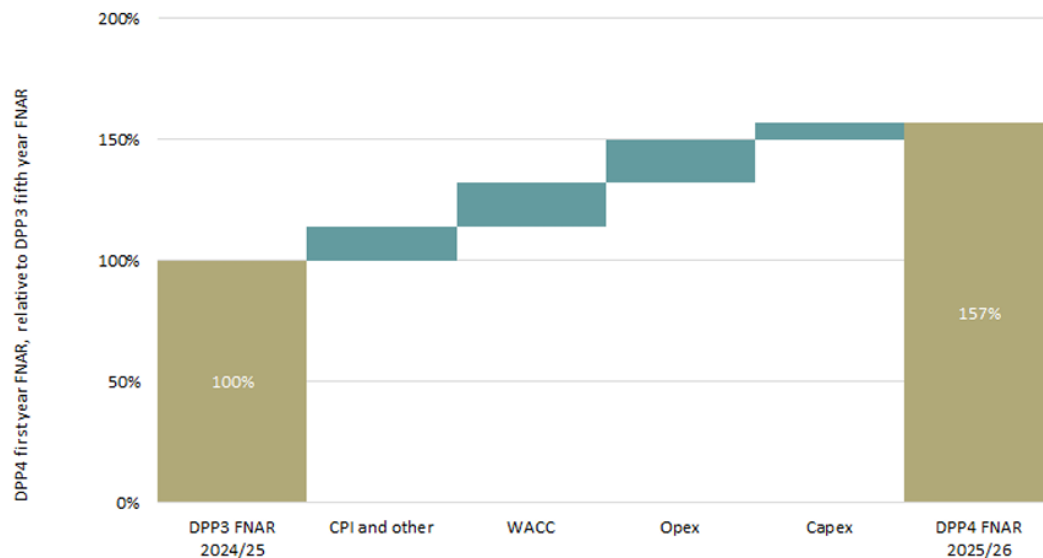
4.2 Financing and regulatory settings matter

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 Commission⁸

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.

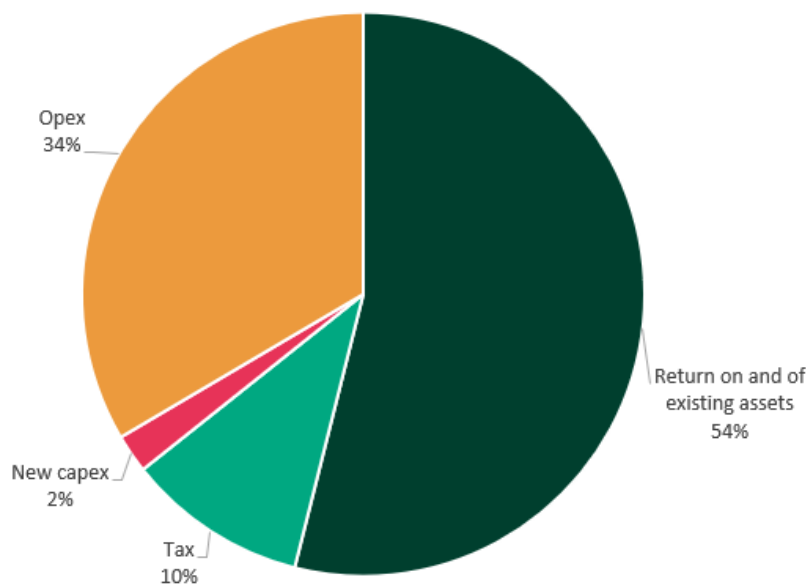
The timing is useful in the context of this review. It illustrates both that some drivers of consumer price movements sit in regulatory settings rather than EDB operating efficiency, and that those settings can be improved through the existing regulatory framework where a problem is identified.

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 model¹²

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.

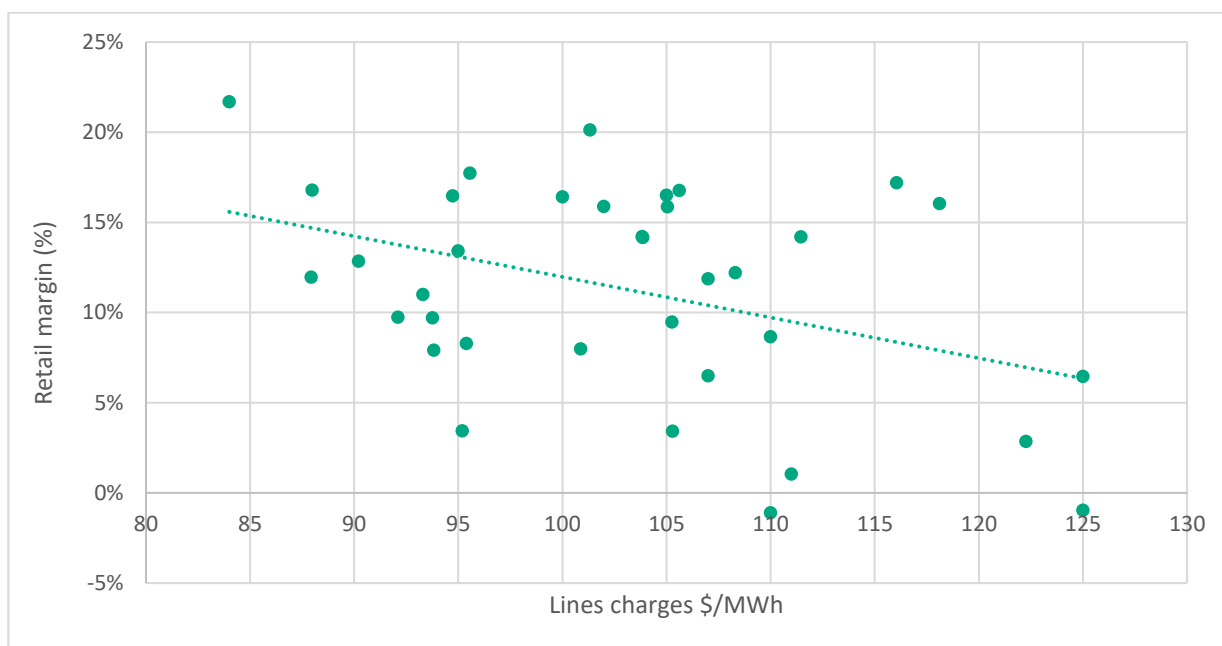
¹⁴Electricity Networks Aotearoa, [Submission on Further reform of distribution connection pricing](#), 24 August 2026, section 2.

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.

¹⁶ENA, 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

²⁰Independent 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 responses²²
- 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 letter²⁶ 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.