

To: Electricity Authority (EA)
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From: Electricity Engineers' Association of NZ

Date: 2 December 2025

Subject: EEA Submission – Consultation Paper - *Electricity Authority 2026/27 Levy-Funded Appropriations*.

OVERVIEW

The Electricity Engineers' Association (EEA) welcomes the opportunity to comment on the Electricity Authority's consultation on levy-funded appropriations for 2026/27.

Our members—electricity distribution businesses (EDBs), transmission engineers, service providers, consultants, contractors, generators, and technology innovators—hold engineering, operational, safety and asset-management responsibilities across the sector. These members depend on a well-functioning, technically robust, and future-ready regulatory environment.

We acknowledge the transparency of the Authority's consultation and support the intent to absorb significant cost pressures while continuing to deliver an ambitious work programme.

We also note that the Authority's expanding work programme will increasingly depend on the timely adoption and development of international and AS/NZS technical standards. These standards underpin the technical feasibility of DER integration, export limits, network visibility, and broader system-operation reforms. Given their centrality to the Government's electrification objectives, the EEA encourages consideration of whether dedicated, coordinated funding should be provided to support New Zealand's participation in international standards development and the work of Standards New Zealand. Ensuring this capability is adequately resourced will materially strengthen the durability and effectiveness of future regulatory settings.

General Comments

1. Support for a prudent, value-for-money approach

The EEA supports the Authority's decision to absorb approximately \$3.2 million in internal cost pressures for 2026/27. This demonstrates appropriate stewardship of levy funding at a time when sector participants face increasing regulatory, operational and compliance demands.

Importantly, much of the Authority's proposed programme aligns with EEA's own workstreams—Streamlining Connections, FlexTalk, and our wider work on standardisation, data governance and

common data models—which together support efficient electrification and improved consumer outcomes across networks.

The proposed \$0.3 million net increase, limited to contractual inflationary adjustments for essential market operations, is reasonable and proportionate.

2. Importance of collaborative, technically informed regulation

Many components of the 2026/27 work programme—particularly network visibility, export-limit implementation, consumer data reforms, and updates to Part 8 common quality requirements—carry significant technical implications for distribution networks, system operation, and consumer technologies.

We encourage the Authority to continue engaging early and consistently with the sector’s established technical groups, including the Streamlining Connections Steering Group, and the Asset Management Group. Structured technical engagement will help ensure that Code changes are workable, technically robust, and aligned with the practical realities of operating New Zealand’s electricity infrastructure.

3. Support for strengthened monitoring and enforcement—balanced with practicality

The Authority’s strengthened monitoring and enforcement functions, including those associated with level-playing-field reforms, have the potential to support better market confidence and transparency.

However, as highlighted in our responses to Questions 2–4, new or expanded compliance expectations must remain risk-based, proportionate, and supported by clear, co-designed guidance. Many areas of the programme—such as connection processes, data quality improvements, and technical network visibility—require substantial systems change and long transition lead times.

A practical, staged approach will be critical to ensure that regulatory settings deliver the intended outcomes without imposing undue or duplicative burden on industry participants.

Responses to Consultation Questions

Q1. Do you agree with the proposed approach to the Authority’s Electricity Industry Governance and Market Operations (GMO) appropriation?

We broadly agree with the proposed \$120.0m GMO appropriation for 2026/27 (Appendix B, p.19), particularly the limited net increase of \$0.3m, which is confined to contractual inflationary adjustments for third-party service providers (p.13)

We support the approach because:

- It maintains critical market operation functions (System Operator, registry, FTRs, intermittent forecasting, Reconciliation Manager).
- It avoids passing avoidable inflationary costs to consumers, aligning with sector affordability objectives.
- It prioritises efficiency improvements within existing operations, including prudent use of AI/digital tools.

Areas where EEA seeks clarity or emphasis:

1. **Customer comparison and switching website** – The effectiveness and cost-efficiency of the new service (launching Feb 2026) should be reviewed after Year 1.
2. **System Operator contract renewals** – As several major contracts come up for renewal in 2027/28–2028/29, early industry engagement will be essential to mitigate future cost escalation.
3. **Registry and connection data quality** – Improving registry accuracy remains essential for solar PV, battery, EV, and export-limit implementation, consistent with EEA’s technical connections work.

Q2. Do you have any feedback on the Authority’s work programme for 2026/27?

Yes — we support the overall direction of the work programme and see strong alignment with key EEA workstreams, but highlight several areas requiring continued coordination, technical engagement, and clear implementation pathways.

The Authority’s 2026/27 work programme is ambitious and appropriately focused on affordability, reliability, and system efficiency. Many elements directly complement the sector-led workstreams EEA is advancing, particularly Streamlining Connections, FlexTalk, and our broader initiatives on standardisation, data governance, and common data models.

1. Network connections, visibility, export limits and flexibility

The EEA strongly supports the continued focus on improving network visibility, reducing non-price barriers to connection, and enabling flexibility services. These initiatives directly align with:

- the Streamlining Connections programme (national technical guidelines, LV/MV frameworks, export-limit methodologies, voltage-band changes),
- EEA’s work to standardise technical templates and investment signals, and
- our efforts to improve data quality and common data models across distribution networks.

Close coordination will be important to ensure Code changes and regulatory settings remain technically workable for EDBs and consumers, particularly as DER penetration accelerates.

2. Part 8 common quality, power quality and system security

We support the Authority's intention to ensure Part 8 remains fit for purpose. This is essential for managing new inverter-based resources, maintaining power quality, and supporting stable system operation.

Given the technical complexity, early engagement with EEA's engineering and power quality experts will be needed to:

- validate proposed settings,
- test practical implementation impacts, and
- ensure alignment with the technical connection profiles and inverter standards being developed through EEA workstreams.

3. Consumer data, mobility and digitalisation

The roadmap for consumer data, simplified billing, and enhanced market information represents an important step toward more informed participation and greater competition.

However, data maturity varies significantly across the sector. Any new mandatory data requirements or digital interfaces must recognise the investment lead times and systems integration constraints faced by EDBs and retailers.

Alignment with EEA's data governance and common data model initiative will be critical to ensure consistency and reduce duplicative or bespoke reporting requirements.

4. Security of supply, ancillary services and battery integration

We support the Authority's continued focus on new security products (including flexibility products and the Emergency Reserve Scheme), ancillary-service enhancements, and enabling batteries to participate more effectively.

These initiatives will need strong coordination with Transpower and EDBs, particularly where operational responsibilities intersect—for example, around peak demand events, feeder constraints, and distributed batteries providing local or system-level support.

5. Compliance, monitoring and enforcement

The Authority's expanded compliance and enforcement powers bring value in terms of market confidence and transparency.

However, several areas—such as connections, data quality, and network visibility—require practical pathways, realistic transition timeframes, and co-designed guidance.

A risk-based, proportionate approach will be essential to avoid unintended consequences or unnecessary compliance burden, particularly where obligations may overlap with the Commerce Commission's price-quality framework.

6. Importance of strengthening New Zealand's participation in international and AS/NZS standards work

A significant proportion of the Authority's future regulatory work—particularly relating to DER integration, inverter performance, network visibility, export limits, cybersecurity, and LV/MV technical connection frameworks—will depend heavily on the timely adoption and development of international and AS/NZS standards.

At present, New Zealand's representation in international standards bodies (IEC, IEEE, and AS/NZS joint technical committees) is limited and often unfunded, despite the critical role these standards play in underpinning high-quality regulation.

To ensure durable, future-proofed policy and reduce long-term costs for industry and consumers, we recommend the Authority consider whether dedicated levy funding, or coordinated cross-agency funding with EECA and Standards New Zealand, could support:

- active New Zealand participation in key international standards committees,
- expedited updates to AS/NZS standards essential for DER integration and power quality, and
- technical alignment work required to ensure proposed Code changes are consistent with evolving international best practice.

This investment would materially strengthen the technical foundations of the Authority's work programme and help ensure that New Zealand remains aligned with global developments that directly affect system operation, consumer technologies, and network performance.

In summary, the EEA strongly supports the overall direction of the Authority's 2026/27 work programme but emphasises that successful delivery will rely on early technical engagement, pragmatic implementation pathways, and sustained investment in the standards and data infrastructure that underpins high-quality regulation. The greater reliance on international and AS/NZS standards—across DER integration, visibility, Part 8 updates, and flexibility frameworks—creates a growing need for dedicated funding to ensure New Zealand's technical participation is adequately resourced.

Q3. Do you agree with the proposed approach to the Authority's Managing the Security of New Zealand's Electricity Supply appropriation?

Yes — the EEA supports the proposed approach and consider it appropriate for the contingent nature of the appropriation.

The Authority's proposal to maintain the existing \$6 million five-year contingent appropriation is sound and proportionate. The purpose of this fund—to enable the System Operator to respond to actual or emerging security-of-supply events—remains relevant given increasing system volatility, a changing generation mix, and ongoing dry-year and flexibility challenges.

We note that:

- The appropriation is event-driven, and levy funds are only drawn when required, ensuring no unnecessary cost is passed to consumers.
- The \$300,000 "good faith" provision enabling the System Operator to act immediately in urgent circumstances remains appropriate and reflects operational realities.
- The sector would benefit from transparent post-event reporting, covering actions taken, costs incurred, and lessons learned, particularly as New Zealand transitions to a more decentralised, inverter-based system.

Overall, the current settings strike the right balance between readiness and affordability. Continued collaboration with EDBs, generators, and flexibility providers will be essential to ensure security management settings evolve with the system.

Q4. Do you agree with the proposed approach to the Authority's Electricity Litigation Fund appropriation?

Yes, maintaining the current level of funding is appropriate and supports regulatory certainty.

The proposed continuation of the \$1.5 million annual litigation fund is reasonable and reflects the increasing pace and complexity of Code development, enforcement, and sector reforms. This fund plays an important role in:

- enabling the Authority to defend judicial review or appeals efficiently and without delay,
- supporting effective enforcement of market rules, and
- maintaining confidence in regulatory processes.

To strengthen transparency and continuous improvement, we recommend the Authority publish high-level annual reporting on the use of the fund. This should outline (without breaching confidentiality):

- the types of matters supported,
- key themes or issues arising, and
- any broader insights relevant to market development or Code refinement.

Such reporting would help the wider sector understand emerging risk areas, while reinforcing trust in the Authority's compliance and enforcement approach.

Summary

The EEA supports the Authority's overall approach to its 2026/27 levy-funded appropriations and acknowledges the disciplined effort to manage internal cost pressures while maintaining an ambitious and forward-looking work programme. The proposed appropriation levels are reasonable and proportionate, and the Authority's decision to absorb significant cost increases reflects an appropriate commitment to affordability for consumers and industry participants.

We also see strong alignment between the Authority's 2026/27 work programme and key EEA workstreams—particularly Streamlining Connections, FlexTalk, and our broader initiatives on standardisation, data governance and common data models. These areas are critical for enabling electrification, improving consumer outcomes, and ensuring technical and operational readiness across networks.

As the work programme expands to include new consumer data initiatives, enhanced market monitoring, Part 8 quality reforms, and broader system security measures, early and structured engagement with technical experts will remain essential. Clear implementation pathways, realistic transition timeframes, and well-designed compliance guidance will help ensure that regulatory changes are both effective and practically achievable.

Overall, the EEA supports the direction set out in the consultation and looks forward to continued collaboration with the Authority to help deliver an efficient, reliable and consumer-focused electricity system for New Zealand.

Contact

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