

17 September 2026

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Kia ora Minister Upston and Mrs Kuriger

I am writing as Chair of the Waipā Networks Trust, the 100% owner of Waipā Networks, one of New Zealand's 28 electricity distribution businesses (EDBs). On 19 August, the Minister for Energy announced an MBIE work programme examining EDB efficiency. As a consumer-owned network, Waipā Networks currently sits outside the Commerce Commission's price-quality regulatory framework. We support genuine efficiency improvements, but are concerned that the discussion document does not present the full picture for well-run, community-owned EDBs. I am asking for your support to ensure these matters are considered before the work progresses.

Context on recent price movements

Waipā Networks increased its distribution target revenue by 3% this financial year. As lines charges represent approximately 24.5% of the average bill, using the Government's figure, this increase equates to roughly 0.75% of a customer's total power bill.

Over the same period, Transpower's pass-through charges to Waipā Networks increased by 13.6% (excluding the new Hautapu GXP), more than four times Waipā Networks' own increase. The discussion document and related commentary do not adequately distinguish distribution charges from Transpower, wholesale electricity and retail costs. Any credible review should examine the whole electricity supply chain and make clear how any lower EDB charges would be transparently passed through by retailers to consumers.

What our analysis shows about regulation

Waipā Networks has modelled the revenue allowance that would apply under the Commerce Commission's current default price-quality path settings. The analysis indicates that its allowable revenue under regulation would be higher than the amount currently charged to customers. For a well-run, consumer-owned network such as ours, moving to price-quality regulation would therefore be likely to increase, rather than reduce, customer prices.

Regulatory history also matters. In 2020, the Commerce Commission reduced network charges when interest rates were historically low, but those reductions were absorbed into retailer margins rather than passed through to consumers. At the next regulatory reset, when interest rates and inflation returned to more typical levels, the default price-quality path reset increased allowable revenue by an average of 24% in the first year and 10.3% on average for each of the following four years. These rate shocks are an unintended consequence of regulation for those under the DPP and avoided by non-regulated EDBs.

Extending regulation to exempt EDBs would add costs for both regulators and companies, with those costs ultimately borne by consumers. A robust cost-benefit analysis is therefore essential. New powers should not be introduced without clear evidence of a sector-wide problem, a defined consumer benefit and confidence that the benefits will exceed the costs.

The evidence does not justify discriminatory intervention

The discussion document acknowledges that measuring EDB productivity is challenging and that there is limited evidence that ancillary investments are a systematic issue across the sector. Exempt EDBs often serve lower-density areas and face unavoidable costs associated with travel, materials, traffic management, vegetation, landowners and multiple councils. Structural change or mergers would not necessarily address those underlying cost drivers.

The comparison with water services is also unhelpful. The cited concerns in that sector related to longstanding underinvestment and weak asset management. The document does not present comparable evidence that community-owned EDBs are failing to invest in asset renewal, electrification, resilience, innovation or new technology, or that risky diversification is occurring on a widespread basis.

Consumer ownership is a strength

Waipā Networks is required by law to operate as a successful business and it does so. It invests in local infrastructure, provides local employment, supports targeted community initiatives and reduces lines charges to customers through discounts. This year, \$6.47 million, equal to 14.8% of target distribution revenue, will be returned through customer discounts. The business also supports approximately 130 local jobs and initiatives such as the Winter Warmer programme.

Discounts ensure that the benefits of ownership are received directly avoiding the possibility of lower prices being captured by retailers to the detriment of consumers as happened for consumers of regulated EDBs during the previous DPP.

Our ownership model provides a direct and democratic line of accountability. Trustees are elected by the community and appoint appropriately skilled professional directors. The Trust uses external board evaluations, develops a board skills matrix before recruitment, engages an external recruitment agency, undertakes due diligence and appoints the best candidate for each vacancy. The suggestion that community-owned EDBs require special governance intervention rests on an unsupported assumption that their directors are less capable than those of regulated EDBs.

The Trust also conducts a five-yearly ownership review. Its latest review was undertaken this year by an independent consultancy with industry expertise. We do not oppose appropriate transparency and review, provided additional regulatory oversight is demonstrably necessary and its costs do not fall back on consumers.

Ancillary investment and community benefits

The proposed ability to restrict EDB activities, influence dividend policy and direct governance would undermine local accountability. Non-network investments should attract regulatory concern only where there is evidence that

they are detrimental to consumers over the long term. Investment returns naturally vary over time, and preventing ancillary investment may avoid an occasional loss but can also prevent gains that support lower charges, discounts, dividends or other consumer benefits.

Community-owned EDBs are integral to the communities they serve. Sponsorships, grants, home energy initiatives and support for community organisations can address energy hardship and improve local wellbeing. Where communities elect trustees on the basis that some ownership benefits will be applied in these ways, it would be undemocratic for a regulator to override that choice. The Trust does not support changes that would remove its ability to determine, in the interests of its community, how the benefits of ownership are allocated.

Efficiency is a shared goal

We share the Government's objective of a more efficient electricity sector. Waipā Networks has operated collaboratively with WEL Networks for more than 20 years, including through joint control-room arrangements. Its recent arrangement for Advanced Distribution Management System and ongoing control-room services has saved millions of dollars in development and maintenance costs. EDBs also cooperate when equipment is difficult to source or urgently required following storms, asset failure or damage.

We would support a fair and evidence-based benchmark. If independent benchmarking shows that the quality of supply delivered by Waipā Networks does not justify what it charges, targeted regulation could be considered. However, no such case has been demonstrated. Any review must be independently overseen, examine generation, transmission, wholesale and retail costs as well as distribution, and identify clearly how proposed measures will benefit consumers.

Our position on the options

Waipā Networks Trust does not support proposals that would impose additional and discriminatory regulatory oversight on community-owned EDBs without evidence of consumer harm. In particular, we oppose restrictions based on a presumed pattern of risky investment, any change that removes local discretion over the allocation of ownership benefits, and governance measures founded on an assumption that community-owned EDBs appoint less capable directors.

What I am asking you to do

I have chosen not to raise these matters publicly, out of respect for a constructive process and because our customers strongly value local ownership. That restraint should not be mistaken for a lack of urgency. I ask that you:

- Raise these concerns directly with the Minister for Energy.
- Help us secure a meeting with the Minister or his office so the Trust can present its evidence and analysis.
- Support an independent, whole-of-supply-chain review before any additional powers or restrictions are advanced.

I want to be candid. I do not believe our community will readily accept a process that treats a well-run, locally accountable and community-owned network as a problem to be solved, particularly where the claims about power prices are not supported by Waipā Networks' figures. I would much rather resolve these concerns through constructive engagement than see them become a public and political issue in our community.

I would welcome the opportunity to discuss these matters with you and look forward to your response.

Ngā mihi nui



Sarah Matthews

Chair - Waipā Networks Trust