



Energy and Resource Markets  
Ministry of Business, Innovation & Employment  
PO Box 1473  
Wellington 6140

Via email: [electricitymarkets@mbie.govt.nz](mailto:electricitymarkets@mbie.govt.nz)

## Measures for Transition to an Expanded and Highly Renewable Electricity System

2 November 2023

Kia ora Energy and Resource Markets team,

Z Energy (Z) is the largest transport energy company in Aotearoa New Zealand. We are an integrated energy company that is committed to doing things differently and standing for what matters to New Zealanders.

Beyond Z's own network and assets, we are the owner of electricity retailer, Flick Electric (Flick). With Z now part of an independent trans-Tasman transport energy company, owned by Ampol Group, we have the scale, influence, and capability to support us in delivering for our customers, communities, our people, and our climate.

We are committed to supporting New Zealand households and businesses transitioning to a low carbon future. This will largely be achieved through increasing investment into low carbon products and solutions that our customers need to decarbonise, of which a large part will be electricity related. We need to ensure the regulatory settings enable this investment.

Z is committed to supporting the government in its efforts to advance New Zealand's energy transition and is actively engaged with MBIE in several related areas, including public EV charging infrastructure and the interim hydrogen roadmap. We welcome the opportunity to submit on 'Measures for Transition to an Expanded and Highly Renewable Electricity System'. Our response to this electricity market measures consultation is focused on supporting Flick's own detailed submission.

### Electricity market measures

In support of Flick's submission, we highlight the following areas within the electricity market that we believe must be addressed for successfully transitioning to an expanded and highly renewable electricity system:

- **A level playing field:** A competitive wholesale market, where prices are efficient and reflect the long run marginal cost of new generation, is a prerequisite for enabling competition and innovation in electricity retailing. It is crucial the regulatory settings enable a level playing field and offer a high degree of confidence in the electricity market.
- **Reduce market concentration risk:** Z sees increased risk in the transition from high market concentration in dispatchable renewable energy generation – particularly in hydro generation with long term storage. This has the potential to result in weaker competition, higher prices and lower reliability. Z supports implementing measures that reduce market concentration risk and improve competition within electricity retailing.



- **Improve price risk management:** Z supports the view that spot price volatility will be an inherent feature of a highly renewable electricity system. To address concerns over exposure to spot prices, there is a need to strengthen the market for risk management tools or products (e.g., shape and cap hedge products). This would ensure they are accessible to all players in the market, to help participants manage wholesale price risk effectively.
- **Support for demand response:** Support for regulatory settings that enable demand side participation and distributed energy resources, to reduce the need for dispatchable generation and energy storage.

### **Advancing New Zealand's Energy Transition**

It is important this consultation process is looked at in conjunction with the additional 'Advancing New Zealand's Energy Transition' discussion documents. Many areas within the energy system are inter-dependent and must be looked at collectively to form a cohesive overarching Energy Strategy for Aotearoa New Zealand.

Z is committed to working in partnership with government as we continue through this energy transition and would welcome the opportunity for further discussion in the coming months.

Regards

**Head of Electricity**  
**Z Energy**