



22 March 2019

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Chair, Electricity Pricing Review Expert Advisory Panel  
C/- Panel Secretariat, Ministry of Business, Innovation and Employment

By email: [energymarkets@mbie.govt.nz](mailto:energymarkets@mbie.govt.nz)

Dear Miriam

**Contact Energy submission on the Electricity Pricing Review Options Paper**

Thank you for the opportunity to provide feedback on the Electricity Pricing Review Options Paper, which is detailed in our submission.

Contact Energy welcomes the Panel's confirmation that our electricity system is working well to produce reliable and sustainable electricity supply, but there is room for improvement in some areas.

We support the Panel's focus on strengthening the customer voice – a critical success factor for our business. We provide our customers with innovative products and services and are proud of the work we are already doing individually and through our membership of the Electricity Retailers' Association of New Zealand (ERANZ) to reduce energy hardship and ensure all customers have access to affordable energy.

We believe it is unnecessary to mandate legislative change for many of the options favoured by the Panel. Contact recommends that voluntary best practice guidelines set clear industry standards, maintain industry quality and are often more efficient and effective to implement. We have no doubt that providing clear voluntary guidelines alongside the value of free-market competition will produce the best outcomes for consumers.

The electricity sector is on the threshold of significant change and to achieve New Zealand's climate change objectives the sector will need to proactively adopt new technologies and provide innovative solutions. Contact is focused on working with our customers, partners and suppliers to decarbonise New Zealand's energy sector.

We encourage the Panel to ensure the decisions it makes provide clear regulatory settings, effective support for consumers in need, encourages investment in renewable energy and provides a strong foundation for the industry to support the Government's goal of a low carbon future.

We look forward to discussing these options with you further.

Yours sincerely

A handwritten signature in black ink that reads "Dennis Barnes".

Dennis Barnes  
**Chief Executive**

## **CONTACT ENERGY SUBMISSION ON THE ELECTRICITY PRICING REVIEW OPTIONS PAPER**

### **A: STRENGTHENING THE CONSUMER VOICE**

#### **A1: Establish a consumer advisory council**

Contact supports the establishment of a consumer advisory council as an independent advocate for consumers. The new council should be complementary to existing regulators' statutory obligations to deliver long-term benefits to consumers. Contact notes that if the consumer advisory council is funded through industry participant levies this could lead to increased costs for consumers.

#### **A2: Ensure regulators listen to consumers**

Contact supports this option. The establishment of a consumer advisory council will help regulators to meet their existing statutory responsibility to listen to consumers. We encourage regulators to consider alternative measures to listen to consumers e.g. consumer research, as it is unlikely that the average consumer will engage in a formal submission process.

In 2015 Contact led the establishment of the Electricity Retailers' Association of New Zealand (ERANZ) to promote and enhance a sustainable and competitive retail electricity market that delivers value to electricity customers. Much of ERANZ's work has been focused on ensuring there is a customer voice in decision-making by the Commerce Commission and Electricity Authority.

### **B: REDUCING ENERGY HARDSHIP**

#### **B1: Establish a cross-sector energy hardship group**

Contact believes that customer hardship is a pressing issue. The industry's response, in collaboration with government and social agencies, must be targeted at the essence of the problem, defined from the outcome of Option B2.

We support initiatives to reduce energy hardship, recognising that the causes of energy hardship extend beyond the electricity sector. The Panel should take a holistic approach to energy hardship and target the root cause of vulnerability.

Contact recommends that any hardship-focused group be complementary to and not duplicative of existing bodies, and that funding sit outside the electricity levy as the mandate for this group is broader than just electricity.

#### **B2: Define energy hardship**

A clear and targeted definition of energy hardship is essential to inform policy and enable effective reporting. This is the first step towards addressing energy hardship and to ensure future actions and recommendations are focused. There has already been significant research on defining energy hardship and a number of agencies continue to work on this issue.

Contact, other retailers and ERANZ commissioned PricewaterhouseCoopers to assess energy hardship in New Zealand; it identified 44,500 households as being in a high-priority level of energy hardship. The results of the study were provided by ERANZ in response to the Electricity Price Review's first report. Organisations such as FinCap ([www.fincap.org.nz](http://www.fincap.org.nz)), supported by the Ministry of Social Development, enable free financial capability and budgeting services for approximately 60,000 Kiwis facing financial hardship every year.

Further work to refine the definition of energy hardship should clearly identify and quantify the issue as there are different degrees of deprivation within a spectrum of vulnerability. There is a need to identify a carefully targeted group, as this will improve the likelihood of achieving desired outcomes and making a difference. If the group identified is too broad it is unlikely that those who need support the most will get the level of support they need.

### **B3: Establish a network of community-level support services to help consumers in energy hardship**

Contact supports this option and sees value in community-level support services. In 2017 Contact and other retailers funded ERANZ to work with customer advocates and agencies to design solutions for customers struggling to access energy. This led to the roll-out of the Access 2 EnergyMate pilot in 2019, which is an impartial, industry-led response providing targeted support for families and whānau in energy hardship. We believe it is more efficient for this type of service to be included within the mandate of existing agencies rather than to create new agencies and additional administration costs.

### **B4: Set up a fund to help households in energy hardship become more energy efficient**

Contact agrees that a fund to help households in energy hardship become more energy efficient is sensible and likely to be the most cost-effective way for these households to reduce their energy costs. At the outset there is a need to define energy hardship clearly (Option B2) as this will help ensure that a quality, tailored service is provided. Consideration needs to be given to how a fund would be financed on a permanent basis. Contact is already working with ERANZ to help fund the Access 2 EnergyMate pilot.

### **B5: Offer extra financial support for households in energy hardship**

We support the concept of offering extra financial support for households in energy hardship. Again there is a need to define energy hardship clearly (Option B2), consider funding sources and provide a roadmap or sequencing of steps to ensure an appropriate solution.

Contact recommends that the scope be expanded beyond energy and that hardship be addressed holistically. Overseas experience with sector-focused hardship funds has shown that customers are often unaware of the existence of hardship provisions and that frameworks are inaccessible, “ad-hoc, inconsistent, complex, confusing, and in many cases, inadequate”.<sup>1</sup> Expecting consumers in hardship to work through a diverse range of policies and different providers (energy, telecommunications, council rates, banking, insurance, etc.) creates additional barriers. A single point of contact for customers would be efficient to administer and more likely to target the right assistance at the right time to relieve hardship.

### **B6: Set mandatory minimum standards to protect vulnerable and medically dependent consumers**

Contact supports mandatory minimum standards to protect vulnerable and medically dependent consumers. In 2017 Contact worked with all retailers to develop the Voluntary Practice Benchmark for the Electricity Retailer Management of Medically Dependent Consumers. This promoted more effective and practical working relationships with the government and social agencies responsible for assisting vulnerable customers. Contact consistently complies with all aspects of both the Electricity Authority guidelines and ERANZ Voluntary Practice Benchmarks, and these are a good

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<sup>1</sup> Hardship Policies in Practice: A comparative study. Financial Counselling Australia.

starting point for the mandatory minimum standards. We recommend that any mandatory standards be independently reviewed and consulted on prior to implementation.

### **B7: Prohibit prompt payment discounts but allow reasonable late payment fee**

Contact agrees with the Options Paper that prompt payment discounts (PPDs) can have disproportionate impacts on some customers. The proposed move from the incentive based PPD approach (“the carrot”) to late payment penalties (“the stick”) has challenges and may create poorer outcomes for those in hardship and reduce consumer options. Our customer research and public reaction to recent decisions to remove PPDs highlight that many customers value receiving discounts, and as such we believe that customers should have choice.

Retailers, including Contact, are already providing a range of undiscounted products; currently a number of retailers<sup>2</sup> are offering options with no PPDs or automatic discounts.

If PPDs are prohibited, we advocate for a transition period of at least a year to align with customer decision points, implement system changes and migrate customers to new plans. Contact believes that the customer must be at the heart of any change, so it is important that a transition is well managed to avoid unduly affecting customers who may not respond favourably to the rapid removal of a valued discount structure.

Contact will continue to develop a range of options and initiatives to cater to different needs and ensure that customers do not miss out on PPDs. For example, Contact PrePay offers control and flexibility on all plans and our SmoothPay plan allows customers to smooth payments out over a year to remove winter peak energy charges. Contact regularly communicates with customers to ensure that they access the full benefits of the plans they have selected, or move customers to the most appropriate plans to suit their needs.

Contact does not favour regulation on the proposal to limit the value of conditional discounts to being cost reflective. Overly prescriptive requirements may limit the opportunity to tailor products and provide value to customers, and they would also add complexity and costs of compliance across the industry. If discounts become prices, fees or penalties there will be challenges to define “genuine savings” and “discounts” clearly, and ensure consistency of calculations, transparency and value for customers.

### **B8: Explore bulk deals for social housing and/or Work and Income clients**

Contact supports the exploration of bulk deals for social housing and/or Work and Income clients, and believes cost savings may result from a collaborative approach. Work is already underway, with ERANZ investigating options for bulk purchase agreements with Housing New Zealand and smaller social housing providers. To progress this option, government agencies need to prioritise bulk deals and provide sufficient resources for implementation.

It will be important to ensure that:

- consumers have access to clear comparisons to identify the best options for them, especially against a bundle of products e.g. electricity with gas and broadband.
- bulk deals are not mandatory. This may inadvertently disadvantage customers who receive value beyond electricity supply e.g. low prices on bundled products or loyalty rewards.

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<sup>2</sup> Retailers offering no-PPD or automatic discount options include Contact, Powershop, Meridian, Pulse, NextGen Energy, Flick, Mercury (Globug), EnergyClub NZ, Pawa to the People, Ecotricity and Electric Kiwi.

- the market is not distorted. A tender at a regional level would ensure that smaller retailers participate and reduce the risk of larger retailers tendering conditionally or at a premium.

## **C: INCREASING RETAIL COMPETITION**

### **C1: Make it easier for consumers to shop around**

Contact supports an open market that makes it easy for consumers to shop around. The industry provides for multiple types of pricing structures, value and bundling options and we anticipate these options will continue to evolve and expand. It is critical for price comparison websites to reflect these changes and ensure that customers have an accurate view of the overall value proposition. Contact believes a tender process would ensure the best outcome and that the lowest-cost provider is selected to provide a comparison service.

### **C2: Include information on power bills to help consumers switch retailer or resolve billing disputes**

Contact supports the proposal to include switching information on bills and agrees this would help to raise consumer awareness. Contact makes every effort to work directly with customers and to resolve any concerns in a timely and cost effective manner. We value having third party mediation available to resolve deadlocks and already promote Utilities Disputes Limited (UDL) on our bills. Any proposed changes to include further or more prominent UDL information would need to be appropriate (size, content and context) to ensure UDL is not unnecessarily overburdened with minor issues that could be more efficiently resolved by retailers directly.

### **C3: Make it easier to access electricity usage data**

Contact supports a standardised approach for consumers and/or their agents to access consumption data, whilst always ensuring customer privacy. There is already a process to ensure the flow of data and provide direct access to consumption data for retailers and consumers and/or their agents. Contact and the Electricity Authority are currently discussing further measures to make it even easier to access consumption data.

### **C4: Make distributors offer retailers standard terms for network access**

Contact agrees that standard terms for network access would reduce complexity, lower costs and serve to expand retail competition into less populous regions. Standard terms would also help to mitigate data access issues. This option could be extended further to standardise distribution tariff structures and create ongoing efficiencies and cost savings across the industry.

### **C5: Prohibit win-backs**

Contact believes there may be value in prohibiting win-backs; however, it will be important to consider the implications that may arise if a retailer is selling multiple products to customers. A clear definition of the term “win-back” will be critical, and we suggest using the telecommunications model as a starting point.

### **C6: Help non-switching consumers find better deals**

Contact supports the intention to help non-switching consumers find better deals, but believes there are better ways to achieve the outcome. The potential size of the inactive base referenced in the Options Paper appears incorrect; if an Installation Control Point (ICP) has not switched since 2002

this does not mean the customer in that property has been inactive. They may have made a conscious and rational choice to stay with their retailer or change plans, be on a loyalty programme, have moved, have “shopped around” and/or been won back. We also believe that five years would be a more appropriate timeframe to assess customer inactivity, rather than when records began in 2002, as the industry moves rapidly and 17 years is too long a time period.

A bulk buying approach may not achieve the desired outcome due to its cost, complexity, lack of benefits and the challenge to engage customers. A bulk buying approach would need to:

- calculate price comparisons accurately across multiple tariff and discount structures and product types based on each customer’s circumstances (tariff eligibility, usage etc.).
- account for all types of value beyond electricity price so that any recommendations do not disadvantage customers.
- ensure the market is not distorted or impacted by the volumes involved. Large volumes may put pressure on call centres, websites and switching infrastructure. Large tenders may preclude smaller retailers participating or risk larger retailers tendering conditionally or at a premium.
- engage customers. The experience from the “one big switch” campaign suggests a different approach may be more effective.
- withstand a cost benefit analysis. The cost of implementing a scheme must not outweigh the benefits.

There is strong competition in the retail market and Contact regularly engages in active retention of customers: at least 20-25% of our customers are proactively offered new plans every year, and a further 10-12% change plans through moving house. A review of Contact’s customer base shows that over 97% have been active in the past five years, and the few that have been inactive tend to be in the least deprived regions. We suggest that, in conjunction with other recommendations such as promoting switching websites, it would be more efficient for retailers to engage proactively with their own customers.

#### **C7: Introduce retail price caps**

Contact agrees with the recommendation by the Panel to oppose the introduction of retail price caps. The research to support this was presented in the EGR Consulting Ltd paper, Economic Perspective on the New Zealand Electricity Market.

#### **D: REINFORCING WHOLESALE MARKET COMPETITION**

##### **D1: Toughen rules on disclosing wholesale market information**

Contact agrees that the Electricity Authority should enforce existing information disclosure rules that require industry participants to publish all information about their operations that would materially affect the wholesale electricity market.

As a general principle, Contact believes that information readily available to the public free of charge should be subject to the exclusion provisions. We consider that the Electricity Authority’s wholesale market information disclosure obligation guidelines (May 2018) need to be reviewed, including the treatment of what constitutes information “readily available to the public”. The guidelines state that the wholesale information trading system (WITS) platform is readily available but the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX) websites are not. However, in reality, in order to receive information parties are required to sign up to parts of the WITS platform free of charge compared to the NZX and ASX websites that require no sign-up process.

Given the inherent complexity of the sector, it is inevitable that relevant information, some of which may have a material impact on wholesale electricity prices, will be located in multiple locations.

Contact queries the need to extend the disclosure rules to include information on the availability of generation fuel due to the fact that the disclosure guidelines already explicitly provide for this. Paragraph 6.27(b) of the guidelines cites “a significant change in fuel supply situation” as an example of what the Electricity Authority considers could reasonably be expected to have a material impact on prices in the relevant markets and therefore be disclosure information.

The Electricity Authority could also provide clarity on whether fuel supply only relates to thermal generation or whether it also applies to renewable generation. For example, should a sudden change in forecast hydro inflows or snow pack be publicly disclosed? Contact supports the disclosure of more information about the availability of participants’ thermal fuel and unabridged fuel (e.g. coal and gas) supply agreements.

When trading in the ASX New Zealand electricity futures market, Contact complies with both the New Zealand Financial Markets Conduct Act and the Australian Corporations Act, including prohibitions on insider trading. Material information that affects the market, would be required to be disclosed before trading in the market. In addition, Contact complies with the standards required by the New Zealand Electricity Market, governed by the Electricity Industry Participation Code 2010, and discloses relevant market information to ensure that the market is fully informed and to be as transparent as possible.

## **D2: Introduce mandatory market-making obligations**

The current voluntary market-making obligations have performed well, but their effectiveness could be improved to ensure that:

- all market participants contribute to the costs and risks of market-making.
- there are incentives for market-makers to increase their financial exposure from market-making activities.

While we understand the Panel is concerned about levels of liquidity, these have increased sharply since the bid-ask spread was reduced to 5% in October 2011. This has provided a way to manage electricity price risk in addition to over-the-counter markets or building physical generation assets. In the same period we have seen the establishment of 25 new-entrant retailers, indicating that voluntary market-making has succeeded in supporting increased retail competition.

The volatility of the futures market is a function of underlying physical constraints (hydrology and gas availability) and does not benefit vertically integrated generator-retailers.

We believe an incentives-based scheme for providing market-making services would help to address the problems of participants who do not contribute to the costs and would be the most appropriate way to balance risk and reward. Under an incentivised scheme it would be preferable to tender for services, with the costs levied against all beneficiaries of a liquid hedge market. Contact’s previous submission to the Electricity Authority’s Wholesale Advisory Group outlines how an incentives-based scheme could work in practice.<sup>3</sup>

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<sup>3</sup> Available at: [www.ea.govt.nz/dmsdocument/18965-contact-energy](http://www.ea.govt.nz/dmsdocument/18965-contact-energy) and [www.ea.govt.nz/dmsdocument/19663-contact](http://www.ea.govt.nz/dmsdocument/19663-contact).

We recommend that the Electricity Authority explore ways to reduce market-making costs such as reducing volatility within the arbitrary half-hour market-making window. A model similar to the ICAP fusion platform currently used in the New Zealand gas market may be a means of price discovery to allow volume to trade without the intraday volatility currently observed. We would be happy to discuss the incentives based scheme and ICAP model with you.

### **D3: Make generator-retailers release information about the profitability of their retailing operations**

Contact supports this option and regularly reports on the profitability of its retailing operations. Contact believes it has market-leading disclosures on retail performance, which are publicly available every month. Contact's half year and year end external financial reporting provides information on retail performance in accordance with New Zealand's generally accepted accounting practice and to comply with New Zealand equivalents to International Financial Reporting Standards.

Contact is concerned that having a set of detailed rules on segment reporting and how common costs must be allocated will simply add unnecessary costs to the business with no benefit to customers.

### **D4: Monitor contract prices and generation costs more closely**

Contact supports this initiative, as the current market design has done an excellent job of delivering dynamic efficiency in the generation of electricity. The right incentives have been delivered at the right time and the right place, and at the least cost to the consumer. Contact believes that the Electricity Authority and others can already monitor contract prices and generation costs under existing regulatory settings.

### **D5: Prohibit vertically integrated companies**

Contact supports the Panel's recommendation to not prohibit vertically integrated companies. The growth of Tier two retailers (at a rate of close to 1,900 customers per month since January 2010) indicates that vertical integration is no barrier to entry.

Contact noted in its first submission that it sells material (and flexible) volumes directly to Tier two retailers that are consistently gaining customers. The pricing for these contracts is ASX based and shaped to better match a retail profile; in FY 2018 we sold 302GWh, equivalent to 43,000 households, through this channel. We have made this structure available and are ready to support increased sales to other retailers.

## **E: IMPROVING TRANSMISSION AND DISTRIBUTION**

### **E1: Issue a government policy statement on transmission pricing**

Contact does not favour this option as developing government policy statements takes a significant amount of time, is likely to result in further delays and may politicise the process.

### **E2: Issue a government policy statement on distribution pricing**

Contact does not favour this option as developing government policy statements takes a significant amount of time, is likely to result in further delays and may politicise the process.



### **E3: Regulate distribution cost allocation principles**

No comment.

### **E4: Limit price shocks from distribution price increases**

Contact supports the regulation of distribution price changes to ensure that any price increases do not result in unacceptable price shocks for consumers.

### **E5: Phase out low fixed charge tariff regulations**

Contact supports the recommendation to phase out the low fixed charge (LFC) tariff regulations. We agree with the Options Paper that the LFC sends an inefficient price signal to residential consumers and unintentionally shifts costs to households with low incomes and high electricity consumption.

We suggest that a long phase-out period is unnecessary as market pressures will prevent retailers making changes that dramatically affect customers. Further, as the daily charge rises, the usage charge falls and mitigates bill impacts for customers. However, if a phase-out period is considered necessary we recommend that the LFC regulations only continue to apply to existing LFC pricing options. If new pricing options are developed during the phase-out period these should not have to adhere to the regulations. This will enable retailers to innovate immediately with fewer constraints and provide customers with increased choice.

### **E6: Ensure access to smart meter data on reasonable terms**

Contact supports this option in principle; however, our customers' privacy rights must always be at the heart of any change. Contact currently shares bulk anonymised customer data with networks in accordance with bilateral agreements and Privacy Act 1993 protections. Contact is also working actively to support the ERANZ's Data Working Group and others within the industry to agree on a multilateral data access agreement that provides networks with access to bulk consumption data.

### **E7: Strengthen the Commerce Commission's powers to regulate distributors' performance**

Contact supports the option to strengthen the Commerce Commission's powers to regulate distributors' performance and the full list of suggestions outlined in the Options Paper. Contact is concerned about the poor health of many distribution assets and deteriorating network reliability. In 2018, six of the 17 electricity distribution businesses subject to price-quality regulation failed to meet the regulated standard. It is important that distributors meet quality standards at the lowest possible cost to customers, and strengthened oversight will enable this.

### **E8: Require small distributors to amalgamate**

Contact agrees with the Panel's view and supports greater collaboration, common standards, more contracting, and joint ventures between distributors. A requirement for greater levels of collaboration will encourage standardisation and simplification across the distribution sector.

### **E9: Lower Transpower's and distributors' asset values and rates of return**

Contact agrees with the Panel's decision to refrain from recommendations due to the reasons outlined in the Options Paper.

## **F: IMPROVING THE REGULATORY SYSTEM**

### **F1: Give the Electricity Authority clearer, more flexible powers to regulate network access for distributed energy services**

Contact supports giving the Electricity Authority clearer, more flexible powers to regulate network access for distributed energy services. This will enable the Electricity Authority to act on the Innovation and Participation Advisory Group's recommendations that relate to emerging technology, new business models, competition and consumer choice. It will also provide the Electricity Authority with the ability to regulate before harm occurs rather than having to wait for a legislative change process.

Contact supports clarifying the respective roles and responsibilities of the Commerce Commission and the Electricity Authority. The Electricity Price Review's first report outlines that the regulation of access to distribution networks, especially distributed energy services, is one area in need of attention. Contact supports amendments to section 52T(3) and section 54Q of the Commerce Act 1986, to reduce the potential scope creep from distributors expanding business activities into generation and/or retailing.

### **F2: Transfer the Electricity Authority's transmission- and distribution-related regulatory functions to the Commerce Commission**

Contact does not favour the transfer of the Electricity Authority's transmission and distribution related functions to the Commerce Commission. The Panel noted in the first report that no gaps or overlaps had been identified to justify a change and Contact agrees with this assessment.

### **F3: Give regulators environmental and fairness goals**

Contact does not favour this option; we consider that environmental sustainability and fairness are best dealt with through a "joined up approach between regulatory bodies and other government agencies". For example, the Resource Management Act 1991 and the Interim Climate Change Committee cover environmental sustainability issues.

Contact supports the Panel's proposal to give the Electricity Authority a consumer protection function; however, this would need to be carefully drafted as issues of consumer protection and fairness are already covered in Parts 4 and 5 of the Electricity Industry Act 2010. A set of clear and consistent objectives will be important to hold regulators to account for their decision-making.

### **F4: Allow Electricity Authority decisions to be appealed on their merits**

Contact does not favour this option and agrees with the Panel's assessment that appeal decisions are unnecessary. Providing the ability to challenge regulatory decisions, particularly through the courts, is time consuming and expensive and favours those who are best resourced. Contact expects that the Electricity Authority will continue to maintain its statutory independence and conduct comprehensive consultations and policy development processes.

#### **F5: Update the Electricity Authority's compliance framework and strengthen its information-gathering powers**

Contact considers it is important for the Electricity Authority to have statutory information gathering powers to enable it to review relevant areas, such as access regulation through the Electricity Industry Participation Code. The Electricity Authority should not be required to undertake reviews, studies or inquiries requested by the Minister outside its statutory objectives.

#### **F6: Establish an electricity and gas regulator**

Contact is neutral on whether to establish an electricity and gas regulator, but agrees with the Panel that there could be some merit in a preliminary exploration of the concept. Contact does not consider there are any fundamental issues with the current Electricity Authority and the Gas Industry Company. We recommend any preliminary exploration be given a low priority due to the inevitable disruption such a move would create.

### **G: PREPARING FOR A LOW-CARBON FUTURE**

#### **G1: Set up a fund to encourage more innovation**

Contact does not favour this option and agrees with the Panel that there are already a number of funds available to support innovation. We question the value of a new contestable innovation fund for the electricity sector.

#### **G2: Examine security and resilience of electricity supply**

Contact does not favour this option and queries the need for the Electricity Authority to conduct a review of the security and resilience of the electricity supply when several agencies such as the Electricity Authority, Transpower and the Security and Reliability Council already have statutory responsibilities to monitor these areas. Section 8 of the Electricity Industry Act already requires the Electricity Authority to "provide information, and short- to medium-term forecasting on all aspects of security of supply" and "manage supply emergencies". Any review would need to consider existing statutory responsibilities carefully to avoid duplication.

#### **G3: Encourage more co-ordination among agencies**

Contact supports this option and believes there is already good co-ordination and co-operation between regulatory agencies. Initiatives like the Council of Energy Regulators have been set up to encourage co-ordination; however, it ultimately relies on government officials across the sector (the Ministry of Business, Innovation and Employment, the Energy Efficiency and Conservation Authority, the Ministry for the Environment, the Treasury) to look at the system as a whole.

#### **G4: Improve the energy efficiency of new and existing buildings**

Contact observes that New Zealand's building code is less stringent than Europe's and strengthening it would improve energy efficiency but impose additional costs. However, this is not an area where Contact is best placed to provide recommendations.