



Key Frontier recommendations and the Government's response

Frontier recommendation	Government response and resulting action
Energy security, monitoring and competition	
<ul style="list-style-type: none"> The Crown to establish an entity to take primary responsibility for securing and selling thermal fuel and firming capacity 	<ul style="list-style-type: none"> Agree with diagnosis but not with creation of a centralised Crown entity. Instead, responsibilities for energy security will be distributed across existing agencies. <ul style="list-style-type: none"> Transpower will provide enhanced energy risk assessments. The Crown will commence procurement of LNG infrastructure. Government will develop a regulatory framework to incentivise the sector to invest in firm generation. The Electricity Authority (EA) will oversee and enforce the regulatory framework.
<ul style="list-style-type: none"> Publish additional information via a single 'gas market dashboard' 	<ul style="list-style-type: none"> Agree. Reporting of reserves and production will be accelerated, supported by a public dashboard and regular supply-demand studies.
<ul style="list-style-type: none"> Require an annual gas supply and demand study by the GIC 	<ul style="list-style-type: none"> Agree, and will ensure the supply and demand study is produced annually.
<ul style="list-style-type: none"> Update the North Island Winter Capacity Margin 	<ul style="list-style-type: none"> Agree. EA has commenced an independent review of the Security of Supply Standards.
<ul style="list-style-type: none"> Require Transpower produce an annual Electricity Opportunities Statement 	<ul style="list-style-type: none"> Agree, and will progress with Transpower, EA, and New Zealand Trade and Enterprise.
<ul style="list-style-type: none"> Require Transpower maintain a market surveillance data catalogue to assist the EA's market monitoring 	<ul style="list-style-type: none"> Agree, and will progress as part of the work to strengthen the EA.
<ul style="list-style-type: none"> Require EA fill gaps, and make better use of, hedging data and do an annual hedge market assessment 	<ul style="list-style-type: none"> Agree, and will progress as part of the work to strengthen the EA.
<ul style="list-style-type: none"> Require the EA develop a more sophisticated approach to assessing market power 	<ul style="list-style-type: none"> Agree, and will progress as part of the work to strengthen the EA.
<ul style="list-style-type: none"> Do not progress non-discrimination requirements for the gentailers as these options will not resolve the underlying issue in the market 	<ul style="list-style-type: none"> Government agrees the non-discrimination measures will not address the underlying problem of a lack of new firm capacity in the market. However, the non-discrimination measures complement the actions to improve security of supply set out in this table.
Energy markets' structure	
<ul style="list-style-type: none"> Divest Crown shareholdings in Genesis, Meridian, and Mercury to address capital constraints 	<ul style="list-style-type: none"> Shareholding Ministers have been clear to the three Mixed Ownership Model companies that they should explore commercially sound opportunities for new generation, and perceived barriers should not impede consideration of such projects. Assets sales are not being progressed.
<ul style="list-style-type: none"> Remove electricity from the Emissions Trading Scheme (ETS) 	<ul style="list-style-type: none"> Disagree. Government remains committed to the ETS as central to climate strategy.
Regulatory institutions	
<ul style="list-style-type: none"> Merge the EA and GIC into a new "Energy Authority" 	<ul style="list-style-type: none"> This could create uncertainty at a critical time. Instead, Government will focus on strengthening the Electricity Authority.
<ul style="list-style-type: none"> Confirm a formal Code change process for the EA 	<ul style="list-style-type: none"> Agree, and will progress this as part of the work to strengthen the EA.
<ul style="list-style-type: none"> Launch a targeted review of how the EA performs its functions 	<ul style="list-style-type: none"> Government will focus on strengthening the EA. An effective regulator is essential for a well-functioning electricity market and must have the right tools for the job.
<ul style="list-style-type: none"> Retain System Operator role within Transpower 	<ul style="list-style-type: none"> Agree.
Network regulation	
<ul style="list-style-type: none"> Amalgamate the 29 electricity distribution businesses (EDBs) into five super distributors 	<ul style="list-style-type: none"> Agree with diagnosis, but not with the forced amalgamation of EDBs. Instead, Government is encouraging greater efficiency and the EA and Commerce Commission are progressing measures to promote greater alignment and innovation.
<ul style="list-style-type: none"> Move to Individualised Price Paths for all Electricity Distribution Businesses 	<ul style="list-style-type: none"> Agree that further oversight could improve efficiency. However, this can be achieved without the need for individualised price paths.
<ul style="list-style-type: none"> Retain existing restrictions on EDBs owning and controlling generation assets in their own service areas 	<ul style="list-style-type: none"> Agree. The threshold for generation connected to an EDB's own network will be lifted from 50 MW to 250 MW (rather than be removed).
<ul style="list-style-type: none"> Require the EA to determine the scope of Input Methodologies (IMs) for EDBs 	<ul style="list-style-type: none"> Disagree as this would not materially improve outcomes.
<ul style="list-style-type: none"> Allow the Commerce Commission to benchmark performance of Electricity Distribution Businesses 	<ul style="list-style-type: none"> Agree in principle. This could be considered in a targeted review of Part 4 of the Commerce Act.
<ul style="list-style-type: none"> Include a financeability test in the regulatory framework 	<ul style="list-style-type: none"> Disagree (note this was considered and rejected by the Commerce Commission in 2023).
<ul style="list-style-type: none"> Introduce a streamlined Investment Test for Transpower for projects below the \$30 million base capex threshold but above e.g. \$8 million 	<ul style="list-style-type: none"> The Commerce Commission can already consider this.
Improving consumer information	
<ul style="list-style-type: none"> Achieve electricity bill consistency 	<ul style="list-style-type: none"> Agree. The EA will consult on standardised bill information before the end of 2025.
<ul style="list-style-type: none"> Improve consumer data access to make comparison and switching easier 	<ul style="list-style-type: none"> Agree. A consumer data right for the electricity sector is being progressed.