



Fact Sheet: Strengthening the Electricity Authority

Background

- The Electricity Authority is New Zealand's electricity industry regulator. Its purpose is to support a competitive, reliable and efficient electricity industry for the long-term benefit of consumers and New Zealand.
- The Electricity Authority sets market rules through the Electricity Industry Participation Code (the Code). It monitors and enforces these rules, to ensure the electricity system and markets run effectively.

Why it matters

- Now is the time to create a stronger, more effective regulator—one that can update and enforce market rules efficiently. An effective regulator is essential for a well-functioning electricity market and must have the right tools for the job. Given current challenges, it's critical that the Electricity Authority is fit for purpose.
- The Authority must be able to respond quickly to changes in the electricity market to support competition, reliability and efficiency. There must also be strong incentives for market participants to comply with the rules.

Government action

- The Government will strengthen the Electricity Authority to make it a more effective regulator. It will be able to act faster to make or amend the Code, respond swiftly to emerging risks, and crack down on breaches.
- Its role will also be enhanced through requiring the Authority to leverage Transpower's expertise with operational data. Additionally, we will ensure the Authority adopts a more sophisticated approach to market monitoring and competition reporting.
- Current penalties for Code breaches are weak - \$2 million is modest compared to potential commercial gains. We will develop proposals for stronger deterrents, potentially aligning penalties with the Commerce Act: up to \$500,000 for individuals and for businesses, the greater of \$10 million, three times the gain, or 10% of turnover. We're also considering making it a criminal offence to knowingly mislead or deceive the regulator.