ELECTRIC KIWI

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30 July 2026

System Operator, Transpower
By email: system.operator@transpower.co.nz

Tēnā koe,

System Operator Strategy: Phase 2 Draft Strategic Priorities

Thank you for the opportunity to comment on the draft Strategic Priorities, and for keeping the door open for us to submit. Electric Kiwi did not lodge a Phase 1 submission, but we believe this is an important piece of work. We are pleased to provide feedback now, from the perspective of an independent retailer.

We support the overall direction of the Strategy. The ten-year forward view is sensible, the five priorities are broadly the right ones, and the emphasis on data, DER integration, AI-enabled decision support and the Control Room of the Future is well-judged. We support the System Operator's objective of keeping the system secure and operable through a period of genuine transformation, and the investment needed to achieve it

Our feedback is therefore not about what is in the Strategy, but about what is largely missing from it: a focus on competition and a level playing field. While the Strategy is understandably written from a system security and engineering perspective, it gives insufficient weight to the competitive impacts of the System Operator's decisions and market design advice, particularly for retailers without their own generation. We ask that this be made explicit.

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Competitive neutrality should be a stated design objective, not an assumed by-product

Priority 2 commits the System Operator to informing "future market design and security of supply framework." Good. But the Strategy should say that competitive neutrality and a level playing field are design objectives it will actively pursue in that advice, alongside security and least cost. The Strategy repeatedly observes that firm and flexible capacity is becoming "more valuable." In a market where those resources are concentrated in a handful of vertically integrated players, rising value is not a neutral fact, it is a market-power risk. The System Operator should name that risk and factor it into its advice.

Information neutrality should be an explicit outcome of the Strategy

The System Operator receives market-sensitive information and works closely with generators and asset owners on outage planning and operational coordination. These interactions must not give any participant earlier or better access to information that could influence prices or trading decisions. Independent retailers rely on the System Operator's information far more heavily than integrated players who can see the same picture from inside their own generation book. Participants should not have to infer price-relevant operational decisions from market outcomes, or depend on bilateral relationships to understand them.

We ask that the Strategy adopt information neutrality as an explicit, stated outcome, and commit the System Operator to:

- Publication-first processes wherever practicable, with equal timing and equal quality of access for all participants;

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- Timely, machine-readable publication of active constraints and material security actions, including their cause, the relevant assumptions, and their effect on dispatch or prices, so participants can understand what happened, why it happened, and how it may recur;
- Transparency of methodologies, procurement and activation information, and performance reporting wherever ancillary services and new operational tools affect dispatch or pricing;
- Documented controls and audit trails where selective disclosure is genuinely operationally necessary, with the market-relevant content released to all participants as soon as practicable and the reason and timing recorded; and
- A clear channel for independent and non-asset-owning participants to raise information-access and transparency concerns.

As the system becomes more complex, with demand flexibility, distributed resources and smart technologies, operational data is no longer an internal System Operator capability. It is core market infrastructure that participants need to manage risk and support competitive markets for energy, reserves, hedging and FTRs. We strongly support the Priority 2 information initiatives (P2.3, the SOS risk visualisation, the single API) as the vehicle to deliver this, and ask that information neutrality be stated as the principle they serve.

A public performance framework for market-facing information

Consistent with the above, we support a public performance framework covering the timeliness, availability and completeness of market-facing datasets - including reporting on material data outages, corrections, and any incidents involving unequal or delayed information access, the resolution of participant-raised transparency issues, and annual progress

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against funded initiatives. More broadly, each material funding initiative in the Strategy should identify its participant-facing outcome, delivery date, accountable function, performance indicator and public reporting method. This makes the Strategy accountable, and gives the Authority a clear basis on which to assess the 2028–31 funding request.

Scarcity pricing and "revenue adequacy" must not become a one-way transfer to incumbents

The Strategy flags questions "around revenue adequacy and the ability of scarcity pricing to emerge consistently." We would put it more directly: scarcity pricing designed to reward generation, in the absence of functioning hedge markets and genuine demand-side participation, simply transfers value to the parties who already hold the generation, and lifts risk and price for everyone downstream of them, including consumers. Any work in this area must be paired with functioning risk-management markets and real demand-side response, or it will worsen the very competition problems the sector is already grappling with. Security interventions and new operational tools should also preserve efficient price signals wherever practicable.

New obligations and ancillary-service costs must be proportionate and not raise barriers to entry

On P2.4 (the MBIE winter energy reliability obligation) and any new ancillary-service arrangements (P2.2), the "who pays" question is not a detail, it is central. Obligations and cost-recovery arrangements should be designed so they do not disproportionately burden smaller, non-integrated participants or create barriers to entry. We ask the System Operator to apply a competition test to any obligation it helps design or implement.

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Fair, technology-neutral access to flexibility and ancillary services

We support opening ancillary services to demand and BESS (P2.2), the market sandpit (P2.6), and the broader DER integration work under Priority 4. The value here is only realised if demand-side and aggregated consumer resources can participate on genuinely equal terms with traditional generation. Independent retailers can bring exactly these resources to the system, but only if the rules, products and data access are technology-neutral and accessible in practice, not just in principle.

Value for money

We endorse the "affordability front of mind" enabler. As this Strategy converts into a 2028–31 funding request, we expect any cost increases to be clearly justified against outcomes and efficiently recovered.

None of this is a reason to slow the Strategy down. It is a reason to make competition, and information neutrality in particular, visible in the final document, and to carry it through into the System Operator's advice to the Authority. A secure system that quietly entrenches the advantages of the largest players is not the outcome any of us should be aiming for.

We would welcome the opportunity to keep engaging as the Strategy is finalised and translated into work programmes

We would be happy to discuss any aspect of this submission.

Yours sincerely

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