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Submissions
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ERGANZ SUBMISSION ON THE MARKET OPERATION SERVICE PROVIDER 10-YEAR ROADMAP

The Electricity Retailers' and Generators' Association of New Zealand (ERGANZ) welcomes the opportunity to comment on the Authority's Phase 2 consultation paper, 'Enabling market evolution: Market Operation Service Provider 10-year roadmap', dated June 2026.

ERGANZ is the industry association representing companies that generate and sell electricity to Kiwi households and businesses. Collectively, our members supply almost 90 percent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

Executive summary

ERGANZ supports the modernisation and digitisation of the digital infrastructure that underpins the electricity market, and supports the Authority's focus on cyber security. Both are important to market integrity and to consumers. ERGANZ supports the general direction of a smaller number of service based MOSP contracts, subject to the case being demonstrated rather than asserted. Consolidating clearing and reconciliation is a sensible first step.

Importantly, the consultation paper does not quantify the cost of the current arrangements, the cost of the proposed changes, or the savings expected. ERGANZ asks the Authority to complete and publish cost benefit analysis before setting direction. Cost scrutiny should apply to every part of the energy system, not only to the most visible participants. The MOSP services cost in the order of \$7 million a year, are levy recovered, and are proposed to be contracted for up to nine years. Consumers ultimately pay these costs.

Change should be practical, consumer driven and led by demonstrated market need. The multiple trading relationships workstream is a good example of embedding costs into the system, including for the Authority, ahead of any evidence of strong consumer demand.

The MOSP procurement is already in the market. ERGANZ asks the Authority to state which elements of the roadmap remain genuinely open through this consultation.

Consultation questions

Questions	Comments
Q1. What else should the Authority consider when reviewing our MOSP arrangements? Are there other aspects of the services we should consider changing and why?	ERGANZ supports the Authority testing whether arrangements designed in the 1990s remain fit for purpose. The paper, however, describes the problem qualitatively. It does not quantify the cost of the current arrangements, the cost of changing them, or the savings expected. Before direction is set, ERGANZ asks the Authority to publish: • The current cost of each MOSP service, and the Authority's own cost of administering five separate contracts • An estimate of the cost of the proposed restructure, including participant side implementation costs • The expected savings, and the mechanism by which those savings reach consumers. A principled point applies here and more widely. All parts of the energy system warrant scrutiny for cost, not only the most visible participants. The five MOSP services cost in the order of \$7 million a year, are recovered through the industry levy, and are proposed to be contracted for terms of up to nine years. Costs of that scale and duration are ultimately borne by consumers and warrant the same analytical rigour the Authority applies to generation and retail costs. More generally, ERGANZ would like to see stronger and more consistent cost benefit analysis from the Authority across its work programme. The Request for Proposals for the five MOSP services is already in market, with proposals due 30 September 2026 and contracts intended to commence 1 July 2027. Contract terms of up to nine years commit the market well into the 2030s. ERGANZ asks the Authority to state clearly which elements of the roadmap remain genuinely open to influence through this consultation, and which are already fixed by the procurement timetable.

	ERGANZ supports the Authority's focus on cyber security and information management, and agrees this is a first order matter rather than a contractual detail. Requirements should align with recognised standards and with participants' existing security frameworks, rather than creating a bespoke regime that adds compliance cost without adding assurance.
Q2. What do you think of the Authority's view of the future of MOSP services? What else should the Authority consider?	ERGANZ supports the modernisation and digitisation of the digital infrastructure that underpins the electricity market. The function based MOSP structure creates friction, and a smaller number of service based contracts could reduce the cost and elapsed time of implementing change. Consolidating the clearing and reconciliation roles into a wholesale settlement manager is a sensible and comparatively low regret first step, given the two functions are tightly coupled and already sit with a single provider. Paragraph 8.7(d) argues that a larger consolidated contract may attract more tenderers. The opposite is equally plausible. Larger, more integrated roles increase the asset specific investment required, raise the cost and risk of transitioning away from an incumbent, and may narrow the field to a small number of international vendors. Consolidation also concentrates operational and cyber risk in one provider and possibly creates a single point of failure for settlement. ERGANZ asks the Authority to test this argument against evidence from comparable jurisdictions rather than assumption. The proposal at 9.12 to split WITS functions across the wholesale settlement manager and the datahub manager warrants care. It introduces a new interface into the chain running from offer submission through to pricing, settlement and publication. ERGANZ would want to see the rationale, the expected benefit and a risk assessment before this is progressed. ERGANZ supports the preferred approach at 8.11 with a central service providing authorisation, validation and addressing, with data continuing to move peer to peer over standardised protocols. This avoids duplicating storage, keeps the cost of future change lower, and is a better fit for a market of New Zealand's scale than a fully centralised model.

	Change should be practical, consumer driven and market led. System change imposes real cost on participants. Every interface change is a project for every affected party, and those incurred costs are ultimately paid by consumers. Change should therefore be led by what the market requires and what consumers want. As an example, ERGANZ thinks the Authority's multiple trading relationships workstream illustrates the risks of getting too far ahead of innovation or consumer demand. There is little evidence of demand for multiple trading relationships and no strong market-led case for the comprehensive solution being designed. Yet, implementation continues at material cost to participants. Paragraphs 7.13 to 7.26 in the paper alludes to MTRs and wholesale decentralisation, particularly paragraph 7.16 which states: "decentralisation means shifting from large scale electricity generation at a small number of sites across the country, to smaller scale renewables and other DERs located closer to consumers". DER is a trend which ERGANZ fully supports, but it is not a replacement for large scale generation which is how the paper portrays it. ERGANZ asks the Authority to apply an explicit demonstrated need test, supported by cost benefit analysis, before committing to MOSP changes of comparable scale.
Q3. What factors should the Authority consider when investigating the need and benefits of a CMDS?	ERGANZ agrees with the Authority's own reasoning at 8.12 and 8.13. A central meter data store is the most expensive and least reversible option in the paper, and the case for it is not currently made. ERGANZ supports the Authority's suggestion that a review of communication protocols, retention and archival requirements may deliver much of the benefit at a fraction of the cost. If the Authority investigates a CMDS further, the following factors are relevant: • Full cost benefit analysis, covering build cost, ongoing operating cost, and the cost to participants of migrating to and maintaining new connections, tested against the counterfactual of standardised protocols and reformed retention obligations. • Evidence of need. Which specific use cases cannot be served by the registry hub and standardised peer to

	peer transfer? If those use cases can be listed, then they should also be tested. • As paragraph 8.12 recognises, a central store sets a ceiling on what metering services can deliver, and upgrade decisions become regulatory rather than commercial. • Concentration risk. A single national store of consumption data is a high value target and a single point of failure. Security, resilience and privacy costs belong in the assessment rather than in a contract schedule. • Data quality and liability. Who is accountable for accuracy, correction and dispute resolution once data is copied, and how errors propagate into settlement. • Cost allocation. Whether the parties bearing the cost are the parties capturing the value, particularly where third party access is a primary driver. • International delivery experience, including jurisdictions where centralised data programmes have materially overrun on cost and schedule. ERGANZ would not support proceeding to a CMDS without this analysis being completed and published.
Q4. What other examples of data sharing arrangements should the Authority consider?	<i>Centralised datahubs</i> Elhub (Norway), Energinet DataHub (Denmark), Fingrid Datahub (Finland) and the Dutch arrangements are the closest international comparators to a CMDS. They can provide examples on build cost, schedule overrun and the change management burden placed on retailers. They also operate in fully unbundled retail markets with different governance starting points, so their transferability to New Zealand should be tested first. <i>Central infrastructure delivery risk</i> The United Kingdom's Data Communications Company and the associated smart metering programme is a useful cautionary case on the cost, delivery timeframes and cost recovery challenges of central data infrastructure. Given the Authority is drawing on the NESO Data Sharing Infrastructure work, ERGANZ suggests the DCC experience be examined alongside it.

	<i>Capability delivered versus consumer take up</i> Australia's consumer data right in energy is instructive on the gap between capability built and consumer uptake achieved. This evidence is directly relevant to prioritisation decisions here, and to the Consumer Data Right work being led by MBIE. Ireland's arrangements through the Commission for Regulation of Utilities and ESB Networks, and Smart Meter Texas, offer further contrasts in scope and cost. <i>Domestic evidence</i> ERGANZ supports the Authority prioritising the review of Electricity Information Exchange Protocol formats, uses and retention obligations flagged at 9.4(a). This is a low cost, high value piece of work that would inform every other decision in the roadmap, and ERGANZ encourages the Authority to bring it forward. In particular, ERGANZ recommends the Authority review it in light of the policy and operational developments in the parallel Consumer Data Rights regime. Outside energy, the API Centre model used in New Zealand payments offers a useful precedent for industry governed technical standards that can evolve faster than Code amendment allows, while retaining regulatory oversight.
Q5. What else should the Authority consider in planning and scheduling changes to the MOSP services?	ERGANZ supports strengthening cyber security and information management requirements, incentivising platform scalability, and requiring transparent pricing of change. These can proceed now. Structural consolidation should follow published cost benefit analysis rather than precede it. Each stage of the roadmap should have published criteria and evidence requirements, rather than a timeline that assumes the end state is correct. Require change cost transparency in the contracts. Providers should price change transparently, and the Authority and participants should have visibility of the cost of a proposed change before it is committed. This is a practical way to bring the same cost scrutiny to this part of the system that applies elsewhere.

	The Authority could consider how to coordinate and sequence within its own work programme. Participants are concurrently absorbing the Consumer Data Right and Open Electricity, distribution connection and pricing reform, consumer access and choice measures, as well as the market monitoring arrangements. MOSP change should be scheduled against a whole of programme view of participant change capacity, not planned in isolation. Concentrating all five re-tenders in a single window potentially increases risk and reduces the Authority's ability to walk away from an underperforming provider. EGANZ recommends a staggered contract expiry to avoid concentrating all five re-tenders in a single window. EGANZ supports reporting publicly on the MOSP costs. Annual reporting on MOSP service costs and change costs would support the cost discipline the Authority is seeking to achieve.
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Conclusion

EGANZ thanks the Authority for considering our submission.

If there are any outstanding questions or a need for further follow-up, please let me know.

Yours sincerely,

Kenny Clark
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