



17 September 2021

Michael Tilley
Mergers Manager
Commerce Commission
Wellington

Antonia Horrocks
General Manager Competition

cc James Stevenson-Wallace, Chief Executive Officer, Electricity Authority

Dear Michael and Antonia,

MERCURY NZ APPLICATION FOR ACQUISITION OF TRUSTPOWER'S RETAIL BUSINESS

WEL Networks requests that you consider this late submission on the proposed sale of Trustpower customers to Mercury Energy. WEL Networks is a consumer owned electricity distribution business servicing around 95,000 connections within the Waikato.

WEL Networks is concerned as to what the proposed sale will do to competition within the electricity retail market. Currently, based on the 39 different Network Reporting Regions across New Zealand; NZ's Herfindahl-Hirschman index (HHI) ranges from 1,381 – 3,699. Whilst this has been decreasing over time, the results show that the market is still at best mostly moderately competitive and only 1 region sits under an HHI of 1,500 (which is considered competitive).

By WEL's calculations the HHI range, post-sale, will move from 1,381 – 3,699 to 1,665 – 4,302. Pre-sale around 6% of ICP in New Zealand sit in regions with an HHI above 2,500 (highly concentrated and lacking competition) post sale this would increase to around 28% of ICP's.

In particular WEL's region will move from 2,330 to above 2,500 should the sale proceed, reducing retail competition within our region. As a consumer owned organisation this concerns WEL and the impacts this will then have on the customers within our network.

The electricity sector as a whole, in particular pricing, has been under the spotlight in recent years and any actions that could negatively impact competition should be seriously considered as to the end impact on consumers.

Yours sincerely

A handwritten signature in black ink that reads 'Garth Dibley'.

Garth Dibley
CHIEF EXECUTIVE

