

News release
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RESIDENTIAL PRICES SOAR ALONG WITH POWER COMPANY PROFITS

The fact that the wholesale energy market is broken has now been acknowledged by the Government, but that has not stopped a “barrage of lies” from the gentailers according to Electric Kiwi founder and acting CEO Huia Burt.

“Prices for Kiwi households have already gone up by as much as \$800 a year, and if next winter's wholesale prices are real it could easily be hundreds more,” says Burt.

Yesterday Meridian announced a record profit of \$429m for the financial year to 30th June 2024, coming hot on the heels of record profits from Contact, Mercury and Genesis.

Even more astoundingly, Meridian quietly padded down the revelation that they made more than \$1 billion in the same financial year from wholesale energy.

These mega profits are far from over, and data published by the Electricity Authority shows gentailers made \$590m in just seven weeks this winter.

Burt says this shows “clear evidence that there is no handbrake on these companies syphoning money straight out of the pockets of hard-working kiwi families and businesses”.

Meridian claims the current energy crisis is in fact not a crisis as businesses close their doors and wholesale prices soar.

Burt says: “Crisis denial is simply part of their long-term corporate strategy designed to reassure both the public and decision makers that mega profits are in the best interest of New Zealand rather than their shareholders”.

Burt says the most concerning aspect of this corporate spin is that households are being reassured that they will not be impacted by the wholesale market crisis when public information exists to show that is not the case.

“Our analysis of the data available on the Electricity Authority’s independent comparison site shows that customers joining Meridian [on their lowest price] are now paying \$832 more per annum in Christchurch and \$540 more in Dunedin than they were three weeks ago.”

This duplicity isn’t just limited to Meridian, but to their 100% subsidiary Powershop and other gentailers. Powershop have put prices up by around \$200 across the country.

Mercury’s cheapest deal in Wellington now costs the average household \$595 per annum more than it did three weeks ago. In Auckland, the cost has risen \$684 per annum versus three weeks ago.

Confusion and distraction are the tactics of the gentailers. Burt says, “They instead speak at length about future plans to invest while over the years they have chosen to pay out dividends when they could have used their cash, Government-backed balance sheets and expertise to build sufficient new renewable generation. They also blame businesses for not managing their

electricity risks appropriately while at the same time making the cost of those risk management contracts untenable”.

While this sounds bleak, Burt is optimistic the Energy Competition Task Force announced yesterday will result in urgent action rather than yet another review.

“We have a great deal of confidence in the Commerce Commission as we know they understand these complex issues.

“We also know the Electricity Authority has the regulatory power to level out the playing field and put an end to gentailers ability to maximise their profits at the expense of New Zealand’s energy future.

Burt cautions the taskforce against yet more paralysis by analysis. “This cannot be another drawn-out review - everyone in the sector knows that competition issues can only be addressed by dismantling the market power of the gentailers.

We call on the Task Force participants to act with bravery, urgency and with the greatest respect for the ordinary Kiwis who ultimately pay for our energy system.”

-ENDS-

For further information or to arrange an interview with Electric Kiwi Founder Huia Burt, please contact oceane@lassoo.co.nz.

Note to editor:

The Powerswitch comparisons looked at the example of Meridian, Mercury and Powershops cheapest plans on Powerswitch on 22nd August 2024 compared to 1st August 2024 in key regions.