

# THE NEOLIBERISATION OF ELECTRICITY

## *IN NEW ZEALAND*

A comprehensive analysis of reforms and  
neoliberal ideology and rhetoric in New Zealand



*Geothermal, 2021*



*Wind, 2018*



*Wellington, 2020*



*Hydro, 2010*

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# INTRODUCTION TO PRE-REFORM ELECTRICITY SECTOR IN NEW ZEALAND

## Government

The electricity sector had heavy government involvement in all levels

- Electricity was purchased through 41 local Electric Power Boards
- Government built the generation
- Government regulated and sold electricity



Cook, M. (2010a)

## Electricity Supply

- Electricity demand often outstripped supply from rapid adoption in early 20th century
- Supply problems are solved by the 1960s
- Power rationing did occur 1973–74 due to droughts and the oil crisis

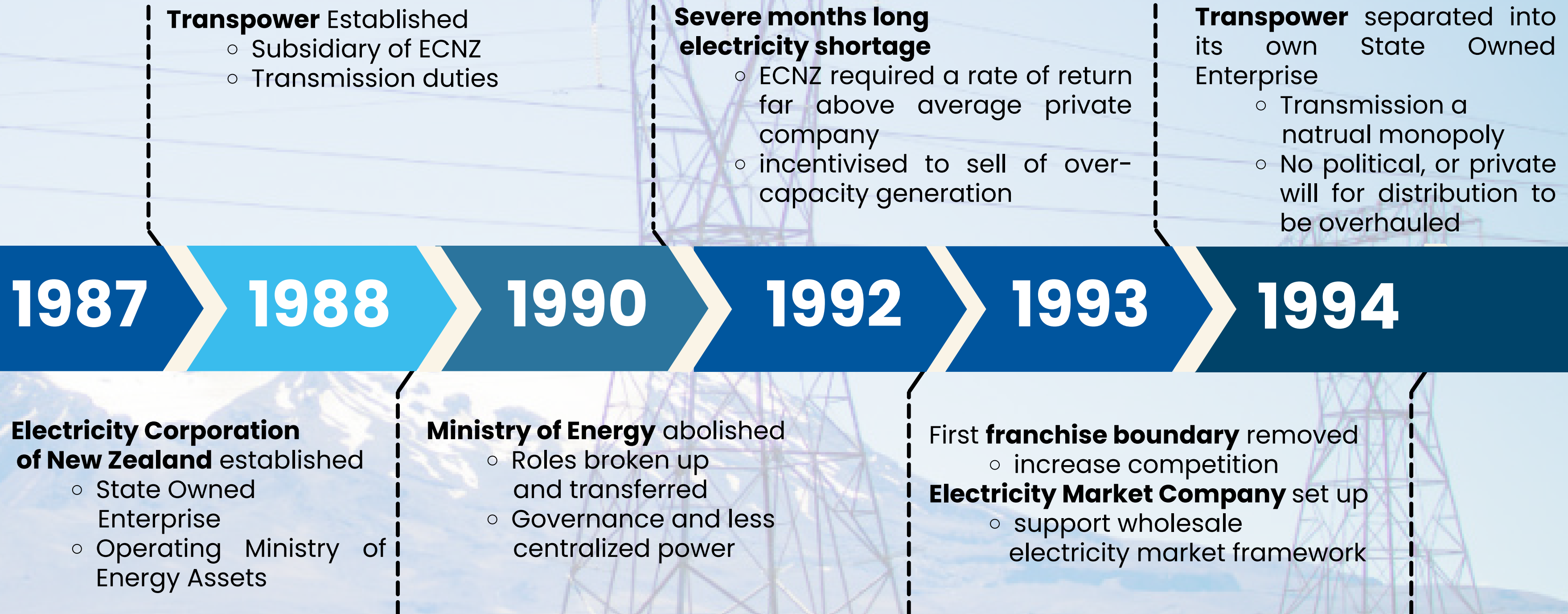
## Electricity Demand

- South Island generates majority of electricity
- North Island consumes majority of electricity
- The electricity grid is connected by a HVDC line across the Cook Strait

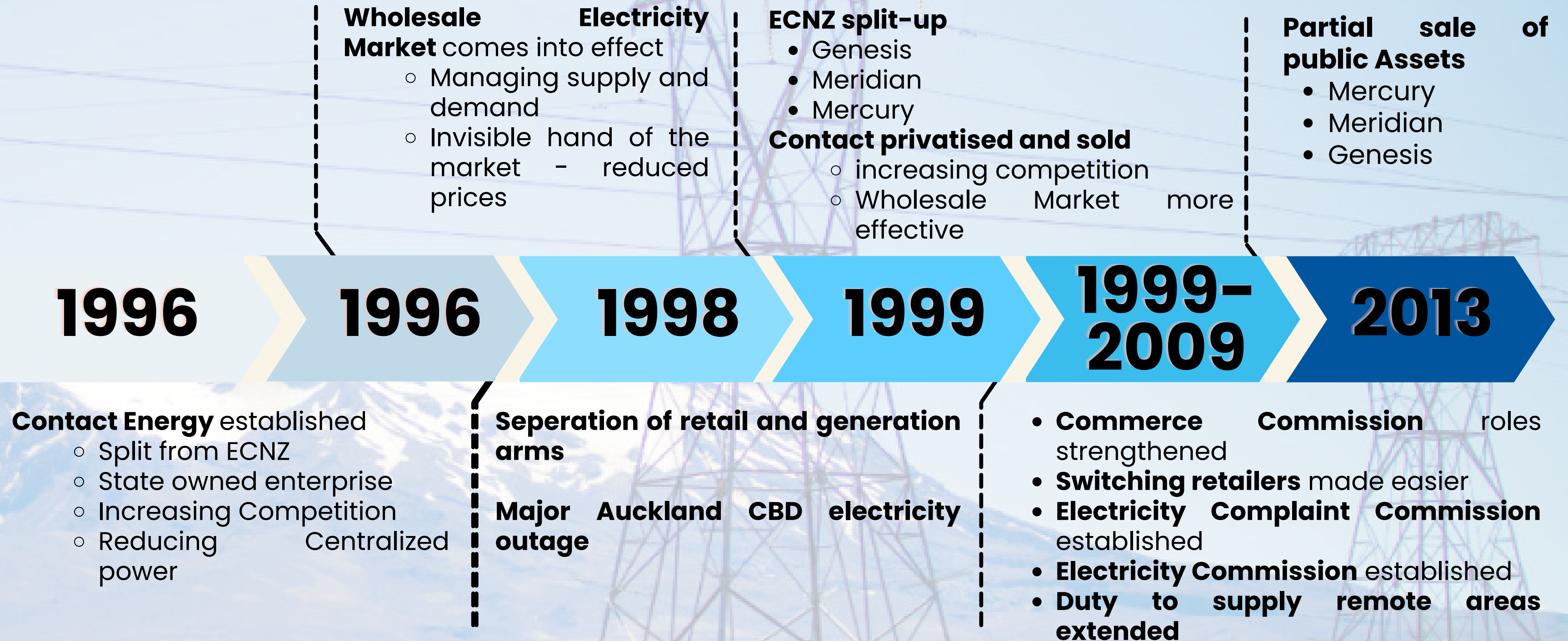
| Generation Type | Generation Capacity |
|-----------------|---------------------|
| Hydroelectric   | 5415 MW             |
| Gas             | 1280 MW             |
| Wind            | 1040 MW             |
| Geothermal      | 1062 MW             |
| Coal            | 750 MW              |
| Co-generation   | 216 MW              |
| Liquid          | 156 MW              |
| Battery         | 1 MW                |

Transpower (n.d.)

# REFORMS & NEOLIBERALISATION OF THE ELECTRICITY SECTOR



# REFORMS & NEOLIBERALISATION OF THE ELECTRICITY SECTOR



# KEY IDEAS OF NEOLIBERALISM IN ELECTRICITY SECTOR

## NEOLIBERISM IDEA 1

### FREE MARKET

2. New Zealand Electric Company (NZEC) **broke into separate state owned enterprises**

Market was deregulated, **more electricity providers emerge** due to increasing demand

### REFORMS ANALYSIS

The main ideology of neoliberal reforms were that by increasing competition and consumer choice, a more efficient economy would emerge due to **the invisible hands of the market.**



The emergence electricity provider post-reform in New Zealand  
(Source : Ministry of Business, Innovation and Employment, 2015)

## NEOLIBERISM IDEA 2

### MARKET COMPETITION

The emergence of more providers to the market, the government **increased competition.**

1. According to Electricity Authority (EMI), the state-owned providers has the most Ideal Customer Profile (ICP) with **closest margins**

### REFORMS ANALYSIS

The tight difference between the Electricity provider illustrates **the competition within the market after the reforms.**

Competition has led to retailers providing incentives, and affirming their price in market

## NEOLIBERISM IDEA 3

### INFORMATION

After the reforms, the number of providers increased, this has **allowed consumer's to choose and switch between retailers**

3. Power Switch (a government funded consumer led website) **provides information to the public** regarding prices to assist decision making

### REFORMS ANALYSIS

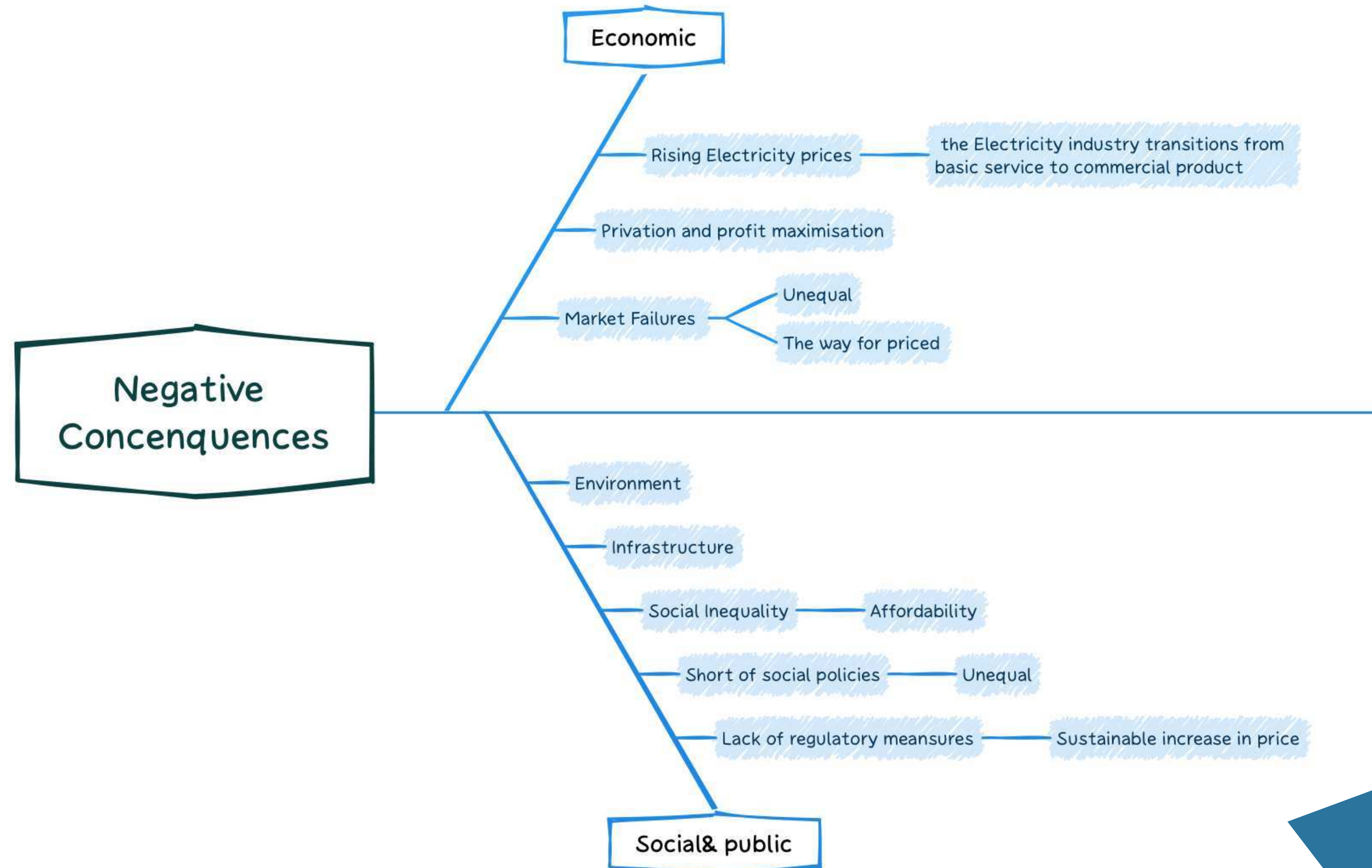
A key aspect of neoliberalism is that **information should be accessible to consumers** and open to ensure the transparency of the market.

The Power Switch initiative is consumer-oriented, and amplifies competition within the neoliberal market where **consumers are the main agent of the economy.**

# ANALYTICAL ASSESSMENT – IMPACTS OF NEOLIBERALISATION OF THE ELECTRICITY SECTOR IN NEW ZEALAND



# ANALYTICAL ASSESSMENT – IMPACTS OF NEOLIBERALISATION OF THE ELECTRICITY SECTOR IN NEW ZEALAND



# CONCLUSION – RECOMMENDATIONS TOWARDS A BETTER ELECTRICITY MARKET IN NEW ZEALAND



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