Explanation of the Authority's Statutory Objective

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Statutory Objective

Promote competition in, reliable supply by, and the efficient operation of, the electricity industry *for the long-term benefit of consumers*

Interpretation of our Objective

For the LT Benefit of Consumers

Promote Competition	Promote Reliable Supply	Promote Efficient Operation
Investment & innovation	Robust to large adverse events	Transaction & regulatory costs
↓	↓	↓
Efficiency	Efficiency	Efficiency

Reliable Supply

Key Questions	Answers
What do we mean by reliable supply?	Reliability of supply & security of supply (actual & perceived)
In what ways does reliable supply benefit consumers?	Avoid the cost of supply interruptions, quality degradations
What is the significance of focusing on the long-term benefits to consumers?	Arrangements need to be robust to large adverse events to minimise investor uncertainty
When do we have enough reliability?	When the total of avoided & resource costs are minimised (ie. when MB = MC)

The Reliable Supply Limb Means

The Authority must exercise its functions in s16 of the Act in ways that for the long-term benefit of electricity consumers:

Encourage industry participants to efficiently develop and operate the electricity system to manage security and reliability in ways that minimise total costs whilst being robust to adverse events

Discussion