

Explanation of the Authority's Statutory Objective

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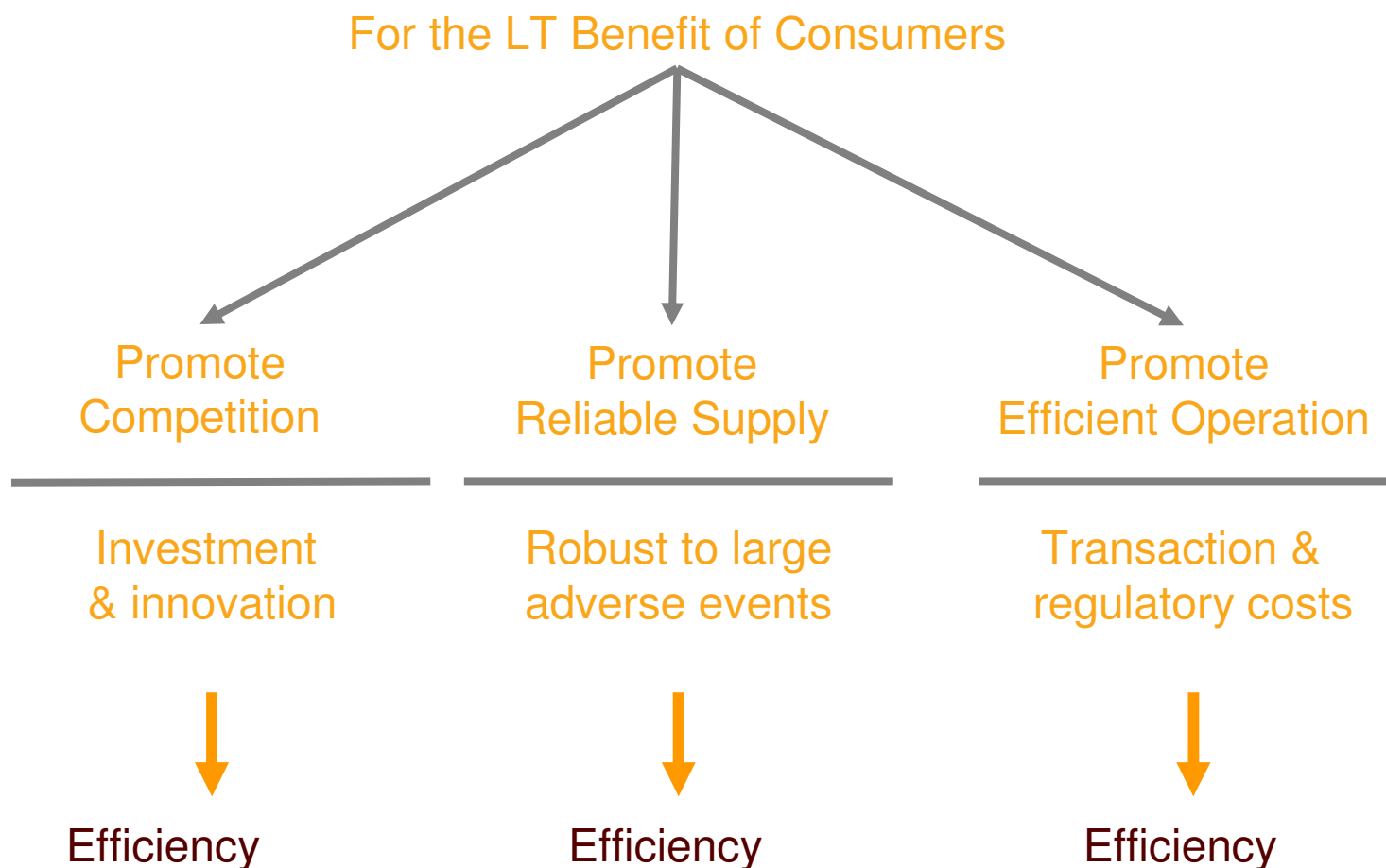


Statutory Objective

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



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 <u>long-term</u> 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

