MARKET BRIEF

21 June 2011



Contents

Developing the Authority's work programme for beyond 2011	1
Demand-side bidding and forecasting	2
Code Amendment Proposal: Consultation on the System Operator 2011/12 Draft Procurement Plan	2
Briefing – TPAG Transmission Pricing Discussion Paper	2
Reconciled levy rates for the four months ended 31 October 2010	2
Reconciliation Manager monthly breach report published	2
Compliance Update	3
Consumer switching statistics published	3
Locational Price Risk Technical Group (LPRTG): 9 June	3
Scarcity Pricing Forum: Minutes published	3
Current consultations	3
Subscription	4

Developing the Authority's work programme for beyond 2011

The Authority has begun planning its process for determining its work programme for the period beyond 2011, relating to its statutory objective to promote competition in, reliable supply by and the efficient operation of, the electricity industry for the long-term benefit of consumers.

The Authority's Statement of Intent explained that the Authority is seeking the following outcomes, which it has termed CRE aspirations:

- Competition: widespread consumer and investor confidence in the competitiveness of New Zealand's wholesale and retail electricity markets (within the bounds of a small open economy that cannot import electricity);
- Reliability: widespread consumer and investor acceptance of efficient levels of supply reliability across the 'supply chain' (generation, transmission, distribution and retailing); and
- Efficiency: widespread recognition that New Zealand wholesale and retail electricity markets, and transmission and distribution arrangements, are efficient mechanisms for coordinating electricity production and consumption, and for facilitating timely and innovative investment in the electricity system.

The first step in the process will be to assess the current 'state of play' of the sector relative to the Authority's CRE aspirations. It will do this by:

- Conducting a survey of consumers, investors and industry participants; and
- Holding strategy fora to review survey information; identify key regulatory issues and possible new work programme items.

The second step will be for the Authority to consult on a proposed multi-year work programme at the time of the appropriations consultation. Following that process the Authority will publish the multi-year work programme, including firm milestones.

Details of the Authority's earlier and current work programmes are available at:

http://www.ea.govt.nz/our-work/programmes/



Demand-side bidding and forecasting

The Authority has published a consultation paper on proposed Code amendments for the implementation of its demand-side bidding and forecasting proposal. Submissions close at 5pm on Wednesday 20 July 2011.

The consultation paper is available at:

http://www.ea.govt.nz/our-work/consultations/priority-projects/demand-side-bidding-forecasting/

Code Amendment Proposal: Consultation on the System Operator 2011/12 Draft Procurement Plan

A consultation paper on the System Operator 2011/12 Draft Procurement Plan has been published at:

http://www.ea.govt.nz/our-work/consultations/pso-cq/2011-draft-procurement-plan/

This year the System Operator has submitted a Procurement Plan to the Authority that only includes changes of a minor nature, the majority of which are necessary to give effect to the changeover from the Electricity Governance Rules 2003 to the Code (i.e. mainly cross references).

Submissions on the consultation paper should be made to submissions@ea.govt.nz by 4 pm on Wednesday, 6 July 2011.

Briefing – TPAG Transmission Pricing Discussion Paper

The Transmission Pricing Advisory Group (TPAG) is holding a public briefing on the content of its transmission pricing discussion paper on Wednesday 29 June 2011, at Te Papa commencing at 9.00am.

Those wishing to attend should register by sending their names and company details to conference@ea.govt.nz with 'TPAG briefing' in the subject line. An agenda is available at:

http://www.ea.govt.nz/about-us/news-events/events-calendar/tpag-public-briefing-on-transmission-pricing/

Reconciled levy rates for the four months ended 31 October 2010

The Authority has calculated the reconciled levy rates for the final four months of the Electricity Commission's term, from 1 July to 31 October 2010, in accordance with regulation 11 of the Electricity (Levy of Industry Participants) Regulations 2005.

The levy rates will be gazetted on Thursday 23 June, and will be available on the Authority website from that date at:

http://www.ea.govt.nz/about-us/levy/levy-rates/

Reconciliation Manager monthly breach report published

The Reconciliation Manager monthly breach report for June 2011 report is available at:

http://www.ea.govt.nz/industry/market/statistics-reports/reconciliation-manager-monthly-breach-reports/



Compliance Update

The latest Compliance Update is available at:

http://www.ea.govt.nz/act-code-regs/compliance/update/

Consumer switching statistics published

Retail statistics for May 2011 have been published, including Consumer Switching Statistics to May 2011 which are available at:

http://www.ea.govt.nz/industry/market/statistics-reports/icps-changing-electricity-supplier/

Locational Price Risk Technical Group (LPRTG): 9 June

Meeting papers for the meeting of the Locational Price Risk Technical Group held on 9 June are available at:

http://www.ea.govt.nz/our-work/advisory-working-groups/lprtg/9jun11/

Scarcity Pricing Forum: Minutes published

Minutes for the meeting of the Scarcity Pricing Forum held on 1 June are available at:

http://www.ea.govt.nz/our-work/advisory-working-groups/spf/1Jun11/

Current consultations

Proposed actions regarding 26 March 2011 UTS

The Authority is consulting on proposed actions to correct the Undesirable Trading Situation that occurred on 26 March 2011.

The consultation paper is available at:

http://www.ea.govt.nz/our-work/consultations/uts/15Jun11/

Starting: 15/06/2011, Ending: 21/06/2011 5:00pm

Fourth consultation - Part 10 review, Advanced Metering Infrastructure: Nomination of the MEP and access to data
- May 2011

This paper is the fourth consultation undertaken in connection with the fundamental review of part 10 of the Code (formerly part D of the Rules)

The consultation paper is available at:

http://www.ea.govt.nz/our-work/consultations/priority-projects/AMI-nomination-MEP-data-access/ Starting: 17/05/2011, Ending: 21/06/2011 5:00pm

More standardisation of distribution arrangements: Proposed draft Code amendments The Authority is progressing a number of priority projects to improve the performance of the electricity market, including the proposed introduction of more standardisation of distribution use-of-system agreements and distributor tariffs.

The consultation paper is available at:

http://www.ea.govt.nz/our-work/consultations/priority-projects/more-standardisation-proposed-code-amendments/ Starting: 25/05/2011, Ending: 22/06/2011 5:00pm



• Transmission Pricing Discussion Paper

This consultation relates to Transmission Pricing Discussion Paper prepared by the Transmission Pricing Advisory Group (TPAG). TPAG provides independent advice to the Authority, to assist with the Transmission Pricing Review and the TPAG discussion paper represents the views of TPAG, not the Electricity Authority. The discussion paper is available at:

http://www.ea.govt.nz/our-work/consultations/advisory-group/transmission-pricing/

Starting: 07/06/2011, Ending: 14/07/2011 5:00pm

Subscription

To subscribe or unsubscribe please email:

info@ea.govt.nz