

## Special Update – 2 February 2010

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### Market Development Program - Technical groups

The Market Development Program (MDP) utilises technical groups. The Transmission Pricing Technical Group has been in operation for some time. Nominations have closed recently for the Location Price Risk Technical Group.

#### Scarcity pricing and compulsory contracting

The Commission recently consulted on the possible introduction of measures to strengthen security of supply, including the introduction of compulsory contracting mechanisms, scarcity pricing arrangements, and a default buy-back scheme.

For further information on the consultation, see:

- <http://www.electricitycommission.govt.nz/consultation/scarcity-pricing>

After considering submissions, no further work on compulsory contracting arrangements is being pursued. Instead, the focus will be on developing working models for a default buy-back scheme (which would apply during any public conservation campaign) and scarcity pricing arrangements for both energy and capacity.

These working models will:

1. Assist in identifying key design issues, and options to address them, in relation to default buy-back and scarcity pricing arrangements.
2. Facilitate ongoing interaction with stakeholders as designs evolve.
3. Provide foundation material for a cost-benefit analysis on whether to proceed with any proposal.

Any decision on whether to implement a default buy-back or scarcity pricing scheme will be made after the next phase of work is complete and following formal consultation with stakeholders.

#### Call for nominations for technical groups

Nominations are invited for the Scarcity Pricing Technical Group and the Default Buy Back Technical Group being established to assist in preparing working models for the schemes.

Individuals can be nominated to more than one technical group, as membership across groups will facilitate the integration of work across related issues.

Details on the nominations and terms of reference for the groups are available at:

- <http://www.electricitycommission.govt.nz/opdev/mdp/scarcity-capacity>

Email nominations to [info@electricitycommission.govt.nz](mailto:info@electricitycommission.govt.nz), with the relevant technical group in the subject line.

Nominations close at 5pm, Thursday, 11 February 2010.

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## Contacts

Contact details for the Commission are at: <http://www.electricitycommission.govt.nz/contact>

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