



**ELECTRICITY  
AUTHORITY**

TE MANA HIKO



**PERFORMANCE  
SUMMARY 2014/15**

FOR THE PERIOD  
1 JULY 2014 TO 30 JUNE 2015





# THE ELECTRICITY AUTHORITY PROMOTES COMPETITION IN, RELIABLE SUPPLY BY, AND THE EFFICIENT OPERATION OF, THE ELECTRICITY INDUSTRY FOR THE LONG-TERM BENEFIT OF CONSUMERS.

## OUR STRATEGIC JOURNEY

### PHASE 1

1 NOV 2010

**The Electricity Authority was formed. Our work strives to address these key questions:**

- Are prices reasonable?
- Will the lights stay on?
- Do consumers have choices?
- Is innovation occurring?

We completed initiatives required by section 42 of the Electricity Industry Act 2010.

We focused on security of supply including the development of the customer compensation scheme and stress testing.

We aimed to improve retail competition with the launch of the *What's My Number* campaign and other initiatives to reduce barriers and make it easier for retailers to manage electricity industry risks.

### PHASE 2

NOV 2011 – JUNE 2013

We continued our focus on retail competition through the *What's My Number* campaign.

Initiatives in the wholesale markets, including an enhanced hedge market, reduced barriers and risks for retailers.



We're an independent Crown entity responsible for overseeing the operation of the New Zealand electricity markets.

Our vision is to be a world-class electricity regulator, delivering long-term benefits for consumers and contributing to the New Zealand economy.

This report presents results and highlights from 2014/15 with a particular focus on the impacts we have achieved for consumers.

## PHASE 3

### JUNE 2013 – 2015

We introduced initiatives to reduce barriers to residential consumers 'shopping around' and increase consumer engagement and information.

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We continued work on wholesale market initiatives to enhance retail competition.

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We published a strategic directions paper which identified our overall approach to new technology.

## PHASE 4

### 2015 AND BEYOND

We have an ongoing focus on competition, with a particular emphasis on retail.

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We are undertaking initiatives to enhance competition and efficiency in ancillary services.

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We are increasing our focus on addressing the efficient operation of the New Zealand electricity industry, with a particular focus on new technology.



# OUR STATUTORY OBJECTIVE

PROMOTE EFFICIENT OPERATION

PROMOTE RELIABLE SUPPLY

## OUR STRATEGIES

1

### REDUCING BARRIERS

Reducing barriers involves facilitating the entry, expansion and exit of parties in electricity markets.

MORE INFORMATION ON PAGE 12

2

### FACILITATING CONSUMER PARTICIPATION

Facilitating consumer participation involves making it easier for consumers to exercise choice of supplier and product.

MORE INFORMATION ON PAGE 14

3

### PROVIDING EFFICIENT PRICE SIGNALS

Efficient price signals help inform the investment and consumption decisions of participants and consumers, including decisions around new technology.

MORE INFORMATION ON PAGE 14

## OUR SERVICES

MARKET DEVELOPMENT,  
INCLUDING FACILITATING  
CONSUMER PARTICIPATION

MONITORING, INFORMATION  
AND EDUCATION



## PROMOTE COMPETITION

## FOR THE LONG-TERM BENEFIT OF CONSUMERS

# 4

### PROMOTING FLEXIBILITY AND RESILIENCE

We focus on ensuring the electricity sector is able to respond efficiently to changing market circumstances or unexpected events.

MORE INFORMATION ON PAGE 17

# 5

### FIT-FOR- PURPOSE MARKET SERVICES

We work with market operations service providers and the system operator to provide services and systems that increase market efficiency, ensure effective market operation and facilitate market development.

MORE INFORMATION ON PAGE 17

# 6

### INCREASING COMPLIANCE

Compliance plays a fundamental role to ensure the integrity of the electricity markets. We focus on proactive compliance monitoring.

MORE INFORMATION ON PAGE 20

## OPERATION OF THE ELECTRICITY SYSTEM AND MARKETS

## COMPLIANCE



# CASE STUDIES



## REDUCING THE BARRIERS TO REDUCE BURDEN: PG 13

The impact of changes to settlement and prudential security arrangements.



## IMPROVING CONFIDENCE THROUGH TRANSPARENCY: PG 15

New guidelines to improve consumer trust and confidence in the market.



## WINTER GRID EMERGENCIES: PG 16

We keep a close eye on grid events to ensure that the system and markets respond as they are meant to.



## DISPATCHABLE DEMAND A REALITY: PG 18

Improving competition by allowing electricity purchasers to compete with generators to set prices.



## AN EXTRA LEVEL OF ASSURANCE: PG 19

Regulated arrangements to make sure consumers are supported in the event of a retailer default.



## FIRST-EVER ELECTRICITY AUTHORITY PROSECUTION SETTLED: PG 21

Taking action to protect and enforce consumer rights under the Electricity Industry Act 2010.



## CHECKING-IN ON OUR PERFORMANCE: PG 22

Benchmarking our progress towards our vision of being a world-class electricity regulator.



# BY THE NUMBERS:

## RESULTS FOR CONSUMERS

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0.0%

ANNUAL RATE OF CHANGE IN  
RESIDENTIAL ELECTRICITY PRICES

STATISTICS NZ CONSUMER PRICE INDEX  
YEAR ENDING JUNE 2015

90%

OF CONSUMERS AGREE IT IS EASY TO  
SWITCH ELECTRICITY PROVIDER

2015 WHAT'S MY NUMBER TRACKER SURVEY



# INCREASE

IN NUMBER OF RETAIL BRANDS AVAILABLE  
IN EVERY REGION OF NEW ZEALAND



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## INTERNATIONAL RANKINGS

#1

MOST ACTIVE  
ELECTRICITY MARKET  
IN THE WORLD –  
VASAAETT GLOBAL  
ENERGY THINK TANK

#5

MOST SECURE  
ELECTRICITY  
MARKET,  
INTERNATIONAL  
INDEX OF ENERGY  
SECURITY RISK, 2014

#10

WORLD ENERGY  
TRILEMMA INDEX  
(RATING ENERGY,  
SECURITY, EQUITY  
AND SUSTAINABILITY)  
– WORLD ENERGY  
COUNCIL



# AUTHORITY BOARD



DR. BRENT LAYTON (CHAIR)



DAVID BULL



SUSAN PATERSON ONZM



HON ROGER SOWRY ONZM



ELENA TROUT

# AUTHORITY SENIOR LEADERSHIP TEAM



CARL HANSEN  
CHIEF EXECUTIVE



RORY BLUNDELL  
GENERAL MANAGER  
MARKET PERFORMANCE



FRASER CLARK  
GENERAL MANAGER  
MARKET SERVICES



ANDROULA DOMETAKIS  
GENERAL MANAGER  
CORPORATE SERVICES



ROSS HILL  
GENERAL MANAGER  
LEGAL AND COMPLIANCE



JOHN RAMPTON  
GENERAL MANAGER  
MARKET DESIGN



# REPORT ON OUTCOMES AND IMPACTS

## OUR STRATEGIC FRAMEWORK

### OUR STATUTORY OBJECTIVE



### OUR STRATEGIES



### OUR SERVICES



### OUR VISION

TO BE A WORLD-CLASS ELECTRICITY REGULATOR, DELIVERING LONG-TERM BENEFITS TO CONSUMERS AND CONTRIBUTING TO THE NEW ZEALAND ECONOMY

### HOW WE WORK: CAPABILITY FOCUS AREAS







## OUR STATUTORY OBJECTIVE: COMPETITION, RELIABILITY AND EFFICIENCY

### COMPETITION

Our focus is on workable competition in the retail electricity market—where ordinary consumers buy electricity. We also work to encourage competition in the wholesale market, which includes the spot market, the over-the-counter hedge market, the futures market, the metering market and various ancillary service markets (including instantaneous reserve, frequency keeping, voltage support and black start).

We facilitate or encourage increased competition in the markets for electricity and electricity-related services, taking into account long-term opportunities and incentives for efficient entry, exit, investment and innovation in those markets.

Results sought	How we track results	Target	Result
Widespread confidence among investors and consumers in the competitiveness of electricity markets.	Perception surveys	Overall improvement in suite of survey results.	 The trend is an improvement, with 2015 survey results slightly lower than 2014.
Overall improvement across a suite of statistics on electricity market competition.	Electricity market performance review	Overall improvement in suite of competition statistics.*	 There is an overall improvement in the suite of competition statistics.


\* The suite of statistics, and summary results to date are:

1. Retail market concentration (HHI statistic) — **improving trend**
2. Retail market share (CR4 statistic) — **improving trend**
3. Residual supplier analysis of the spot market (RS analysis) — replaced by net pivotal analysis - **too early to confirm trend for 2014/15**
4. Hedge market concentration (HHI statistic) — **improving trend**
5. Concentration in the ancillary services market (HHI of reserves statistic) — **worsening trend** over the past 12–18 months
6. Increased number of retailers' approaches to consumers with offers to induce switching (measured by survey) — **steady**.

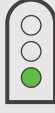
### RELIABILITY

We seek efficient levels of supply reliability across the supply chain (generation, transmission, distribution, metering and retailing).

Reliable supply means both reliability and security in the continuity and quality of supply. We facilitate and encourage industry participants to develop and operate the electricity system efficiently to manage security and reliability in ways that minimise total costs while being robust to adverse events.

Results sought	How we track results	Target	Result
Widespread acceptance among consumers of efficient levels of supply reliability.	Perception surveys	Overall improvement in survey results.	 The trend is an improvement, with 2015 survey results slightly lower than 2014.



Results sought	How we track results	Target	Result
Overall improvement across a suite of statistics on efficient levels of reliable electricity supply.	Electricity market performance review	Overall improvement in suite of statistics on the efficiency of security and reliability levels.*	 <p>There is an overall improvement in the suite of reliability statistics.</p>

\* The suite of statistics and summary results to date are:

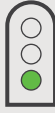
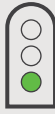
7. Pricing in scarcity events reflects opportunity cost, as measured by case-by-case analysis — **one event, in which the market performed as expected**
8. Effective management of dry years or emergency events, as measured by case-by-case analysis — **early 2015 reviewed, and the market performed as expected**
9. Capacity and energy margins are within efficient bounds, as measured by the annual security assessment — **standards set by the Authority are being exceeded**
10. Investigation of reliability events does not identify systemic issues, as measured by case-by-case analysis — **one review completed and issues identified**

## EFFICIENCY

We are seeking wholesale and retail electricity markets, and transmission and distribution arrangements, that are efficient mechanisms for coordinating electricity production and consumption, and for facilitating timely and innovative investment in the electricity system.

Efficiency measures apply in particular to parts of the market without workable competition as where there is workable competition a good level of efficiency should follow.

We take into account the transaction costs of market arrangements, the administration and compliance costs of regulation and Commerce Act implications for the non-competitive parts of the electricity industry.

Results sought	How we track results	Target	Result
Widespread recognition that electricity markets and transmission and distribution arrangements are efficient.	Perception surveys	Overall improvement in survey results.	 <p>The trend is an improvement, but with one of the 2015 survey results slightly higher than 2014.</p>
Overall improvement across a suite of statistics on electricity system and market efficiency.	Electricity market performance review	Overall improvement in suite of statistics on operational efficiency.*	 <p>There is an overall improvement in the suite of efficiency statistics.</p>

\* The suite of statistics and summary results to date are:

11. Robust futures prices — **market performing as expected**
12. Dry-year process reflects storage, as assessed by case-by-case analysis — **market performing as expected**
13. Exceptional prices are justified by underlying fundamentals, as assessed by case-by-case analysis — **one event in August 2014, in which the market performed as expected**
14. Reducing constrained-on compensation — **overall ancillary services costs have fallen since 2012**
15. Increased occurrence of demand bids setting spot prices — **not yet measured**



## OUR STRATEGIES AND IMPACT MEASURES

To achieve our strategic intentions, we work across the six broad strategies shown in our strategic framework. The strategies are summarised below, along with a summary report against the impact measures we use to track progress. The impact measures were set out in our 2014–2018 SOI and have been updated for 2015/16.


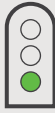
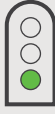

For each of our strategies we have outlined:

- **The problem:** the issue or risk in the market we are trying to resolve or mitigate.
- **Our actions:** the actions we have taken and plan to take (outputs/programmes/projects) and how they are intended to address the problem.
- **Results to date:** evidence (eg, statistical, anecdotal or via case studies) of an impact as a result of our actions.
- **Looking forward:** any planned action or evaluation of impacts.

### STRATEGY REDUCING BARRIERS



This strategy focuses on facilitating the entry, expansion and exit of parties in electricity markets. To reduce barriers we focus on ensuring regulatory frameworks support: market entry, exit and innovation; the uptake of technology; investment; making data and information available to assist informed investment and consumption decisions.

Impact measures	Result
A. A more level playing field for all retailers.*	 <p>Initiatives to date are demonstrably levelling the playing field.</p> <p>Evidence and anecdote show increasing competition through increased entry into the retail market, and enhanced ability for small retailers to expand.</p>
B. Improved information availability.	 <p>Initiatives have improved access to information and education for participants, and for a broad base of consumers.</p> <p>A significantly wider range of information has been made available to these stakeholders.</p>
C. Improved spot market risk and risk management.**	 <p>Significant progress has been observed in the hedge market over the past few years.</p> <p>Both the range of products and volumes traded have increased substantially since the Authority was established.</p>
D. Improved participation in ancillary services markets.***	 <p>Implementation of multiple frequency keeping has had an impact on the structure of the frequency keeping market. Costs have also fallen, but are not specifically attributable to this initiative.</p> <p>Work is progressing on other initiatives to improve ancillary service markets.</p>

#### Notes:

\* A level playing field occurs when the rules and regulatory practices treat all players neutrally. The SOI measure 'Reduced set-up costs for new retailers' is now covered by this broader measure.

\*\* The buying and selling of wholesale electricity is done via a 'pool' for each half-hour for each grid point of connection, where electricity generators offer electricity to the market and retailers and direct-connects bid to buy electricity. This market is called the spot market. This can expose buyers to very high (or very low) prices at times. Risk management is used to manage the risk of high and low prices (for example, through futures/hedge contracts).

\*\*\* The system operator contracts individual participants to provide five services essential to maintaining the common quality of electricity supply. These ancillary services are black start, over-frequency reserve, frequency keeping reserve, instantaneous reserve and voltage support. Improving the ability and willingness of participants to compete in these markets will improve reliability and efficiency.

CASE  
STUDY

1



# REDUCING THE BARRIERS TO REDUCE BURDEN

Changes to settlement and prudential security arrangements came into force in March 2015. This was a significant change that has made it easier for traders to predict their future prudential obligations. It also allows retailers to use income from generation to partially offset purchase payments. These changes were positive for all retailers, but particularly for retailers expanding their business as they can now compete for more customers with the same amount of capital.

**THE CHANGES TO SETTLEMENT AND PRUDENTIAL SECURITY REQUIREMENTS MAKE IT SIGNIFICANTLY EASIER FOR NEW ELECTRICITY RETAILERS TO ENTER THE MARKET AND FOR EXISTING RETAILERS TO GROW THEIR CUSTOMER BASE. THIS HAS CONTRIBUTED TO AN INCREASE IN THE NUMBER OF CHOICES AND COMPETITIVE OFFERS AVAILABLE RIGHT ACROSS NEW ZEALAND.**




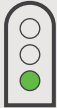


## STRATEGY



## FACILITATING CONSUMER PARTICIPATION

This strategy focuses on improving consumers' ability to easily participate in electricity markets. We want to make it easier for consumers to obtain useful information for making decisions about the price and service offering that reflects their preferences. Consumer participation is important because competitive markets are enhanced when consumers effectively engage and actively participate in the process for buying and selling goods and services. Consumers who are actively participating in markets put pressure on suppliers to compete more vigorously and innovate.


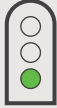

Impact measures	Result
A. Increased consumer awareness, understanding and motivation to participate in markets.	 What's My Number campaign surveys and switching data indicate an improvement in consumers' awareness, understanding and motivation to participate in markets.
B. Increased consumer participation in both wholesale and retail markets.	 There are strong indications of continued healthy levels of consumer participation. New Zealand and international sources indicate particularly strong retail competition.

## STRATEGY



## PROVIDING EFFICIENT PRICE SIGNALS

This strategy focuses on informing the investment and consumption decisions of industry participants and consumers. We focus on establishing efficient prices for electricity services through developing markets (where efficient and practicable) and sharing price data and information.

Impact measures	Result
A. Increased range of products or services with prices.*	 The range has increased significantly since the Authority was formed, and work has continued on enhancing and expanding products and services.
B. Increased accuracy of price forecasts.**	 Initiatives to date provide actual and anecdotal evidence of increased accuracy. Further initiatives are underway.
C. Reduced instances of inefficient prices, including during scarcity events.	 Two events investigated in 2014/15 (on 27 May and 19 August). No instances of inefficient prices were found. The result is consistent with recent years indicating that the market is working.
D. More efficient price signals for residential and small and medium enterprise (SME) consumers.	N/A Projects underway. Measurable results may not be possible for several years.

**Notes:**

The SOI measure 'Improved efficiency in transmission and distribution networks' has been removed as we are unable to measure it at this stage.

\* For example, the ASX NZ electricity futures market has a quarterly hedge product with prices listed for every quarter for 3.5–4 years in the future, which are traded and settled daily. The Authority encourages the development of new products to meet consumer risk management needs, such as new hedge products on the futures market.

\*\* The wholesale electricity market produces forecast electricity prices ahead of and during each half-hour trading period. Prices are typically finalised two days after the trading period. The Authority seeks to ensure that the design and operation of the wholesale electricity market encourages accurate forecast prices.

CASE  
STUDY

2



# IMPROVING CONFIDENCE THROUGH TRANSPARENCY

A concern that complex or confusing information about price increases could damage consumer confidence was at the heart of a project to improve the transparency of retailer and distributor communications.

In April 2015 we published guidelines to be followed by retailers and distributors when they communicate price changes to media or consumers. The aim of the guidelines is to help make sure consumers have timely access to sufficient information so they can understand their bills, see what is driving price changes and make choices about their retailer.

We continue to monitor the situation and will take further action in this area, if required.

**WE BELIEVE THESE GUIDELINES WILL REDUCE THE POTENTIAL FOR CONSUMERS' CONFUSION ABOUT THE REASONS FOR PRICE CHANGES, AND IMPROVE CONSUMERS' CONFIDENCE AND LEVEL OF ENGAGEMENT IN THE MARKET. IMPROVED CONSUMER CONFIDENCE AND ENGAGEMENT IS EXPECTED TO PROMOTE RETAIL COMPETITION AND ENHANCE THE DURABILITY OF THE ELECTRICITY MARKET.**



CASE  
STUDY

3



# WINTER GRID EMERGENCIES

We completed enquiries into two grid emergencies that occurred during winter 2014/15. Both were times when the electricity grid was not as secure as it normally is.

While we found no concerning trading conduct, the emergencies did highlight several potential issues around transmission pricing, demand-side participation and thermal generation commitments.

This monitoring work has fed into our market development work and into discussions with the system operator on potential improvements that could be made.

**RELIABLE ELECTRICITY  
SUPPLY IS VITAL TO  
NEW ZEALAND. THE  
AUTHORITY AND THE  
INDEPENDENT SECURITY  
AND RELIABILITY  
COUNCIL (SRC) CLOSELY  
MONITOR THE MARKET  
TO MAKE SURE THE  
INDUSTRY IS MANAGING  
THE RELIABILITY OF THE  
SYSTEM IN WAYS THAT  
MINIMISE TOTAL COSTS  
WHILE BEING ROBUST TO  
ADVERSE EVENTS.  
WE LOOK AT ANY  
UNUSUAL EVENTS TO  
DETERMINE THE CAUSE  
AND SEE WHETHER  
ANYTHING NEEDS TO BE  
DONE TO PREVENT SUCH  
AN EVENT OR OUTCOME  
FROM OCCURRING AGAIN.**


## STRATEGY

## 4

## PROMOTING FLEXIBILITY AND RESILIENCE

This strategy focuses on ensuring the electricity sector is able to respond efficiently to changing market circumstances (including emerging disruptive technologies like solar and electric vehicles) and to efficiently respond to unexpected events affecting the market.

We focus on enabling the capture and dissemination of price and non-price data and information to encourage broad participation in electricity markets. We also endeavour to facilitate efficient responses to changing market circumstances.

Impact measures	Result
A. The customer transfer process works effectively in the event of retailer default.	 Process completed.
B. Improving the cost and effectiveness of the frequency management regime.*	N/A Project work underway. Strategic review of frequency keeping will be completed in 2015/16. No results to date.

**Note:** The SOI measure 'Effective management of security of supply events' has been removed as it duplicated an outcome measure on page 20 of the 2014–2018 SOI.

\* Frequency management services are ancillary services contracted by the system operator.

## STRATEGY

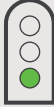


## 5

## ENSURING FIT-FOR-PURPOSE MARKET SERVICES

This strategy focuses on ensuring fit-for-purpose market services to support the efficient and effective operation of the wholesale and retail electricity markets.

We work with our market operations service providers and the system operator to provide services and systems that:

- increase market efficiency through enabling interoperability to participant systems, adapting to changes in IT technology and automating transaction processes
- ensure effective market operation through appropriate system reliability and resilience
- facilitate market development through the use of flexible and scalable systems.

Impact measures	Result
A. Market services are resilient to adverse events, as measured by case-by-case analysis.	 No adverse events have affected the delivery of the market services during the year.
B. Effective implementation of market development initiatives, as measured by case-by-case analysis, including participant feedback.	 The key implementation projects for 2014/15 were delivered on time and within approved budgets.
C. Cost of significant system changes/enhancements independently reviewed for value for money.	 The costs for the delivery of the new settlement and prudential security arrangements into the clearing manager system were independently reviewed and found to be consistent with relevant benchmarks.

**Note:** The SOI measure 'Participants consider services meet their needs' has been removed as it duplicated output measures for market services.



CASE  
STUDY

4



# DISPATCHABLE DEMAND A REALITY

In May 2014 we completed Code amendments required to allow a dispatchable demand regime and in November 2014 we reached a significant milestone for the wholesale market, as the first organisation opted into this regime.

Dispatchable demand enables the system operator to dispatch electricity consumption in a similar way to electricity generation. It means electricity purchasers can effectively compete with generators to set prices, particularly when supply is tight. It also contributes to the efficiency and reliability limbs of our statutory objective, by improving the quality of information used to produce final prices and making existing demand-response more certain.

**DISPATCHABLE DEMAND  
COULD IMPROVE PRICES FOR  
RESIDENTIAL CONSUMERS OVER  
TIME BY ALLOWING ELECTRICITY  
PURCHASERS TO COMPETE WITH  
GENERATORS TO SET PRICES.  
THIS SHOULD ULTIMATELY FEED  
THROUGH TO MORE RETAIL  
COMPETITION AND BETTER  
PRICES FOR CONSUMERS.**



CASE  
STUDY

5



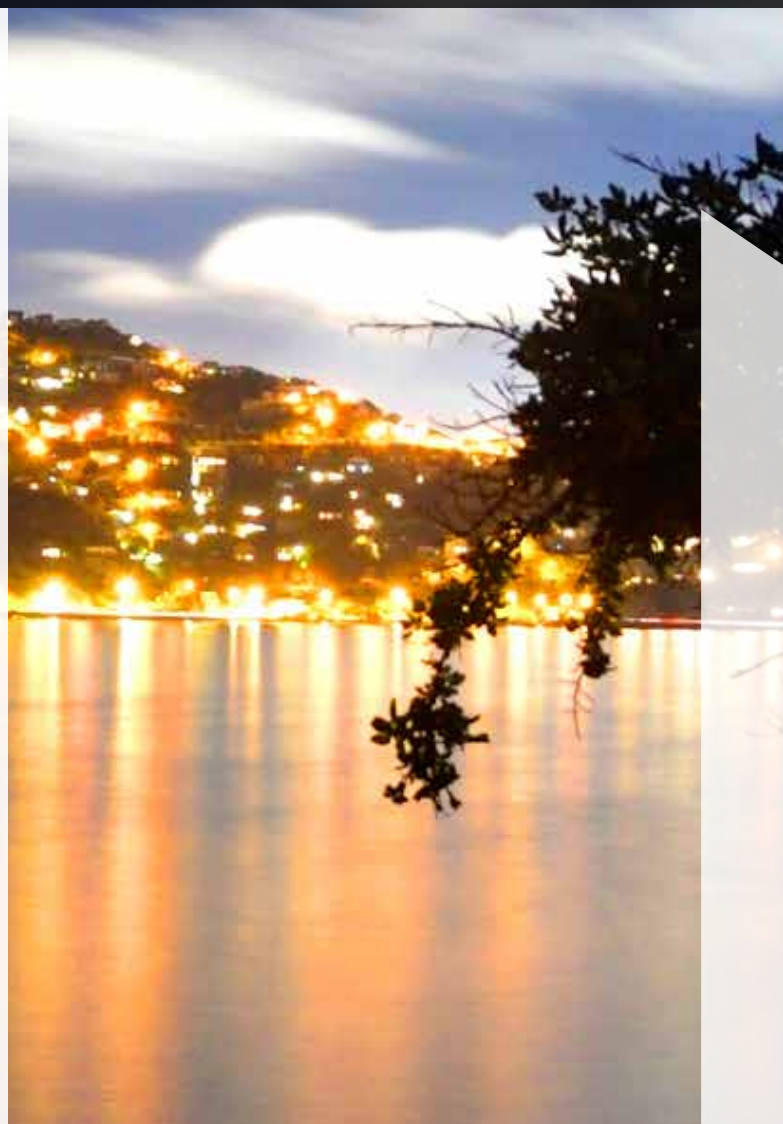
# AN EXTRA LEVEL OF ASSURANCE

Regulated arrangements for managing a retailer default became operational in July 2014. These arrangements will be followed if an electricity retailer does not fulfil its financial obligations to the market, or becomes insolvent for another reason.

This is important, as the ongoing failure by a retailer to pay for electricity or distribution services can lead to increasing financial losses by generators and distributors and could ultimately leave customers stranded without a retailer.

Along with the regulations, detailed guidelines have been prepared that cover the phases of the default situation, how market participants would need to respond and how retailers and distributors would communicate with consumers.

**IN THE UNLIKELY EVENT THAT AN ELECTRICITY RETAILER GOES OUT OF BUSINESS, IT'S IMPORTANT FOR CONSUMERS TO KNOW THEIR ELECTRICITY SUPPLY WILL NOT BE AFFECTED AND THEY'LL BE GIVEN ASSISTANCE (IF REQUIRED) TO FIND ANOTHER RETAILER. THE RETAILER DEFAULT PROVISIONS DO JUST THAT, ALLOWING CONSUMERS TO SHOP AROUND AND CONSIDER ANY RETAILER WITH CONFIDENCE.**






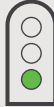
## STRATEGY



## INCREASING COMPLIANCE

This strategy focuses on ensuring the integrity of the electricity market. Compliance plays an integral role to ensure the integrity of the electricity markets.

We take a risk-based and proportionate approach to compliance, recognising that most industry participants want to comply with their regulatory obligations voluntarily, or can be encouraged or induced to do so. We place an emphasis on proactive compliance monitoring, rather than just resolving breaches after the event. Our focus is on facilitating voluntary compliance by providing information, education, encouragement and assistance. Serious compliance matters are formally investigated and may be subject to enforcement action.

Impact measures	Result
A. Downward trend in frequency of non-compliance (same type of event, same participant).	 Excluding one-off category 1 metering notifications, the underlying trend of breach notifications is a continuing small reduction.
B. Downward trend in the number of serious breaches.	N/A While the numbers of serious breaches formally investigated actually increased to 18 (from nine in the previous year), because the number of investigations remains small, and there were several one-off breaches involved, we do not consider a trend has emerged.
C. Increased awareness of the Act, regulations and Code among participants.*	 The 2015 survey shows overall awareness levels similar to the previous surveys in 2012 and 2014. Awareness levels are considered good. Long-term monitoring is required to establish clear trends.

**Note:** \* Previously an output measure. This is measured by a survey of participants.

CASE  
STUDY

6



# FIRST-EVER ELECTRICITY AUTHORITY PROSECUTION SETTLED

We settled out-of-court with the OtagoNet Joint Venture in early 2015, successfully concluding our first prosecution under the Electricity Industry Act 2010.

Under section 105(4)(a) of the Act, we had alleged that the supply of electricity to a consumer was not resumed as soon as was reasonable in the circumstances.

Severe flooding and snow storms in Otago in June 2013 caused several electricity lines on OtagoNet's network to fail, including a section of line known as the Mt Allan spur line, which served a single consumer. We commenced the prosecution after OtagoNet refused to reconnect the Mt Allan spur line following the consumer's complaint.

The out-of-court settlement included OtagoNet admitting its breach of the Act, apologising, paying reparation to the consumer affected, contributing to legal costs and making a donation to several charities in place of a penalty under the Act.

**WE ONLY TAKE PROSECUTION ACTION IF WE ARE SATISFIED IT IS REQUIRED IN THE PUBLIC INTEREST. IN THIS CASE, IT WAS IMPORTANT TO REASSURE CONSUMERS THAT WE WILL TAKE ACTION TO PROTECT AND ENFORCE THEIR RIGHTS UNDER THE ACT IF REQUIRED.**





CASE  
STUDY

7



# CHECKING-IN ON OUR PERFORMANCE

We've completed a Performance Improvement Framework (PIF) self-review. This is a government initiative, designed to help agencies identify their strengths and areas for improvement. It is based on leading international private and public sector performance improvement models.

Overall, the results were extremely positive, particularly around our external relationships, direction and delivery of our core business. We also identified a range of improvement opportunities. In 2015/16 we're progressing work to:

- further enhance our leadership capability
- continue to improve project management practices
- focus on continuous improvement.

**OUR VISION IS TO BE A WORLD-CLASS ELECTRICITY REGULATOR. COMPLETING THE PIF SELF-REVIEW WAS ONE WAY WE COULD BENCHMARK OUR PROGRESS TOWARDS THIS AMBITION.**

**WE EXPECT THE IMPROVEMENT OPPORTUNITIES WE ARE PROGRESSING WILL LEAD TO MORE EFFICIENT, HIGHER QUALITY RESULTS.**







## CONTACT US


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## ABOUT THIS DOCUMENT

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This is a performance summary of the Electricity Authority's achievements for the period 1 July 2014 to 30 June 2015. You can view our full Annual Report for 2014/15 at [www.ea.govt.nz/annual-report](http://www.ea.govt.nz/annual-report)