MDAG meeting: 20 October 2021

Price discovery under 100% renewables: summary of stakeholder discussions

Market Development Advisory Group

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Stakeholder meetings

Meetings held with:

- Genesis
- Contact and Simply Energy
- Meridian
- EnelX
- Orion
- MEUG
- EPOC
- Vector
- Electric Kiwi and Haast
- Mercury
- Transpower
- IEGA
- Trustpower
- Flick
- SolarZero
- First Gas

Key themes

- Market can deliver efficient price discovery and investment but may need some tweaks
- Enabling much greater participation of demand response is a key requirement
- The transition to 100% renewable is critical, and there are major risks around abrupt exit of large thermal plant
- The contract market – and potentially parties' risk management behaviour – will need to evolve to support effective risk management under a more volatile market
- The entry of intermittent generation, particularly solar, could occur much more swiftly and at larger scale than anticipated
- The role of hydro with storage is likely to change given its greater operational flexibility to providing more 'firming' of intermittent generation, but with more hydro spill
- Ongoing concerns about competition and market power impeding delivery of efficient outcomes to consumers