

**From:** [Andy Doube](#)  
**To:** [Charles Teichert](#); [Joey Au](#)  
**Cc:** S9(2)(a)  
**Subject:** RE: [External] Letter from Electricity Authority to Nova Energy - Response to Fact Checking  
**Date:** Wednesday, 1 December 2021 12:58:02 pm  
**Attachments:** [image002.png](#)

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**From:** Paul Baker S9(2)(a)  
**Sent:** Thursday, 7 October 2021 5:26 pm  
**To:** Joey Au S9(2)(a)  
**Cc:** Andy Doube S9(2)(a); Babu Bahirathan S9(2)(a); Charles Teichert S9(2)(a); Blair Boswell S9(2)(a)  
**Subject:** RE: [External] Letter from Electricity Authority to Nova Energy - Response to Fact Checking

Hi Joey, Andy

I understand you are not seeking feedback, other than fact checking at this stage, but I will note that there is concern here that high electricity prices are being attributed to gas producers.

This view is evident in the reported comment by Forsyth Barr:

Forsyth Barr says it believes the market is working as it is supposed to.

“High prices indicate the wholesale electricity market is functioning, albeit we recognise the question the EA is looking at is whether they are too high,” it says.

“High prices are sending the right signals to invest in new generation. In addition, the main cause of the rising wholesale electricity prices is high thermal fuel costs (spot gas costs have more than doubled since 2018) and rising carbon prices (spot carbon costs have tripled since the beginning of 2018), so the signal is to displace thermal generation.”

Source: [Nervous wait for wholesale price review report | Energy News](#) Highlight mine

As is currently being demonstrated in global energy prices, tightness in any one energy source lifts prices for all forms of energy, i.e. prices for coal, oil, gas, lpg etc are closely linked.

In the NZ context, the hydro generators set higher prices to protect themselves from being short in the event of continued low inflows, the subsequent higher electricity prices created a higher value for gas, in effect a new equilibrium price between energy sources was required. In the short term with limited flexibility for increased supply (or demand response), that short term signal can be very strong, but an equilibrium price was achieved.

I am sure that you will understand the issues, but we also need to see that reflected in how the price drivers are reported to the wider market.

Regards  
Paul

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**From:** S9(2)(a) S9(2)(a) On Behalf Of Joey Au

**Sent:** Thursday, 7 October 2021 12:00 PM

**To:** Paul Baker S9(2)(a)

**Cc:** Andy Doube S9(2)(a); Joey Au S9(2)(a)

**Subject:** [External] Letter from Electricity Authority to Nova Energy - Response to Fact Checking

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Dear Paul

Please find letter **attached** from Andrew Doube, re: Fact checking process for the Review of competition in the wholesale market.

Kind regards

Joey Au



**Joey Au**

Acting General Manager – Market Policy

My emails are often brief. [Here's why](#)

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