MARKET BRIEF

29 November 2010



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Alignment with objective

The Electricity Authority is well-advanced in putting in place its key foundation documents and establishing its new functions, examples being market monitoring, establishing the Consumer Switching Fund, and its expanded role in compliance.

In terms of compliance, the Board has confirmed that the philosophy and assessment processes and criteria will remain unchanged whilst it gains experience with the current approach. Consistent with previous practice, the Authority will hold a compliance conference next year to discuss compliance issues.

The Authority is also reviewing its current activities to ensure they are consistent with the statutory objective of promoting competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.

The Authority inherited many of the market facilitation measures of the former Electricity Commission. The review will consider the alignment of these measures with its new statutory focus, which no longer contains references to fairness and environmental sustainability.

Transmission Pricing Review: Revised process

Following the establishment of the Authority and in light of submissions from the stage 2 consultation paper, the Authority has developed a revised process for the transmission pricing review which is available at:

http://www.ea.govt.nz/our-work/programmes/priority-projects/transmission-pricing-review/

The revised process includes additional consideration and consultations on:

the decision framework, including the pricing principles; and

the transmission pricing options currently under investigation.



2011/12 Appropriations and Work Priorities – Consultation paper released

The Authority and the Energy Efficiency and Conservation Authority (EECA) have released a consultation paper on the proposed levy-funded appropriations and work priorities for 2011/12.

The paper also covers funding for the Ministry of Consumer Affairs to promote and improve the Powerswitch website.

Consultation closes at noon Friday, 7 January 2011.

The consultation paper is available at:

http://www.ea.govt.nz/our-work/consultations/corporate/proposed-appropriations-2011-12/

2009/10 Annual Report for the Electricity Commission

The Authority has responsibility for residual reporting for the Electricity Commission. This includes publication of the 2009/10 Annual Report, which has just taken place. The report is available at:

http://www.ea.govt.nz/about-us/ec-archive/about-the-commission/documents-publications/annual-reports/

The Authority will also be publishing a final Annual Report for the Commission covering the period 1 July to 31 October 2010. This final Annual Report is expected to be published in March 2011.

Current Consultations

- 2011/2012 Appropriations and Work priorities. Section 129 of the Act requires the Authority and EECA to consult
 on proposed appropriations for the coming year. The paper is available at:
 http://www.ea.govt.nz/our-work/consultations/corporate/proposed-appropriations-2011-12/
 Submissions should be provided to submissions@ea.govt.nz by 5.00 pm Friday, 7 January 2011.
- Draft interpretation of the Authority's statutory objective. The paper is available at: http://www.ea.govt.nz/our-work/consultations/corporate/statutory-objective
 Responses should be provided to submissions@ea.govt.nz by 5.00 pm Monday, 29 November.
- Draft consultation charter (includes Code amendment principles, or CAPs). The paper is available at: http://www.ea.govt.nz/our-work/consultations/corporate/consultation-charter
 Responses should be provided to submissions@ea.govt.nz by 5.00 pm Monday, 29 November.
- Draft charter for Advisory Groups and the Security and Reliability Council. The paper is available at: http://www.ea.govt.nz/our-work/consultations/corporate/advisory-groups-charter
 Submissions should be provided to submissions@ea.govt.nz by 5.00 pm Monday, 29 November.

Scarcity Pricing Default Buyback Technical Group meeting: 18 November 2010

Group Minutes and meeting papers are available at:

http://www.ea.govt.nz/our-work/advisory-working-groups/spdbtg/18Nov10/

Scarcity Pricing Default Buyback Technical Group meeting: 21 October 2010

Group Minutes and meeting papers are available at:

http://www.ea.govt.nz/our-work/advisory-working-groups/spdbtg/21Oct10/



Change to correspondence with the Authority

Correspondence to do with the business of the Authority should be addressed to the Chief Executive, Carl Hansen, or to an appropriate party at the Authority and not the Chair, Dr Brent Layton. The Authority's governance structure has changed from that of the Electricity Commission, which had an executive chair, and the Chief Executive is the contact in the first instance, concerning the Authority's business affairs.

Electricity Authority contact information

The Electricity Authority is located at Level 7, ASB Bank Tower, 2 Hunter Street, Wellington. The postal address is PO Box 10041 Wellington 6143 and the telephone number is (04) 460 8860. The website address is www.ea.govt.nz.