MARKET BRIEF

20 December 2010



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Call for Nominations: Security and Reliability Council chairperson

The Electricity Industry Act 2010 (Act) requires the establishment of the Security and Reliability Council (SRC) to provide independent advice to the Authority on reliability of supply issues and on the performance of the electricity system and the system operator. To have the SRC established in advance of winter 2011, nominations for the chairperson and members are being progressed as a matter of priority. A call for nominations for the SRC chairperson is being released today. The closing date for nominations is Wednesday 19 January 2011, with an appointment expected in early February 2011.

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

A call for nominations for remaining members of the SRC will be released soon after the chairperson's appointment, with appointments expected in early March 2011.

Call for Nominations: Advisory Group chairpersons

In accordance with the Act, the Authority is establishing the following standing advisory groups to provide independent advice to the Authority on the development of the Code and on market facilitation:

- · Retail Advisory Group (RAG); and
- Wholesale Advisory Group (WAG).

A call for nominations for the chairpersons of these groups is being released today. The closing date for nominations is Wednesday 19 January 2011, with appointments expected in early February 2011.

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

A call for nominations for remaining members of these groups will be released soon after the appointment of the chairpersons, with appointments expected in early March 2011.

The Authority intends to seek nominations for a third standing advisory group, the Transmission Advisory Group (TAG), at a later date.



Call for Nominations: Transmission Pricing Advisory Group

The Authority is also establishing an ad-hoc advisory group - the Transmission Pricing Advisory Group (TPAG). This group will be tasked with recommending to the Authority Board a preferred transmission pricing option.

This is in response to industry participant feedback, seeking more senior executive engagement in reviewing the transmission pricing methodology and committing to finding a preferred option in accordance with the current transmission pricing review timeline, which meets the regulatory requirements and can achieve stakeholder buy-in.

A call for nominations for the TPAG chairperson and members is also being released today. The closing date for TPAG nominations is Wednesday 19 January 2011.

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

TPAG appointments are expected in late January.

Scarcity Pricing Forum

The Authority is seeking expressions of interest for a half-day scarcity pricing forum to be held in late January or early February 2011, with the possibility that further half-day forum meetings will occur during February.

The purpose of the forum is to provide an opportunity for senior consumer and industry executives to deliberate on the Authority's scarcity pricing project. The intended audience is one representative per organisation at the CEO or GM level.

The objective of the scarcity pricing forum is to develop a consensus position on the approach to scarcity pricing that best meets the Authority's statutory objective and Code Amendment Principles. Output from the forum will transition to the Wholesale Advisory Group once members to that group have been established.

We expect to continue to require technical advice from the Scarcity Pricing and Default Buyback Technical Group, in particular around detailed design and implementation issues moving forward.

Further details, including an agenda and confirmation, will be sent in the early New Year. Organisations intending to participate are requested to notify lisa.dufall@ea.govt.nz with the name of a nominated attendee and a preferred range of dates. Please note that attendance will be limited to ensure that effective discussions are possible. Additional questions may be directed to lana.stockman@ea.govt.nz.

Project Plan: Purchase by retailers of power from small-scale distributed generation

The Authority has approved a project to address issues related to the purchase by retailers of power from small-scale distributed generation (DG). This is one of the recommendations made under the Ministerial Review of electricity market performance. Key deliverables include:

- terms and conditions for payment by retailers of exported electricity from small-scale DG,
- updates to Part 6 of the Electricity Industry Participation Code (Connection of DG); and
- providing for the regular reporting of DG statistics.

A consultation paper is anticipated by June 2011.

The project plan is available at:

http://www.ea.govt.nz/our-work/programmes/market/terms-and-conditions-for-distributed-generation/



Levy rates for the eight months ending 30 June 2011

The Electricity Authority has calculated levy rates for the 8 months from 1 November 2010 to 30 June 2011 in accordance with regulation 7 of the Electricity Industry (Levy of Industry Participants) Regulations 2010.

The levy rates will be gazetted on Thursday, 23 December 2010 and will be also available at:

http://www.ea.govt.nz/about-us/levy/levy-rates/

Current Consultations

Customer compensation scheme - Mandatory Default Arrangements
One of the priorities for the Market Development Programme is the development of a customer compensation scheme, requiring retailers to make payments to consumers in the event of a public conservation campaign.
The paper is available at

http://www.ea.govt.nz/our-work/consultations/priority-projects/ccs-mandatory-default/ Starting: 14/12/2010, Ending: 13/01/2011 5:00pm

2011/12 Appropriations and Work Priorities 2011/2012
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/ Starting: 22/11/2010, Ending: 07/01/2011 5:00pm

Submissions

Submissions received in response to the draft foundation documents are available at:

http://www.ea.govt.nz/our-work/consultations/corporate/statutory-objective/submissions/

http://www.ea.govt.nz/our-work/consultations/corporate/advisory-groups-charter/submissions/

http://www.ea.govt.nz/our-work/consultations/corporate/consultation-charter/submissions/

Electricity Authority holiday business hours

The Electricity Authority will be closing on Friday, 24 December and re-opening on Wednesday, 5 January 2011.

Next Market Brief

This is the final edition of Market Brief for 2010. The first edition of Market Brief for 2011 will be on Monday, 17 January.

Season's greetings

The Board, Chief Executive and staff of the Authority would like to take this opportunity to wish you the season's greetings and a happy, relaxing and safe holiday with family and friends.



Subscription

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