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## Wholesale electricity prices - December 2010 report

The Electricity Authority has released its report on the run-up in wholesale electricity prices during December 2010. It is available at:

- <http://www.ea.govt.nz/about-us/documents-publications/>

The Authority considers that hydro generators, acting in an environment of incomplete information and concern about hydrology, raised offers to the degree necessary to induce conservation of storage, and that further investigation is unwarranted on this occasion.

Factors taken into account in the Authority's assessment include lake storage levels, snow pack, the La Nina weather pattern, Maui outage, thermal plant availability, and industry information flows. Consideration has also been given to generator offer behaviour and counterfactual pricing that would have occurred had offers been structured differently.

The report notes significant uncertainty in the industry during December regarding perceived risks to supply and highlights the importance of timely and reliable information for a well-functioning market. To address this issue, the Authority intends reviewing policies, procedures and oversight mechanisms relating to information disclosure, as part of the implementation of its market monitoring regime.

An information paper detailing the Authority's proposals for carrying out its industry and market monitoring role is scheduled for release as a priority.

## Subscription

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