

Contents

Customer compensation during public conservation campaigns	1
Response to submissions: Customer Compensation Scheme – Mandatory Default Arrangements	1
Subscription	2

Customer compensation during public conservation campaigns

The Electricity Industry Act 2010 (Act) specifies seven priority matters for early action by the Electricity Authority.

In particular, s.42(2)(a) of the Act requires the Authority to amend the Electricity Industry Participation Code 2010 (Code) by 1 November 2011 to require electricity retailers to pay compensation to customers during public conservation campaigns.

Following stakeholder consultation, the Authority is today gazetting Code amendments implementing a Customer Compensation Scheme with effect from 1 April 2011.

Under the provisions of the Scheme, retailers will be required to pay each of their qualifying residential and small business customers \$10.50 per week for the duration of any public conservation campaign called in accordance with clause 9.23 of the Code.

The purpose of the Scheme is to encourage electricity retailers to more actively use commercial arrangements to manage dry year risks, rather than rely on 'free savings' from consumers as appears to have occurred in the past. The stronger focus on commercial arrangements is expected to result in more contracting for demand response, such as demand buybacks and innovative schemes to more closely link compensation payments to electricity savings, greater investment in dry year generation capacity, and greater use of hedge contracts to manage risk.

The end result of the Scheme's introduction should be better management of dry year risk and greater consumer confidence in the New Zealand electricity system. The Scheme is a key lever for the Authority to promote reliable supply for the long-term benefit of consumers, as required by the statutory objective.

Nevertheless, extreme dry periods will occur from time-to-time, in which case the need for a public conservation campaign will be real and consumers will be compensated accordingly.

Details of the Scheme are available at:

- <http://www.ea.govt.nz/consumer/customer-compensation-scheme/>

The Gazette notice and Code amendments will be available at:

- <http://www.ea.govt.nz/act-code-regs/code-regs/code-changes/>

Response to submissions: Customer Compensation Scheme – Mandatory Default Arrangements

A response to submissions received on the consultation paper *Customer Compensation Scheme – Mandatory Default Arrangements* is available at:

- <http://www.ea.govt.nz/our-work/consultations/priority-projects/ccs-mandatory-default/ccs-mandatory-default/>



Subscription

To subscribe or unsubscribe please email:

info@ea.govt.nz