

# Market Development Programme

## Transmission Pricing Technical Group

24 June 2009

Mervyn English

# MDP context – strategic priorities

|                                       | Market Design Review | 2008 Winter Review | Commerce Commission investigation |
|---------------------------------------|----------------------|--------------------|-----------------------------------|
| Strengthen competition                | ●                    |                    | ●                                 |
| Improve investment/<br>supply signals | ●                    | ●                  |                                   |
| Improve market monitoring             | ●                    | ●                  | ●                                 |

MDP needs to reflect EC's strategic priorities as reinforced by recent reviews

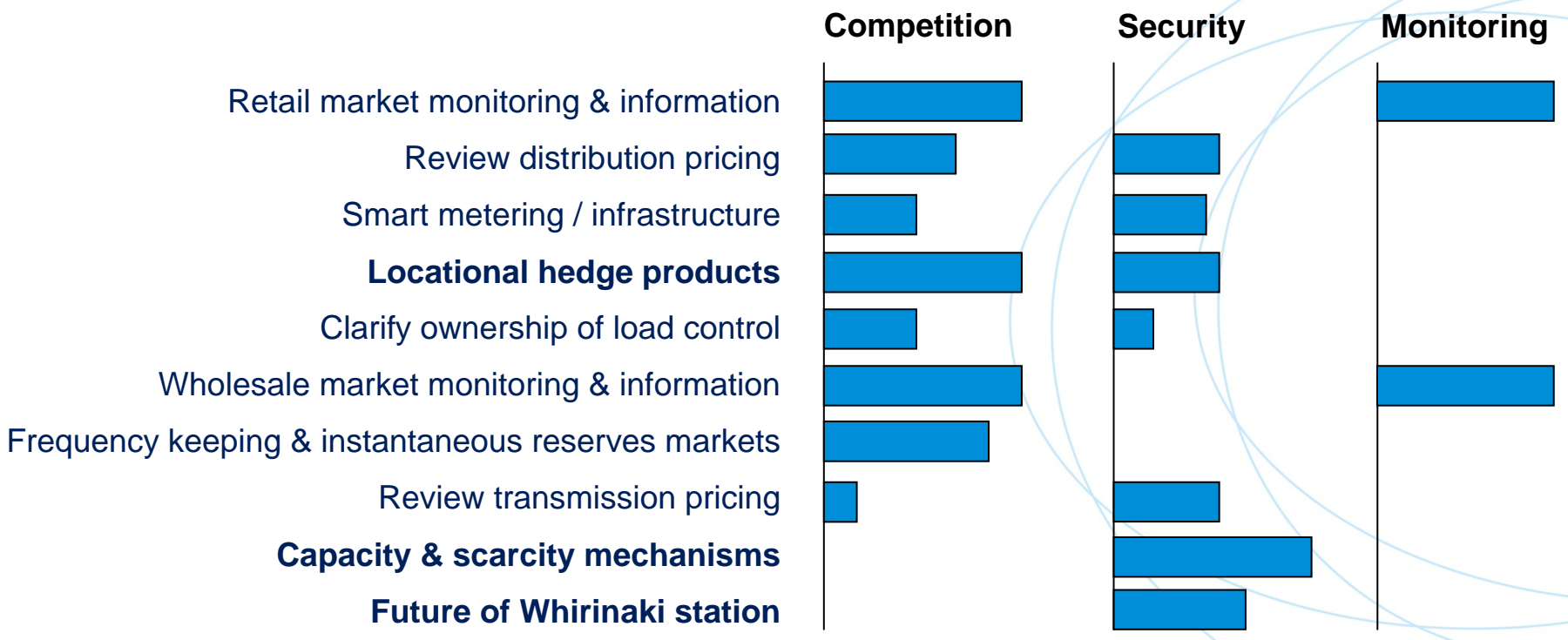
# MDP – key elements



MDP elements driven by strategic priorities and current legislative framework

# MDP – prioritisation of work

illustrative



MDP elements driven by strategic priorities

# Transmission pricing review

## **Issue:**

Structure of transmission prices will affect incentives of payers – in turn influence demand growth and demand response, location of generation investment and generation operating decisions

## **Potential solutions:**

Review transmission pricing

## **Facilitates:**

Consideration of locational hedges

Coherent price signal through value chain

# MDP progress on key projects

- Capacity and scarcity
- Locational hedges
- Future of Whirinaki
- Market monitoring
- Property rights for load management