

Appendix 2 Consideration against objectives and outcomes

Objectives and outcomes under section 172N of the Act	Response
The Commission's principal objectives are as follows:	
<p>(a) to ensure that electricity is produced and delivered to all classes of consumers in an efficient, fair, reliable, and environmentally sustainable manner; and</p> <p>(b) to promote and facilitate the efficient use of electricity.</p>	The proposed rule amendments ensure that electricity is settled fairly and efficiently in the wholesale market, and these benefits will flow to consumers through reduced trading risk.
The specific outcomes that the Commission must seek to achieve are as follows:	
(a) energy and other resources are used efficiently;	The proposed rule amendments support efficient use of electricity by ensuring effective settlement and switching.
(b) risks (including price risks) relating to security of supply are properly and efficiently managed;	This outcome would not be affected by the proposed amendments.
(c) barriers to competition in the electricity industry are minimised for the long-term benefit of end-users;	Improvements in the Rules for the switching of customers and accurate reconciliation of electricity will ensure that barriers to competition are minimised, allowing innovation and long term benefit to customers.
(d) incentives for investment in generation, transmission, lines, energy efficiency, and demand-side management are maintained or enhanced and do not discriminate between public and private investment;	Improvements in generator trading and reconciliation accuracy with the ability to correct material information errors will ensure that the financial risk associated with settlement errors is minimised.
(e) the full costs of producing and transporting each additional unit of electricity are signalled;	The ability to correct errors in settlement would ensure that actual costs are signalled to users and the industry.
(f) delivered electricity costs and prices are subject to sustained downward pressure; and	The ability to correct errors in settlement would ensure that actual costs are signalled to users and the industry.

<p>(g) the electricity sector contributes to achieving the Government's climate change objectives by minimising hydro spill, efficiently managing transmission and distribution losses and constraints, promoting demand-side management and energy efficiency, and removing barriers to investment in new generation technologies, renewables, and distributed generation.</p>	<p>The proposed rule amendments further these objectives by ensuring that barriers to switching and settlement are minimised.</p>
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Objectives and Outcomes under the GPS	Response
<p>67. The Commission should promote and facilitate efficient and well-functioning markets and related arrangements for:</p> <p>...</p> <ul style="list-style-type: none"> • reconciliation and settlement <p>...</p>	<p>Improvements in reconciliation accuracy with the ability to correct material information errors will ensure that the financial risk associated with settlement errors is minimised.</p>
<p>115. The Commission should take primary responsibility to promote and facilitate efficient and well-functioning markets and related arrangements for:</p> <p>...</p> <ul style="list-style-type: none"> • Processes and procedures to ensure that consumers are able to switch retailers with a minimum of inconvenience and cost <p>...</p>	<p>Improvements in the Rules for the switching of customers will ensure that barriers to competition are minimised, allowing innovation and long term benefit to customers.</p>