

Electricity Commission

Report against the

*Government Policy Statement on Electricity
Governance (GPS)*

To 30 June 2009

Introduction

1. This report provides information on the Electricity Commission's (Commission's) achievements against the GPS for the period to 30 June 2009.
2. Section 172ZK of the Electricity Act 1992 provides that the Minister must set objectives and outcomes to which the Government wants the Commission to give effect, and against which the Commission must report. Section 172ZM of the Electricity Act 1992 requires the Commission to report on its performance against and the outcomes and objectives contained in this Government Policy Statement on Electricity Governance (GPS).
3. The 2008–2011 SOI was prepared based on the GPS published in May 2008. The Minister provided the Commission with a replacement GPS in May 2009.
4. The table below provides a summary of the GPS requirements and reports on the Commission's progress against those requirements to 30 June 2009. Where relevant, the table provides paragraph references for both the 2008 and 2009 versions of the GPS.

Glossary of abbreviations and terms

Act	Electricity Act 1992
AUFLS	Automatic Under-frequency Load Shedding
BA	benchmark (transmission) agreement
CCRS	consumer complaints resolution system
CDS	Centralised Dataset
Commission	Electricity Commission
EECA	Energy Efficiency and Conservation Authority
EGCC	Electricity and Gas Complaints Commission
GEM	Generation expansion model
GIC	Gas Industry Company
GPS	<i>Government Policy Statement on Electricity Governance</i>
GRS	grid reliability standards
GUP	grid upgrade plan
HVDC	high-voltage direct-current
ICR	interconnection rules
LRMC	Long run marginal cost
MDP	Market Development Programme
MED	Ministry of Economic Development
Minister	Minister of Energy and Resources
MOU	memorandum of understanding
MSD	Ministry of Social Development
MSP	Market Systems Project (Transpower's project to replace its software for managing system operations)
NAaN	North Auckland and Northland grid upgrade proposal
NZEECS	<i>National Energy Efficiency and Conservation Strategy</i>
NZES	<i>New Zealand Energy Strategy</i>
RFP	request for proposal
Rules	<i>Electricity Governance Rules 2003</i>
SOO	<i>Statement of Opportunities</i>
TPM	transmission pricing methodology
TPTG	transmission pricing technical group

Report by GPS paragraph

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
Commission powers and approach					
1-3	1-3	General expectations on process, approach and consultation	Ongoing requirements	Ongoing requirements	Requirements being met.
4-6 Consultation					
4-5	4-5	Consultation processes	Ongoing requirements	Ongoing requirements	The Commission has published a range consultation documents during the year as listed in the consultation and rule changes section of this report.
5	5	Consultation protocol	The Commission issued an updated consultation protocol on 14 September 2007, superseding the previous <i>Transmission Consultation Process 2004</i>	Maintain	The protocol has been published on the Commission's website and is being followed where relevant. The protocol is available at: www.electricitycommission.govt.nz/opdev/
6	6	Consultation with the Ministry of Consumer Affairs	New requirement included in the 2008 GPS	Ongoing activity (includes monthly meetings of officials)	The Commission consults the Ministry of Consumer Affairs on relevant rule-change proposals.
Deleted 7 Advisory groups					
Deleted	7	Advisory group support and input	Information on advisory groups is available at: www.electricitycommission.govt.nz/advisorygroups/	Ongoing activity	The Commission carried out a review of advisory groups in 2008/09. The new groups were established and membership announced in July 2009.
7 8 Innovation					
7	8	Encouraging innovation	Ongoing requirements	Ongoing requirements	Encouraging innovation is a key aspect of the Commission's work. For example: <ul style="list-style-type: none"> The advanced metering work focuses on enabling and encouraging innovation in service improvements and tariff options for residential consumers A trial project was undertaken with Orion Networks in the upper South Island to test reduction in maximum demand, including the impact on end-use customers Provision of modelling information and models on-line, including the CDS web interface, available from December 2008.

¹ These statements address the requirements of section 172ZL of the Electricity Act 1992.

² These statements address the requirements of section 172ZM of the Electricity Act 1992.

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
8	9	Information			
8	9	Information collection, analysis and dissemination	Regular statistical reports are published for the wholesale and retail markets	Regular publication of reports	<p>The Commission has published a range of general information documents. These include:</p> <p>Commission update—a weekly update on operational matters including notification of consultation processes and decisions.</p> <p>Notes from the Chair—quarterly newsletters providing an update on key issues and initiatives</p> <p>On the lines/Workplan update—a newsletter providing updates on major projects</p> <p>GPS reports—reports on progress against GPS requirements</p> <p>Information papers—information papers covering a wide range of subjects.</p> <p>General publications can be found at: www.electricitycommission.govt.nz/infopapers/publications</p> <p>Regular statistical reports have been published for the wholesale and retail markets:</p> <p>System Operation reports—monthly: www.electricitycommission.govt.nz/opdev/servprovinformonthly</p> <p>Retail reports—monthly: www.electricitycommission.govt.nz/opdev/retail/regstats</p> <p>Wholesale reports—weekly: www.electricitycommission.govt.nz/opdev/wholesale/mktrep</p> <p>Distributed generation—under the Electricity Governance (Connection of Distributed Generation) Regulations 2007, distributors have an obligation for annual reporting of statistics pertaining to connections of distributed (embedded) generation. The Commission published the statistics in May 2009. Data is presented in both an aggregated format, and at the individual distributor level.</p> <p>The data is available at: www.electricitycommission.govt.nz/opdev/retail/regstats/dgannualstats</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
		Information collection, analysis and dissemination (continued)			<p>A number of targeted information reports have also been published:</p> <p>Lake level history—in March 2009 the Commission published a report and datasets on lake level history. The data has been made available as part of the centralised dataset: www.electricitycommission.govt.nz/opdev/modelling/centraliseddata/hydro</p> <p>Reconciliation of hydro inflow datasets—In July 2009 the Commission published a comparison of hydrological inflow data series published in the Spectra Update reports and on the Comit Hydro site. This work is important in terms of: understanding the extent of any differences between the datasets (which should, in principle, be broadly consistent); and motivating continual improvement in the quality of hydro inflow data and documentation. The report is available at: www.electricitycommission.govt.nz/opdev/modelling/centraliseddata/recon-hydro-inflow</p> <p>Wind data—a draft national windflow dataset has been received. When work on the dataset has been completed, the Commission expects to publish the dataset and an accompanying report. Publication would be in an Information Supplement (to be published in alternate years to the SOO).</p> <p>Workshop on wind integration and hydrology—good analysis needs good data. The Commission has an ongoing aim to improve access to quality information in the sector. The Commission hosted a technical workshop on 25 June 2009, at which the following presentations on hydrology and wind data were given:</p> <ul style="list-style-type: none"> • Synthetic wind data (Dr Richard Turner, NIWA) • Lake level histories (Dr Jack McConchie, OPUS) • Reconciliation of OPUS and Comit Hydro inflows (Dr Jack McConchie, OPUS). <p>The presentations are available at: www.electricitycommission.govt.nz/opdev/modelling/workshops/wind-hydrology</p> <p>More information about modelling work is available at: www.electricitycommission.govt.nz/opdev/modelling/index.html</p>
8	9	Centralised dataset (CDS)	Centralised datasets published, July 2005, July 2006, April 2007, November 2007 and May 2008	Two CDS updates	<p>Updated centralised dataset DVDs were published in December 2008 and May 2009. The dataset is intended to support transmission-planning processes by providing information to assist with decisions on transmission and transmission alternatives.</p> <p>Information on the CDS can be found at: www.electricitycommission.govt.nz/opdev/modelling/centraliseddata/</p> <p>On 12 December 2008 the Commission implemented a web interface to the Centralised Dataset (CDS), which allows users to download selected information from the CDS using a simple query tool. It is available at: www.electricitycommission.govt.nz/opdev/modelling/wip/cdswebinterface</p>
8, 77	9, 89	Statement of Opportunities (SOO)			See 2008 GPS paragraph 89.
8	9	Market modelling, including the generation capacity and expansion model (GEM) and market simulation	<p>In 2006, the Commission developed the GEM</p> <p>GEM updates were released in February and April 2008 including several modifications</p>	<p>Updated and improved GEM released into the public domain</p> <p>Market simulation and real-time dispatch models released</p>	<p>GEM updates are released every two months and ongoing development is taking place.</p> <p>The Commission has made the GEM available to the industry and a number of participants have purchased a runtime license enabling them to modify and operate GEM for themselves.</p> <p>Further information on the GEM is available at: www.electricitycommission.govt.nz/opdev/modelling/gem/index.html</p>

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9	10	Administration of regulations and rules			
9	10	Monitoring and compliance with Rules and Regulations	Electricity Governance Rules Committee (EGR Committee) established Rulings Panel set up Market compliance team established	Ongoing monitoring and compliance Enforcement, if necessary	A total of 1,089 notified breaches have been closed to 30 June 2009. In October 2008 the Commission published two case studies with the consent of the parties concerned and has started publishing Market Governance newsletters providing stakeholders with more information about the compliance process. The latest update was published in June 2009. The Commission considers that there is considerable learning value in cases that relate to breach issues common to several participants or a class of participants. The case studies are available at: www.electricitycommission.govt.nz/rulesandregs/compliance/case-study Market Governance newsletters, providing stakeholders with more information about the compliance process, are available at: www.electricitycommission.govt.nz/rulesandregs/compliance/updates More information on compliance processes is available at: www.electricitycommission.govt.nz/rulesandregs/compliance/
9	10	Compliance framework—review of the compliance regime	Started 2007/08	Implement the results of the compliance framework review	The compliance framework review has been completed. As a result the Commission has taken a number of actions including: <ul style="list-style-type: none"> • A compliance conference was held on 25 August 2008 • The Commission's compliance philosophy has been published • A newsletter has been launched. Conference information is available at: www.electricitycommission.govt.nz/rulesandregs/compliance/conference
9	10	Review of market monitoring and compliance approach	Started 2007/08	Complete development of a proactive monitoring method	Completed as part of the compliance framework review. Continuous improvement work is ongoing.
Deleted	<i>New Zealand Energy Strategy and New Zealand Energy Efficiency and Conservation Strategy</i>				
Deleted	11–16	NZES and NZEECS general expectations	Ongoing requirements for delivery, reporting and monitoring	Ongoing requirements for delivery, reporting and monitoring	The Government has announced a review of the NZES. The NZEECS is also being reviewed but continues in the mean time and the Commission continues to provide quarterly updates to the MED against its targets in the NZEECS. NZEECS delivery updates are included under the relevant GPS paragraphs in this report (cross-references are provided to the NZEECS document).
Consumer protection					
38–41	17–20	Domestic consumer contracts			
38–41	17–20	Domestic consumer contracts	Development completed Further information is available at: www.electricitycommission.govt.nz/opdev/retail/mo del	Alignment process with benchmark (transmission) agreement underway as business-as-usual Ongoing monitoring	Ongoing monitoring is taking place. The Commission is working on changes to the model retail contracts. The changes include proposed changes to include transparency of energy and lines charges requirements and alignment process with benchmark (transmission) agreement (BA). Consultation with stakeholders has been completed. Updates are to be made to model contract as a result of stakeholder feedback. Further information is available at: www.electricitycommission.govt.nz/consultation/modelcontracts08 (Also covers 2008 GPS paragraph 113.)
42–43	21–22	Low fixed charges			
42–43	21–22	Monitoring the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004	Ongoing monitoring Enforcement, if necessary	Ongoing monitoring Enforcement, if necessary	Ongoing monitoring is taking place and some breaches are being investigated. Six monthly reviews are taking place and the Commission is working on automated tools to streamline the process.

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
44-45	23-24	Arrangements for the benefit of low-income and vulnerable domestic consumers			
44-45	23-24	Guidelines on arrangements to assist low-income and vulnerable domestic consumers	<p>Arrangements for the benefit of low income consumers were published in November 2005</p> <p>In 2007 the Commission issued an updated <i>Guideline on arrangements to assist low income and vulnerable consumers</i>.</p> <p>In February 2008 the Commission amended clause 23 of the guideline to align with the Human Rights Act 1993</p>	Ongoing monitoring Recommend regulations, if necessary	<p>Paragraph 23 of the 2008 GPS required the Commission to monitor compliance with the guideline. The Commission keeps compliance with the guideline under review.</p> <p>Monitoring took place in December 2008. A report was provided to the Minister on 19 May 2009.</p> <p>The Commission's work with electricity retailers, Ministry of Health officials, DHBs, and Work and Income identified issues with the guideline and on 27 February 2009 the Commission proposed revisions. Consultation on the proposal closed on 1 April 2009. The proposed changes have created significant discussion between retailers, social agencies, DHBs, and other health stakeholders. A workshop was scheduled for these parties on 21 July 2009, at which a reasonably high level of consensus was reached, requiring a few further revisions.</p> <p>Details on the guideline are available at: www.electricitycommission.govt.nz/opdev/retail/lowincome/index.html</p> <p>To support the guideline, the Commission also facilitated a '<i>Protocol between electricity retailers and social agencies</i>'. In this protocol the following statistics were required to be provided to the Commission by retailers:</p> <ul style="list-style-type: none"> • Number of disconnections for each retailer as a percentage of domestic consumers for each retailer in the quarter • Number of consumers who have provided a bond as a percentage of domestic consumers for each retailer in the quarter. <p>These statistics have been published at: www.electricitycommission.govt.nz/opdev/retail/regstats</p>
46	25	Arrangements in the event of retailer insolvency			
46	25	Arrangements in the event of retailer insolvency	Issues and options paper developed	Finalise recommendations	<p>Feedback from industry advisory groups on the draft issues and options paper has resulted in significant re-drafting.</p> <p>Further consideration is being given to the future of this project based on feedback received in response to the Commission's consultation on appropriations for the 2009/10 financial year.</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
47-53	26-32	Consumer complaints resolution system			
47-53	26-32	Development and approval of consumer complaints resolution scheme	Development of scheme Government promulgated policy to have one scheme for electricity and gas	Complete approval of scheme and commence business-as-usual monitoring	<p>On 4 September 2008, the Commission and Gas Industry Co. (GIC) called for applications and these closed on 8 December 2008.</p> <p>On 20 February 2009 the Commission and the GIC announced a joint agreement to select, for the purposes of consultation, the Electricity and Gas Complaints Commission scheme (EGCC) as their preferred provider of a gas and electricity industry consumer complaints resolution system (CCRS). Submissions closed on 20 April 2009.</p> <p>In mid April 2009 there was a vote by members of the EGCC scheme about changes to the scheme to enable it to be approved by the Commission and GIC. Genesis and Mighty River Power voted against the changes.</p> <p>The Electricity Commission and GIC have decided not to recommend approval of any CCRS at this stage to allow time for industry participants to consider whether it is possible to amend an existing scheme in a manner that is acceptable to both organisations. Accordingly the Electricity Commission and GIC encourage industry participants to work towards that outcome.</p> <p>However, the current situation, which denies some potential complainants access to an independent CCRS, cannot be allowed to persist for an extended period.</p> <p>A submissions analysis paper was published in June 2009. The paper highlights a number of key issues, summarises other issues and outlines the response of the Commission and GIC on each of the issues that have been raised.</p> <p>Further information is available at: www.electricitycommission.govt.nz/opdev/retail/consumercomplaints</p>
54-60	33-40	Electricity efficiency			
54-59	33-39	General requirements, inter-agency coordination	Ongoing requirements met	Ongoing requirements	<p>Requirements being met.</p> <p>The Commission has regular meetings and coordinates efficiency efforts with EECA and other relevant agencies.</p>
55	35	Electricity efficiency potentials study	Potentials study completed and published	Updates to data/information developed and made available	<p>The model and information about the study have been published and the Commission is continuing to maintain the model. The Commission plans to undertake an annual update for relevant information.</p> <p>The model is available at: www.electricitycommission.govt.nz/opdev/electricity/efficiency/approach/potentials/index.html</p>
60	40	Memorandum of understanding (MOU) with EECA	MOU signed in August 2005 and published on the Commission website	MOU update to address new requirements in 2008 GPS	<p>The updated MOU was signed in November 2008.</p> <p>The MOU is available at: www.electricitycommission.govt.nz/opdev/mou</p>
Deleted	41-42	Discount rate			
Deleted	42	Cost-effectiveness assessment of programmes	Assessment carried out on all proposed programmes	Assessment carried out on all proposed programmes	<p>Requirements met. The cost to the Commission of savings achieved to date is around 0.71 cents per kWh compared with the long run marginal cost (LRMC) of new generation of 8.5 cents per kWh.</p>
61-64	43-46	Other arrangements and programmes			
62	44	Generation			
62	44	Hydro spill information disclosure	Ongoing industry reporting of hydro spill data under a voluntary arrangement	Ongoing industry reporting of hydro spill data under a voluntary arrangement	<p>Industry reports continue to be published and are available at: www.electricitycommission.govt.nz/opdev/secsupply/sos/overview/hydrospill1/</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
63	45	Conveyance			
63	45	Load management	Initial investigation stage completed	Initiate priority load management development items and associated rule-changes, if appropriate	<p>A stocktake was undertaken of load control and load management work to date. As a result the priority project of load management property rights was identified.</p> <p>Load management property rights—on 3 April 2009 the Commission announced the initiation of a project to specifically consider property rights issues related to load management, and related equipment and information, which are perceived by many, but not by others, as an impediment to realising the value of load management to the New Zealand electricity system.</p> <p>The Commission has contacted a number of stakeholders identified as having particular interest in this issue, with a view to seeking further facts, opinions and advice. A discussion paper is expected to be published in July 2009.</p> <p>Details are available at: www.electricitycommission.govt.nz/opdev/retail/loadmgt/index.html</p>
64	46	End use			
64, 115	46, 125	Metering technology (includes NZECS action—page 62)	Advanced metering and load management guidelines completed	Implementation	<p>Advanced meter infrastructure guidelines were completed in 2007/08.</p> <p>As a result of the metering equipment owner surveys carried out in 2007 and 2008, the Commission notes that all metering equipment owners intend to have all category 1 and 2 metering installations, which currently have interim certification, compliant with the Rules by 1 April 2015 and 1 April 2010 respectively.</p> <p>The Commission hosted an Advanced Metering Solutions conference on 25 November 2008. The transcript for the conference is available at: www.electricitycommission.govt.nz/opdev/retail/metering/forums#ami</p> <p>The Commission has been monitoring implementation and is preparing a report to the Minister, which is expected to be completed by December 2009. The report will address whether regulation, including mandatory minimum technical standards, is required to roll out advanced meters. The Commission is reviewing its AMI guidelines and the current roll out of advanced meters as part of the work towards that recommendation. The development of the load management property rights discussion paper, and any associated submissions, is also an input to that recommendation.</p> <p>Rule change work associated with advanced meters is included in the part D review, due for completion in late 2010.</p> <p>Further information is available at: www.electricitycommission.govt.nz/opdev/retail/metering/index.html#participant-communication</p> <p>Prepayment meter survey results—the Commission conducted prepayment meter surveys in October 2005 and April 2007.</p> <p>A further survey was carried out in May 2008. The Commission has published the responses from the 2008 survey. Results are available at: www.electricitycommission.govt.nz/opdev/retail/metering/index.html#prepayment-meter-survey-results</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
64	46	Demand-side initiatives following from market design review (see paragraph 79) (includes NZEECS action—page 62)	Consultation completed in September 2007. System Operator implementation on-hold pending completion of Market Systems Project (MSP)	Potential initiatives from Market Design Review to improve levels of demand response	<p>The Market Design Options Paper, published in July 2008, covers this matter (see report under 2008 GPS paragraph 79).</p> <p>Demand-side bidding and forecasting—the Commission has published an update paper on the demand-side bidding and forecasting proposal. This paper provides an update on progress with this proposal and outlines changes made as a result of previous consultation.</p> <p>This work has been constrained by the timing of the System Operator's market system upgrade. The Commission has met with the System Operator and is providing a firm specification so that the System Operator can cost the proposal and set out a timetable for implementation.</p> <p>Further information is available at: www.electricitycommission.govt.nz/opdev/wholesale/dsbfproject</p> <p>Dispatchable demand—as part of the Market Development Programme (MDP), work has commenced on dispatchable demand: allowing demand to be dispatched in a similar manner to generation. This would potentially allow demand-reduction to set the spot price.</p>
64	46	Efficient lighting	Efficient lighting strategy launched in June 2008 National CFL subsidy programmes completed	Implement lighting efficiency programme based on 2007 request for proposal responses	<p>The lighting programme consists of three streams that have delivered an estimated 405 GWh (81 kT CO₂) annualised savings to 30 June 2009. These streams are:</p> <p>Information stream—the Commission has launched the RightLight website—an informative web tool on efficient lighting for all sectors, a supporting communications campaign, and training programmes for retail staff on efficient lighting technologies. More detail is provided below.</p> <p>Cost subsidy stream—a number of subsidy programmes for efficient lamps have been successfully implemented. Programmes have broadened in scope from residential CFLs and now include lighting for the industrial sector and home builders.</p> <p>Street lighting stream—a Street Lighting Resource Kit and Infrastructure Design Standard have been developed during 2008/09.</p> <p>More information is available at: www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/lighting/index.html</p>
					<p>RightLight Programme</p> <p>In June 2009 the Commission launched the RightLight information programme to provide residential, commercial and industrial consumers with independent advice and information about energy efficient lighting.</p> <p>The programme addresses information barriers to the uptake of energy efficient lighting in New Zealand, which were identified in a report published by the Commission in November 2008. The report is available at: www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/lighting/further-info/index.html</p> <p>The website—RightLight.govt.nz—was launched on 7 June 2009. Accompanying the launch was an advertising campaign to raise awareness and encourage use of the website.</p> <p>The Commission is also delivering a retail sales staff training programme to provide staff in electrical wholesalers, DIY stores and specialist lighting stores with information, to give their customers the ability to make informed decisions about energy efficient lighting.</p> <p>The programme is being led by the Commission in partnership with Consumer New Zealand, Lighting Council of New Zealand, Electrical Contractors Association of New Zealand, Green Building Council and EECA.</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
64	46	Compressed air	Develop and deliver best practice package for compressed air operation and maintenance Fifteen auditors approved Best practice assessments for 37 large industrial consumers completed or underway at the end of 2007/08	Continue to provide subsidised efficiency audits of major compressed air systems and facilities Case-by-case subsidies for capital improvement Best practice operation and maintenance guidelines completed	Programmes are underway and 96 assessments and audits have been completed to 30 June 2009. Case-by-case subsidies are ongoing. Proposals continue to be investigated with three companies for capital improvement subsidies. The best practice operation and maintenance guidelines have been completed. The Commission estimates that the compressed air programme has delivered 17.3 GWh (3.4 kT CO ₂) annualised savings to 30 June 2009. More information is available at: www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/industrial/cas/index.html
64	46	Electric motors—'bounty scheme' for accelerated replacement to efficient MEPS compliant motors	Contract awarded for motors bounty scheme in December 2007 and pilot phase started in April 2008	Continue 'bounty scheme' for motors Motor rewinder workshop quality scheme	The electric motors bounty scheme has been operating nationally since November 2008. The Commission estimates that the motors programme has delivered 3.84 GWh (0.76 kT CO ₂) annualised savings to 30 June 2009. Development of the rewinder quality scheme is on track. A contract has been signed with Telarc SAI to develop and establish the scheme. A draft quality code has been developed with a Motor Rewind Consultation Group and being consulted on. A trial of the scheme with two workshops is scheduled for July 2009. More information is available at: www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/industrial/electric-motors/index.html
64	46	Motor replacement policy development tools for industry		Roll-out of motor replacement policies for industry uptake	A draft motor replacement policy document and calculator has been distributed to larger industrial users for trial and review. On-site trial of the motor replacement policy development guide has been completed.
64	46	Other motor systems programmes			Contracts have been signed with three service providers to undertake programmes that target identification and implementation of motor system efficiencies over a broad range of industrial processes.
64	46	Commercial buildings	Commercial building programme initiated with contracts with providers signed in January to March 2008	Continue to implement commercial buildings programme	All 2008/09 programmes have been contracted and are underway. 75 projects have been committed with expected savings of 17.7 GWh (3.5 kT CO ₂) annualised savings to 30 June 2009. More information is available at: www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/commercial/index.html
64	46	EnergyWise home loans project	Consideration of the EnergyWise Home Loans Scheme. Provisional allocation of funding subject to EECA providing a business case	Potential programme implementation	In December 2008 the Commission decided not to fund the EECA proposal for EnergyWise homes as a sustainable business case had not been achieved. The \$5 million provisionally allocated to the EnergyWise programme, subject to the business case, was removed from the Commission's electricity efficiency appropriation in the Supplementary Estimates.

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
65–66	47-50	Renewable energy			
65–66	47–50	Transmission enabling renewables	Project initiated in October 2007 Issue identification completed	Possible framework covering information provision and policy issues to be addressed Develop policy solutions	The framework for this project has been published on the Commission's website. Two phases of policy solutions were identified: Phase one of the transmission to enable renewables (TTER) project has been completed, and the report published. This includes a 'resource map' for potential renewable energy development. Phase two has of the project commenced and to date has resulted in publication of: <ul style="list-style-type: none"> • A report on the development of marine energy • A review of system protection schemes (SPS) in Australia and outline some potential opportunities for the use of SPS in New Zealand. Further information is available at: www.electricitycommission.govt.nz/opdev/transmis/renewables
Deleted	50	Integration issues			
67	50, 79	Strategic wind project	Phases 1 and Phase 2 completed—initial consultation, analysis of the impacts and consultation on high-level mitigation options	Complete phase 3—initiate rule changes arising from impact investigations	The Board agreed an implementation plan in March 2008. This is being progressed with key rule changes being worked on outlined below. Fault ride through investigations —the Wind Generation Investigation Project recommended that fault ride through standards be established for grid connected generators. The Commission engaged Transpower to complete an analysis of the characteristics of typical high voltage faults on the New Zealand power system and to review fault ride through standards used in other jurisdictions. The initial report is available at: www.electricitycommission.govt.nz/opdev/comqual/windgen/ride-through The Commission plans to seek feedback during the next phase of work: development of proposed fault ride through rules. Wholesale market wind integration —the Commission is progressing initiatives to improve wind integration into the wholesale market. This includes provision of information that can assist generators with decision-making, and consideration of forecasting issues. The Commission is involving the System Operator, market participants, and weather forecasting experts in its analysis of options. The Commission is targeting the release of a wind integration consultation paper by November 2009 and, depending on feedback, implementation could commence in the 2010 calendar year. Further information on the wind project is available at: www.electricitycommission.govt.nz/opdev/comqual/windgen/wgip
	51-57	Security of supply			
10–37	51–57	Security of supply background, key requirements and objective for the Commission			
11	51–57	Correlation of intermittent generation	Modify security assessment to factor in correlation between periods of low hydraulic inflows and wind	Possible finalisation of 2007/08 work Assessment of peak capability	This work was deferred. Priority was placed on the winter 2008 work. The assessment of peak capacity has been completed as part of the Annual Security Assessment 2008.
11	51–57	Price demand elasticity assessment	-	Carry out analysis to develop understanding of demand response to price	This work was deferred. Priority was placed on the winter 2008 work.

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
17–19	58–60	Security of supply policy			
17–19	58–60 78	Implement reserve energy review recommendation s	<i>Initial Security of Supply Policy</i> published in June 2005 Independent review published May 2007. The Commission consulted and reported to the Minister of Energy in November 2007 Implementation started	Complete implementation of review recommendations	The security of supply policy was published in October 2008 and is available at: www.electricitycommission.govt.nz/opdev/secsupply In December 2008 the Commission published the submissions received in response to the System security forecast rule amendment consultation. The submissions are available at: www.electricitycommission.govt.nz/submissions/commqualsubs/ssf
20–23	61–64	Information, forecasting and monitoring			
20–23	61–64	Information, forecasting and monitoring (security)	Ongoing requirements met	Ongoing requirements	The Commission publishes regular security of supply updates on its website, including hydro risk curves (replacing the Minzone) and assessments of risk to security of supply (Riskmeter). Security of supply information is available at: www.electricitycommission.govt.nz/opdev/secsupply The Commission launched the Supplyline website in April 2009 as outlined under 2008 GPS paragraph 74–75 below.
24–25	65–66	Hydro storage guidelines			
24–25	65–66	Hydro storage guidelines	Addressed as part of the review of the security of supply policy	Included as part of the annual security assessment	The Annual Security Assessment 2008 was published in December 2008.
26–32	67–73	Reserve energy			
26–32	67–73	Contracting reserve energy capacity	From 1 April 2005, reserve generation capacity provided by the Whirinaki 155 MW power station	Considered as part of the annual security assessment	The Annual Security Assessment 2008 was published in December 2008. The Commission concluded that it was not necessary for it to purchase additional reserve energy for the 2009 winter. Further information is available at: www.electricitycommission.govt.nz/opdev/secsupply

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
33–34	74–75	Emergency management			
33–34	74–75	Response planning and contingency arrangements	Interim response plan completed and available at: www.electricitycommission.govt.nz/opdev/secsupply/policy Commission emergency response not required during 2006/07 and 2007/08 up to 30 April The Commission monitored the winter 2008 supply situation and acted to ensure hydro storage was conserved	Implement reserve energy and emergency options as needed	The Commission monitored the winter 2008 supply situation and acted to ensure hydro storage was conserved. Appropriations —the Commission sought and received an \$80 million increase in the reserve energy and emergency measures—variable appropriation on 14 July 2008 for use in ensuring security, if needed. This extra appropriation was not needed as significant rain fell towards the end of winter. Rolling outage regulations and AUFLS —the Commission consulted on arrangements for rolling outages in November 2008 and subsequently provided the Minister with regulation and rule-change recommendations. Both the AUFLS rule and amended regulations have come into effect. The Commission is implementing the regulations during 2009/10. Winter review —on 21 January 2009 the Commission released the report of the winter review team. The Commission considered the report and feedback from submissions and commenced work on addressing key areas covered in the review. More information is available at: www.electricitycommission.govt.nz/consultation/winter08 Emergency Response Plan —the Commission published an updated Emergency Response Plan in May 2009. The plan is available at: www.electricitycommission.govt.nz/opdev/secsupply Supplyline website —on 4 May 2009, the Commission launched the Supplyline website to help medium to large businesses monitor the security of the power system and interpret information about the level of risk and potential impacts. Supplyline is available at: http://supplyline.electricitycommission.govt.nz/
35–36	76–77	Levy			
35–36	76–77	Cost and recovery from reserve energy requirements	Ongoing arrangements met	Ongoing arrangements	Ongoing arrangements met.
System operation and wholesale related markets					
67	79	Contracting for the operation of the electricity system and markets	Initial System Operator contract in place. Contract renewal negotiations underway All other service provider contracts for the wholesale and retail market operations were concluded on 29 June 2007	Business-as-usual	System Operator service provider agreement (SOSPA) —the Commission consulted on the proposed price change as part of its appropriation consultation for 2009/10. A report was provided to the Minister on the Commission's proposed appropriations. The new contract was signed on 12 August 2009. Further information is available at: www.electricitycommission.govt.nz/opdev/servprovinform/index.html System Operator Policy Statement —on 31 March 2009, the System Operator submitted a draft 2009 Policy Statement to the Commission. The Commission consulted on a formal statement of proposal. The Commission recommended the rule change to the Minister on 9 July 2009 and it was gazetted on 16 July 2009. Further information is available at: www.electricitycommission.govt.nz/opdev/comqual/2007policystatement Draft 2009 System Operator Procurement Plan (Schedule C5) —on 29 May 2009, the System Operator submitted a draft 2009 Procurement Plan to the Commission. The Commission published the draft. On 3 July 2009 the Commission announced consultation on a formal statement of proposal and proposed rule amendments included in the draft 2009 Procurement Plan. The draft 2009 System Operator Procurement Plan is available at: www.electricitycommission.govt.nz/consultation/09-procurement/view Market Administrator compliance reports —the Commission publishes Market Administrator compliance reports at: www.electricitycommission.govt.nz/opdev/servprovinform/ma-report/index.html

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
					<p>Assignment of M-co service provider agreements to NZX</p> <p>M-co completed the sale of its energy business and assets to NZX on 9 June 2009. As part of that sale the Clearing Manager, Pricing Manager and Reconciliation Manager service provider agreements were assigned by M-co to NZX. The Wholesale Information and Trading System agreements between M-co and the Commission were also assigned to NZX.</p> <p>The Commission's consent to these assignments was required under the agreements and the Commission granted its consent under a Deed of Novation dated 4 June 2009, following the provision of certain information by NZX. The Deed of Novation appoints NZX as a service provider under the Electricity Governance Regulations and also makes some minor amendments to the service provider agreements. A copy of the Deed is available at: www.electricitycommission.govt.nz/opdev/servprovinform/servprocaagree</p> <p>NZX has confirmed that it intends to make as few changes as possible throughout the integration process. All staff, except M-co's CEO, have transferred to NZX and are undertaking the same roles as they did under M-co's ownership. NZX continues to use the same system used by M-co for the provision of the services under the service provider agreements.</p>
67	79	Market design review (includes NZECS action—page 62)	<p><i>Market Design Issues Paper</i> published May 2007</p> <p><i>Market Design Options Paper</i> published July 2008.</p>	<p>Market design work on the options paper has the potential to result in further work in 2008/09</p> <p>Release of final market design review (solutions) paper</p> <p>Implementation phase</p>	<p>The Market Design Options Paper was published in July 2008 and consulted on. Initial work has commenced on a range of areas arising out of the options paper and consultation, towards the development of a solutions paper. This work forms part of the wider Market Development Programme (MDP) that pulls together the results of the Market Design Review, Winter 2008 Review and the Commerce Commission investigation.</p> <p>High priority projects in the Market Development Programme (MDP) are:</p> <ul style="list-style-type: none"> • Capacity and Scarcity Mechanisms—assessing options for introducing scarcity pricing and/or capacity market mechanisms, and implementing a preferred approach to enable efficient investment in generation to supply energy at times of scarcity. • Locational Hedges—developing and implementing an effective mechanism to allow participants to better manage locational price risk to increase retail competition and improve hedge market liquidity. • Future of Whirinaki—determining whether Whirinaki should be removed from the Reserve Energy Scheme and, if it is, under what conditions. This project is conditional, depending on the Capacity and Scarcity Mechanisms project. • Monitoring and information provision—strengthening market monitoring, and analysis of market activity and behaviour in both the retail and wholesale markets. Improving security monitoring and information provision. • Transmission and distribution pricing reviews—the Transmission Pricing Review addresses the allocation of transmission costs. The outcomes sought are ensuring efficient use of, and investment in, transmission assets, and to provide a coherent signal through the electricity value chain. The Distribution Pricing Review is establishing model approaches to distribution pricing. See 2008 GPS paragraph 110. • Demand-side participation—the property rights for load management projects is considering whether issues relating to property rights are placing a barrier on the amount of controllable load that can be used in the market. The Commission is also developing initiatives to improve levels of demand response (demand-side bidding and forecasting, dispatchable demand.) • Instantaneous reserves market—determining if interrupting residential hot water load utilising frequency sensitive relays can be used to reduce procured instantaneous reserves quantities and costs.

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
		Market design review (continued)			<ul style="list-style-type: none"> Frequency keeping market—developing a system to coordinate multiple frequency keepers including a national based market instead of an island-based market. <p>Further information is available at: www.electricitycommission.govt.nz/opdev/mdp</p>
67	79	Market information project	Addressed in the Market Design Review	Potential initiatives from market design review to improve market information and analysis	<p>Initial work commenced on a range of areas arising out of the options paper and consultation, see above.</p> <p>Energy consumption data—in December 2008 the Commission made available for download the underlying data used to produce charts showing change in retailers' share of customers (charts in figures 71-84) in the Market Design Review: Options Paper.</p> <p>The data is available at: www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview#energy-consumption-data-used</p>
67	79	Offer and dispatch rule development	<p>Industrial co-generation rules completed</p> <p>Consultation papers developed covering:</p> <ol style="list-style-type: none"> dispatch of HVDC minor offer and dispatch rule. consultation paper published 22 April, closed 27 May 2008 	<p>Completion of work from 2007/08</p> <p>Work arising out of the wind project</p> <p>Potential work arising out of market design review</p>	<p>Minor offer and dispatch rule changes were gazetted on 2 October 2008.</p> <p>Work is progressing under the wind integration project. Consultation is expected in November 2009.</p> <p>A paper is being prepared on short-term initiatives from the wind project implementation project plan. The plan includes work in the common quality area and on integration of wind into the wholesale market. The Commission expects to consult on short-term initiatives later in the 2009 calendar year.</p> <p>A specific offer and dispatch related initiative from the Market Design Review, addressing dispatchable demand, is included in the MDP.</p>
67, 114	79, 124	Guidelines for secondary networks	NA	Embedded network guidelines completed	The embedded network guidelines were updated and published on the Commission's website in May 2008. The review resulted from the changes to part J.
67	79	Pricing process improvements	Priority was given to the market design review	<p>Implement initial initiatives</p> <p>Publish consultation paper on additional possible initiatives</p>	<p>Initial initiatives have been implemented:</p> <ul style="list-style-type: none"> Information sheets published on how the System Operator resolves infeasibilities and high spring washer situations Pricing process flow diagram published Pricing data inputs table published. <p>Additional information is available at: www.electricitycommission.govt.nz/infopapers/index.html#wholesale</p> <p>In November 2008 the Commission published a consultation paper on issues and indicative options for the spot market pricing process and UTS provisions. Consultation closed on 20 February 2009. The consultation paper is available at: www.electricitycommission.govt.nz/consultation/spot-market/view</p> <p>In May 2009 the Commission published a summary of the submissions, which is available at: www.electricitycommission.govt.nz/opdev/wholesale/ppip/index.html</p> <p>The interim pricing period proposal is being finalised.</p> <p>Other pricing elements are being developed.</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
67	79	Common quality development programme			
		Expand normal frequency band	Scope and investigation work carried out	Complete market investigation of normal frequency bands and frequency keeping (FK) procurement Complete business case and initiate rule changes	Work is progressing but is not on track due to System Operator resource constraints. The South Island has been utilising dynamic bands since 2007. The report of a trial of a smaller band has been carried out in the North Island is pending. When the report is completed it is expected that there would be a need to review the project scope and re-engage with the System Operator.
		Multiple frequency keepers	Investigation of market solutions KEMA report on technical feasibility of options to allow multiple frequency keepers in each island.	Develop a system to co-ordinate multiple frequency keepers Complete market integration investigation and expert technical investigation	Development of a system to co-ordinate multiple frequency keepers has been completed. The market integration investigation and expert technical investigation has been completed. The Commission consulted on an options paper based on the technical and market integration reports. Consultation closed on 7 November 2008. See: www.electricitycommission.govt.nz/consultation/freq-reg The Commission is planning the next stages and is developing a project plan for the detailed design.
		HVDC frequency sharing capability	Investigation initiated	Complete investigation and recommend course of action	The HVDC frequency sharing investigation is being carried out. The Grid Owner is progressing an evaluation of current HVDC control systems to allow integration of AGC signals. The evaluation is expected to allow development of a recommended course of action.
		HVDC instantaneous reserve transfer capability	Stage 1— investigation. The Commission sought input from Transpower as grid owner on the HVDC capacity	Stage 2—define rule changes and market system requirements	This work is on hold due to higher priorities.
67	79, 125	Electricity hedge market development	The Commission has undertaken two surveys of the New Zealand electricity hedge market. The first was completed in 2005. The results of the latest survey were published in April 2008 Consultation was completed on hedge disclosure rules in September 2007	Develop and implement remaining initiatives proposed by the Hedge Market Development Steering Group Potential work from the market design review (Next hedge market survey due in 2009/10)	A second workshop on the publication of risk management contract information was held in August 2008. An update report was published on 23 September 2008 and is available at: www.electricitycommission.govt.nz/opdev/wholesale/Hedge/Riskmanagement In November 2008 the Commission published a report regarding hedging on foreign exchange risks. The report is available at: www.electricitycommission.govt.nz/infopapers#partf The new rules governing the disclosure of hedge contract information came into effect on 2 February 2009. In June 2009, the Commission updated two information sheets outlining the key features of the disclosure regime for risk management contract information contained in section VI of part G of the Rules. The information sheets include guidance on disclosing information about trading ASX electricity futures contracts. The information sheets are available at: www.electricitycommission.govt.nz/opdev/wholesale/rskmgmnt/index.html Since the rules came into force a number of contracts have been published and are available at: www.electricitycontract.co.nz/

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
68-69	80-81	Transmission risk management			
68-69	80-81	Transmission hedge market development	<p>Consultation paper on transmission hedge rules developed</p> <p>Further information is available at: www.electricitycommission.govt.nz/opdev/wholesale/Hedge/index.html#transhedge</p>	Finalise proposal and make recommendations to the Minister	<p>The Commission expects to complete the proposal and implementation in 2009/10.</p> <p>A consultation paper on location hedges, Issues for Managing Locational Price Risk, was released on 8 July 2008. In December 2008, the Commission published a summary of the submissions.</p> <p>The consultation paper is available at: www.electricitycommission.govt.nz/consultation/Ira</p> <p>The submission summary is available at: www.electricitycommission.govt.nz/opdev/wholesale/Hedge/transmission-hedges</p> <p>The Commission is considering a range of location hedge options, from a simple reallocation mechanism (referred to as locational rental allocations) to a simplified auction based mechanism (referred to as financial transmission rights). Cost benefit assessments are being carried out to inform future work.</p> <p>The Commission is targeting the release of a consultation paper by September/October 2009 to present a framework for the consideration of location hedge options. Depending upon the complexity of the preferred solution, the Commission intends to implement a location hedge mechanism in the 2010 calendar year.</p>
		Transmission			
70-71	82-83	Transmission background and objectives			
70-71	82-83	Part F—Transmission rule changes (added in 2008/09 third quarter)			<p>Rule change proposals were received from Transpower in December 2008. In addition, the Minister has asked the Commission to consider amendments that may be required. This is now incorporated into the 2009 GPS and being addressed by the Commission.</p> <p>The Commission sought further information from Transpower essential to progress the proposals. This information has not yet been provided.</p> <p>The Commission expects to complete consideration and recommendations to the Minister early in the 2009/10 financial year.</p>
72-76	84-88	Connection to and use of the national grid			
72-75	84-87	Grid reliability standards (GRS)	<p>GRS completed February 2006</p> <p>Further information is available at: www.electricitycommission.govt.nz/opdev/transmission/gridreliability</p>	Business-as-usual	<p>Business-as-usual work continues.</p> <p>External peer review of Grid Reliability Standards—the Commission engaged Professor Goran Strbac, and Dr Predrag Djapic to review the GRS. Both authors have extensive work experience advising the United Kingdom Government, the UK regulator and industry on network security, investment, access, and pricing matters. The report is available at: www.electricitycommission.govt.nz/opdev/transmission/gridreliability/index.html#external-peer-review</p> <p>Value of unserved energy—the Commission is undertaking a two-stage investigation into the value of unserved energy. In November 2008 the Commission announced the selection of Concept Economics Pty Ltd and the Centre for Advanced Engineering (CAENZ) under a joint tender to undertake stage 1 of the investigation. Stage 1 of the Investigation has been completed, and the report was published on 31 January 2009. The report is available at: www.electricitycommission.govt.nz/opdev/transmission/unserved-energy</p> <p>In March 2009, the Commission initiated stage 2 of the project. The Commission is liaising with the Electricity Network Association and the Major Electricity Users' Group regarding provision of information necessary to undertake the survey.</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
76	88	Transmission contracting arrangements (Benchmark Agreement (BA), and Interconnection Rules (ICR))	BA completed 2006/07 Connection code, outage protocol and interconnection services developed in 2007/08	Support implementation	The Commission has been supporting implementation. Compliance problems arose for a number of parties. As a result, the Commission is investigating options for the power factor requirements in the connection code (including the retention of the status quo). An issues paper was published on 26 September 2008. Further information is available at: www.electricitycommission.govt.nz/consultation/reactive-power-investment
77–96	89–106	Investment in and maintenance of the transmission network, planning ahead, environmental effects, transmission alternatives			
77, 8	89, 9	<i>Statement of Opportunities</i> (SOO)	<i>Initial Statement of Opportunities</i> (Initial SOO) published in July 2005	SOO August 2008	The SOO was published on 29 August 2008 and is available at: www.electricitycommission.govt.nz/opdev/transmis/soo
78–88	90–106	Grid investment decision-making	To 2006/07—\$256m of approvals 2007/08—about \$1 billion of approvals.	Depends on timing of complete proposals from Transpower, decisions are expected to be made on: - HVDC link upgrade - North Auckland and Northland (NAaN) grid upgrades - West Coast grid upgrade - Economic investments required to support renewables	Status of proposals: <ul style="list-style-type: none"> • Otago—the Commission's decision was successfully defended in the High Court and Court of Appeal—the Court of Appeal decision (in the Commission's favour) was released in December 2008. Both the High Court and Court of Appeal decisions are available at: www.electricitycommission.govt.nz/opdev/transmis/gup/otahuhudiversity • North Island (Whakamaru–Pakuranga) grid upgrade (NIGU)—the Commission's decision was successfully defended in the High court. On 4 May 2009, the High Court turned down a request for judicial review. The judgement is available at: www.electricitycommission.govt.nz/news/NIGU-may09 • West Coast—(\$19m) approved 21 July 2008. • HVDC—(\$672m) approved 25 September 2008. • NAaN proposal—(\$577 m) an intention to decline notice was issued 19 December 2008. Following consideration of additional material made available at the public conference held in Auckland on 2 March 2009, the Commission approved the NAaN proposal 1 on 28 April 2009. Transpower withdrew NAaN proposal 2 on 20 April 2009. Further information is available at www.electricitycommission.govt.nz/opdev/transmis/gup/naaN • Lower South Island proposal—deferred by Transpower, possible submission in mid 2009. • Wairakei ring proposal—(\$141 m) submitted on 17 December 2008. Timetable revised in January 2009. Notice of intention to approve 20 February 2009. Approval finalised. • Maungatapere bus security investment proposal—(\$4.1m) submitted 19 December 2008. Notice of intention to approve 20 February 2009. Approval finalised. • Wellington 110kV interconnection investment proposal—(\$9.57m) submitted 19 December 2008. Notice of intention to approve 13 March 2009. Approval finalised. • Woodville – Mangamaire – Masterton transmission investment proposal—(\$17.4m) submitted 19 December 2008. Notice of intention to approve 13 March 2009. Approval finalised.

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
78–88	90–106	Grid investment decision-making (continued)			<ul style="list-style-type: none"> Marsden substation investment proposal—(\$6.4m) submitted 29 May 2009 as part of 2008 GUP. Submissions sought and closed 26 June 2009. The Commission decided to issue a notice of intention to approve the proposal on 30 June and the notice was published on 3 July 2009. Approval finalised (2009/10 financial year). <p>NB No requests for public conferences received for the Wairakei, Maungatapere, Woodville, Wellington and Marsden investment proposals, therefore the notice of intentions became final decisions after 10 working days.</p> <p>Reliability investments:</p> <ul style="list-style-type: none"> Bombay Bus Security investment proposal—(\$1.9m) submitted on 12 March 2009, as part of the 2008 GUP. Consultation closed on 3 April 2009. Notice of intention to approve released on 1 May 2009. Withdrawn by Transpower on 8 May 2009. Resubmitted on 30 June 2009. The Commission released the proposal for comments, closing on 23 July 2009. The submissions were published on 31 July 2009. Redclyffe Bus Security investment proposal—(\$1.9m) submitted on 12 March 2009, as part of the 2008 GUP. Consultation closed on 3 April 2009. Approval finalised (no conference requested). Redclyffe 220/110kV interconnection investment proposal— submitted on 3 July 2009. The Commission published the proposal for comments by 29 July 2009. The submissions were published on 31 July 2009. <p>Tactical transmission upgrades—application for amended approval costs—on 6 May 2009 Transpower applied to the Commission to amend the approval costs of a number of Tactical Transmission Upgrade (TTU) projects approved in December 2005. The Commission consulted on the proposal, closing on 22 May 2009.</p> <p>Further information about applications is available at: www.electricitycommission.govt.nz/opdev/transmis</p>
87–88	NA	Investment in minor transmission works	Introduced in 2009 GPS	2009–2013 SOI: address transmission implications of the 2009 GPS	<p>Potential rule-changes, including addressing the new GPS requirements, and proposals from Transpower submitted in December 2008, are being considered.</p> <p>The Board agreed the approach at the 30 June Board meeting.</p>
97–99	107–109	Pricing for connection to and use of the national grid, and cost recovery and pricing principles			
97–99, 63	107–109, 45	Transmission pricing methodology (TPM)	Final TPM gazetted on 12 July 2007	Transpower is to address issues raised by internal audit. The Commission monitors progress	<p>Transpower has provided evidence of audit, which the Commission has accepted.</p> <p>Further information is available at: www.electricitycommission.govt.nz/opdev/transmis/tpm/audit</p>
97–99, 63	107–109, 45	Transmission pricing review	NA	Scoping to be carried out	<p>The Commission initiated a wide-ranging review of options for the allocation methodology for transmission costs, the basis for which Transmission can charge for its services. On 20 March 2009 the Commission announced:</p> <ul style="list-style-type: none"> The formation of the Transmission pricing technical group (TPTG) A call for expressions of interest from consultants to carry out a high-level options investigation. <p>The first meeting of the TPTG was scheduled for 28 July 2009. The meeting papers and technical reports are available at: www.electricitycommission.govt.nz/advisorygroups/pjtteam/tpg/meetings/28jul09/index.html</p> <p>Further information on the review is available at: www.electricitycommission.govt.nz/opdev/transmis/tp</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
Distribution					
Pricing methodologies					
100–102	110–112	Distribution pricing methodologies (includes NZEECS action—page 62)	Development of principles or model approaches to distribution pricing delayed to ensure alignment with load management and metering work	Ongoing monitoring Develop regulations if necessary	<p>Consultation had taken place with the Commerce Commission on investigation of principles and guidelines for distribution pricing methodologies rather than a regulatory approach.</p> <p>Principles or model approaches to distribution pricing—on 3 April 2009 the Commission commenced a project to develop pricing principles or model approaches for electricity distribution pricing, building from the Pricing Approaches Working Group (PAWG) report (February 2005). The report made a number of recommendations on distribution pricing that received widespread support from industry participants at the time.</p> <p>The initial project steps are to evaluate what may have changed since the PAWG report was completed and to understand the extent to which the recommendations have been implemented. The Commission is liaising with the Electricity Networks Association and Commerce Commission.</p> <p>In June 2009 the Commission published a consultation paper on draft proposed model approaches to distribution pricing. Submissions are due on 3 July 2009.</p> <p>As part of the consultation, the Commission ran a workshop in Wellington on 17 June 2009 to give interested parties an opportunity to hear from the Commission and to present their views.</p> <p>Details are available at: www.electricitycommission.govt.nz/opdev/transmis/distrib-pricing/index.html</p> <p>On 22 July 2009 the Commission published the submissions it received on the Proposed Model for Distribution Pricing Methodology consultation paper. The submissions are available at: www.electricitycommission.govt.nz/submissions/subtransmission/distrib-pricing</p>
102	112	Monitoring of changes in urban and rural lines charges	NA	Formal monitoring implemented	This has not taken place during 2008/09 as priority was given to other work.
Use of system agreements					
103	113	Distribution use-of-system agreements	<p>The Commission published model distribution use-of-system agreements in December 2005</p> <p>Consultation was included in the overall consultation on model contracts, which closed on 6 June 2008</p>	Business-as-usual monitoring	Business-as-usual monitoring taking place. (See report under 2008 GPS paragraphs 17–20.)
Interrelationship with the Commerce Commission					
104–109	114–119	Memorandum of understanding (MOU)	The MOU between the two Commissions was last updated in August 2007	Further update requested by 30 November 2008—paragraph 119 of the 2008 GPS	<p>The Commission published the updated MOU on 28 November 2008.</p> <p>The MOU is available at: www.electricitycommission.govt.nz/opdev/mou</p>

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
Distributed generation					
111	121	Guidelines or standards for domestic-scale distributed generation (includes NZEES actions—pages 62 and 63)	NA	Investigate the provision of guidelines or standards for domestic-scale distributed generation	This project was delayed by priority being given to Winter 2008 security work.
112–113	122–123	Distributed generation: itemised billing	Itemised billing (transparency of invoices) completed: included in consultation on terms and conditions between retailers and customers, carried out in 2007/08	Production of guidelines and standards completed	The guidelines were completed as part of the model domestic contract. Further information is available at: www.electricitycommission.govt.nz/consultation/modelcontracts08
Retail					
114	124	Market design improvements in the retail area	Market Design Issues Paper published in May 2007	Market design work on the options paper has the potential to result in further work in 2008/09 Release of final market design review (solutions) paper Implementation phase	See the Market Design Options Paper report under 2008 GPS paragraph 79. Work is being undertaken with Consumer New Zealand and the Ministry of Consumer Affairs on provision of improved tariff information by improving the Powerswitch website, which is expected to be completed by the end of September 2009. The Commission is working on expanding its capability to analyse retail tariff changes as part of its market design programme. The Commission is participating in work being undertaken by EECA and the Ministry of Social Development on household energy affordability. Market Design Review papers are available at: www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview
115	125	Review of part J of the Rules	Completion of rule changes and system developments	Complete implementation and initiate business-as-usual monitoring	Minor reconciliation rule changes completed on 5 September 2008 and came into force on 1 November 2008. Business-as-usual monitoring has commenced. Reconciliation participant forum —the Commission published the presentations and questions/comments from the reconciliation participant forum held on 25–26 March 2009. Further information is available at: www.electricitycommission.govt.nz/advisorygroups/pjtteam/reconproject/reconforum-Mar09
115	125	Review of part D of the Rules (metering)	NA	Initiate review	Consultation took place in August–October 2008 on issues and options. Submissions were used to develop the project scope, approved by the Board in December 2008. On 13 March 2009 the Commission announced the finalisation of the scope of the review and sought nominations for a review reference group. The reference group has been working well and its last meeting is due to take place on 16 July 2009. As part of the project the Commission ran two forums: a home area networks forum on 20 April 2009 and a radio and conventional ripple control systems forum on 8 June 2009. Further information is available at: www.electricitycommission.govt.nz/consultation/partd
115	125	Consumer switching rules compliance	Business-as-usual monitoring	Business-as-usual monitoring	Registry information is being monitored and exceptions noted and breach reports are being submitted to the Market Governance team when appropriate.

2009 GPS para	2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 June 2009 ²
116	126	Reconciliation of, and payment for, distribution line losses			
116	126	Loss factors methodology—including loss factors and loss optimisation (includes NZEECS action—p62)	Complete development of distribution loss optimisation model Consultation was completed in August 2007 on calculation and monitoring of distribution loss factors	Ongoing monitoring Develop regulations if necessary	Loss factors methodology —guidelines for the calculation of loss factors were published on 18 September 2008. The guidelines are available at: www.electricitycommission.govt.nz/infopapers/index.html#retail Terms of reference for a loss factor review panel (LFRP) were approved by the Board in September 2008 and the panel was established in March 2009. The LFRP met on 23 March, 13 May and 7 July 2009. Papers are available at: www.electricitycommission.govt.nz/advisorygroups/pjtteam/lfrp/index.html Distribution loss optimisation is being addressed in two parts: Minimising non-technical distribution losses —an issues and options paper on minimising non-technical distribution losses is being prepared but is currently a low priority. Minimising technical distribution losses —in relation to technical (capital investment related) losses, the Commission expects to publish an issues paper for consultation by August 2009.
Accountability requirements					
118	128	Quarterly report to the Minister	The Commission provides quarterly reports to the Minister of Energy and Resources against the GPS	Ongoing reporting	Quarterly reports have been provided to the Minister. GPS reports are published on the Commission's website at: www.electricitycommission.govt.nz/infopapers/publications

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