

Electricity Commission

Report against the

*Government Policy Statement on Electricity
Governance 2008 (GPS)*

to 30 September 2008

Abbreviations used in this report

Act	Electricity Act 1992
BA	benchmark (transmission) agreement
CDS	Centralised Dataset
Commission	Electricity Commission
EECA	Energy Efficiency and Conservation Authority
GIT	grid investment test
GPS	<i>Government Policy Statement on Electricity Governance</i>
GRS	grid reliability standards
GUP	grid upgrade plan
GWh	Gigawatt hour—the amount of energy as measured by a rate of 1 GW for a period of 1 hour
HVDC	high-voltage direct-current
ICR	interconnection rules
MED	Ministry of Economic Development
Minister	Minister of Energy
MOU	memorandum of understanding
MSD	Ministry of Social Development
NEECS	<i>National Energy Efficiency and Conservation Strategy</i>
NZES	<i>New Zealand Energy Strategy</i>
PCE	Parliamentary Commission for the Environment
Regulations	<i>Electricity Governance Regulations 2003</i>
Rules	<i>Electricity Governance Rules 2003</i>
SOI	<i>Statement of Intent</i>
SOO	<i>Statement of Opportunities</i>
TPM	transmission pricing methodology
VoLL	value of lost load

Introduction

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.

The Minister provided the Commission with a new *Government Policy Statement on Electricity Governance* (GPS) in May 2008.

The table below provides a summary of the GPS requirements and reports on the Commission's progress against those requirements to 30 September 2008.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
Commission powers and approach				
1-3	General expectations on process, approach and consultation	Ongoing requirements.	Ongoing requirements	Requirements being met.
4-6	Consultation			
4-5	Consultation processes	Ongoing requirements.	Ongoing requirements	In 2008 the Commission started a new quarterly publication called 'On the Lines', designed to improve understanding of the work the Commission is undertaking, and provide an overview of major projects. The publication is available at: http://www.electricitycommission.govt.nz/publications/index.html#on-the-lines
5	Consultation protocol	The Commission issued an updated consultation protocol on 14 September 2007, superseding the previous <i>Transmission Consultation Process 2004</i> . The protocol is on the website at: http://www.electricitycommission.govt.nz/opdev/	Maintain	The protocol being followed where relevant.
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 on relevant rule-change proposals.
7	Advisory groups			
7	Advisory group support and input	Information on advisory groups is available at: http://www.electricitycommission.govt.nz/advisorygroups/	Ongoing activity	Regular advisory group meeting supported.
8	Innovation			
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"> • A major aspect of the advanced metering work has been to enable and encourage innovation in service improvements and tariff options for residential consumers. • A recent 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.

¹ These statements address the requirements of section 172ZL of the Electricity Act 1992. They will be reported against in the Commission's 2008/09 Annual Report.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
9	Information			
9	Information collection, analysis and dissemination	Regular statistical reports are published for the wholesale and retail markets.	Regular publication of reports	Regular statistical reports have been published for the wholesale and retail markets: System Operation reports—monthly: http://www.electricitycommission.govt.nz/opdev/servproinfo/somonthly Retail reports—monthly: http://www.electricitycommission.govt.nz/opdev/etail/regstats Wholesale reports—weekly: http://www.electricitycommission.govt.nz/opdev/wholesale/mktrep
9	Centralised dataset (CDS)	<i>Centralised Dataset</i> (CDS), July 2005, July 2006, April 2007, November 2007 and May 2008.	Two CDS updates	Next update planned by the end of the 2008 calendar year. Information on the CDS can be found at: http://www.electricitycommission.govt.nz/opdev/modelling/centraliseddata/
9, 89	Statement of Opportunities (SOO)			See paragraph 89.
9	Market modelling, including the Generation Expansion Model (GEM) and market simulation	In 2006, the Commission developed a generation capacity expansion model (GEM). GEM updates were released in February and April 2008 including several modifications.	Updated and improved GEM released into the public domain Market simulation and real-time dispatch models released	GEM update to facilitate user licensing took place in late September 2008. GEM documentation is available at: http://www.electricitycommission.govt.nz/opdev/modelling/gem/documentation
10	Administration of regulations and rules			
10	Monitoring and compliance with Rules and Regulations	Electricity Governance Rules Committee (EGR Committee) established. Rulings Panel set up. Market compliance team established. Work completed on 891 notified breaches up to 30 June 2008.	Ongoing monitoring and compliance Enforcement, if necessary	941 notified breaches closed up to 30 September 2008. More information on compliance processes is available at: http://www.electricitycommission.govt.nz/rulesandregs/compliance/
10	Compliance framework—review of the compliance regime	Started 2007/08.	Implement the results of the compliance framework review	Implementation underway. A compliance conference was held on 25 August 2008 and a newsletter has been launched. Conference information is available at: http://www.electricitycommission.govt.nz/rulesandregs/compliance/conference
10	Review of market monitoring and compliance approach	Started 2007/08.	Complete development of a proactive monitoring method	See above.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
<i>New Zealand Energy Strategy and New Zealand Energy Efficiency and Conservation Strategy</i>				
11-16	NZES and NZEECS general expectations	Ongoing requirements for delivery, reporting and monitoring.	Ongoing requirements for delivery, reporting and monitoring	Delivery update included under the relevant GPS paragraphs in this report. Update report provided to the Ministry of Economic Development (MED) for inclusion in interim progress report.
Consumer protection				
17-20 Domestic consumer contracts				
17-20	Domestic consumer contracts	Development completed. Further information is available at: http://www.electricitycommission.govt.nz/opdev/retail/model	Alignment process with benchmark (transmission) agreement underway as business-as-usual Ongoing monitoring	Alignment process with benchmark (transmission) agreement (BA) completed. Consultation with stakeholders on corresponding changes completed. Updates to be made to model contract as a result of stakeholder feedback. (Also see paragraph 113.)
21-22 Low fixed charges				
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 taking place. Recent changes to the regulations need to be reflected in the Commission's monitoring method.
23-24 Arrangements for the benefit of low-income and vulnerable domestic consumers				
23-24	Guidelines on arrangements to assist low-income and vulnerable domestic consumers	Arrangements for the benefit of low income consumers were published in November 2005. In 2007 the Commission issued an updated <i>Guideline on arrangements to assist low income and vulnerable consumers</i> . In February 2008 the Commission amended clause 23 of the guideline to align with the Human Rights Act 1993. Information about the guideline is available at: http://www.electricitycommission.govt.nz/opdev/retail/lowincome/	Ongoing monitoring Recommend Regulations, if necessary	Paragraph 23 of the 2008 GPS requires the Commission to monitor compliance with the guideline. The Commission keeps compliance with the guideline under review and will revise its recommendation accordingly if required. The next monitoring round commences in October 2008 and will be completed early in the 2009 calendar year. The Commission is working with Ministry of Health officials on improving information exchange processes between district health boards and retailers to ensure that appropriate information is passed on when a patient is discharged with critical electrical medical equipment. Once this process is agreed, the guideline will be updated to reflect any changes. Statistics have been published in relation to disconnections at: http://www.electricitycommission.govt.nz/opdev/retail/regstats Recent work has been undertaken to improve consistency of reporting following feedback from retailers.
25 Arrangements in the event of retailer insolvency				
25	Arrangements in the event of retailer insolvency	Issues and options paper developed.	Finalise recommendations	Feedback from industry advisory groups on the draft issues and options paper has resulted in significant re-drafting. Consultation will take place once the initial report has been prepared.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
26–32	Consumer complaints resolution system			
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	On 4 September 2008, the Commission and Gas Industry Co. called for applications and these are due by 8 December 2008. If an 'approved scheme' is selected this will be completed by the end of June 2009. Further information is available at: http://www.electricitycommission.govt.nz/opdev/etail/consultationdocs/ElecGasComplaints
33-40	Electricity efficiency			
33–39	General requirements, inter-agency coordination	Ongoing requirements met.	Ongoing requirements	Requirements being met.
35	Electricity efficiency potentials study	Potentials study completed and published. Further information is available at: http://www.electricitycommission.govt.nz/opdev/elec-efficiency/potentialstudy	Updates to model developed and made available	Information about the study is made available at: http://www.electricitycommission.govt.nz/opdev/elec-efficiency/approach/potentials/index.html
40	Memorandum of understanding (MOU) with EECA	MOU signed in August 2005 and published on the Commission website at: http://www.electricitycommission.govt.nz/opdev/mou/	MOU update to address new requirements in 2008 GPS	The updated MOU has been approved by both boards.
41–42	Discount rate			
42	Cost-effectiveness assessment of programmes	Business-as-usual assessment carried out.	Business-as-usual assessment	Requirements being met.
43–46	Other arrangements and programmes			
44	Generation			
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	Industry reports continue to be published and are available at: http://www.electricitycommission.govt.nz/opdev/secsupply/sos/overview/hydrospill1/
45	Conveyance			
45	Load management	Initial investigation stage and completed.	Initiate priority load management development items and associated rule - changes, if appropriate	Progress impacted by essential work on security of supply.
46	End use			
46, 125	Metering technology (includes NZEECS action—page 62)	Advanced metering and load management guidelines completed.	Implementation	Five areas for rule changes are under consideration. These may be included in the Part D review or progressed more urgently depending on stakeholder feedback due by 10 October 2008. A monitoring report is to be completed by May 2009.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
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	The <i>Market Design Options Paper</i> published in July covers this matter. (See report under paragraph 79.)
46	Efficient lighting (includes NZEECS action—page 18)	Compact fluorescent lamps (CFL) programme completed. Efficient lighting strategy launched in June 2008. Request for proposals (RFP) to develop and implement lighting efficiency programmes. Nine contracts signed.	Implement lighting efficiency programme based on 2007 RFP responses	All programmes have been implemented.
46	Compressed air (includes NZEECS action—page 32)	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.	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	On track. Programme underway. As required. On track.
46	Electric motors—'bounty scheme' for accelerated replacement to efficient MEPS compliant motors (includes NZEECS action—page 32)	Contract awarded for motors bounty scheme in December 2007 and pilot phase started in April 2008.	Continue 'bounty scheme' for motors Roll-out of motor replacement policies for industry uptake Possible rewinders accreditation	Pilot completed in August and national programme got underway. On track. On track. RFP released July 2008.
46	Commercial buildings (includes NZEECS action—page 33)	Commercial building programme initiated with contracts with providers signed in January to March 2008.	Continue to implement commercial buildings programme	All 2008/09 programmes implemented.
46	EnergyWise home loans project. (NZEECS action—page 18)	Consideration of the EnergyWise Home Loans Scheme. Provisional allocation of funding subject to EECA providing a business case.	Potential programme implementation	Delayed. EECA preparing a revised business case proposal to be provided to the Commission in the second quarter. Programme implementation dependent on above.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
47-50	Renewable energy			
47-50	Transmission enabling renewables (includes NZES action—pages 72 and 81)	Project initiated in October 2007. Issue identification completed.	Possible framework covering information provision and policy issues to be addressed Develop policy solutions	The first step of this project consisted of constructing a 'resource map' of possible wind, hydroelectric, and geothermal generation in New Zealand. The final document for phase one of the project was published on 11 July 2008. The Commission has commenced preliminary work on Phase 2 of the project. As part of this work, the Commission has published a report on the development of marine energy in New Zealand. Further information is available at: http://www.electricitycommission.govt.nz/opdev/ransmis/renewables
50	Integration issues			
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. Further information is available at: http://www.electricitycommission.govt.nz/opdev/comqual/windgen/wgjp
51-57	Security of supply			
51-57	Security of supply background, key requirements and objective for the Commission			
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 is currently deferred while priority is placed on short term security management.
51-57	Price demand elasticity assessment	-	Carry out analysis to develop understanding of demand response to price	This work is currently deferred while priority is placed on short term security management.
58-60	Security of supply policy			
58-60 78	Implement reserve energy review recommendations (includes NZES action—pages 60 and 68)	<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	Security of supply policy published in October 2008 and available at: http://www.electricitycommission.govt.nz/opdev/secsupply/policy
61-64	Information, forecasting and monitoring			
61-64	Information, forecasting and monitoring	Ongoing requirements met. Security of supply information is available at: http://www.electricitycommission.govt.nz/opdev/secsupply/sos	Ongoing requirements	The Commission publishes security of supply information on its website, including a minimum hydro zone (Minzone) and assessments of risk to security of supply (Riskmeter), both of which are regularly updated.
65-66	Hydro storage guidelines			
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	Publication expected in November 2008.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
67-73	Reserve energy			
67-73	Contracting reserve energy capacity	From 1 April 2005, reserve generation capacity provided by the Whirinaki 155MW power station.	Considered as part of the annual security assessment	Annual security assessment will take place in the second quarter.
74-75	Emergency management			
74-75	Response planning and contingency arrangements	<p>Interim response plan completed and available at: http://www.electricitycommission.govt.nz/opdev/secsupply/policy</p> <p>Commission emergency response not required during 2006/07 and 2007/08 up to 30 April.</p> <p>The Commission monitored the winter 2008 supply situation and acted to ensure hydro storage was conserved. Action included Electricity Governance (Security of Supply) Regulations (providing for rolling-cuts), completed and recommended to the Minister on 26 June 2008.</p>	Implement reserve energy and emergency options as needed	<p>The Commission monitored the winter 2008 supply situation and acted to ensure hydro storage was conserved.</p> <p>Cabinet approved an increase in the reserve energy and emergency measures—variable appropriation by \$80m on 14 July 2008.</p> <p>The Electricity Governance (Security of Supply) Regulations were enacted on 11 August 2008.</p> <p>The Commission is undertaking a separate independent review of the performance of the electricity market during the 2008 winter. The terms of reference were published on the Commission's website on 19 August 2008: http://www.electricitycommission.govt.nz/opdev/secsupply/winter08/index.html</p> <p>The review is expected to report back to the Commission in December 2008.</p>
76-77	Levy			
76-77	Cost and recovery from reserve energy requirements	Ongoing arrangements met.	Ongoing arrangements	Ongoing arrangements met.
System operation and wholesale related markets				
79	Contracting for the operation of the electricity system and markets	<p>Initial System Operator contract in place. Contract renewal negotiations underway.</p> <p>All other service provider contracts for the wholesale and retail market operations were concluded on 29 June 2007.</p> <p>Further information is available at: http://www.electricitycommission.govt.nz/opdev/servprovinfo/index.html</p>	Business-as-usual	<p>System Operator service provider agreement (SOSPA) contract negotiations are underway.</p> <p>The Commission will consult on the proposed price change as part of its appropriation consultation for 2009/10, to take place in the second quarter.</p>

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
79	Market design review (includes NZES action—pages 60 and 68, NZEECS—page 62)	<i>Market Design Issues Paper</i> published May 2007. <i>Market Design Options Paper</i> developed.	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	On track. The <i>Market Design Options Paper</i> was published on 8 July 2008. A public briefing was held on 12 August and consultation closed on 1 September 2008. Submissions are being reviewed. Further information is available at: http://www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview
79	Market information project	Addressed by the market design review.	Potential initiatives from market design review to improve market information and analysis	On track. Submissions on the <i>Market Design Options Paper</i> closed on 1 September 2008 and these are currently being reviewed.
79	Offer and dispatch rule development	Industrial co-generation rules completed. Consultation papers developed covering: a. dispatch of HVDC b. minor offer and dispatch rule. consultation paper published 22 April, closed 27 May 2008. Consultation paper available at: http://www.electricitycommission.govt.nz/consultation/offer-dispatch-rule-changes	Completion of work from 2007/08 Work arising out of the wind project Potential work arising out of market design review	Advice has been received from Wholesale Market Advisory Group on the wind project implementation project plan. The plan includes work in the common quality area and on integration of wind into the wholesale market. Minor offer and dispatch rule changes were recommended to the Minister in September 2008 and were gazetted on 2 October 2008.
79, 124	Guidelines for secondary networks	NA	Embedded network guidelines completed	The embedded network guidelines have been completed and have been published on the Commission's website. The guidelines for customer networks and network extensions are on the Commission's workplan for next year.
79	Pricing process improvements	Priority was given to the market design review.	Implement initial initiatives Publish consultation paper on additional possible initiatives	The consultation paper is expected to be completed in the second quarter. There are a number of short term and long term implications to be considered.
79	Common quality development programme (includes NZES action—pages 60 and 68)			
	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 on track. 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 will be a need to review the project scope and re-engage with the System Operator.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
	Multiple frequency keepers	<p>Investigation of market solutions.</p> <p>The Commission engaged KEMA consultants to investigate the technical feasibility of a number of options to allow multiple frequency keepers to provide the frequency keeping service in each island. A copy of the KEMA report is available at: http://www.electricitycommission.govt.nz/opdev/comqual/strategicdevelopment</p> <p>Market integration work commenced, and a presentation published at: http://www.electricitycommission.govt.nz/advisorygroups/wmag/wmagmeetings/6mar08/index.html</p>	<p>Develop a system to co-ordinate multiple frequency keepers</p> <p>Complete market integration investigation and expert technical investigation</p>	Work is continuing and is on track.
	HVDC frequency sharing capability	Investigation initiated.	Complete investigation and recommend course of action	Work is on track. A response to the Commission's multiple frequency information requests has been received from the Grid owner and contact made to progress this.
	HVDC instantaneous reserve transfer capability	Stage 1—investigation. The Commission is seeking input from Transpower as grid owner on the HVDC capacity.	Stage 2—define rule changes and market system requirements	The Commission continues to work with the System Operator to progress this initiative but progress is not on track at present.
79, 125	Electricity hedge market development	<p>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. The report is available at: http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/index.html#survey</p> <p>Consultation was completed on hedge disclosure rules in September 2007.</p>	<p>Develop and implement remaining initiatives proposed by the Hedge Market Development Steering Group</p> <p>Potential work from the market design review</p> <p>(Next hedge market survey due in 2009/10)</p>	<p>A second workshop on the publication of risk management contract information was held in August 2008.</p> <p>A third update report was published on 23 September 2008: http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/Riskmanagement</p>
80–81	Transmission risk management			
80–81	Transmission hedge market development	<p>Consultation paper on transmission hedge rules developed.</p> <p>Further information is available at: http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/index.html#transhedge</p>	Finalise proposal and make recommendations to the Minister	<p>A consultation paper on transmission hedges (<i>Issues for Managing Locational Price Risk</i>) was released on 8 July 2008.</p> <p>The consultation paper is available at: http://www.electricitycommission.govt.nz/consultation/lra</p>

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
Transmission				
82–83	Transmission background and objectives			
84–88	Connection to and use of the national grid			
84–87	Grid reliability standards (GRS)	GRS completed February 2006. Further information is available at: http://www.electricitycommission.govt.nz/opdev/transmis/gridreliability	Business-as-usual	Business-as-usual.
88	Transmission contracting arrangements (Benchmark Agreement (BA), and Interconnection Rules (ICR))	BA completed 2006/07. Connection code, outage protocol and interconnection services developed 2007/08. Further information is available at: http://www.electricitycommission.govt.nz/opdev/transmis/Benchmark	Support implementation	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.
89–106	Investment in and maintenance of the transmission network, planning ahead, environmental effects, transmission alternatives			
89, 9	<i>Statement of Opportunities (SOO)</i>	<i>Initial Statement of Opportunities (SOO)</i> published in July 2005.	SOO August 2008.	SOO published 29 August 2008. Information about the SOO is available at: http://www.electricitycommission.govt.nz/opdev/transmis/soo
90–106	Grid investment decision-making	To 2006/07—\$256m of approvals. 2007/08—approximately \$1 billion of approvals.	Depends on timing of complete proposals from Transpower, decisions are expected to be made on: <ul style="list-style-type: none"> - HVDC link upgrade - North Auckland and Northland (NAaN) grid upgrades - West Coast grid upgrade - Economic investments required to support renewables 	West Coast (\$19 m) and HVDC (\$672 m) completed. NAaN proposal on track. Lower South Island proposal timetable likely to be revised. Wairakei ring proposal due from Transpower on 17 December 2008. Further information is available at: http://www.electricitycommission.govt.nz/opdev/transmis/
107–109	Pricing for connection to and use of the national grid, and cost recovery and pricing principles			
107–109, 45	Transmission pricing methodology (TPM)	Final TPM gazetted on 12 July 2007. Further information is available at: http://www.electricitycommission.govt.nz/opdev/transmis/tpm	Transpower is to address issues raised by internal audit. The Commission will monitor progress	Business-as-usual monitoring taking place.
107–109, 45	Locational transmission pricing investigation	NA	Scoping to be carried out	The Commission is considering whether it is appropriate to re-examine the current transmission pricing methodology.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
Distribution				
110–112	Pricing methodologies			
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	Monitoring is being undertaken.
112	Monitoring of changes in urban and rural lines charges	NA	Formal monitoring implemented	Under development.
113	Use of system agreements			
113	Distribution use-of-system agreements	The Commission published model distribution use-of-system agreements in December 2005. Consultation was included in the overall consultation on model contracts, which closed on 6 June 2008.	Business-as-usual monitoring	Business-as-usual monitoring taking place. The Commission is working on changes to the model retail contracts. This covers, among other things, proposed changes to include transparency of energy and lines charges requirements. Consultation with stakeholders completed. Updates to be made to model contract as a result of stakeholder feedback. Further information is available at: http://www.electricitycommission.govt.nz/consultation/modelcontracts08
Interrelationship with the Commerce Commission				
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	Draft areas of overlap sent to Commerce Commission 4 September 2008.
Distributed generation				
121	Guidelines or standards for domestic-scale distributed generation (includes NZEECS actions—pages 62 and 63)	NA	Investigate the provision of guidelines or standards for domestic-scale distributed generation	Work to be commenced on standards including process for determining what can and can't be connected.
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. Further information is available at: http://www.electricitycommission.govt.nz/consultation/modelcontracts08	Production of guidelines and standards completed	Completed as part of the model domestic contract.

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
Retail				
124	Market design improvements in the retail area	<p><i>Market Design Issues Paper</i>, May 2007.</p> <p>Market design review papers are available at: http://www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview</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>See <i>Market Design Options Paper</i> report under GPS paragraph 79.</p> <p>Work is being undertaken with Consumer NZ and the Ministry of Consumer Affairs on provision of improved tariff information and improving the Powerswitch website.</p> <p>Work is being undertaken with MED and the Ministry of Social Development (MSD) on household energy affordability.</p>
125	Review of part J of the Rules	Completion of rule changes and system developments.	Complete implementation and initiate business-as-usual monitoring	<p>Minor reconciliation rule changes completed on 5 September 2008 and come into force on 1 November 2008.</p> <p>Business-as-usual monitoring has commenced.</p>
125	Review of part D of the Rules (metering)	NA	Initiate review	An issues and options paper was published on 6 August 2008. Submissions close on 10 October 2008. A project plan for the review will be developed after consideration of the submissions.
125	Consumer switching rules compliance	Business-as-usual monitoring.	Business-as-usual monitoring	Registry information is being monitored and exceptions noted.
126	Reconciliation of, and payment for, distribution line losses			
126	Loss factors methodology— including loss factors and loss optimisation (includes NZEECS action—p62)	<p>Complete development of distribution loss optimisation model.</p> <p>Consultation was completed in August 2007 on calculation and monitoring of distribution loss factors.</p> <p>Distribution loss optimisation is being addressed in two parts:</p> <p>a) non-technical (reconciliation related) losses are being addressed by the Commission's Retail team; and</p> <p>b) technical (capital investment related) losses are being addressed by the Security, Generation and Distribution team.</p>	<p>Ongoing monitoring</p> <p>Develop regulations if necessary</p>	<p>Guidelines for the calculation of loss factors were published on 18 September 2008. The guidelines are available at: http://www.electricitycommission.govt.nz/infopapers/index.html#retail</p> <p>Terms of reference for a loss factor review panel were approved by the Board in September.</p> <p>An issues and options paper on minimising non-technical distribution losses is being prepared and is likely to be published early in 2009.</p>

GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 ¹	Progress to 30 September 2008
Accountability requirements				
128	Quarterly report to the Minister	The Commission provides quarterly reports to the Minister of Energy against the GPS. GPS reports are also published on the Commission's website at: http://www.electricitycommission.govt.nz/infopapers/publications	Ongoing reporting	Quarterly reports provided in accordance with timetable set out in output agreement.