

# Electricity Commission

Report against the

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

To 31 March 2009

## Introduction

1. This report provides information on the Electricity Commission's (Commission's) achievements against the GPS for the period to 31 March 2009.
2. Section 172ZK of the Electricity Act 1992 (the Act) 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 previous Minister provided the Commission with a new *Government Policy Statement on Electricity Governance* (GPS) in May 2008. The following section provides a summary of the GPS requirements and reports on the Commission's progress against those requirements to 31 March 2009.
3. This report is based on the 2008 GPS. A new GPS has been provided in May 2009. The Commission will cross reference this report to both the 2008 and 2009 GPS for the remainder of the financial year.

## 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

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
<b>Commission powers and approach</b>				
1-3	General expectations on process, approach and consultation	Ongoing requirements	Ongoing requirements	Requirements being met. The Commission has published its <i>Briefing to the Incoming Minister</i> , which is available at: <a href="http://www.electricitycommission.govt.nz/publications/index.html#briefing">http://www.electricitycommission.govt.nz/publications/index.html#briefing</a>
<b>4-6 Consultation</b>				
4-5	Consultation processes	Ongoing requirements	Ongoing requirements	In 2008 the Commission started three new publications: - 'Notes from the Chair' is a high level update on Commission activities and plans. - 'On the Lines' is designed to improve understanding of the work the Commission is undertaking, and provide an overview of major projects. These publications are available at: <a href="http://www.electricitycommission.govt.nz/infopapers/publications">http://www.electricitycommission.govt.nz/infopapers/publications</a> - Market Governance newsletters providing stakeholders with more information about the compliance process. These are available at <a href="http://www.electricitycommission.govt.nz/rulesandregs/compliance/updates">http://www.electricitycommission.govt.nz/rulesandregs/compliance/updates</a>
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 being followed where relevant. The protocol is available at: <a href="http://www.electricitycommission.govt.nz/opdev/">http://www.electricitycommission.govt.nz/opdev/</a>
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.
<b>7 Advisory groups</b>				
7	Advisory group support and input	Information on advisory groups is available at: <a href="http://www.electricitycommission.govt.nz/advisorygroups/">http://www.electricitycommission.govt.nz/advisorygroups/</a>	Ongoing activity	Ongoing activity.

<sup>1</sup> 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.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
8	<b>Innovation</b>			
8	Encouraging innovation	Ongoing requirements	Ongoing requirements	<p>Encouraging innovation is a key aspect of the Commission's work. For example:</p> <ul style="list-style-type: none"> <li>• A major aspect of the advanced metering work has been to enable and encourage innovation in service improvements and tariff options for residential consumers.</li> <li>• 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.</li> <li>• Provision of modelling information and models on-line, for example a CDS web interface was made available in December 2008.</li> </ul>
9	<b>Information</b>			
9	Information collection, analysis and dissemination	Regular statistical reports are published for the wholesale and retail markets	Regular publication of reports	<p>Regular statistical reports have been published for the wholesale and retail markets:</p> <p><b>System Operation reports</b>—monthly:  <a href="http://www.electricitycommission.govt.nz/opdev/servprovinfinfo/so/monthly">http://www.electricitycommission.govt.nz/opdev/servprovinfinfo/so/monthly</a></p> <p><b>Retail reports</b>—monthly:  <a href="http://www.electricitycommission.govt.nz/opdev/retail/regstats">http://www.electricitycommission.govt.nz/opdev/retail/regstats</a></p> <p><b>Wholesale reports</b>—weekly:  <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/mktr/ep">http://www.electricitycommission.govt.nz/opdev/wholesale/mktr/ep</a></p> <p><b>Lake level history</b>—in March 2009 the Commission published a report and datasets on lake level history. The Commission thanks Genesis Energy, Mighty River Power, Meridian Energy, and Contact Energy for supporting the project and providing data. The data will be made available as part of the centralised dataset:  <a href="http://www.electricitycommission.govt.nz/opdev/modelling/centraliseddata/hydro">http://www.electricitycommission.govt.nz/opdev/modelling/centraliseddata/hydro</a></p> <p><b>Wind data</b>—a draft national windflow dataset has been received. When work on the dataset has been completed, the Commission will publish the dataset and an accompanying report. Publication will be in an Information Supplement (to be published in alternate years to the SOO). The Commission thanks Meridian Energy, Contact Energy, Trustpower, Unison and Mainpower for supporting the project and providing data.</p>
9	Centralised dataset (CDS)	Centralised Dataset (CDS), July 2005, July 2006, April 2007, November 2007 and May 2008	Two CDS updates	<p>An updated Centralised Dataset DVD was published on 5 December 2008. The dataset is intended to support transmission-planning processes by providing information to assist with decisions on transmission and transmission alternatives. The December update did not include updated embedded generation data, and this will be included in the next update.</p> <p>Information on the CDS can be found at:  <a href="http://www.electricitycommission.govt.nz/opdev/modelling/centraliseddata/">http://www.electricitycommission.govt.nz/opdev/modelling/centraliseddata/</a></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:  <a href="http://www.electricitycommission.govt.nz/opdev/modelling/wip/cdswebinterface">http://www.electricitycommission.govt.nz/opdev/modelling/wip/cdswebinterface</a></p>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
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 updates are released every two months and constant development is taking place.  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.  GEM documentation is available at: <a href="http://www.electricitycommission.govt.nz/opdev/modelling/gem/documentation">http://www.electricitycommission.govt.nz/opdev/modelling/gem/documentation</a>  The GEM is available at: <a href="http://www.electricitycommission.govt.nz/opdev/transmis/git">http://www.electricitycommission.govt.nz/opdev/transmis/git</a>
10	<b>Administration of regulations and rules</b>			
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	1,011 notified breaches have been closed up to 31 March 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 January 2009. The Commission considers that there is considerable learning value in cases that related to breach issues common to several participants or a class of participants.  The case studies are available at: <a href="http://www.electricitycommission.govt.nz/rulesandregs/compliance/case-study">http://www.electricitycommission.govt.nz/rulesandregs/compliance/case-study</a>  The Market Governance updates are available at: <a href="http://www.electricitycommission.govt.nz/rulesandregs/compliance/updates">http://www.electricitycommission.govt.nz/rulesandregs/compliance/updates</a>  More information on compliance processes is available at: <a href="http://www.electricitycommission.govt.nz/rulesandregs/compliance/">http://www.electricitycommission.govt.nz/rulesandregs/compliance/</a>
10	Compliance framework—review of the compliance regime	Started 2007/08	Implement the results of the compliance framework review	Completed. A compliance conference was held on 25 August 2008, the Commission's compliance philosophy has been published, and a newsletter has been launched.  Conference information is available at: <a href="http://www.electricitycommission.govt.nz/rulesandregs/compliance/conference">http://www.electricitycommission.govt.nz/rulesandregs/compliance/conference</a>
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.
<b><i>New Zealand Energy Strategy and New Zealand Energy Efficiency and Conservation Strategy</i></b>				
11–16	NZES and NZECS 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 reports provided to the Ministry of Economic Development (MED) for inclusion in combined progress reports.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
<b>Consumer protection</b>				
<b>17–20 Domestic consumer contracts</b>				
17–20	Domestic consumer contracts	Development completed  Further information is available at: <a href="http://www.electricitycommission.govt.nz/opdev/retail/model">http://www.electricitycommission.govt.nz/opdev/retail/model</a>	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.)
<b>21–22 Low fixed charges</b>				
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 and some breaches are being investigated. Six monthly reviews are taking place and the Commission is working on automated tools to streamline the process.
<b>23–24 Arrangements for the benefit of low-income and vulnerable domestic consumers</b>				
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	Ongoing monitoring  Recommend regulations, if necessary	Paragraph 23 of the 2008 GPS required 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.  Monitoring took place in December 2008. A report is expected by April 2009.  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.  Details on the guideline are available at: <a href="http://www.electricitycommission.govt.nz/opdev/retail/lowincome/index.html">http://www.electricitycommission.govt.nz/opdev/retail/lowincome/index.html</a>  Statistics have been published in relation to disconnections at: <a href="http://www.electricitycommission.govt.nz/opdev/retail/regstats">http://www.electricitycommission.govt.nz/opdev/retail/regstats</a>
<b>25 Arrangements in the event of retailer insolvency</b>				
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. 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 09/10 financial year.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
26–32	<b>Consumer complaints resolution system</b>			
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 closed on 8 December 2008.  On 20 February 2009 the Commission and the Gas Industry Co (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 close on 20 April 2009.  Once submissions have been analysed, the Commission and the GIC will decide whether the industry-based EGCC scheme should be finally approved by the Commission under section 158G of the Electricity Act 1992, and recommended to the Minister of Energy and Resources for approval under section 43E of the Gas Act 1992.  If an 'approved scheme' is selected this will be completed by the end of June 2009.  Further information is available at: <a href="http://www.electricitycommission.govt.nz/opdev/retail/consultationdocs/ElecGasComplaints">http://www.electricitycommission.govt.nz/opdev/retail/consultationdocs/ElecGasComplaints</a>
33-40	<b>Electricity efficiency</b>			
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: <a href="http://www.electricitycommission.govt.nz/opdev/electricity/potentialstudy">http://www.electricitycommission.govt.nz/opdev/electricity/potentialstudy</a>	Updates to data/information developed and made available	The model and Information about the study is available at: <a href="http://www.electricitycommission.govt.nz/opdev/electricity/approach/potentials/index.html">http://www.electricitycommission.govt.nz/opdev/electricity/approach/potentials/index.html</a>
40	Memorandum of understanding (MOU) with EECA	MOU signed in August 2005 and published on the Commission website at: <a href="http://www.electricitycommission.govt.nz/opdev/mou/">http://www.electricitycommission.govt.nz/opdev/mou/</a>	MOU update to address new requirements in 2008 GPS	The updated MOU was signed in November 2008.  The MOU is available at: <a href="http://www.electricitycommission.govt.nz/opdev/mou">http://www.electricitycommission.govt.nz/opdev/mou</a>
41–42	<b>Discount rate</b>			
42	Cost-effectiveness assessment of programmes	Assessment carried out on all proposed programmes	Assessment carried out on all proposed programmes	Requirements being met. The cost to the Commission of savings achieved is around 0.6c per kW/hr compared to the LRMC of new generation of 8.5c per kW/hr.
43–46	<b>Other arrangements and programmes</b>			
44	<b>Generation</b>			
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: <a href="http://www.electricitycommission.govt.nz/opdev/secsupply/sos/overview/hydrospill1/">http://www.electricitycommission.govt.nz/opdev/secsupply/sos/overview/hydrospill1/</a>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
45 <b>Conveyance</b>				
45	Load management	Initial investigation stage and completed	Initiate priority load management development items and associated rule - changes, if appropriate	<p>A stocktake has been undertaken of load control and load management work that has been carried out and is in progress. The results of this stocktake are forming the basis of a refreshed work programme, with clear actions, accountabilities and relative priorities. The first project to be initiated is the property rights project listed below.</p> <p><b>Load management property rights</b>—on 3 April 2009 the Commission announced the initiation of a new 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>In the near future, the Commission will be contacting a number of stakeholders identified as having particular interest in this issue, with a view to seeking further facts, opinions and advice. Details are available at:  <a href="http://www.electricitycommission.govt.nz/opdev/retail/loadmgt/index.html">http://www.electricitycommission.govt.nz/opdev/retail/loadmgt/index.html</a></p>
46 <b>End use</b>				
46, 125	Metering technology (includes NZEECS action—page 62)	Advanced metering and load management guidelines completed	Implementation	<p>Five areas for rule changes are under consideration. Some are included in the part D review (see paragraph 125) and some are being considered for more urgent attention.</p> <p>An Advanced Metering Infrastructure (AMI) policy monitoring report is to be completed by mid 2009.</p> <p>The Commission hosted an Advanced Metering Solutions conference on 25 November 2008. The transcript for the conference is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/retail/metering/forums#ami">http://www.electricitycommission.govt.nz/opdev/retail/metering/forums#ami</a></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. Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/retail/metering/index.html#participant-communication">http://www.electricitycommission.govt.nz/opdev/retail/metering/index.html#participant-communication</a></p> <p><b>Prepayment meter survey results</b>—the Commission conducted prepayment meter surveys in October 2005 and April 2007. A further survey was carried out in May 2008. The Commission has published the responses from the 2008 survey. Results are available at:  <a href="http://www.electricitycommission.govt.nz/opdev/retail/metering/index.html#prepayment-meter-survey-results">http://www.electricitycommission.govt.nz/opdev/retail/metering/index.html#prepayment-meter-survey-results</a></p>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
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 <i>Market Design Options Paper</i>, published in July 2008, covers this matter (see report under paragraph 79).</p> <p><b>Demand-side bidding and forecasting</b>—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. This work is constrained by the timing of the System Operator's market system upgrade.</p> <p>The Commission has met with the System Operator and is now 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:  <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/dsbfproject">http://www.electricitycommission.govt.nz/opdev/wholesale/dsbfproject</a></p> <p><b>Dispatchable demand</b>—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>
46	Efficient lighting	<p>Compact fluorescent lamps (CFL) programme completed</p> <p>Efficient lighting strategy launched in June 2008</p> <p>Request for proposals (RFP) to develop and implement lighting efficiency programmes. Nine contracts signed</p>	Implement lighting efficiency programme based on 2007 RFP responses	<p>Two remaining programmes from 2007 RFP are due for completion by 31 September 2009.</p> <p>Estimated 403 GWh p.a. 80.6kT CO<sub>2</sub> annualised savings to 31 March 2009.</p> <p><b>2008 RFP projects:</b></p> <p><b>Information stream</b>—the Commission has contracted 7 partners to launch a series of projects over the next few months. These projects include the development of an informative web tool on efficient lighting for all sectors and a supporting communications campaign, training programmes for retail staff on efficient lighting technologies and education programmes for industry (electricians and builders, etc) on efficient lighting.</p> <p><b>Technology stream</b>—the 2008 RFP sought parties to develop and implement product subsidy incentive programmes, aimed at increasing the uptake of efficient lighting in New Zealand. One project (spanning three years) is currently underway, two more are to follow.</p> <p><b>Efficient Lighting RFP 2009</b>—this RFP was seeking proposals aimed at eliminating inefficient incandescent lighting in New Zealand through subsidising efficient lighting alternatives. The Commission received 8 responses to the RFP, and is now in the process of contract negotiations with 7 providers.</p> <p>More information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/lighting/index.html">http://www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/lighting/index.html</a></p>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
46	Compressed air	<p>Develop and deliver best practice package for compressed air operation and maintenance</p> <p>Fifteen auditors approved</p> <p>Best practice assessments for 37 large industrial consumers completed or underway at the end of 2007/08</p>	<p>Continue to provide subsidised efficiency audits of major compressed air systems and facilities</p> <p>Case-by-case subsidies for capital improvement</p> <p>Best practice operation and maintenance guidelines completed</p>	<p>On track. Programme underway and 84 assessments and audits completed. Estimated 15 GWh p.a. 3kT CO<sub>2</sub> annualised savings to 31 March 2009.</p> <p>Ongoing. Proposals are being negotiated with 2 companies for capital improvement subsidies.</p> <p>Completed.</p> <p>More information is available at: <a href="http://www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/industrial/cas/index.html">http://www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/industrial/cas/index.html</a></p>
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	<p>Continue 'bounty scheme' for motors</p> <p>Motor rewinder workshop quality scheme</p>	<p>The electric motors bounty scheme has been operating nationally since November 2008.</p> <p>3.25 GWh p.a. 0.65kT CO<sub>2</sub> annualised savings to 31 March 2009.</p> <p>Development of the rewinder scheme is on track. A contract has been signed with Telarc SAI to develop and establish the scheme. A draft quality code is being developed with a Motor Rewind Consultation Group. The target for broader rewind industry consultation is June 2009.</p> <p>More information is available at: <a href="http://www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/industrial/cas/index.html">http://www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/industrial/cas/index.html</a></p>
46	Motor replacement policy development tools for industry		Roll-out of motor replacement policies for industry uptake	Draft motor replacement policy document and calculator distributed to larger industrial users for trial and review.
46	Other motor systems programmes			Contracts have been signed with 2 service providers to undertake programmes that will identify and implement motor systems efficiencies over a broad range of industrial processes.
46	Commercial buildings	Commercial building programme initiated with contracts with providers signed in January to March 2008	Continue to implement commercial buildings programme	<p>All 2008/09 programmes have been contracted and are underway. 52 projects have been committed with expected savings of 15.8 GWh p.a. and 3.17kT CO<sub>2</sub> annualised savings to March 2009.</p> <p>More information is available at: <a href="http://www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/commercial/index.html">http://www.electricitycommission.govt.nz/opdev/elec-efficiency/programmes/commercial/index.html</a></p>
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.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
47-50	<b>Renewable energy</b>			
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 phase 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. This has included publication of a report on the development of marine energy in New Zealand. In addition, the Commission has commissioned expert advice on special protection schemes, dynamic line rating technologies and high temperature conductors. The reports will be available by the end of June 2009.  Further information is available at: <a href="http://www.electricitycommission.govt.nz/opdev/transmis/renewables">http://www.electricitycommission.govt.nz/opdev/transmis/renewables</a>
50	<b>Integration issues</b>			
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: <a href="http://www.electricitycommission.govt.nz/opdev/comqual/windgen/wgip">http://www.electricitycommission.govt.nz/opdev/comqual/windgen/wgip</a>  <b>Fault ride through investigations</b> —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: <a href="http://www.electricitycommission.govt.nz/opdev/comqual/windgen/ride-through">http://www.electricitycommission.govt.nz/opdev/comqual/windgen/ride-through</a>  The Commission plans to seek feedback during the next phase of work: development of proposed fault ride through rules.  <b>Wholesale market wind integration</b> —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.
51-57	<b>Security of supply</b>			
51-57	<b>Security of supply background, key requirements and objective for the Commission</b>			
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. Priority was placed on the winter 2008 work.  The assessment of peak capacity has been completed as part of the <i>Annual Security Assessment 2008</i> .
51-57	Price demand elasticity assessment	-	Carry out analysis to develop understanding of demand response to price	This work has been deferred and will not be completed in 2008/09.  The Commission has placed its effort in dealing with the 2008 winter situation, supporting the subsequent review, and developing plans to address the findings of the review.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
58–60	<b>Security of supply policy</b>			
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: <a href="http://www.electricitycommission.govt.nz/opdev/secsupply/policy">http://www.electricitycommission.govt.nz/opdev/secsupply/policy</a>  In December 2008 the Commission published the submissions received in response to the <i>System security forecast rule amendment consultation</i> .  The submissions are available at: <a href="http://www.electricitycommission.govt.nz/submissions/commqualsubs/ssf">http://www.electricitycommission.govt.nz/submissions/commqualsubs/ssf</a>
61–64	<b>Information, forecasting and monitoring</b>			
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 minimum hydro zone (Minzone)) and assessments of risk to security of supply (Riskmeter).  Security of supply information is available at: <a href="http://www.electricitycommission.govt.nz/opdev/secsupply/">http://www.electricitycommission.govt.nz/opdev/secsupply/</a>
65–66	<b>Hydro storage guidelines</b>			
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 <i>Annual Security Assessment 2008</i> was published in December 2008.
67–73	<b>Reserve energy</b>			
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	The <i>Annual Security Assessment 2008</i> 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: <a href="http://www.electricitycommission.govt.nz/opdev/secsupply/">http://www.electricitycommission.govt.nz/opdev/secsupply/</a>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
74–75	<b>Emergency management</b>			
74–75	Response planning and contingency arrangements	<p>Interim response plan completed and available at: <a href="http://www.electricitycommission.govt.nz/opdev/secsupply/policy">http://www.electricitycommission.govt.nz/opdev/secsupply/policy</a></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><b>Appropriations</b>—the Commission sought and received a \$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. The Commission has recommended a reduction of its 2009/10 appropriation back to \$6 million as the funding is not likely to be needed in the short term.</p> <p><b>Rolling Outage Regulations and AUFLS</b>—the Commission has consulted on <i>Arrangements for rolling outages</i> 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. Over the next financial year the Commission will be working to implement the Rolling Outage Regulations.</p> <p><b>Winter Review</b>—on 21 January 2009 the Commission released the report of the Winter Review team. The Commission has considered the report and feedback from submissions and is commencing work on addressing key areas covered in the review. More information is available at: <a href="http://www.electricitycommission.govt.nz/consultation/winter08">http://www.electricitycommission.govt.nz/consultation/winter08</a></p> <p><b>Emergency Response Plan</b>—the commission is working on publishing a revised emergency response plan, clearly indicating how the Commission will act in a potential or actual energy shortage and defining the triggers that will lead to emergency measures being taken. Publication is expected in the 2008/09 financial year.</p>
76–77	<b>Levy</b>			
76–77	Cost and recovery from reserve energy requirements	Ongoing arrangements met	Ongoing arrangements	Ongoing arrangements met.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
<b>System operation and wholesale related markets</b>				
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>	Business-as-usual	<p><b>System Operator service provider agreement (SOSPA)</b>—contract negotiations are underway.</p> <p>The Commission has consulted on the proposed price change as part of its appropriation consultation for 2009/10. A report has been provided to the Minister on the Commission's proposed appropriations. The Commission expects contract negotiations to be completed by May 2009.</p> <p>Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/servprovinform/index.html">http://www.electricitycommission.govt.nz/opdev/servprovinform/index.html</a></p> <p><b>System Operator Policy Statement</b>—on 31 March 2009, the System Operator submitted a draft 2009 Policy Statement to the Commission. The Commission published the draft 2009 Policy Statement for information purposes. The Commission will publish a formal statement of proposal in May for the purpose of consultation.</p> <p>The draft 2009 Policy Statement is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/comqual/2007policystatement">http://www.electricitycommission.govt.nz/opdev/comqual/2007policystatement</a></p>
79	Market design review (includes NZES action—pages 60 and 68, NZEECS—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 <i>Market Design Options Paper</i> 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 (once available).</p> <p>High priority projects in the Market Development Programme (MDP) are:</p> <ul style="list-style-type: none"> <li>• Capacity and scarcity pricing</li> <li>• Clarify ownership of load control</li> <li>• Review of the status of Whirinaki</li> <li>• Review of transmission pricing</li> <li>• New security information provision</li> <li>• Review of distribution pricing</li> <li>• Locational hedges</li> <li>• Review of allocation of reserve energy levies</li> <li>• Emergency response plan</li> <li>• Improving the instantaneous reserves market</li> <li>• Improving the frequency-keeping market</li> </ul> <p>Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview">http://www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview</a></p>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
79	Market information project	Addressed in the Market Design Review	Potential initiatives from market design review to improve market information and analysis	Initial work has commenced on a range of areas arising out of the options paper and consultation. <b>Energy consumption data</b> —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 <i>Market Design Review: Options Paper</i> . The data is available at: <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview#energy-consumption-data-used">http://www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview#energy-consumption-data-used</a>
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	Completion of work from 2007/08  Work arising out of the wind project  Potential work arising out of market design review	Paper being prepared on short-term initiatives for 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 gazetted on 2 October 2008.  The Commission expects to consult on short-term initiatives later in the 2009 calendar year.
79, 124	Guidelines for secondary networks	NA	Embedded network guidelines completed	The embedded network guidelines were completed and published on the Commission's website in May 2008.
79	Pricing process improvements	Priority was given to the market design review	Implement initial initiatives  Publish consultation paper on additional possible initiatives	Initial initiatives are being implemented and should be completed by the end of the financial year.  In November 2008 the Commission published a consultation paper on <i>Issues and indicative options for the spot market pricing process and UTS provisions</i> . Consultation closed on 20 February 2009. The consultation paper is available at: <a href="http://www.electricitycommission.govt.nz/consultation/spot-market/view">http://www.electricitycommission.govt.nz/consultation/spot-market/view</a>  The interim pricing period proposal is being finalised.  Other pricing elements are also being developed.
79	<b>Common quality development programme</b> (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 but 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 will be a need to review the project scope and re-engage with the System Operator.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
	Multiple frequency keepers	Investigation of market solutions  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: <a href="http://www.electricitycommission.govt.nz/opdev/comqual/strategicdevelopment">http://www.electricitycommission.govt.nz/opdev/comqual/strategicdevelopment</a>	Develop a system to co-ordinate multiple frequency keepers  Complete market integration investigation and expert technical investigation	Completed.  The Commission has consulted on an options paper based on the technical and market integration reports. Consultation closed on 7 November 2008.
	HVDC frequency sharing capability	Investigation initiated	Complete investigation and recommend course of action	Work is not on track due to Grid Owner resource constraints.
	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	The Commission continues to work with the Grid Owner to progress this initiative.
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. The report is available at: <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/index.html#survey">http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/index.html#survey</a>  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.  A third update report was published on 23 September 2008 and is available at: <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/Riskmanagement">http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/Riskmanagement</a>  In November 2008 the Commission published a report regarding hedging on foreign exchange risks. The report is available at: <a href="http://www.electricitycommission.govt.nz/infopapers#partf">http://www.electricitycommission.govt.nz/infopapers#partf</a>  The new rules governing the disclosure of hedge contract information came into effect on 2 February 2009.  Since the rules came into force a number of contracts have been published and are available at: <a href="http://www.electricitycontract.co.nz/">http://www.electricitycontract.co.nz/</a>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
<b>80–81 Transmission risk management</b>				
80–81	Transmission hedge market development	<p>Consultation paper on transmission hedge rules developed</p> <p>Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/index.html#transhedge">http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/index.html#transhedge</a></p>	Finalise proposal and make recommendations to the Minister	<p>A consultation paper on location hedges (<i>Issues for Managing Locational Price Risk</i>) 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:  <a href="http://www.electricitycommission.govt.nz/consultation/lra">http://www.electricitycommission.govt.nz/consultation/lra</a></p> <p>The submission summary is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/transmission-hedges">http://www.electricitycommission.govt.nz/opdev/wholesale/Hedge/transmission-hedges</a></p> <p>The Commission is considering the next steps on a simple reallocation mechanism (referred to as locational rental allocations) or an auction based mechanism (referred to as financial transmission rights). Cost benefit assessments are being carried out to inform future work.</p>
<b>Transmission</b>				
<b>82–83 Transmission background and objectives</b>				
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.</p> <p>The Commission sought from Transpower further information 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>
<b>84–88 Connection to and use of the national grid</b>				
84–87	Grid reliability standards (GRS)	<p>GRS completed February 2006</p> <p>Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/transmis/gridreliability">http://www.electricitycommission.govt.nz/opdev/transmis/gridreliability</a></p>	Business-as-usual	<p>Business-as-usual work continues.</p> <p><b>External peer review of Grid Reliability Standards</b>—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.</p> <p>The report has been published see  <a href="http://www.electricitycommission.govt.nz/opdev/transmis/gridreliability/index.html#external-peer-review">http://www.electricitycommission.govt.nz/opdev/transmis/gridreliability/index.html#external-peer-review</a></p> <p><b>Value of unserved energy</b>—the Commission has undertaken a two-stage tender process for an 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.</p> <p>Stage 1 of the Investigation has been completed, and the report was published on 31 January 2009. The report is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/transmis/unserved-energy">http://www.electricitycommission.govt.nz/opdev/transmis/unserved-energy</a></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>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
88	Transmission contracting arrangements (Benchmark Agreement (BA), and Interconnection Rules (ICR))	<p>BA completed 2006/07</p> <p>Connection code, outage protocol and interconnection services developed 2007/08</p> <p>Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/transmis/Benchmark">http://www.electricitycommission.govt.nz/opdev/transmis/Benchmark</a></p>	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	<b>Investment in and maintenance of the transmission network, planning ahead, environmental effects, transmission alternatives</b>			
89, 9	<i>Statement of Opportunities</i> (SOO)	<i>Initial Statement of Opportunities</i> (SOO) published in July 2005	SOO August 2008	The SOO was published on 29 August 2008. Information about the SOO is available at: <a href="http://www.electricitycommission.govt.nz/opdev/transmis/soo">http://www.electricitycommission.govt.nz/opdev/transmis/soo</a>
90–106	Grid investment decision-making	<p>To 2006/07—\$256m of approvals</p> <p>2007/08—approximately \$1 billion of approvals.</p>	<p>Depends on timing of complete proposals from Transpower, decisions are expected to be made on:</p> <ul style="list-style-type: none"> <li>- HVDC link upgrade</li> <li>- North Auckland and Northland (NAaN) grid upgrades</li> <li>- West Coast grid upgrade</li> <li>- Economic investments required to support renewables</li> </ul>	<p>Status of proposals:</p> <ul style="list-style-type: none"> <li>• <b>West Coast</b>—\$19m approved 21 July 2008.</li> <li>• <b>HVDC</b>—\$672m approved 25 September 2008.</li> <li>• <b>NAaN proposal</b>—intention to decline notice issued 19 December 2008. Technical briefing held on 13 February 2009 and public conference held 2 March 2009. Submissions closed on 16 March 2009 on additional material presented at the conference. Final decision expected at the end of April 2009.</li> <li>• <b>Lower South Island proposal</b>—deferred by Transpower, possible submission in mid 2009.</li> <li>• <b>Wairakei ring proposal</b>—(\$141 m) submitted on 17 December 2008. Timetable revised in January 2009. Notice of intention to approve 20 February 2009. Approval finalised.</li> <li>• <b>Maungatapere bus security investment proposal</b>—(\$4.1m) submitted 19 December 2008. Notice of intention to approve 20 February 2009. Approval finalised.</li> <li>• <b>Wellington 110kV interconnection investment proposal</b>—(\$9.57m) submitted 19 December 2008. Notice of intention to approve 13 March 2009. Approval finalised.</li> <li>• <b>Woodville – Mangamaire – Masterton transmission investment proposal</b>—(\$17.4m) submitted 19 December 2008. Notice of intention to approve 13 March 2009. Approval finalised.</li> </ul> <p>NB No requests for public conferences received for the Wairakei, Maungatapere, Woodville and Wellington investment proposals, therefore the notice of intentions became final decisions after 10 working days.</p>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
90–106	Grid investment decision-making (continued)			<p><b>Reliability investments:</b></p> <ul style="list-style-type: none"> <li>• <b>Bombay Bus Security investment proposal</b> - received on 12 March 2009, as part of the 2008 GUP. Consultation closed on 3 April 2009. Final decision expected at the end of April 2009.</li> <li>• <b>Redclyffe Bus Security investment proposal</b> - received on 12 March 2009, as part of the 2008 GUP. Consultation closed on 3 April 2009. Final decision expected at the end of April 2009.</li> </ul> <p>Further information about applications is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/transmis">http://www.electricitycommission.govt.nz/opdev/transmis</a></p>
107–109	<b>Pricing for connection to and use of the national grid, and cost recovery and pricing principles</b>			
107–109, 45	Transmission pricing methodology (TPM)	<p>Final TPM gazetted on 12 July 2007</p> <p>Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/transmis/tpm">http://www.electricitycommission.govt.nz/opdev/transmis/tpm</a></p>	<p>Transpower is to address issues raised by internal audit. The Commission will monitor progress</p>	<p>Transpower has provided evidence of audit, which the Commission has accepted.</p> <p>Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/transmis/tpm/audit">http://www.electricitycommission.govt.nz/opdev/transmis/tpm/audit</a></p>
107–109, 45	Locational transmission pricing investigation	NA	<p>Scoping to be carried out</p>	<p>The Commission has initiated a wide-ranging review of options for the allocation methodology for transmission costs, the basis for which Transmission can charge for its services.</p> <p>On 20 March 2009 the Commission announced:</p> <ul style="list-style-type: none"> <li>• The formation of the Transmission pricing technical group (TPTG)</li> <li>• A call for expressions of interest from consultants to carry out a high-level options investigation.</li> </ul> <p>Further information is available at:  <a href="http://www.electricitycommission.govt.nz/opdev/transmis/tp">http://www.electricitycommission.govt.nz/opdev/transmis/tp</a></p>

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
<b>Distribution</b>				
110–112	<b>Pricing methodologies</b>			
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><b>Principles or model approaches to distribution pricing</b>—on 3 April 2009 the Commission announced the commencement of a project to develop pricing principles or model approaches for electricity distribution pricing. The Commission intends to use the Pricing Approaches Working Group (PAWG) report (February 2005) as a starting point for this project. The report made a number of recommendations on distribution pricing. These recommendations 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>Details are available at: <a href="http://www.electricitycommission.govt.nz/opdev/transmis/distrib-pricing/index.html">http://www.electricitycommission.govt.nz/opdev/transmis/distrib-pricing/index.html</a></p>
112	Monitoring of changes in urban and rural lines charges	NA	Formal monitoring implemented	Under development.
113	<b>Use of system agreements</b>			
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	<p>Business-as-usual monitoring taking place.</p> <p>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.</p> <p>Further information is available at: <a href="http://www.electricitycommission.govt.nz/consultation/modelcontracts08">http://www.electricitycommission.govt.nz/consultation/modelcontracts08</a></p>
<b>Interrelationship with the Commerce Commission</b>				
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	Completed. The Commission published the updated MOU on 28 November 2008 at: <a href="http://www.electricitycommission.govt.nz/opdev/mou">http://www.electricitycommission.govt.nz/opdev/mou</a>
<b>Distributed generation</b>				
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. This project has been delayed by priority having been given to winter 2008 security work.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
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: <a href="http://www.electricitycommission.govt.nz/consultation/modelcontracts08">http://www.electricitycommission.govt.nz/consultation/modelcontracts08</a>	Production of guidelines and standards completed	Completed as part of the model domestic contract.
<b>Retail</b>				
124	Market design improvements in the retail area	<i>Market Design Issues Paper</i> , May 2007  Market design review papers are available at: <a href="http://www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview">http://www.electricitycommission.govt.nz/opdev/wholesale/marketdesign/marketdesignreview</a>	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 <i>Market Design Options Paper</i> report under GPS paragraph 79.  Work is being undertaken with Consumer NZ and the Ministry of Consumer Affairs on provision of improved tariff information and improving the Powerswitch website.  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 (MSD) on household energy affordability.
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 come into force on 1 November 2008.  Business-as-usual monitoring has commenced.  <b>Reconciliation participant forum</b> —the Commission has published the presentations and questions/comments from the reconciliation participant forum held on 25–26 March 2009.  The presentations and questions/comments are available at: <a href="http://www.electricitycommission.govt.nz/advisorygroups/pjteam/reconproject/recon-forum-Mar09">http://www.electricitycommission.govt.nz/advisorygroups/pjteam/reconproject/recon-forum-Mar09</a>
125	Review of part D of the Rules (metering)	NA	Initiate review	Consultation took place in August–October 2008 on issues and options. Submissions have been 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.  Further information is available at: <a href="http://www.electricitycommission.govt.nz/consultation/partd">http://www.electricitycommission.govt.nz/consultation/partd</a>
125	Consumer switching rules compliance	Business-as-usual monitoring	Business-as-usual monitoring	Registry information is being monitored and exceptions noted.

2008 GPS para	Project	Status as at 30 June 2008	Performance standard for 2008/09 <sup>1</sup>	Year-to-date progress
126	<b>Reconciliation of, and payment for, distribution line losses</b>			
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> <ul style="list-style-type: none"> <li>a) non-technical (reconciliation related) losses</li> <li>b) technical (capital investment related) losses</li> </ul>	<p>Ongoing monitoring</p> <p>Develop regulations if necessary</p>	<p><b>Loss factors methodology</b>—guidelines for the calculation of loss factors were published on 18 September 2008. The guidelines are available at: <a href="http://www.electricitycommission.govt.nz/infopapers/index.html#retail">http://www.electricitycommission.govt.nz/infopapers/index.html#retail</a></p> <p>Terms of reference for a loss factor review panel were approved by the Board in September 2008 and the panel was established in March 2009. Details are available at: <a href="http://www.electricitycommission.govt.nz/advisorygroups/pjtteam/lfrp/index.html">http://www.electricitycommission.govt.nz/advisorygroups/pjtteam/lfrp/index.html</a></p> <p><b>Minimising non-technical distribution losses</b>—an issues and options paper on minimising non-technical distribution losses is being prepared but is unlikely to be published by the end of the financial year.</p> <p><b>Minimising technical distribution losses</b>—in relation to technical (capital investment related) losses, the Commission expects to publish an issues paper for consultation by June 2009.</p>
<b>Accountability requirements</b>				
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: <a href="http://www.electricitycommission.govt.nz/infopapers/publications">http://www.electricitycommission.govt.nz/infopapers/publications</a>	Ongoing reporting	Quarterly reports provided in accordance with timetable set out in output agreement.

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