



Briefing to the Incoming Minister:

Hon Phil Heatley

14 December 2011



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Abbreviations used in this document

Act	Electricity Industry Act 2010
Authority	Electricity Authority
Code	Electricity Industry Participation Code 2010
CRE	Competition, reliability and efficiency (components of the Authority's statutory objective)
DD	Dispatchable demand
DSBF	Demand side bidding and forecasting
EECA	Energy Efficiency and Conservation Authority
EIEP	Electronic Information Exchange Protocol
FTR	Financial transmission right
MED	Ministry of Economic Development
MEP	Metering equipment provider
Minister	Minister of Energy and Resources
MUoSA	Model use of system agreement
PCC	Public conservation campaign
RAG	Retail Advisory Group
SRC	Security and Reliability Council
TPAG	Transmission Pricing Advisory Group
UTS	Undesirable trading situation
VoLL	Value of lost load
WAG	Wholesale Advisory Group

1. Key Contacts

Chair

Dr Brent Layton

DDI:withheld

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Chief Executive

Carl Hansen

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1.1 Key upcoming events for the Minister

Event	Timing
Tabling of the Electricity Authority 2010/11 Annual Report	As soon as practical after Parliament resumes
Cabinet paper on Financial Transmission Rights (FTR) regulations and funding (being prepared by the Ministry of Economic Development (MED))	Early February 2012
Receive and consider 2012/13 appropriations proposals	Early February 2012

1.2 Key upcoming events for the Authority

Event	Timing
High Court decision on the Undesirable Trading Situation (UTS) of 26 March 2010	Decision due end of February 2012
Release of the report: Electricity Market performance: 2010–2011 in review	7 December 2011

2. Organisation and Responsibility

2.1 The Authority

The Electricity Industry Act 2010 (Act) established the Authority as an independent Crown entity on 1 November 2010.

The Authority is governed by a Board, which is supported by the Chief Executive and 50 staff. See Appendix A for Board and Chief Executive profiles.

The Authority is responsible for providing independent governance of the electricity industry and oversees the operation of the electricity system and market. The Authority's governance function is achieved primarily through developing and enforcing the Electricity Industry Participation Code 2010 (Code).

The Authority works closely with Advisory Groups, which include consumer and industry representatives, on areas for improvements to the electricity market. The Security and Reliability Council (SRC) advises the Authority on the performance of the electricity system and the system operator, and on reliability of supply matters. Details of the membership of these bodies are provided in Appendix B.

The Authority oversees the operation of the electricity system and markets through contracts with service providers. Transpower manages the day-to-day operation of the electricity system as the system operator. NZX and Jade operate a range of systems including clearing and settlement, reconciliation, wholesale information and trading, and registry systems.

The Authority has published *Electricity in New Zealand* as an overview of the electricity sector to provide interested members of the public with the context for its work. This document is included as Appendix C.

2.2 Authority responsible for the Code

The Code and the Electricity Industry (Enforcement) Regulations 2010 (Regulations) came into effect on 1 November 2010. The Code sets out industry participants' obligations across the electricity market, from generating through to transmission, distribution, retailing and the hedge market.

The Authority, in its own right, makes changes to and administers the Code and monitors and enforces compliance with the Act, Regulations, and the Code. There is no accountability to the Minister of Energy and Resources (Minister) on these matters, other than to keep the Minister informed on a 'no surprises' basis.

As an independent Crown entity, the Authority is only required to have regard to Government Policy Statements presented in Parliament by the Minister, and is not required to give effect to them. There are currently no such policy statements.

2.3 The Authority's statutory objective

Section 15 of the Act sets the Authority a clear objective:

to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.

2.4 The Authority's functions

Section 16 of the Act sets out the Authority's functions. Broadly, these are to:

- register industry participants;
- develop and administer the Code;
- monitor and enforce compliance with the Code, Act and regulations;
- facilitate market performance through information, best-practice guidelines, and related services;
- undertake sector reviews;
- act as Market Administrator and contract market operation service providers;
- promote consumer switching; and
- monitor sector performance against the Authority's statutory objective.

2.5 Ministerial reviews

Section 18 of the Act requires the Authority to carry out reviews at the written request of the Minister on any matter relating to the electricity industry. To date, no reviews have been requested.

2.6 Funding

The Electricity Authority is funded from Vote: Energy.

The Crown is reimbursed for the cost of the funding for the Authority through a levy on industry participants. The levy also funds Energy Efficiency and Conservation Authority (EECA) electricity efficiency costs and Ministry of Consumer Affairs' consumer switching costs. The Levy is administered by the Authority in accordance with detailed formulae set out in Regulation.

2.7 Foundation documents

The Authority has consulted on and finalised the following foundation documents:

- an *Advisory Group Charter*, specifying the Authority's policy on Advisory Groups and the Security and Reliability Council (SRC);¹
- a *Consultation Charter*, setting out the Authority's policy and processes for consulting interested parties on proposals to amend the Code and other matters, and the Code amendment principles the Authority and its Advisory Groups will adhere to in considering proposals to amend the Code; and²

¹ Required under section 19 of the Act. See <http://www.ea.govt.nz/our-work/advisory-working-groups/>

² Required under section 41 of the Act. See <http://www.ea.govt.nz/act-code-regs/code-regs/code-changes/>

- an *Interpretation of the Authority's statutory objective*, which sets out the Authority's interpretation of section 15 of the Act.³

These documents are important for promoting regulatory predictability and credibility. They provide consumers, investors and industry participants with a transparent view of how the Authority intends to conduct its work to bring about enhancements to the operation of the market for the long-term benefit of consumers.

3. Pending Decisions or Actions

3.1 Regulations required to implement the FTR market

The Authority has amended the Code as required by section 42(2)(c) of the Act to establish a new financial transmission rights (FTR) market. In order to establish the market, some amendments to regulations are necessary to identify the FTR manager as a new market operations service provider as required under the Act, and to clarify service provider liabilities for the FTR market. Further background is provided in Table 1, row C of this report.

The Authority is working with the Ministry of Economic Development (MED) to prepare a Cabinet Paper for you setting out the proposed regulations and rationale.

During November 2011, the Authority consulted the industry over the proposed regulations. Submitters were unanimous in their support of the proposal. Industry views will be reflected in the Cabinet Paper and Regulatory Impact Statement. The Cabinet Paper will also seek Cabinet's approval for the proposed budget for the implementation of the FTR market, which is a new cost to the Authority.

The Authority intends the FTR market to commence in October 2012. To achieve this date, the Authority expects to contract a new FTR manager in February 2012. The Cabinet Paper plays a significant role in FTR market implementation, as the regulations will bring the new FTR manager under the Act and set its liability limit, and the budget approval will enable the Authority to proceed with confidence in engaging the FTR manager and implementing the market.

.....withheld

.....withheld.....

3.2 Tabling of the 2010/11 Annual Report

The Authority's 2010/11 Annual Report has been completed and published on the Authority's website, and is being made available in hard copy by request.⁴

The Annual Report was provided to your office on 14 November 2011. A further copy is included as Appendix H.

³ Not specifically required by the Act. See <http://www.ea.govt.nz/about-us/documents-publications/foundation-documents/>

⁴ See <http://www.ea.govt.nz/about-us/documents-publications/>

There is a requirement for you to table the report as soon as possible after the commencement of the next session of Parliament (due to the dissolution of Parliament for the general election it was not possible to table the report earlier).

3.3 Appropriations consultation and Statement of Intent

The Authority is required to consult annually with industry on the appropriation and work priorities for the coming financial year. For the 2012/13 year, this consultation is scheduled for 29 November 2011 to 9 January 2012 and feeds into the Treasury-led Estimates of Appropriations and the Authority's Statement of Intent.⁵

You will receive a report in early February 2012, requesting the approval of funding requirements for the Authority for the 2012/13 year. A copy of the appropriation consultation paper is attached for your information as Appendix I.

The Authority will provide you with the draft Statement of Intent, covering the period 1 July 2012 to 30 June 2015, for consideration in March 2012.⁶

4. Current Work Programme, Major Policy and Implementation Matters

4.1 Current work programme

The Authority's 2011/12 work programme is attached as Appendix D.

Key areas within the work programme are outlined in the sections that follow.

4.2 Section 42

On 31 October 2011, the Authority provided a report to the Acting Minister of Energy and Resources (Minister) on the successful completion of the requirements of section 42 of the Act—a major challenge for the Authority's first year of operation. The report was accepted by the Minister and has been published.⁷ A copy is included as an attachment (Appendix E).

The table below summarises how the Act requirements were met, and the implementation actions being taken.

⁵ See <http://www.ea.govt.nz/our-work/2012-15-planning/>

⁶ The requirement for the Authority to provide a draft SOI is included in section 145 of the Crown Entities Act 2004 (http://www.legislation.govt.nz/act/public/2004/0115/latest/DLM329631.html?search=ts_act_crown+entities_rese&p=1&sr=1)

⁷ See: <http://www.ea.govt.nz/about-us/documents-publications/>

Table 1: Summary of section 42 completion and implementation

Section 42(2) requirement	Completion summary	Implementation notes
(a) provision of compensation by retailers to consumers during Public Conservation Campaigns (PCCs).	<p>Completed in accordance with s42(1)(a). Customer compensation scheme Code amendments gazetted on 3 March 2011.</p>	<p>The scheme came into effect on 1 April 2011. This scheme requires retailers to pay customers \$10.50 per week when a PCC is called by the system operator, based on a predefined trigger.</p>
(b) imposing a floor or floors on spot prices for electricity in the wholesale market during supply emergencies (including PCCs).	<p>Completed in accordance with s42(1)(a) and (b)</p> <p>The solution involves two components:</p> <ol style="list-style-type: none"> 1. scarcity pricing (a price floor and price cap) for certain emergency load shedding situations (gazetted on 28 October 2011); and 2. a 'stress test' regime (gazetted on 3 November 2011). 	<p>Scarcity pricing: The Code comes into effect on 1 June 2013. Implementation requires software changes to be made by the pricing manager and system operator.</p> <p>Stress test: Participants are required to put in place the processes to provide quarterly stress test results and annual company declarations. The Authority will appoint an independent registrar to consolidate and present the results to the Authority. The first stress tests are expected to be publicised for application in the quarter starting 1 July 2012.</p>
(c) mechanisms to help wholesale market participants manage price risks caused by constraints on the national grid.	<p>Completed in accordance with s42(1)(a) Code amendments gazetted on 11 August 2011.</p> <p>The Code was amended to provide for the introduction of inter-island financial transmission rights (FTRs), a special type of hedge product to assist parties to manage locational price risks caused by transmission constraints and losses between the North and South Islands, and HVDC reserve risks.</p>	<p>The Code came into effect on 1 October 2011.</p> <p>The Authority is in the process of selecting an FTR manager. The manager, will prepare and consult on market design details such as the auction process. The Authority will also engage the clearing manager to design prudentials methodology and develop systems for the clearing and settlement of the FTR market. The Authority intends trading to start in October 2012.</p> <p>Regulations are required to establish the FTR market (see section 3.1)</p>

Section 42(2) requirement	Completion summary	Implementation notes
<p>(d) mechanisms to allow participants who buy electricity on the wholesale market to benefit from demand reductions.</p>	<p>Completed in accordance with s42(1)(a)</p> <p>Two projects completed and Code amendments made:</p> <ul style="list-style-type: none"> • demand-side bidding and forecasting (DSBF); and • dispatchable demand (DD). <p>DSBF improves demand forecasting, scheduled information, and price sensitivities due to changes in demand.</p> <p>DD allows demand (at non-conforming nodes, typically large industrial consumers) to be dispatched in a similar fashion to generation.</p> <p>Both Code amendments were gazetted on 20 October 2011.</p>	<p>DSBF: Code amendments come into effect on 28 June 2012. Implementation requires software changes to be made by the system operator, by NZX to the wholesale information trading system, and by industry participants.</p> <p>DD: Code amendments come into effect on 27 June 2013. Implementation requires software changes to be made by the system operator and industry participants, including consumers who wish to participate in dispatchable demand.</p>
<p>(e) requirements for distributors that do not send accounts to consumers directly, to use more standardised tariff structures; and</p> <p>(f) requirements for all distributors to use more standardised use-of-system agreements, and for those use-of-system agreements to include provisions indemnifying retailers in respect of liability under the Consumer Guarantees Act 1993 for breaches of acceptable quality of supply, where those breaches were caused by faults on a distributor's network.</p>	<p>Completed in accordance with s42(1)(a) Code amendments gazetted on 28 October 2011.</p> <p>Code amendments have been made to provide for more standardisation, e.g. distributor prudential requirements, a requirement that distributors consult before making tariff structure changes, a requirement for distributors to negotiate in good faith or to enter into mediation if parties are unable to agree to terms, standardised data formats used for exchanging tariff rate information, and distributor indemnities.</p> <p>In addition, market facilitation measures are being implemented, e.g. updated distributor Model use of system agreements (MUoSA).</p>	<p>The Code amendments, except as described below, will come into force from 1 December 2011:</p> <p>(a) clauses relating to exchanging information about changes to distribution tariffs (i.e. EIEP12), using standard tariff codes and negotiating UoSAs (for existing UoSAs) will apply from 1 July 2013; and</p> <p>(b) clauses relating to prudentials and consultation will apply from 1 May 2012. Relatively minor implementation work is required in each case.</p>
<p>(g) facilitating, or providing for, an active market for trading financial hedge contracts for electricity.</p>	<p>Completed in accordance with s42(1)(b). No Code amendments made.</p> <p>An active hedge market has been provided for, without amending the Code.</p>	<p>The Authority has liaised with the large generators to facilitate standardised market-making agreements being put in place.</p>

4.3 Promoting consumer switching

One of the Authority's functions⁸ is to promote consumer awareness of the benefits of comparing and switching retailers.

The Authority has a \$10.5 million, 3.5-year programme to promote the benefits of shopping around for the best power deal. This work is being carried out in conjunction with the Ministry of Consumer Affairs (MCA).

The 'What's My Number' campaign was launched on 29 May 2011. The campaign has been very successful, with targets for website visits and estimated savings by consumers being quickly exceeded. As expected, now that the initial advertising and promotion campaign has stopped, results are starting to tail off. The Authority is assessing the initial promotion response and planning for a second phase of the campaign in 2012.⁹

In addition to 'What's My Number', contracts were signed in July 2011 with three providers to:

- train nominated budget advice centres on assisting their clients to compare and switch electricity retailers;
- assist the citizens' advice bureau in helping clients to compare and switch electricity retailers, by explaining to them the benefits of comparing and switching electricity retailers and, if required, taking them through the 'What's My Number' and Powerswitch websites; and
- build and supply an online business comparison tool.

4.4 Other key projects

Electricity market performance: 2010–2011 in review

The Authority launched and published its *Electricity market performance: 2010–2011 in review* report on 7 December. The report reviews market performance during the Authority's first year of operation. It is the first of what will be annual market performance assessments.

A copy of the report is included as Appendix F.

Review of the Code relating to metering

The current provisions in the Code relating to metering have largely remained unchanged since they were introduced in 1994. They have been substantially revised to clarify obligations, remove inconsistencies, and to provide a better basis for the uptake of advanced ('smart') meters. The revised Code creates a new class of industry participant, called the Metering Equipment Provider (MEP).

Consultation on final Code amendments closed on 2 November 2011 and the Board's final consideration of the proposed Code (excluding items below) is planned for 16 December 2011.

⁸ S16(1)(i) Electricity Industry Act 2010

⁹ Further information about the consumer switching fund and key statistics are available at: <http://www.ea.govt.nz/consumer/csf/>

The Authority has decided to split off data access and MEP nomination issues from the amendments to the rest of the metering provisions. It will continue to analyse these matters in light of ongoing developments in that part of the industry.

Investigation into the value of unserved energy

This research project assesses the appropriateness of the current value of lost load (VoLL), which is currently set at \$20,000/MWh. The value of VoLL is a fundamental input into the economic analysis of investment in the electricity supply industry. An information paper, including proposed Code amendments and draft estimates of the value of unserved energy, is scheduled for publication in early 2012.

Transmission pricing methodology

The Authority inherited from its predecessor, the Electricity Commission, a wide-ranging review of the methodology for allocating transmission costs.

This is a significant matter for the industry. Transmission pricing involves the allocation across companies of around \$700 million per year at present, set to rise to over \$1 billion per year within the next ten years as significant new transmission investments are commissioned.

The allocation of the costs of the High Voltage Direct Current (HVDC) link across the Cook Strait has been a long-standing contentious matter. The link is currently being upgraded, resulting in costs rising from \$80 million per year to \$160 million per year. The current methodology allocates these costs to South Island generators.

The Authority established a Transmission Pricing Advisory Group (TPAG) early in 2011 but it was unable to reach a consensus view on the allocation of HVDC costs. The Authority is now considering the matter, and will shortly be issuing a revised timeline for making final decisions as decisions in this area have the potential to affect the capital value of South Island generators, particularly Meridian Energy.

Generation fault ride through

This is a review of the obligations for generating assets to remain connected during transmission faults, to supply enough reactive power to reduce voltage dip and to provide enough short-circuit current to allow protection relays to clear faults correctly.

The system operator is carrying out further technical work on the matter and a possible second round of consultation may occur in early 2012. If a second consultation is not required, an amendment to the Code could be finalised in early 2012.

Multiple frequency keepers

This project aims to achieve a more competitive procurement arrangement than the present frequency-keeping service by developing an automatic generation control system to centrally coordinate frequency keeping. Testing of a prototype has been completed. The system operator is now developing the software needed for intra-island frequency keeping.

4.5 2012–15 Statement of Intent and Path to CRE planning

Part two of the Authority's 2011–2014 Statement of Intent (SOI) sets out work completed to date and strategy development direction (the SOI is attached as Appendix G). This has focused on setting out a clear vision and value statements, and progressing development of complementary strategies for regulatory and organisational development.

The Authority has begun planning its work programme priorities for the next three years.

The first step, undertaken in July to September 2011, was assessing public and electricity sector views related to the Authority's competition, reliability and efficiency (CRE) aspirations through:

- A survey of consumers, investors and industry participants; and
- Strategic forums to review survey information; identify key regulatory issues and possible new work programme items.

A second step, being carried out from 29 November 2011 to 9 January 2012, involves consulting on a proposed Path to CRE work programme, in conjunction with the Authority's annual consultation on appropriations (see section 3.3).

Following that process, the strategy and work programme will be published. This strategy and work programme will feed into the development of the draft Statement of Intent, to be provided to you in March 2012.

5. Litigation

The Authority is currently party to two cases before the Courts, one relating to a decision made by the Electricity Commission and the other relating to the Authority's decision regarding the 26 March 2011 UTS (undesirable trading situation) claims. Both cases continue into the 2011/12 financial year. Costs in relation to these cases are met from the Electricity litigation fund appropriation.

There is no Ministerial involvement in these cases.

The Authority will provide updates in its quarterly reports, or on an ad-hoc basis as necessary.

5.1 Bay of Plenty Energy proceedings

In November 2010, Bay of Plenty Energy Limited (BOPE) commenced two sets of proceedings (an appeal and a judicial review) in the High Court at Wellington about the Electricity Commission's decision to grant an exemption to the reconciliation manager.

The Authority is named as a respondent/defendant in its capacity as the Commission's successor. TrustPower Limited, Contact Energy Limited, NZX Limited and Energy Clearing House Limited are named as the other respondents/defendants.

A two week hearing is set down for April 2012.

5.2 26 March 2010 Undesirable Trading Situation (UTS)

Historically high spot market prices on Saturday 26 March 2011 were the dominant electricity market issue during the last quarter of the 2010/11 financial year. Provisional prices on the electricity spot market north of Hamilton were around \$20,000/MWh for seven hours, and reached \$8,000/MWh in the lower North Island. The market was seeing average daily prices of between \$40 and \$70/MWh around that period.

In all, 35 parties claimed the events of 26 March constituted an Undesirable Trading Situation (UTS), as defined in the Code.

On 4 July 2011, the Authority published its final decision that a UTS had occurred and setting out actions to correct the UTS.¹⁰

On 13 July 2011 Genesis, Contact Energy, and Bay of Plenty Energy/Todd Energy initiated a High Court appeal to the UTS decision. The following companies filed notices in support of the Authority decision: Meridian Energy, Mighty River Power, Pulse Utilities, Fletcher Building, Smart Power, Air New Zealand, New Zealand Steel, New Zealand Sugar Company, Powershop New Zealand, Switch Utilities, and the New Zealand Refining Company. Vodafone also indicated a wish to be heard by the Court.

The High Court has ordered a stay on publication of final prices for 26 March 2011 until a further order of the Court. In practical terms, this means final prices cannot be published until the UTS appeals are determined, though the Court has the discretion to review this if the need arises.

The High Court heard the appeals in the week beginning 28 November 2011 and a decision is expected by late February 2012.

6. Board, Advisory Groups and Management

6.1 Authority members

The Authority Board comprises between five and seven members appointed by the Governor-General, on the recommendation of the Minister. Members hold office for a term of up to 5 years and may be reappointed.

The Board members are: Dr Brent Layton (Chair), Susan Paterson, Elena Trout, all appointed until 31 October 2015, and David Bull and Hon Roger Sowry, both appointed until 30 April 2012. Their profiles are provided in Appendix A.

¹⁰ Further information on the UTS is available at: www.ea.govt.nz/act-code-regs/uts/decisions-and-claims/

6.2 Rulings Panel, Security and Reliability Council and Advisory Groups

Rulings Panel

The 2010 Act continues the Rulings Panel (the industry dispute resolution and disciplinary body established under the Electricity Governance Regulations 2003) and sets out its membership, functions and funding arrangements.

The Governor-General appoints the members of the Rulings Panel.

The Rulings Panel members are: Peter Dengate Thrush (Chair), Geraldine Baumann (Deputy Chair), John O'Sullivan, Susan Roberts and Nicola Wills.

Security and Reliability Council and Advisory Groups

The Act requires the Authority to establish the Security and Reliability Council (SRC) and at least one other advisory group. It also requires the Authority publish a *charter on advisory groups*, which was done on 14 February 2011.

The SRC was established in March 2011. Its function is to provide independent advice to the Authority on the performance of the electricity system and the system operator, and on reliability of supply issues.

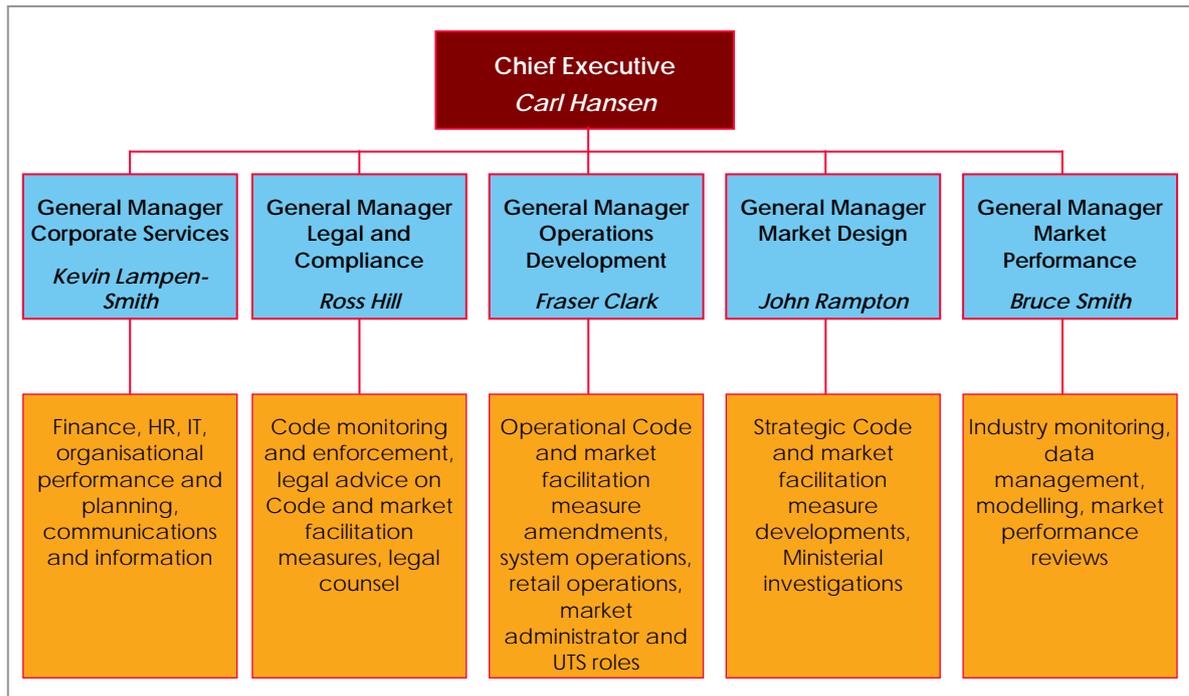
Dr Kevin Thompson was appointed chair of the SRC for a term of three years. The terms of the other members are staggered: Dennis Barnes, Terrence Currie and Tim Lusk were appointed for 1 year; Albert Brantley, Patrick Strange and Bruce Turner for 2 years; and David Russell, Roger Sutton and Kevin Thompson for 3 years. Roger Sutton and Tim Lusk have recently resigned due to changes in their employment arrangements and new commitments. The Authority will be calling for nominations for these positions shortly to fill them by March 2012.

The Authority has established two standing advisory groups, the Wholesale Advisory Group (WAG) and Retail Advisory Group (RAG). James Moulder is chair of WAG and Peter Allport is chair of RAG. Other members are listed in Appendix B.

An ad hoc advisory group, the Transmission Pricing Advisory Group (TPAG), chaired by Dr Graham Scott, was established for a limited time period, TPAG reported to the Board on 2 September 2011 and, having completed its intended role, ceased operation on that date.

A Transmission Advisory Group may be established at a later date.

6.3 Organisational structure and management



7. Appendices

Appendix A: Board and Chief Executive Profiles

Appendix B: Advisory Group members

Appendix C: *Electricity in New Zealand* publication

Appendix D: 2011/12 Work Programme

Appendix E: Section 42 Completion Report

Appendix F: *Electricity market performance: 2010–2011 in review* (embargoed until 7 December 2011)

Appendix G: 2011–2014 Statement of Intent

Appendix H: 2010/11 Annual Report

Appendix I: 2012/13 appropriation consultation paper

Appendix A Board and Chief Executive Profiles

Authority Board

Dr Brent Layton (Chairperson)



Dr Layton is a former senior fellow and chief executive of the New Zealand Institute of Economic Research (NZIER). He has been a director or chairman of organisations in sectors as diverse as banking and finance, health, scientific research, electricity, food processing, transport and information technology.

As a consultant, Dr Layton's work has spanned macro and microeconomics and corporate finance. Much of his work has involved regulatory economics and responses to regulatory change.

Dr Layton also chaired the Electricity Technical Advisory Group (ETAG) that, with the assistance of the Ministry of Economic Development, undertook the 2009 Ministerial Review of the electricity sector.

David Bull



Mr Bull's experience in the New Zealand electricity system includes 21 years as a power system engineer at the Electricity Corporation of New Zealand (ECNZ) and predecessor organisations, and more recently a term as a board member of the Electricity Commission.

He is experienced in central government processes and stakeholder and community relationships, with five years as General Manager responsible for Local Government and Community Services in the Department of Internal Affairs and 15 years as a Wellington City Councillor or Wellington Regional Councillor.

Mr Bull's governance and commercial experience includes chairing numerous city and regional council committees. He was previously a board member of the New Zealand Fire Service, Wellington Polytechnic Council, and Wellington International Airport Ltd.

Susan Paterson



Ms Paterson has been a professional director for the past 15 years, and has broad experience in business and management. Currently, she is Chair of the Airways Corporation and Chair of Theta Systems Ltd, with other current directorships including Housing NZ, Goodman Property Trust, and Les Mills NZ Ltd.

She has held directorships at Transpower, EECA, Ngawha Generation, Abano Healthcare Ltd, Auckland Regional Holdings, and Ports of Auckland. Ms Paterson also worked as Project Director for the Wholesale Electricity Market Development Group (WEMDG), which led to the establishment of the wholesale electricity market in 1996.

Hon Roger Sowry ONZM



Mr Sowry has extensive experience in the public sector and across a wide range of issues, and served on the board of the Electricity Commission.

He was a Member of Parliament from 1990 to 2005. From 1996 to 1999 he was Minister of Social Welfare and Associate Minister of Health. When he retired from Parliament in 2005, he became Chief Executive of Arthritis New Zealand.

Mr Sowry is currently a private consultant with Saunders Unsworth, specialising in the management of public policy issues. He is also Chair of the WELTEC and Whitireia Polytechnic Councils, and is a director of CityLink.

Elena Trout



Ms Trout has extensive experience as a manager, project director, consultant, and company director. She has specialised in change management, asset management, contract procurement, and major project development and implementation..

Ms Trout's experience of the New Zealand electricity sector and its governance comes from almost six years as a director of Transpower. She is also currently an elected member of the Institution of

Professional Engineers New Zealand (IPENZ) board.

Chief Executive

Carl Hansen



Before being appointed inaugural Chief Executive of the Authority, Mr Hansen was extensively involved in the evolution of the New Zealand electricity market, as a senior executive and director, independent advisor and economist. This background includes chairing several sector technical and advisory groups and acting as principal advisor to a number of industry bodies.

For most of the past decade, Mr Hansen has been part of the market services company M-co, originally as Chief Economist and most recently as Chief Executive. Mr Hansen also worked for the Law and Economics Consulting Group where he provided strategic and regulatory advice to utility and infrastructure clients.

A Masters graduate with first class honours in economics from the University of Michigan, Mr Hansen's prior roles span a wide range of policy development and operations at the New Zealand Treasury and Reserve Bank, and undertaking policy analysis at the Business Roundtable

Appendix B Advisory Group Members

Wholesale Advisory Group (WAG)

James Moulder (Chair)
Neal Barclay
John Carnegie
Jason Franklin

Stephen Peterson
Bruce Rogers
Richard Spearman
John Woods

Further information is available at: <http://www.ea.govt.nz/our-work/advisory-working-groups/wag/>

Retail Advisory Group (RAG)

Peter Allport (Chair)
Dene Biddlecombe
Sue Chetwin
Sarah Free

Anne Herrington
James Munro
Nathan Strong
Ross Parry

Further information is available at: <http://www.ea.govt.nz/our-work/advisory-working-groups/rag/>