

**Key issues identified at Advisory Group Strategy Forum**  
**16 September 2011**

On Friday, 16 September 2011 a strategy forum for members of the Electricity Authority's advisory groups was held at the Authority's offices in Wellington. The purpose of this strategy forum was to receive input from attendees into the development of the Authority's work programme for 2012 and beyond.

The following is a listing of various items brought forward by the attendees at the forum. The items have been categorised into themes.

**Education**

There is a need for industry participants and the Authority to better educate the general public on the electricity industry/market to shape perspectives.

The key focus should be on:

- The tradeoffs between reliability and cost.
- The benefits that have been delivered through deregulation of the industry and the establishment of a competitive market.
- The positive outcomes that have been delivered by the electricity market.

**Monitoring and performance**

- The Authority should determine its vision of a successful electricity market and the indices that need to be measured/monitored to evaluate the path towards success.
- The Authority should undertake ex-post reviews of new code or market facilitation mechanisms to determine their effectiveness and where they could be improved.
- The Authority should consider enhanced monitoring rather than intervening in times of stress.

**Risk management**

- The Authority should review current arrangements for managing significant adverse events to ensure that the market can respond in a manner which doesn't discredit the market. eg Robustness to "Black Swan" events.

**Efficiency improvements**

- The Authority should review current code provisions for redundancy and inconsistency.
- The Authority should review the effect of the Low User Fixed Charge Tariff Regulation to determine if they are imposing unnecessary costs and impeding innovation in the retail and distribution segments of the market.
- The Authority should review the costs of multiple lines companies and assess whether there is a case for amalgamation to reduce costs and improve efficiency.

- The Authority should review the efficiency and competitiveness of the ancillary services markets.