

Stakeholder Briefing

December 2011

Brent Layton, Chair

Board Members



David Bull



Susan Paterson



Hon. Roger Sowry

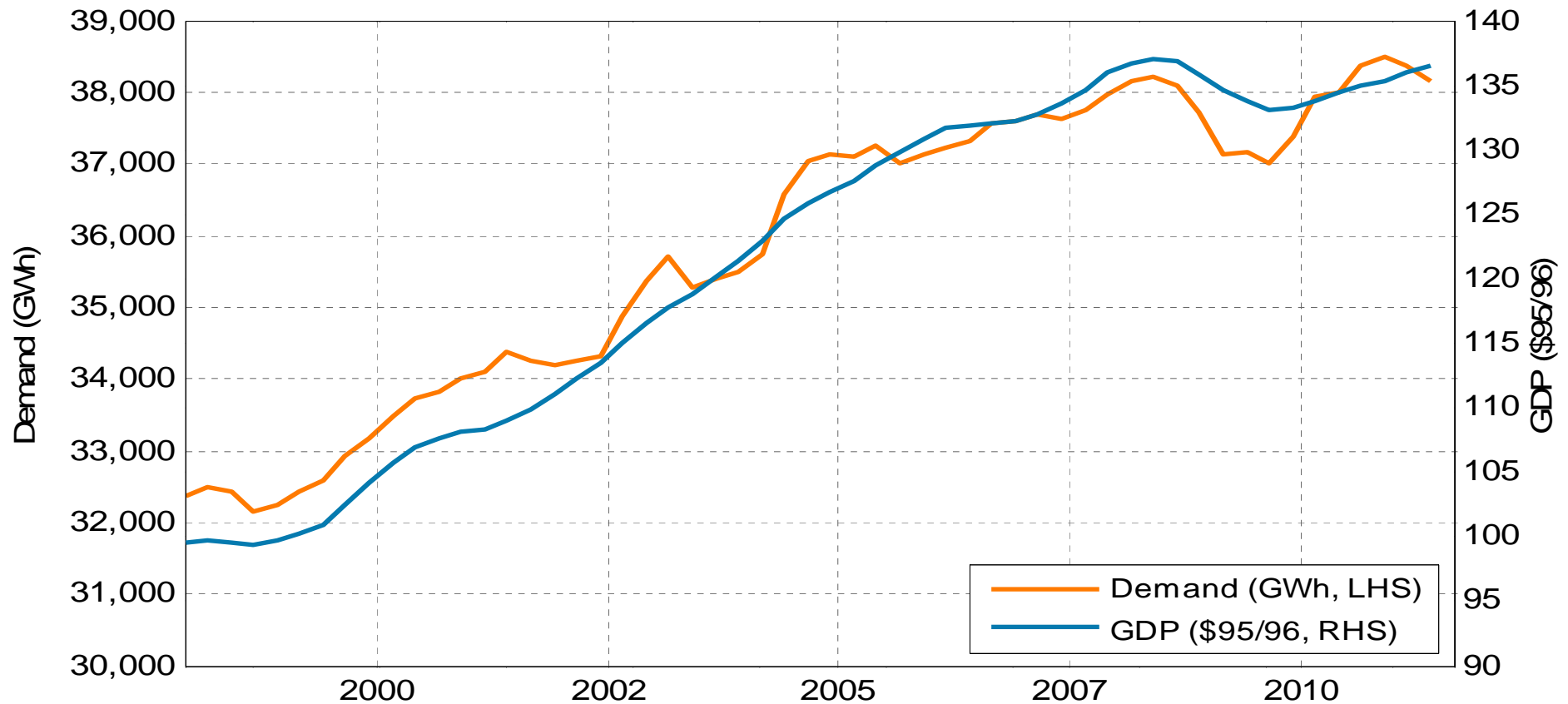


Elena Trout

Overview of first year

- Busy with s42 matters, new metering rules, the WhatsMyNumber? campaign, and transmission pricing review
- Established a new organisational structure for the Authority and established new functions
- The SRC and standing advisory groups have been established and are well on their way to producing their first outputs
- The market has seen good hydro inflows, subdued demand growth, significant new investment and more sites consented
- Several market events have required significant attention from the Board, including some teething problems with new market systems

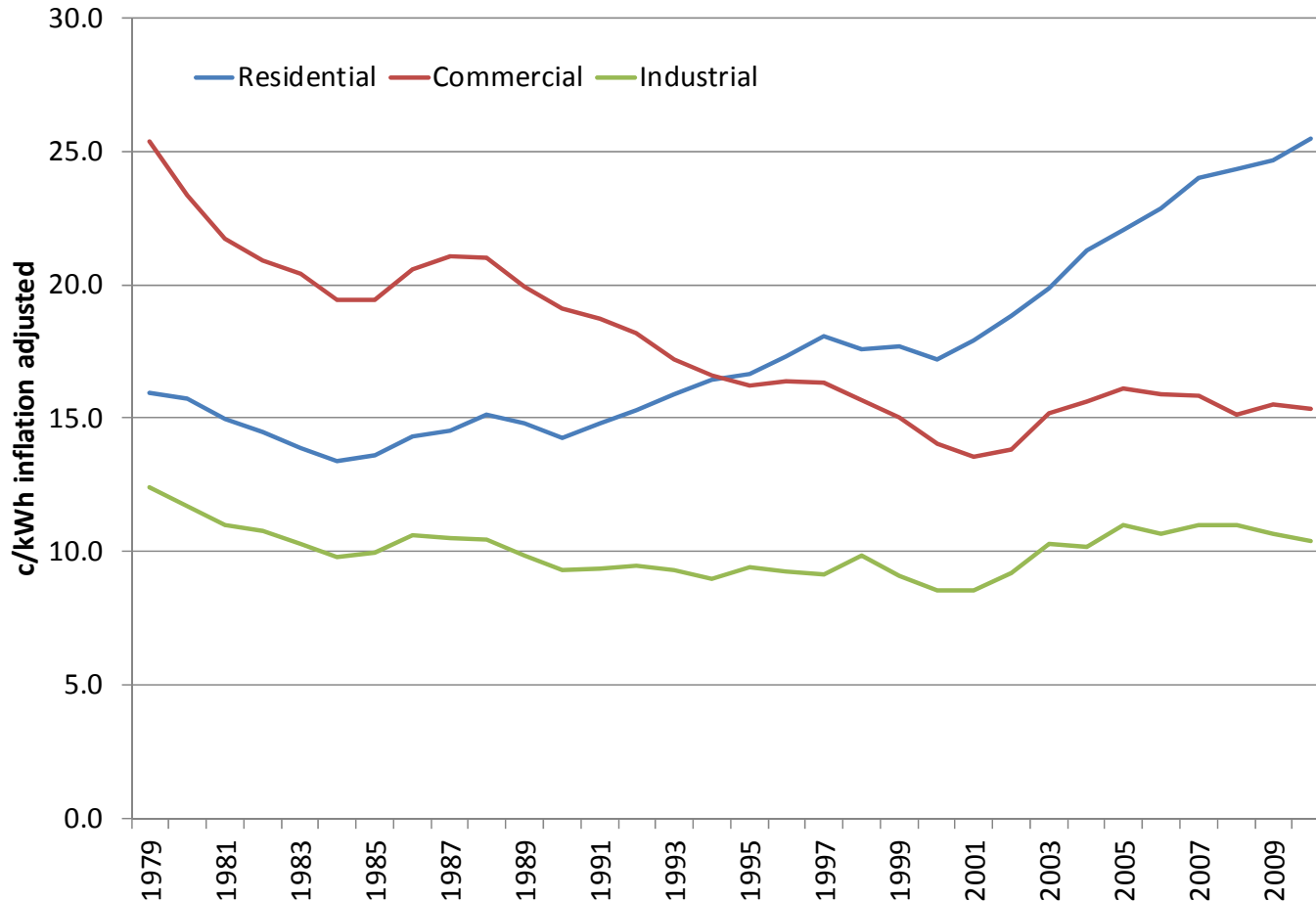
Electricity Demand vs. GDP



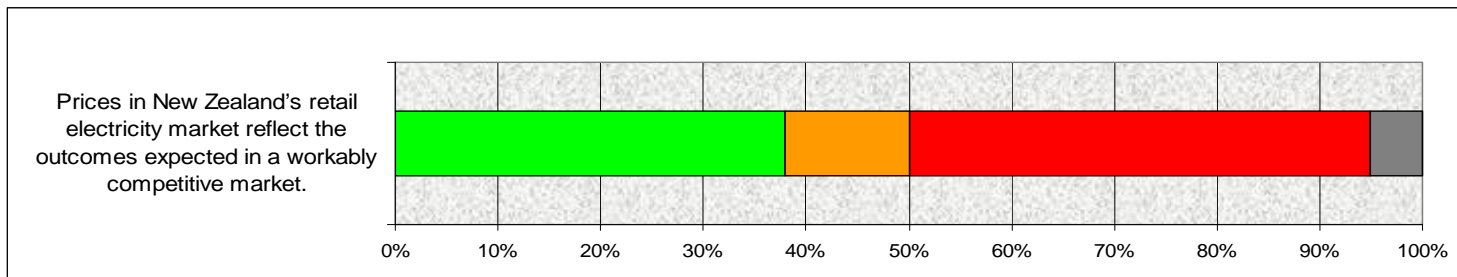
Progress with 1st year Strategic priorities

1. Complete 'new matters' specified in s42 of the Act
2. Implement the new functions specified in the Act
3. Implement new advisory group arrangements
4. Adopt stat. obj. interpretation & Code amendment principles
5. Pro-actively engage with the sector
6. Build constructive relationships, esp. with system operator
7. Position the Authority to deliver productivity gains
8. Begin educating interested parties about the electricity market

Long run real retail electricity prices (cents per KWh)

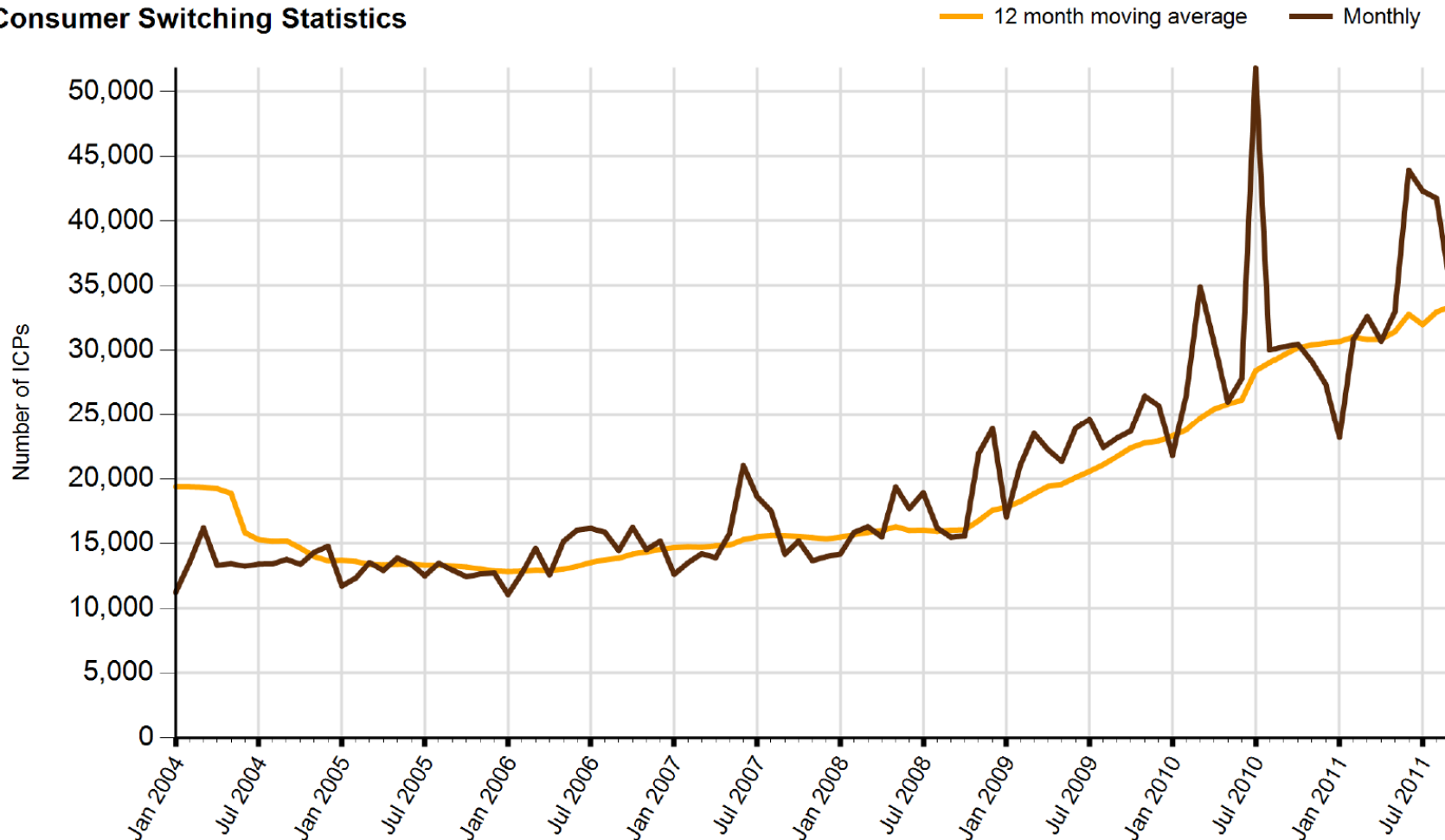


Retail Market Competition (stakeholder survey)



Monthly Consumer Switches

Consumer Switching Statistics



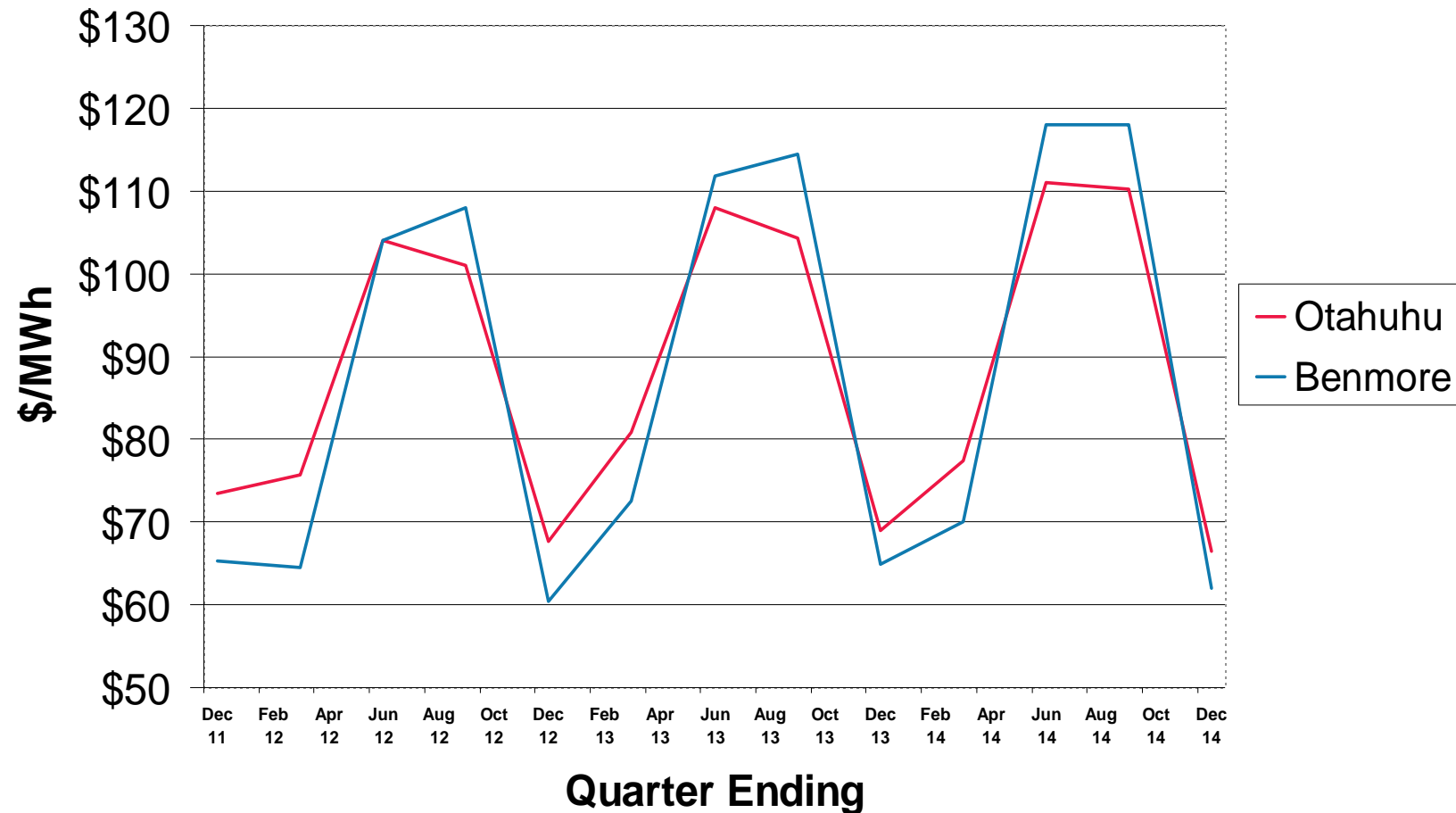
Progress on s42 'new matters'

Progress with adopting Code amendments (excl. implementation)

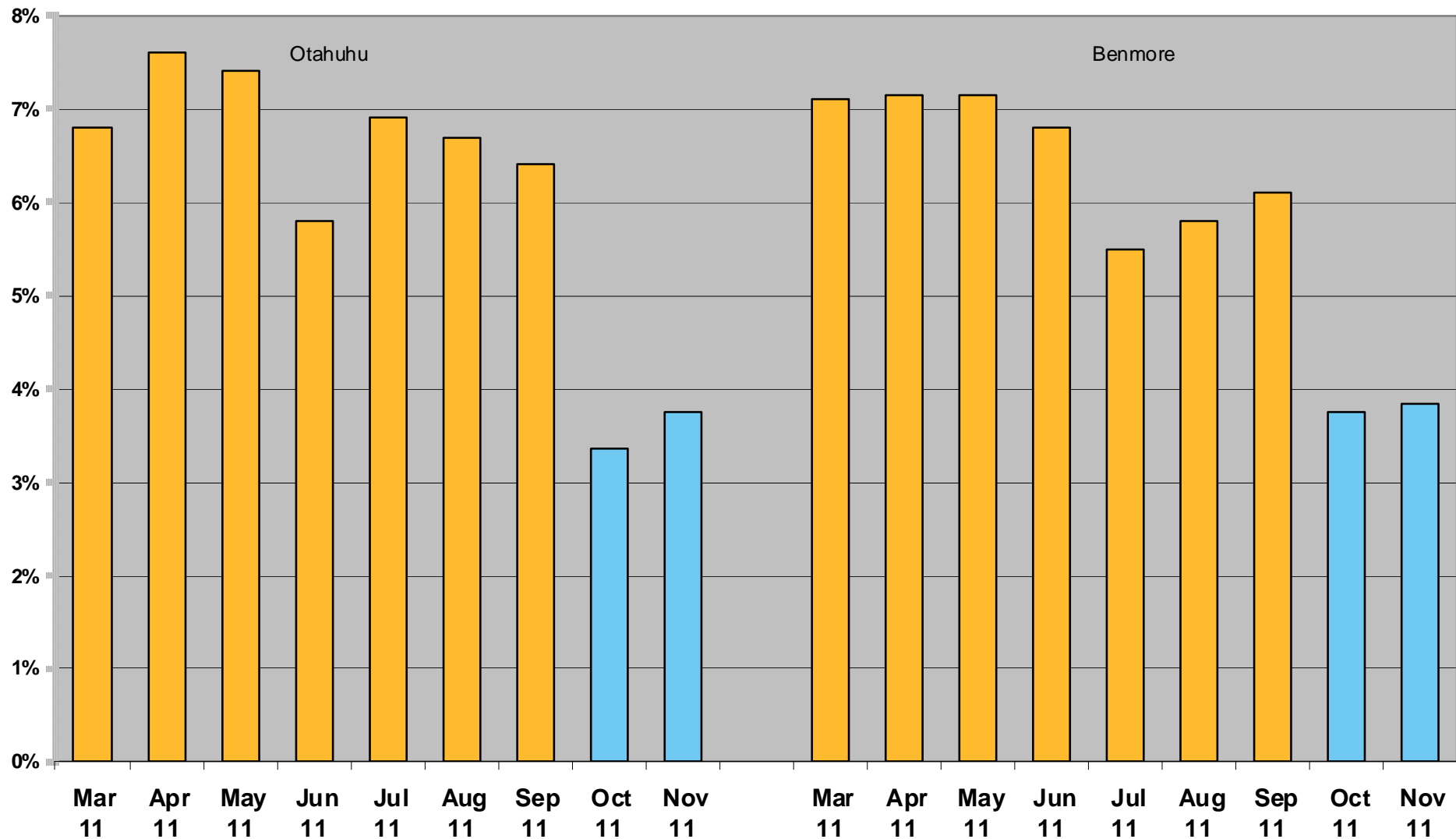
1. **Customer compensation scheme**
2. **Scarcity pricing & stress testing**
3. **Financial transmission rights**
4. **Dispatchable demand and demand side bidding and forecasting**
5. **More standardised tariffs where there is no direct billing**
6. **More standardised Use of Systems Agreement**
7. **Facilitate hedge market activity**

ASX forward price curve for the three years ahead

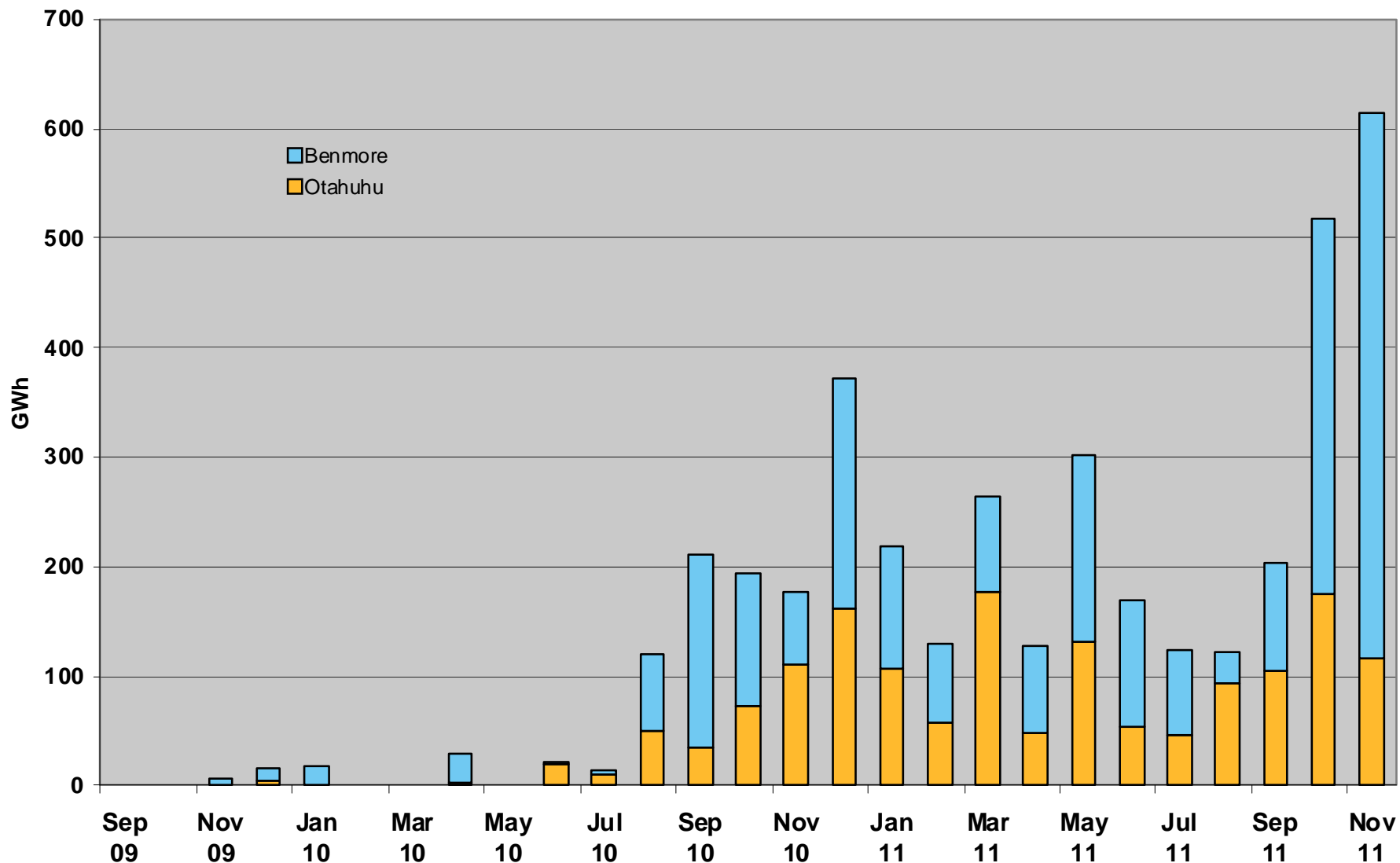
(Asking prices as at 30 November 2011)



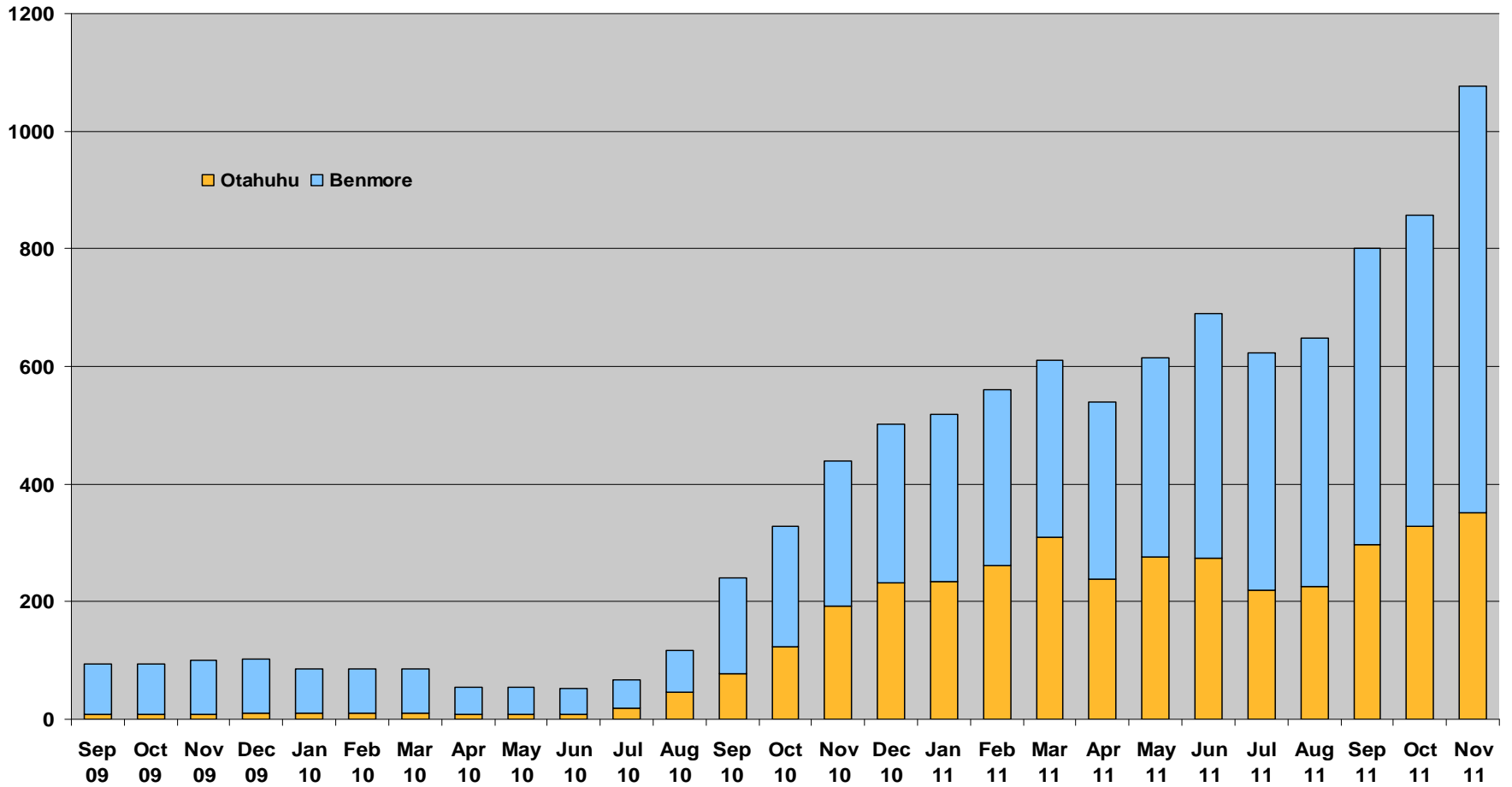
Average bid-ask spread on ASX futures



Monthly futures volume traded on ASX

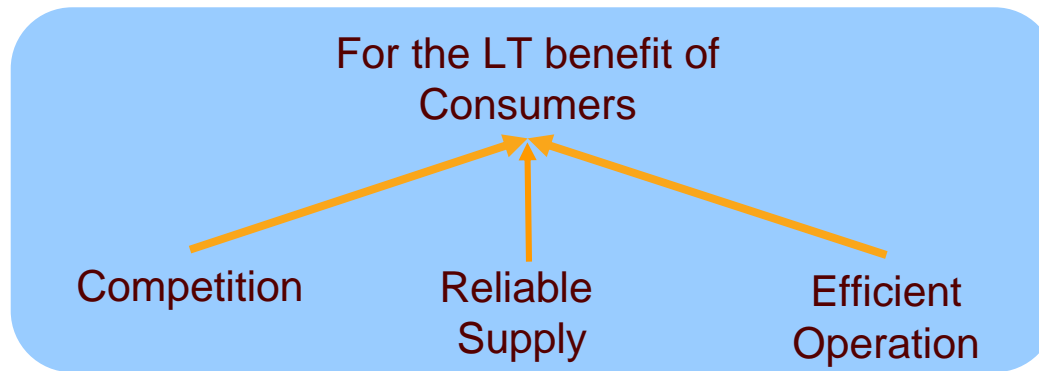


ASX open interest (cumulative)

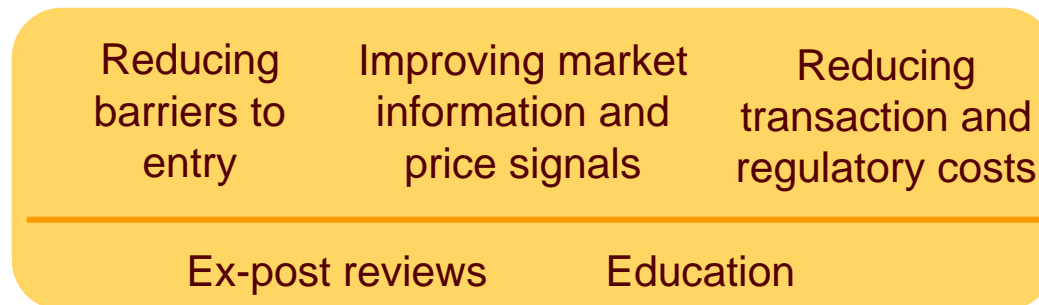


Key themes for future work programme

Statutory
Objective



Proposed
Work
Programme
Themes

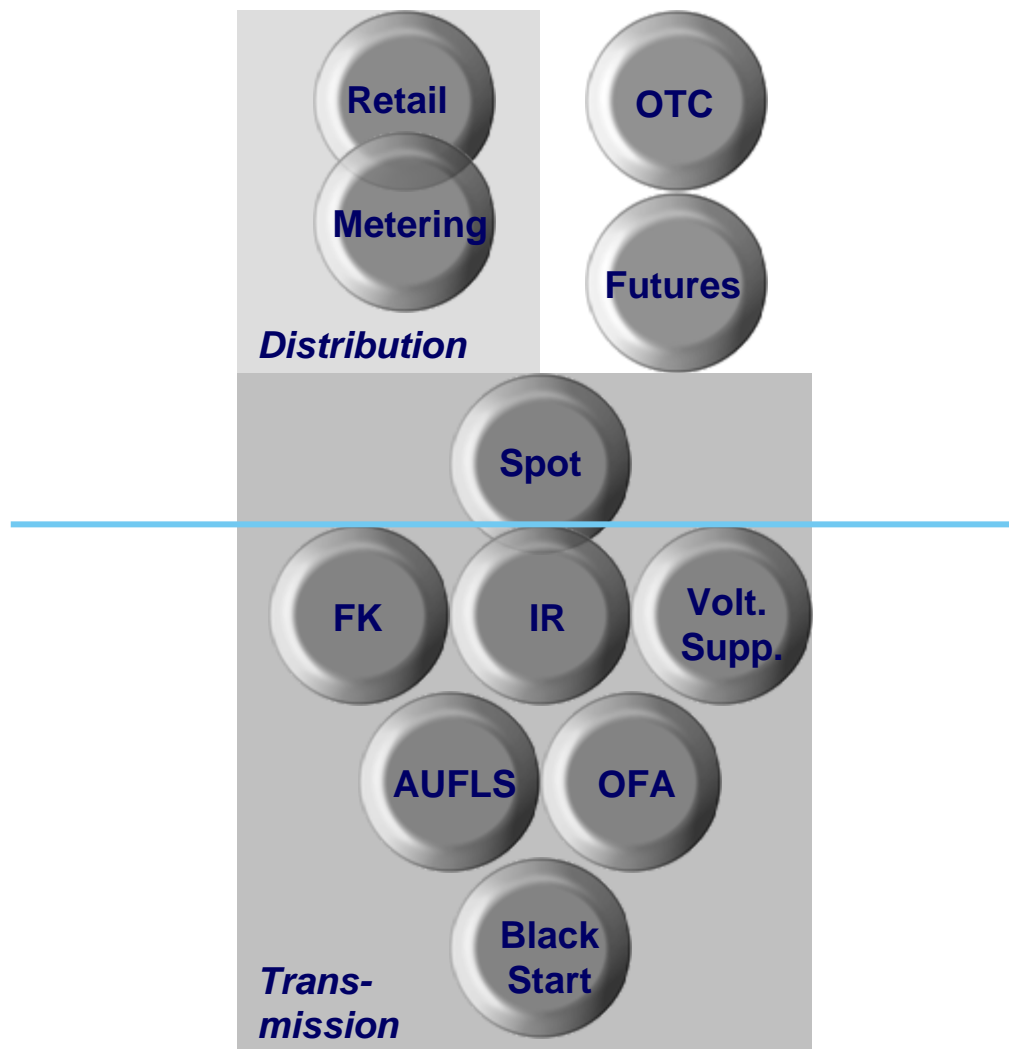


Proposed Work Programme

December 2011

Carl Hansen, Chief Executive

A suite of market arrangements

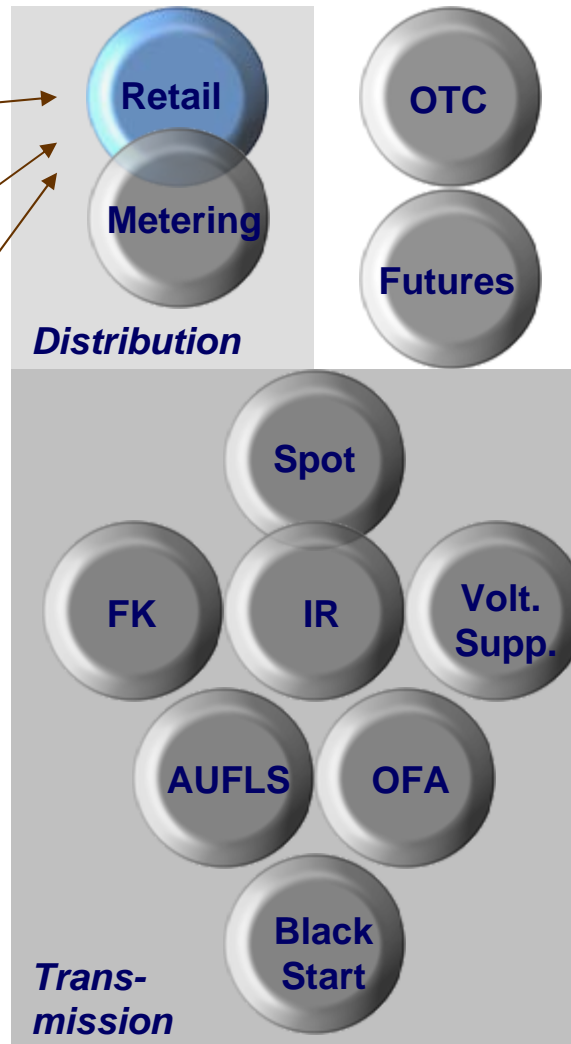


Key work programme initiatives

Extend What's My
Number campaign to
SMEs

RAG review of retailer
default arrangements

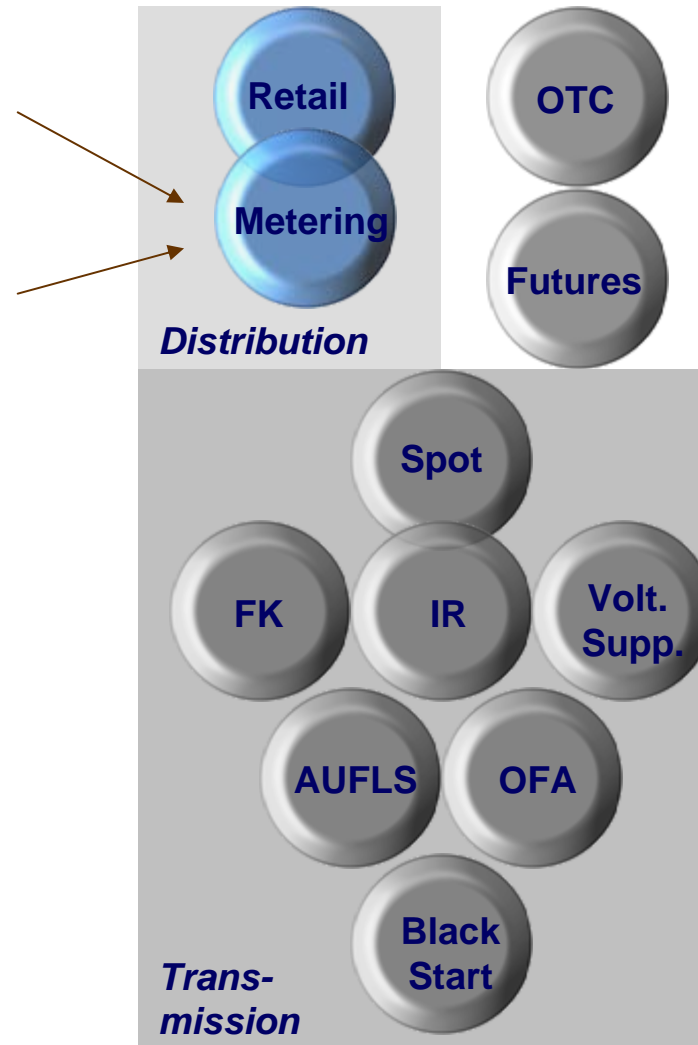
Review of half-hour
switching rules



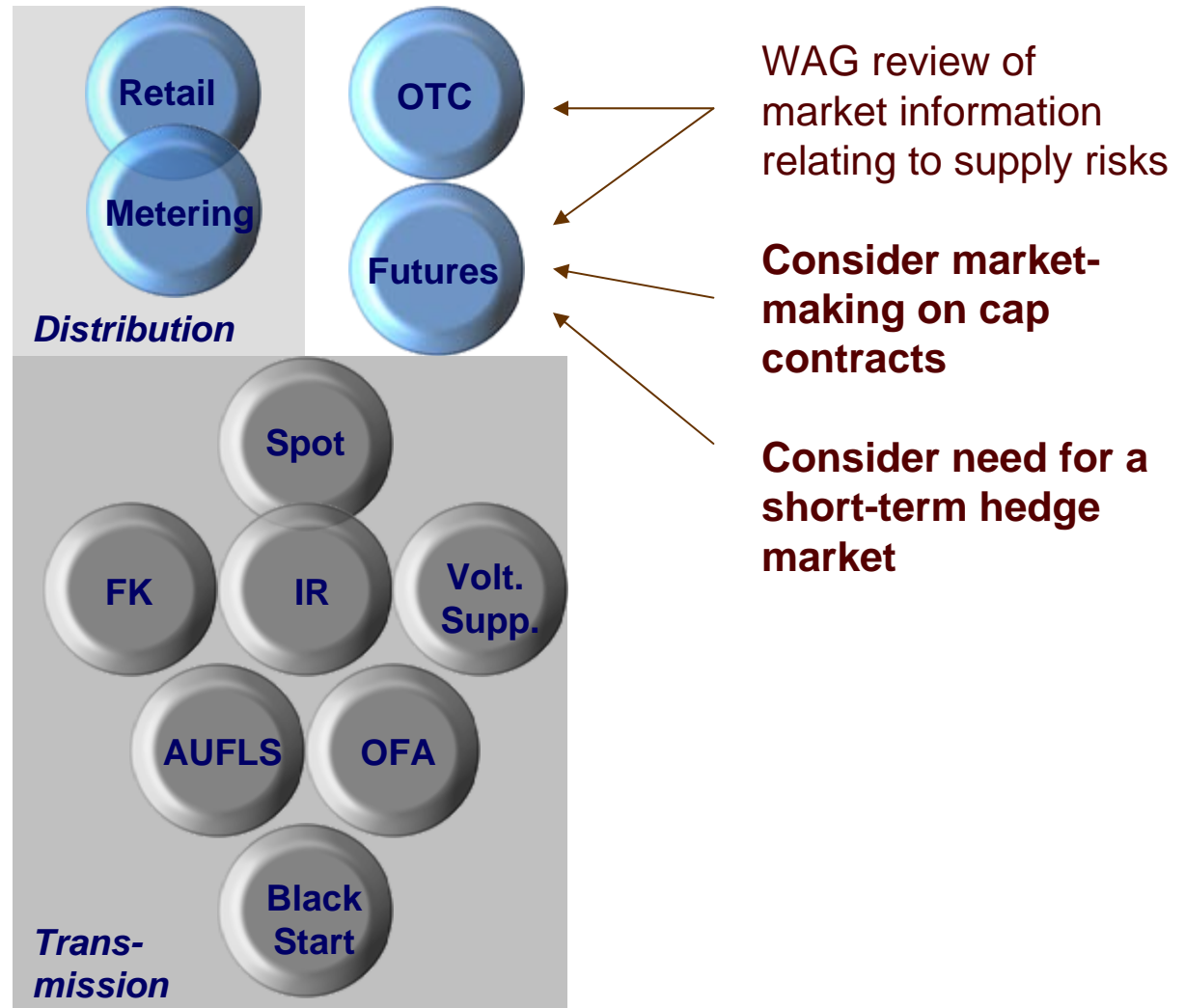
Key work programme initiatives

Final decisions on
metering Code
(Part 10)

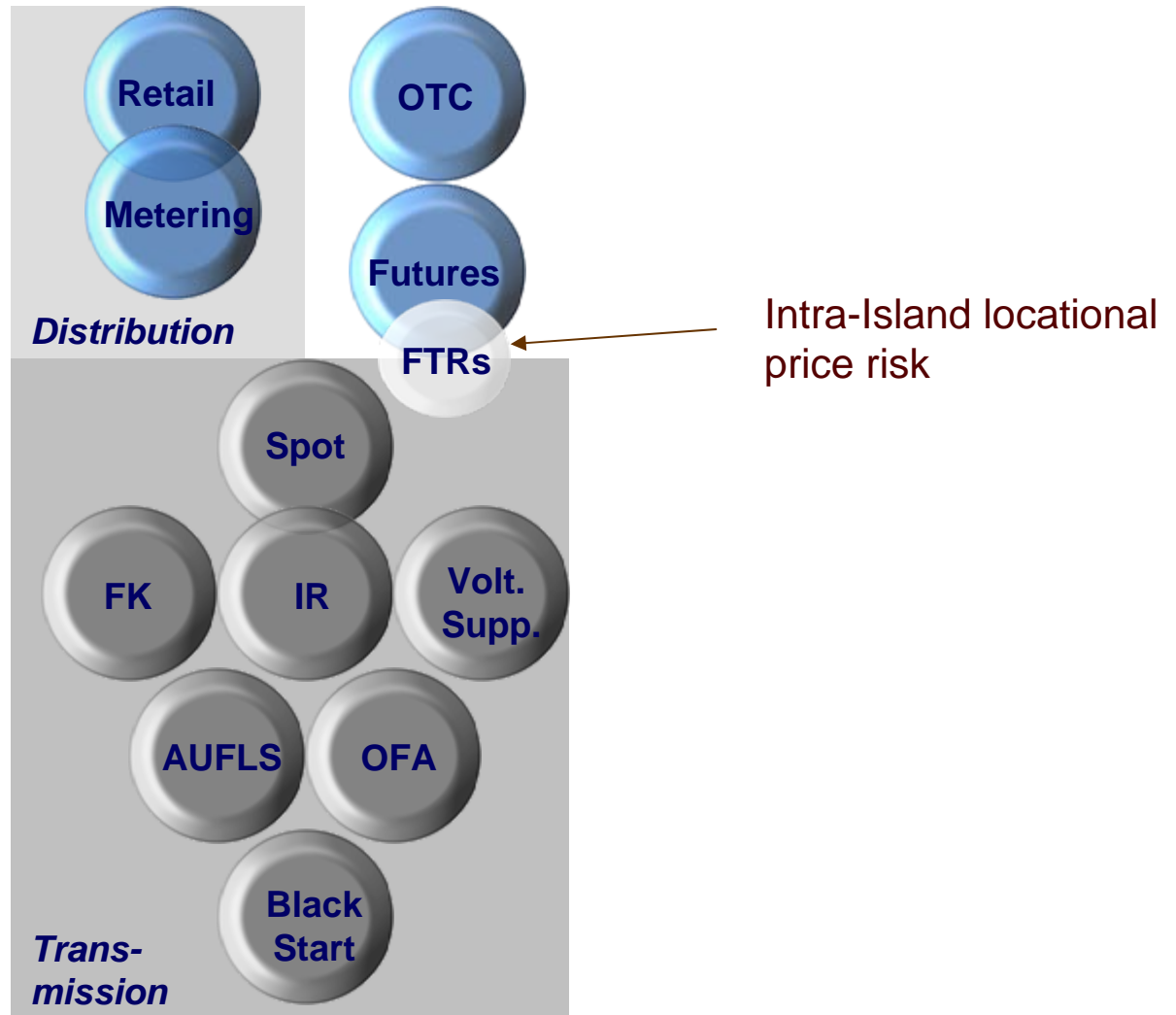
Decide AMI data
access and MEP
approach



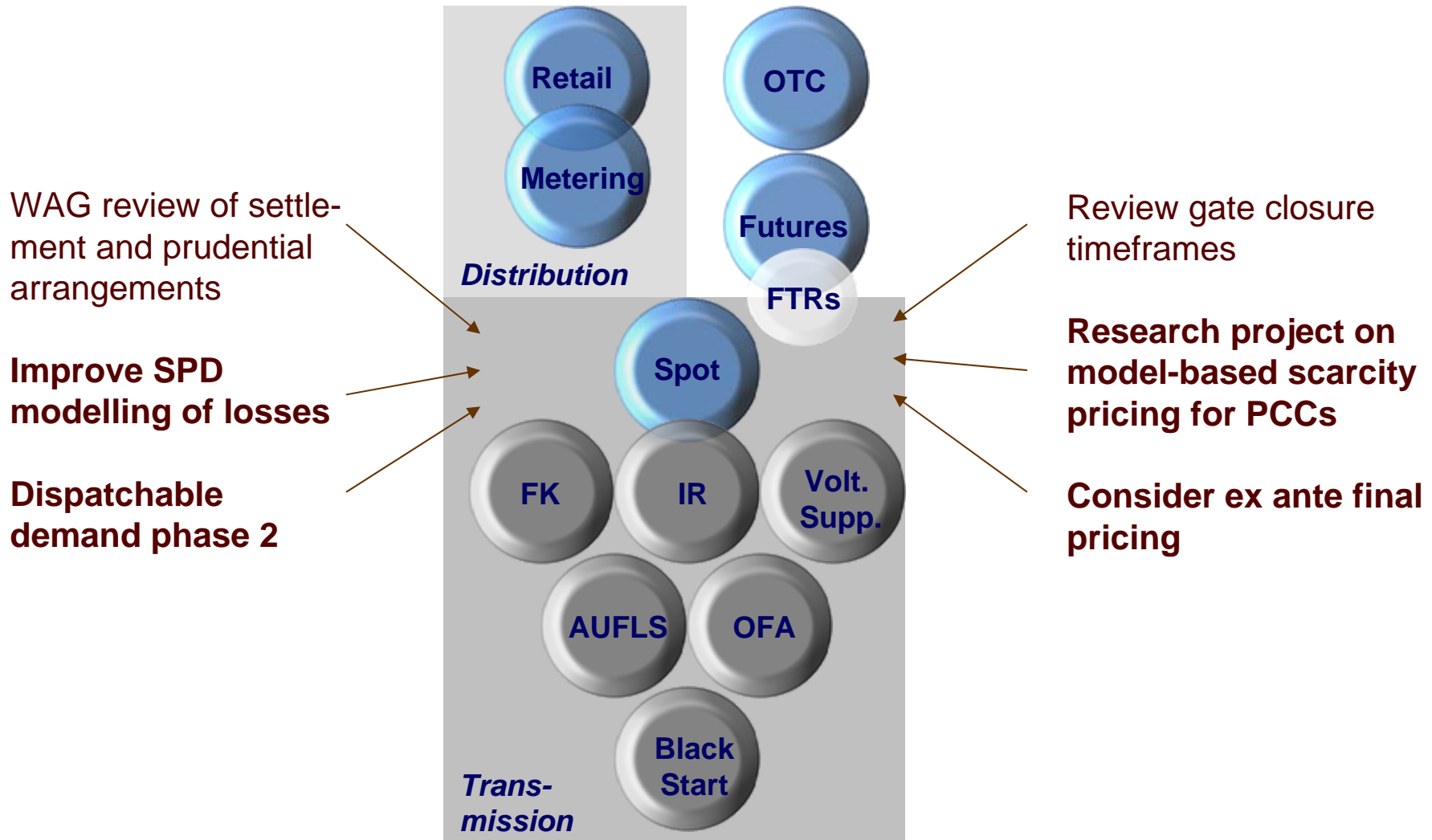
Key work programme initiatives



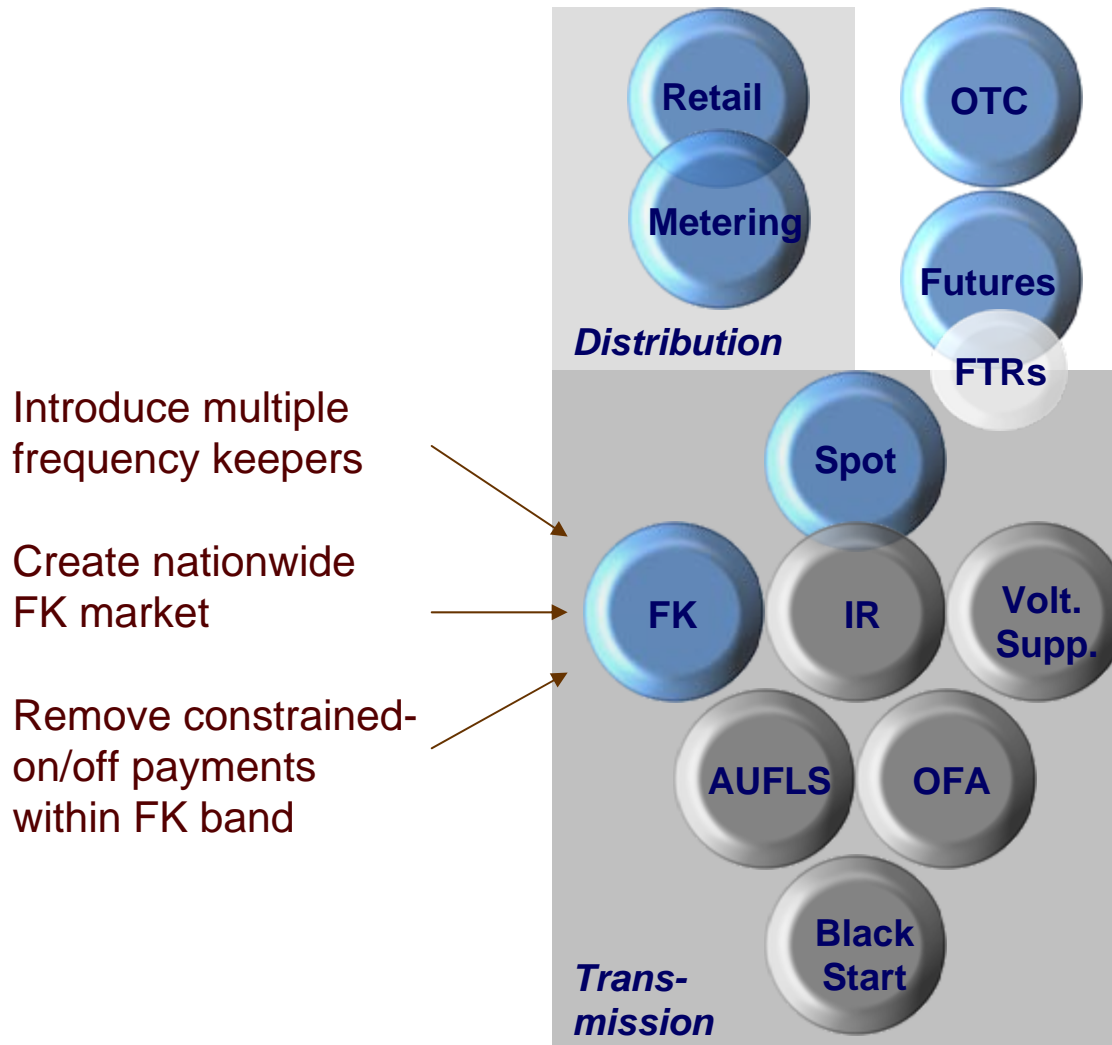
Key work programme initiatives



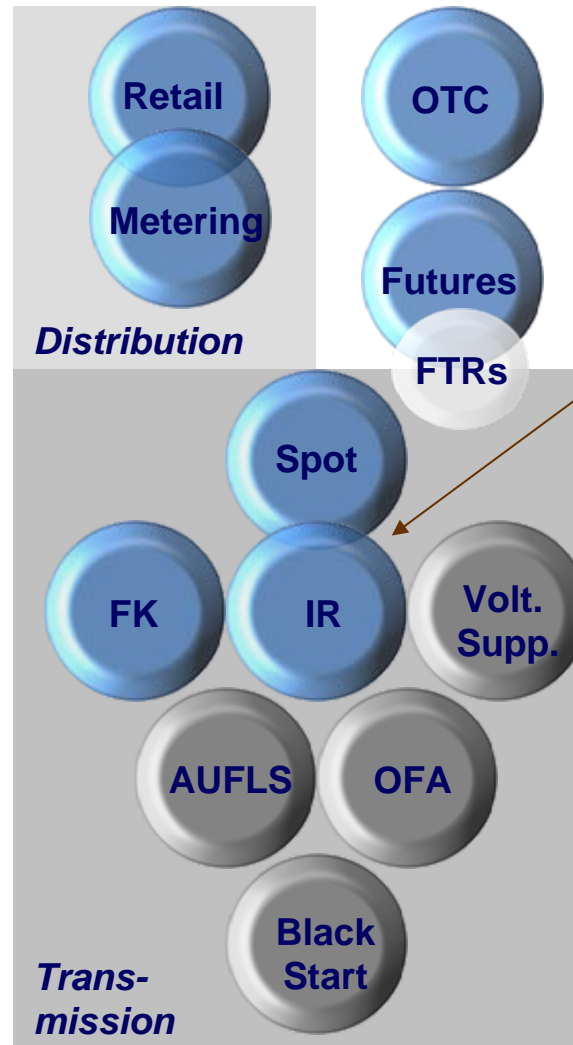
Key work programme initiatives



Key work programme initiatives

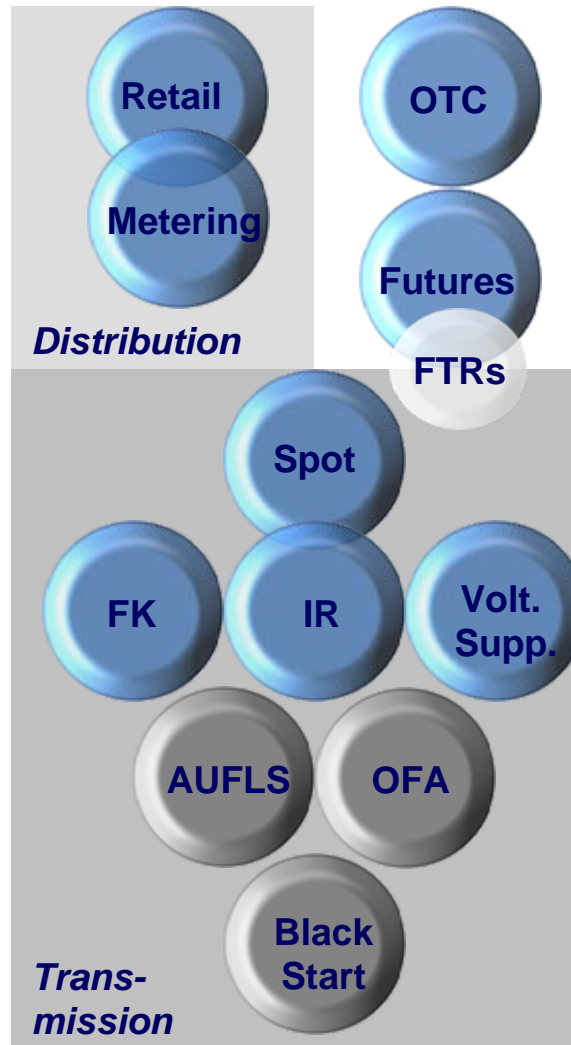


Key work programme initiatives



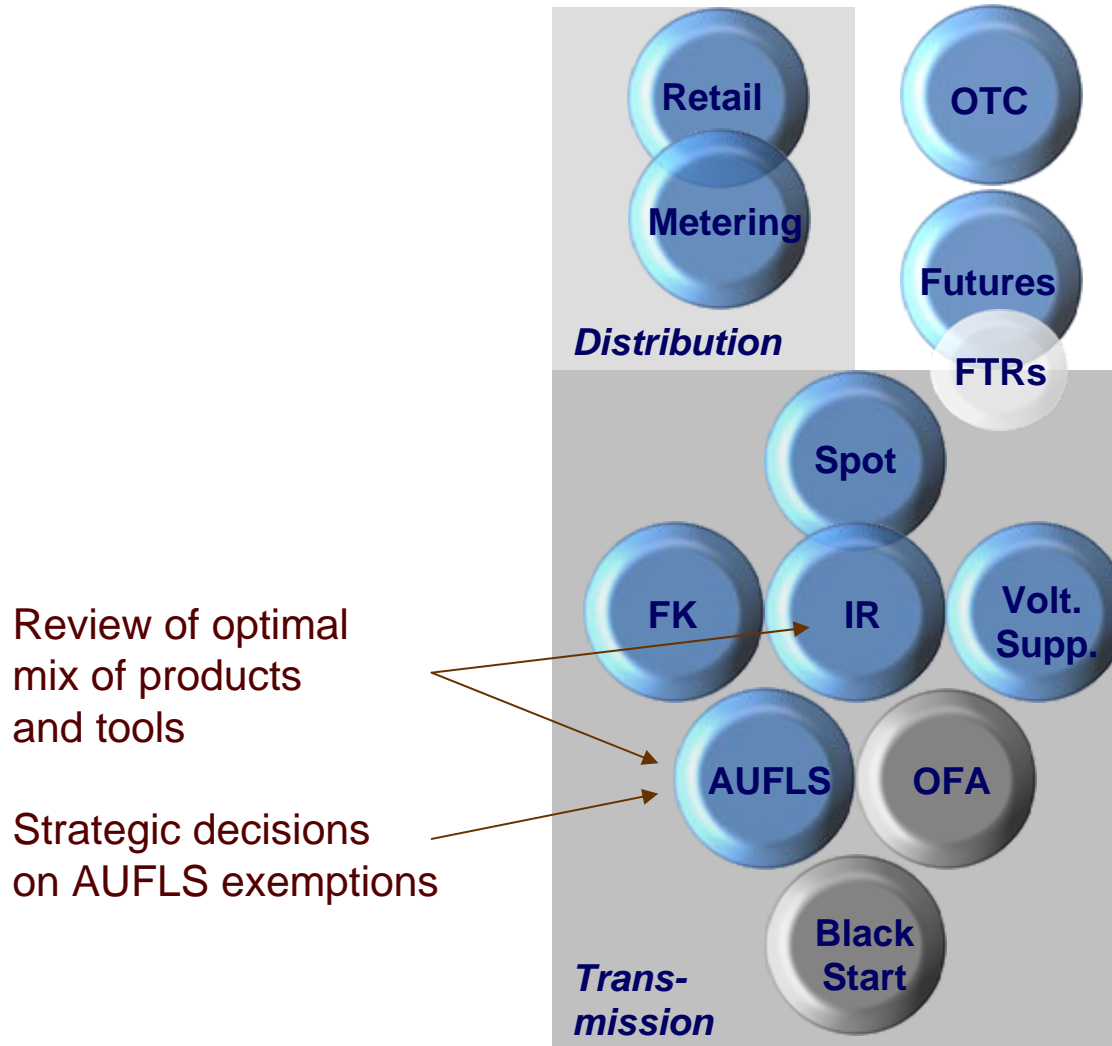
First principles review
of IR cost allocation

Key work programme initiatives



TPAG recommend-
ation on static
reactive compensation

Key work programme initiatives

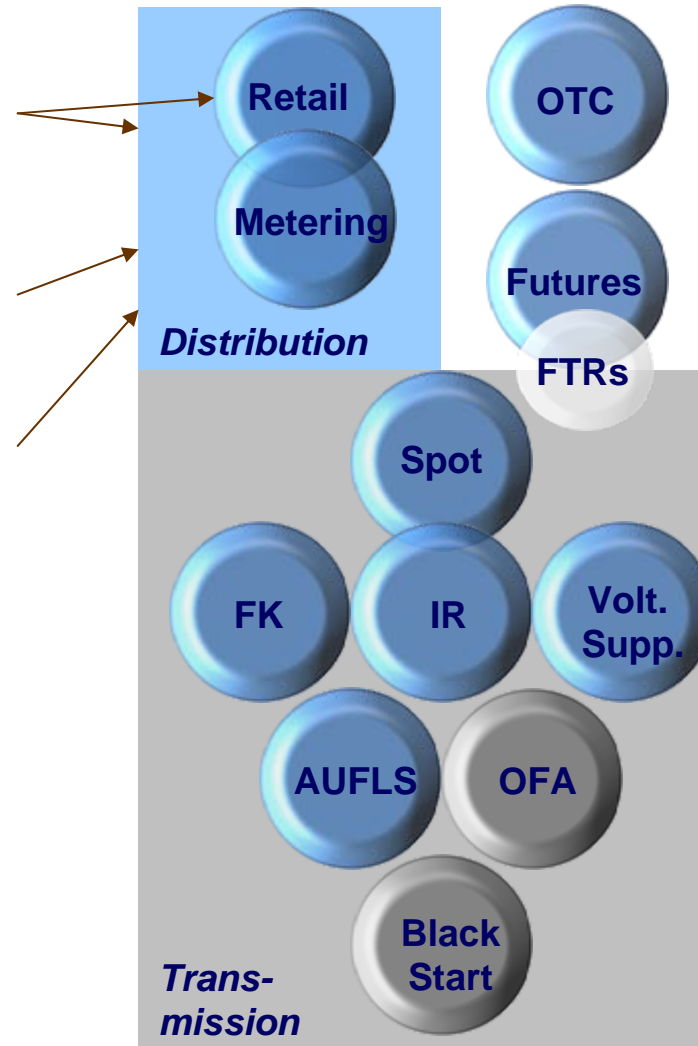


Key work programme initiatives

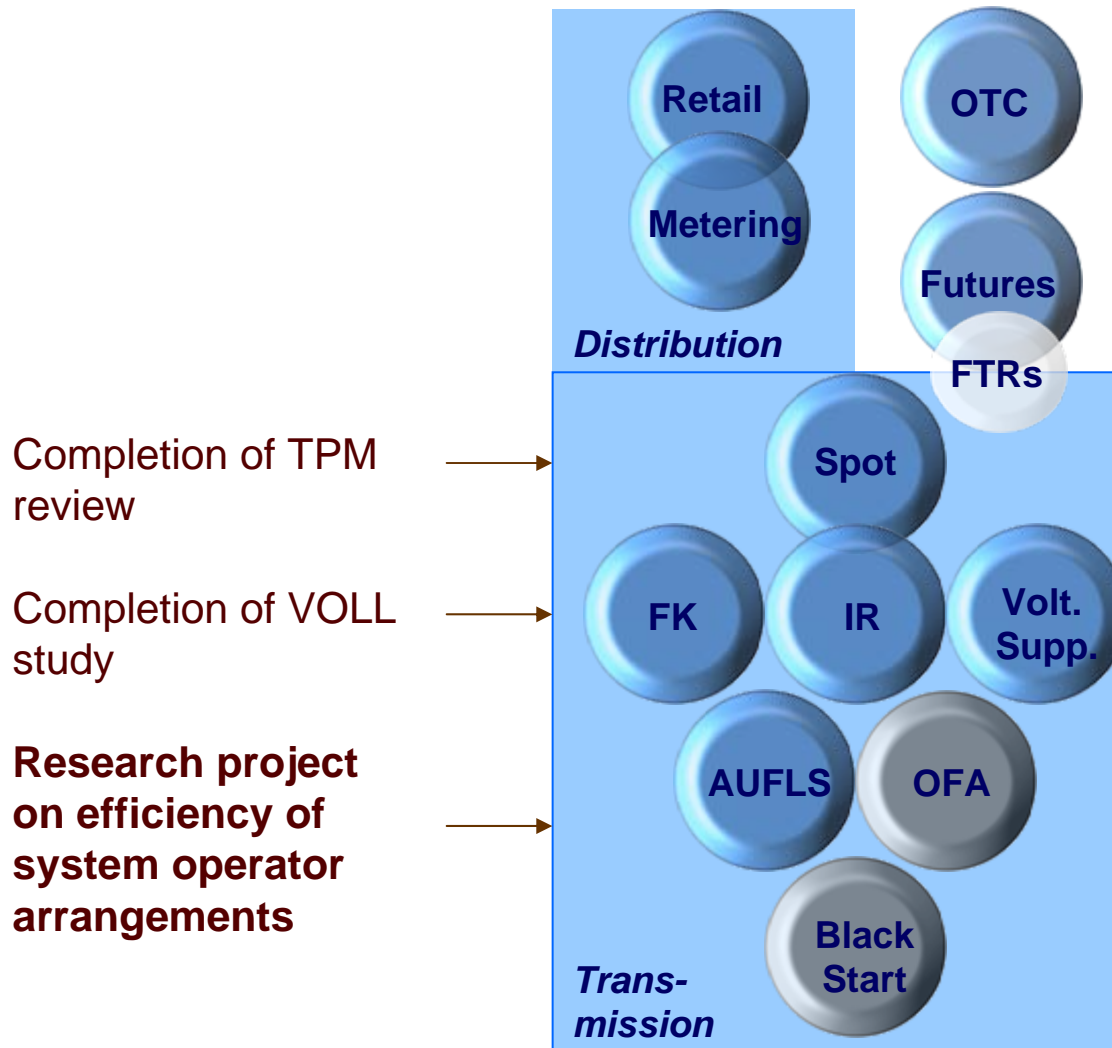
Research project
on low-user fixed
charges

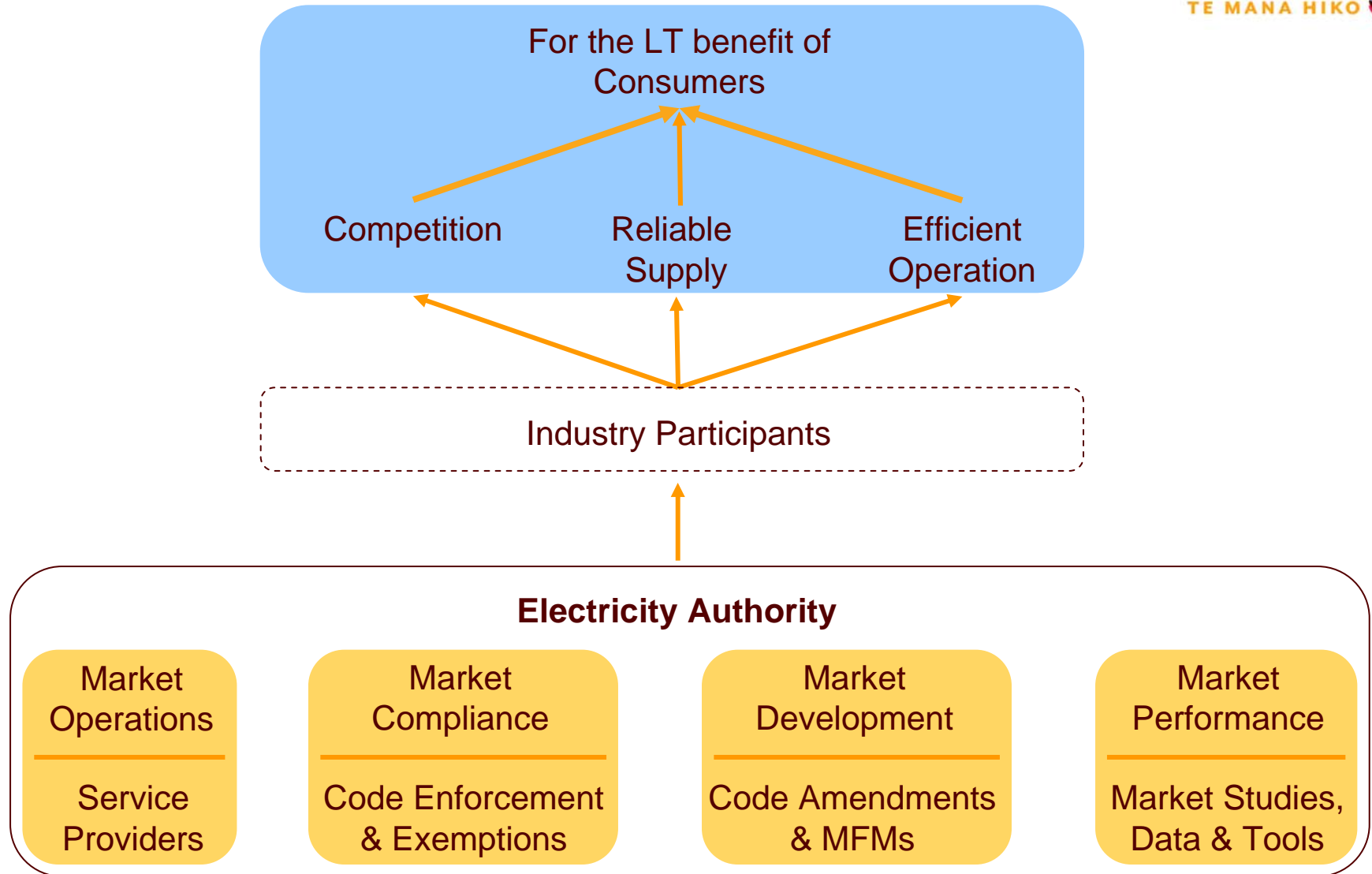
Compliance with
distribution pricing
principles

Research project
on the efficiency of
lines company
arrangements



Key work programme initiatives





Questions