



Our plan for
1 July 2019 – 30 June 2020

Statement of Performance Expectations



This Statement of Performance Expectations (SPE) is a partner document to the Statement of Intent 2017–2021 (SOI) published in June 2017.

The SOI sets out our long-term strategic intentions for a four-year period. It is published at least every three years.

The SPE is published annually. It details our planned work and financial forecasts for one year. This year, the SPE includes an amendment to the strategic framework set out in the SOI.

The SOI is available at: <http://www.ea.govt.nz/about-us/strategic-planning-and-reporting/statement-of-intent/>

For further information about the Electricity Authority's work, visit www.ea.govt.nz

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Glossary and abbreviations

There are many technical terms used in the electricity sector, and some of these occur in this document. To assist readers, a glossary and list of abbreviations is provided at the end of the document. In addition, we have a glossary of common electricity industry terms on our website at www.ea.govt.nz/glossary/

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Purpose

This Statement of Performance Expectations (SPE) outlines our plan for the 2019/20 financial year. It includes information about our programmes and business-as-usual functions, as well as our forecast financial statements.

The SPE is a partner document to our Statement of Intent 2017–21 (SOI) published in June 2017. The SOI sets out our long-term strategic intentions for a four-year period, while this SPE details our planned work and financial forecasts for the 2019/20 financial year.

The 2019/20 SPE has been informed by submissions we received on the consultation for our 2019/20 appropriations and key focus areas for our work programme. It outlines how we plan to use each of our appropriations and what we aim to achieve.

We also publish our detailed work programme on our website, setting out our projects and key deliverables for the 2019/20 year.

Introduction

The Electricity Authority advances the long term benefit of electricity consumers by promoting competition in, reliable supply by and the efficient operation of the electricity industry. The principal means the Authority has to pursue these objectives are: contracting various parties to operate the electricity market; designing and enforcing the market rules; and facilitation measures, such as, providing education and information, advertising to consumers the benefits of switching, and providing guidelines to participants.

There are aspects of the work of the Authority that go beyond the usual role of a regulator, which is to monitor participants and enforce legal requirements. The Authority has a role in researching and developing improvements to the design and operation of the various components of the market used in the supply and purchase of electricity.

The Authority was established in November 2010 to deliver a competitive, reliable and efficient electricity industry for the long term benefit of consumers and New Zealand; a vision which aligns with the priorities of the Government — to build a productive, sustainable and inclusive economy that improves the wellbeing of New Zealanders and their families.

Although the Authority's statutory objective, powers and functions have remained the same since 2010, the environment in which it operates is changing significantly and at pace. It is not alone — other jurisdictions are facing opportunities and challenges as innovation and new technologies emerge and require adaptation of market design and regulatory approaches. However, New Zealand's situation of already having a high level of renewable generation, isolation from other countries, high vulnerability to shortages of water to run hydro-generators in some years and long-stringy shape present different challenges and opportunities than other countries.

Electrification of transport and some process heating is likely to play a significant role in decarbonising New Zealand's economy. With over 80 percent renewable energy sources, New Zealand is well poised for transitioning to a low emissions economy. However, given current technology for electricity generation and system management, a move to 100 percent renewable generation while maintaining current levels of reliability and affordability appears challenging.

The key is to ensure we benefit from our renewable advantage over time. The Authority's role will be increasingly important as New Zealand's electricity sector navigates its way through the changes in technology and the large increases in output likely to be required. Enhancing our hedge market will also offer a stronger platform for dealing with the potential volatility associated with higher levels of renewable generation.

The Authority is committed to ongoing market design improvements to better enable participation and competition, increase flexibility and resilience, and improve price signals. This document outlines these intended improvements — what it expects to achieve and when. It also gives an insight into the Authority's specific functions and how it works.

The Authority will continue to keep a very close eye on the sector. It will take compliance action if and when required. The Authority expects high standards from those working within New Zealand's electricity sector. This is what it usually observes but does not see this as a reason for it to be complacent. New entrants vigorously challenging incumbents, changing business models and technological innovation and disruption of established business arrangements mean the regulatory compliance function has to be pursued with diligence.

The Authority looks forward to another exciting year in which we continue to monitor and improve the electricity industry on behalf of all New Zealand electricity consumers.



Brent Layton
Electricity Authority Chair

Statement of Responsibility

The Crown Entities Act 2004 requires the Electricity Authority to prepare a Statement of Performance Expectations, including prospective financial and non-financial information, before the start of each year, to promote our accountability to the public. The prospective financial and non-financial information may not be appropriate for any other purpose and is unaudited.

We acknowledge responsibility for the preparation of the prospective financial and non-financial performance statements included in this Statement of Performance Expectations for 1 July 2019 – 30 June 2020. This includes the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures, pursuant to the Crown Entities Act 2004.

We acknowledge the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of our performance and financial reporting.

In our opinion, the prospective statements fairly reflect our forecast financial position at 30 June 2020 and the results of our financial and service performance for the period ending on that date. We therefore authorise the issue of the prospective statements.



Dr Brent Layton
Chair
6 June 2019



Mark Sandelin
Member
6 June 2019

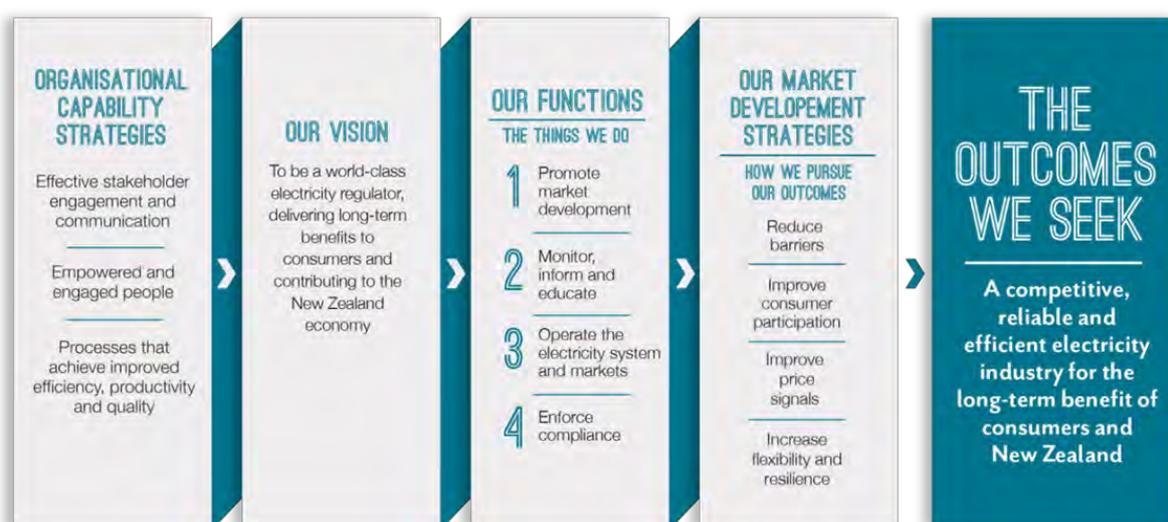
Our strategic framework

Our 2017–21 SOI sets out our strategic framework, along with impact measures and targets reflecting our long-term strategic intentions for the next four years. At its strategy session in October 2017, the Authority’s Board agreed to slightly amend the framework to:

- remove Maintain Compliance as a separate strategy, noting that this remains a key function for the organisation
- highlight the strategic importance of lifting our organisational capability by including our Organisational Capability Strategies.

This SPE introduces the amended strategic framework, as shown in Figure 1.

Figure 1: The Electricity Authority’s strategic framework



The outcomes the Authority is seeking are well aligned to Government priorities of building a productive, sustainable and inclusive economy that improves the wellbeing of New Zealanders and their families.

Our work addresses the issues that matter to consumers:

- Will the lights stay on?
- Do consumers have choice?
- Are prices reasonable?
- Is innovation occurring?

The outcomes we seek

This outcome statement addresses our statutory objective and is supported by detailed information provided in our SOI:

A competitive, reliable and efficient electricity industry for the long-term benefit of consumers and New Zealand.

Section 15 of the Act sets out our statutory objective:

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

Our *Interpretation of our statutory objective* shows how the objective will be applied to our work.¹

Competition, reliability and efficiency

We interpret our statutory objective as requiring us to exercise our functions in ways that, **for the long-term benefit of consumers and New Zealand:**

- facilitate or encourage increased **competition** in the markets for electricity and electricity-related services, taking into account long-term opportunities and incentives for efficient entry, exit, investment and innovation in those markets
- encourage industry participants to efficiently develop and operate the electricity system to manage security and **reliability** in ways that minimise total costs whilst being robust to adverse events
- increase the **efficiency** of the electricity industry, taking into account the transaction costs of market arrangements and the administration and compliance costs of regulation, and taking into account Commerce Act implications for the non-competitive parts of the electricity industry, particularly in regard to preserving efficient incentives for investment and innovation.

Our strategies – how we pursue our outcomes

Our strategic framework outlines the four key strategies that we focus on to meet our statutory objective for the long-term benefit of consumers and New Zealand. These strategies are outlined below.

1. Reduce barriers

We will continue our work on reducing barriers to the entry, expansion and exit of parties in electricity markets, especially for new and potential entrants. By focusing on reducing

¹ Available at www.ea.govt.nz/about-us/strategic-planning-and-reporting/foundation-documents/

barriers, we provide the conditions for innovation in business models, whether by retailers or non-traditional businesses wanting to supply an electricity-related product or service. This will lead to more options for electricity consumers to do what they want to do.

To achieve this strategy, we will continue our work towards reducing inefficient barriers to parties wanting to generate, store, transport and purchase electricity. We will increase our focus on providing open networks and making it easier for wider participation in the market.

2. Improve consumer participation

Active consumer participation in markets puts pressure on suppliers to compete more vigorously and to innovate. Enhancing competitive markets can then make it easier for consumers to choose the electricity supplier and price that is right for them.

We aim to improve consumer participation by improving consumers' access to markets and to making it easier for consumers to make choices. We will focus our efforts on targeting hard to reach consumers and supporting other agencies working directly with vulnerable consumers.

3. Improve price signals

We believe the prices for distribution and transmission services should be service-based and cost-reflective. This will give better information about the true cost of their decisions and encourage them to invest in technology in ways that have long-term benefits.

We can improve price signals by publicising price data and information and considering the introduction of more advanced spot market pricing arrangements. We are actively exploring enhancements to the hedge market and the evolution of current market making.

4. Increase flexibility and resilience

We are focused on increasing the flexibility and resilience of the electricity market and electricity systems so they can respond efficiently to changing circumstances and unexpected events. More flexible arrangements will improve the market's response to changes such as an increase in the number of registered industry participants from the current 130 to potentially thousands. Given the adoption of technologies and innovation in business practices, this is a plausible scenario. More resilient arrangements will also improve the market's response to unexpected events, such as the sudden exit of a large retailer.

We aim to improve flexibility and resilience by putting measures in place that allow electricity industry participants to respond more efficiently to changing market circumstances and to make sure systems and practices can respond to the unexpected.

Measuring the progress of our strategies

Our impact measures allow us to measure the progress of our strategies towards promoting competition, reliability and efficiency in the electricity industry for the wellbeing of all New Zealanders. We report the progress of our strategies every year in our Annual Report.

Reporting on our impact measures includes a mix of statistical analysis and qualitative assessments, drawing on the results of post-implementation and post-event reviews where relevant. Post-implementation reviews are used to assess the medium- to long-term impacts of our work, particularly for key market development initiatives where the greatest benefits and impacts are expected. However, as many external factors can influence the progress of

our strategies, it is sometimes difficult to determine the impact of our work robustly. Where relevant, the Annual Report includes commentary on the influence of these external factors to help interpret the progress of our strategies.

Linking our strategy, functions and work programme

To remain responsive to changes in our operating environment, we review our work programme and the exercise of our functions each year. We then set out in the SPE how our work for the coming year is expected to contribute to achieving our strategic objectives.

In this SPE, we describe the links between our strategy and functions, as well as the performance measures and targets we intend to achieve through the exercise of our functions over the coming year.

In developing this SPE, we have engaged with the Minister of Energy and Resources (Minister), the Ministry of Business, Innovation and Employment (MBIE) and Audit New Zealand.

We summarise our annual work programme in the SPE because of the vital contribution it makes towards achieving our strategic objectives. We are not required to seek stakeholder views about our work programme, however, we value the input provided by stakeholders to assist in setting the direction for our work. Submissions on the indicative 2019/20 work programme were sought during the appropriations consultation process, and we have considered respondent feedback in developing our work programme and SPE.

Our functions

Alongside implementing our work programme, the exercise of our functions also makes a valuable contribution to our strategic priorities. The SPE sets out these functions, along with the measures and targets used to report our performance over the coming year.

We have four operating functions covering the business we carry out from day to day, including our work programme. We also have two contingent functions, which are only expected to be carried out if certain events or situations occur.

Our functions and their contribution to our strategies are summarised in Table 1, where tick size indicates the relative importance of contributions.

Table 1: The strategic impact of Electricity Authority functions

Our functions	Links to our strategies			
	Reduce barriers	Improve consumer participation	Improve price signals	Increase flexibility and resilience
Operating functions:				
Promote market development We promote development of the electricity markets by making amendments to the Electricity Industry Participation Code 2010 (Code) and through market facilitation measures ²	✓	✓	✓	✓
Monitor, inform and educate We monitor market behaviour, make data, information and tools available, and educate consumers and participants	✓	✓	✓	✓
Operate the electricity system and markets We are responsible for the day-to-day operation of the electricity system and markets, delivered through contracts with service providers			✓	✓
Enforce compliance We monitor, investigate and enforce compliance with the Act, relevant regulations and the Code	✓	✓	✓	✓

² Market facilitation measures are actions we can take short of amending the Code or recommending changes to regulations. This can include working directly with participants to develop desired results, education programmes, publication of guidelines and publication of model agreements

Our functions	Links to our strategies			
	Reduce barriers	Improve consumer participation	Improve price signals	Increase flexibility and resilience
Contingent functions:				
Addressing funding requests from the system operator for the management of security of supply events				✓
Defending cases against the Authority and taking enforcement action	✓	✓	✓	✓

Our appropriations

We receive funding from the Crown each financial year through appropriations of public money. The Crown recovers the cost of this funding, up to the level of actual expenditure incurred, through a levy on industry participants. Any over-recovery of levy revenue is refunded to levy payers.

To obtain these funds, we prepare an appropriations request for the Minister, outlining the costs of performing our functions and exercising our powers and duties under the Act. Before making this request, we consult on the proposed appropriation levels with those affected by the levy, and the outcome of this consultation is reported to the Minister at the time the appropriations request is submitted.

We are funded by the Crown from three appropriations within Vote Business, Science and Innovation:

Table 2: Electricity Authority functions per appropriation

Our appropriations	Our functions
Operating appropriation:	
1) The electricity industry governance and market operations appropriation	Promote market development
	Monitor, inform and educate
	Operate the electricity system and markets
	Enforce compliance
Contingent appropriations:	
2) The managing the security of New Zealand's electricity supply appropriation	Addressing funding requests from the system operator for the management of security of supply events
3) The litigation fund appropriation	Defending cases against the Authority and taking enforcement action

Under each appropriation, the following sections of the SPE will describe:

- what is intended to be achieved
- the scope of appropriation
- functions provided under this appropriation
- 2019/20 performance measures and targets
- the 2019/20 appropriation.

Performance measures used in the 2019/20 Estimates of Appropriations

Some performance measures we use in the SPE are also used in the 2019/20 Estimates of Appropriations. These performance measures are shown in **bold**.

The Electricity industry governance and market operations appropriation

The Electricity industry governance and market operations appropriation is the operational appropriation. Over 70 per cent of this appropriation is used to fund the service providers that operate the electricity system and markets, with the remainder funding the Authority’s own operating costs.

What is intended to be achieved

This appropriation is intended to achieve effective promotion of competition in, reliable supply by, and the efficient operation of the electricity industry for the long-term benefit of consumers.

Scope of appropriation

This appropriation is limited to formulating, monitoring and enforcing compliance with the regulations and rules governing the electricity industry and other functions in accordance with the statutory functions under the Electricity Industry Act 2010 (the Act); and delivery of core electricity system and market operation functions carried out under service provider contracts.

Functions provided under this appropriation

This appropriation funds our operations, including Board members’ costs, the Rulings Panel, the Security and Reliability Council, advisory groups. It also funds the operation of the electricity system and market operations and the exercise of our four operating functions, including:

- 1) Promote market development
- 2) Monitor, inform and educate
- 3) Operate the electricity system and markets
- 4) Enforce compliance.

2019/20 performance measures

1) Promote market development			
Measure	2017/18 result	2018/19 target	2019/20 target
Market development projects achieve planned deliverables for the year	Not achieved: Six (75%) of our eight top priority market development projects met their milestones for 2017/18	80% of top priority projects meet all of their milestones	80% of market development projects with published targets meet all of their milestones*
Our market development decisions and processes** are lawful and appropriate	Achieved. There were no legal challenges in the year	Zero (0) successful challenges	Zero (0) legal challenges that result in an Authority market development decision being overturned***

1) Promote market development

Measure	2017/18 result	2018/19 target	2019/20 target
Transparent, rigorous post-implementation reviews are conducted to establish whether Code amendments deliver intended benefits and impacts on market behaviour	Not achieved. Post-implementation review completed on switch save protection scheme. The review showed that the change did not achieve intended benefits and impacts on market behaviour.	Post-implementation reviews show that market behaviour altered in intended direction identified when the Code or market facilitation measure was approved. In 2018/19 we plan to complete one to two post-implementation reviews.	Post-implementation reviews show that market behaviour altered in intended direction identified when the Code or market facilitation measure was approved. In 2019/20 we plan to complete one to two post-implementation reviews.

Notes:

* Our market development projects and milestones are identified in the Electricity Authority Work Programme, which is published on our website: <http://www.ea.govt.nz/about-us/strategic-planning-and-reporting/our-work-programme/>

** Includes market development decisions to implement code amendments or market facilitation measures. These decisions can be disallowed, appealed or judicially reviewed — on the process used to reach the decision, and/or on the lawfulness, reasonableness or appropriateness of the decision itself.

*** An appeal or judicial review can overturn a market development decision by directing us to reconsider a decision or re-run a process. The House may also overturn a market development decision if they accept a Regulations Review Committee recommendation for it to be 'disallowed' — meaning the decision will no longer have force.

2) Monitor, inform and educate

Measure	2017/18 result	2018/19 target	2019/20 target
Robust investigation, analysis and reporting on events	Achieved. One report on winter 2017 was completed and published. A market performance review of the 2 March 2017 AUFLS event was also completed	Minimum of two reports completed per annum	Minimum of two reports completed per annum
Reviews requested by the Minister under section 18 of the Act	N/A — The Authority received no requests under section 18 in 2017/18	Reports under section 18 of the Act rated as good or very good by independent peer review	Reports under section 18 of the Act rated as good or very good by independent peer review*
Making information available to enable public understanding of the electricity system in New Zealand	Achieved. 18 consumer friendly items on market performance were published in 2017/18 Achieved. The number of annual visits increased during 2017/18 from 48,343 to 107,843	Publish 10 or more consumer focussed items on the New Zealand electricity system Maintain the number of annual visits (25,000) to the consumer section of the Authority website	Publish 10 or more consumer focussed items on the New Zealand electricity system** Maintain the number of annual visits (45,000) to the consumer section of the Authority website

2) Monitor, inform and educate

Measure	2017/18 result	2018/19 target	2019/20 target
Making data, insights and analytical tools available	Achieved. 12 new reports were developed and made available on the EMI website in 2017/18	Develop and make available six or more new reports on the EMI website	Maintain the number of annual visits (35,000) to the EMI website
Notes: * Assessment was by external expert reviewers using a 5-point scale of: very poor, poor, average, good, very good. ** Reporting to date has been based on new or updated content placed on the 'Consumers' section of the website during the year. New pages: 'Will I still get my local energy trust rebate if I switch electricity retailer?', 'Why is my electricity bill higher in winter?', 'How could spot prices affect my bill?' Updated pages: 'What are my rights as an electricity consumer?', 'How do I switch electricity companies', 'Is a spot price contract right for me?'.			

3) Operate the electricity system and markets

Measure	2017/18 result	2018/19 target	2019/20 target
Electricity system and market operation performance will be assessed by monitoring service provider performance to ensure that contract requirements, including performance standards, are met	Achieved. During 2017/18 all relevant contract, Code and performance standards were met	Contract, code and performance standards met	Contract and performance standards met*
	Achieved. During 2017/18 no significant issues were revealed by the annual audits of service providers	Audits of market operation service providers do not reveal any significant issues	Audits of market operation service providers do not reveal any significant issues**
	N/A — introduced in 2018/19	Monitoring reports of market operation service providers do not reveal any significant issues	Monitoring reports of market operation service providers do not reveal any significant issues**
	Achieved. System operator and market service users are rating the overall services provided during 2017/18 as good or very good	An increasing percentage of users rate the overall services provided as good or very good	An increasing percentage of users rate the overall services provided as good or very good***
The Authority carries out its Code obligations in accordance with the Electricity Industry Participation Code	Achieved. During 2017/18 there were no significant breaches of the Authority's Code obligations.	No significant breaches as a result of the Authority carrying out its Code obligations	No significant breaches as a result of the Authority carrying out its Code obligations****
Notes: * This measure combines several different performance measures for the system operator and market service providers, including system operator annual performance assessment, regular monitoring and review ** For example, significant service provision issues may include breaches of the Code and/or issues that have affected market confidence, and/or issues that have resulted in multiple complaints and/or a warning letter to the CEO. *** Measured by user surveys, carried out by the system operator and market service providers. Users are asked to rate services using a five-point scale of: very poor, poor, average, good, very good. Individual targets are agreed with each service provider. This measure refers to the aggregate increase across all providers. **** Including market administration and other obligations under the Code. Although the Authority is not a participant, the absence of breaches is an indicator that standards are met. Significant breaches are considered to be issues that have affected market confidence.			

4) Enforce compliance

Measure	2017/18 result	2018/19 target	2019/20 target
Percentage of investigations* decided within 12 months of the investigation being opened	Achieved. 100%	100%	100%
Percentage of investigations* decided within four months of the investigation being opened	Achieved. 96%	85%	85%
Sound compliance processes followed	Achieved. During 2017/18, all reports to the Compliance Committee complied with the Authority's quality standards and case management procedures.	All reports to the Compliance Committee comply with the Authority's quality standards and case management procedures	All reports to the Compliance Committee comply with the Authority's quality standards and case management procedures

Notes:

* Investigations in this context include all fact-finding enquiries as well as formal investigations of alleged breaches of the code. This measure and target was introduced in the 2016/17 SPE, and excluded any cases on hand as at 1 July 2016 that were over six months old.

2019/20 appropriation and cost breakdown

Electricity industry governance and market operations appropriation	Actual 2017/18 (\$000)	Budget* 2018/19 (\$000)	Budget* 2019/20 (\$000)
Revenue from the Crown	68,952	74,270	74,936
Expenditure**	68,952	74,270	74,936
<p>* The budget for 2018/19 corresponds to the Supplementary Estimates of Appropriations for the year ending 30 June 2019. The budget for 2019/20 corresponds to the Estimates of Appropriations for the year ending 30 June 2020.</p> <p>** A breakdown of expenditure is provided in the table below.</p>			

Electricity industry governance and market operations expenditure breakdown	Actual 2017/18 (\$000)	Budget 2018/19 (\$000)	Budget 2019/20 (\$000)
System operator—operating expenses	25,476	26,396	26,550
System operator—capital-related expenses	14,238	17,064	17,411
System operator expenses	39,714	43,460	43,961
Service provider—clearing manager	2,244	2,382	2,410
Service provider—wholesale information and trading system	1,756	1,702	1,722
Service provider—pricing manager	741	764	770
Service provider—reconciliation manager	895	936	947
Service provider—registry	624	654	673
Service provider—FTR manager	962	963	944
Service provider—extended reserves manager*	-	350	350
Service provider—depreciation and amortisation	2,259	1,785	1,885
Service provider—IT costs	30	95	95
Other service provider expenses	9,511	9,631	9,796
Authority operations—external work programme support**	6,147	6,606	4,731
Authority operations—personnel	9,856	10,578	11,987
Authority operations—other operating costs	3,724	3,995	4,461
Authority operating expenses	19,727	21,179	21,179
Total expenses	68,952	74,270	74,936
<p>* The service provider agreement for the extended reserves manager has not been finalised; the fees included in the above table are an estimate.</p> <p>** Includes costs relating to facilitating consumer participation.</p>			

Managing the security of New Zealand's electricity supply appropriation

What is intended to be achieved

This appropriation is intended to achieve enhanced security of supply in the electricity system during periods of emerging or actual security situations. These situations are expected to be rare and the appropriation is not drawn on in the normal course of events.

Scope of appropriation

This appropriation is limited to the management by the system operator (Transpower) of actual or emerging emergency events relating to the security of New Zealand's electricity supply. The system operator can request funding from this appropriation to:

- increase monitoring and management responsibilities in the event of an emerging or actual security situation
- plan and run an official conservation campaign.

Managing the security of New Zealand's electricity supply is a multi-year appropriation for the period 2017/18 to 2021/22. Expenses under this appropriation can only be incurred by the system operator—we cannot incur any expenses of our own under this appropriation.

Functions provided under this appropriation

The system operator is responsible for ongoing security monitoring and emergency management.³ The security management functions of the system operator include the preparation of the emergency management policy, which is incorporated into the Code by reference following our review and approval. The policy sets out the steps the system operator will take and encourage industry participants to undertake during an extended emergency.

Our primary role in respect to security of electricity supply is to ensure the Code promotes an efficient level of supply reliability. This includes specifying the functions of the system operator, how the functions are to be performed, and setting the requirements for transparency and performance. We also monitor the system operator's performance. This work is covered under the promoting market development and operating the electricity system and markets functions, respectively, of the electricity industry governance and market operations appropriation.

Our role in respect to this appropriation is limited to addressing requests from the system operator to use these funds. Our approval of any request is subject to an agreed process and criteria. The process requires the system operator to provide evidence of an actual or emerging security event, and to describe the actions it intends to take using the funds and

³ Section 8(2) of the Electricity Industry Act 2010 states that as well as acting as system operator for the electricity industry, the system operator must (a) provide information and short- to medium-term forecasting on all aspects of security of supply; and (b) manage supply emergencies. Information about the system operator's security management role is available on its website at www.systemoperator.co.nz/security-supply

how the use of these funds will be monitored. Agreeing this information in advance can help us to assess the effectiveness of the actions and the funding during and after the event.

The system operator would seek our approval for funding from this appropriation on a case-by-case basis, when it considers increased monitoring or security management actions are justified. However, the system operator can, acting on a 'good faith' basis, incur up to \$300,000 of costs in this area without prior approval if it is not reasonably practicable to seek that approval.

2019/20 Performance measures

Managing the security of New Zealand's electricity supply contributes to our reliability outcome (see pages 15–17 of the 2017–2021 Statement of Intent). The effective management of dry years and emergency events, as measured by case-by-case-analysis, is one of a suite of statistics we use to measure whether there are efficient levels of reliable electricity supply. Should the system operator seek funding under this appropriation to manage a dry-year or emergency event, how it uses the funding would be reviewed as part of the subsequent analysis. The results of the review would be published on our website and a summary reported in the outcomes section of our Annual Report.

Given that the relevant outcome and function performance measures are already captured elsewhere, the measures below are limited to those that demonstrate we have fulfilled our obligations for this appropriation.

Measure	2017/18 result	2018/19 target	2019/20 target
Electricity Authority decisions in relation to managing the security of New Zealand's electricity supply appropriation are made in accordance with the agreed process and criteria	Achieved. During 2017/18 we received one application for funding under this appropriation. The decision to approve this application in July 2017 was made in accordance with the agreed process and criteria.	Process and criteria met	Process and criteria met*
Note: * We have an agreed process and criteria for the system operator to follow. For example, correct documentation is provided; appropriate signoff by system operator management; evidence that there is an actual or emerging security event; intended actions are clearly described; and monitoring and reporting are specified.			

2019/20 Appropriation

Managing the security of New Zealand's electricity supply appropriation*	Actual 2017/18 (\$000)	Budget** 2018/19 (\$000)	Budget** 2019/20 (\$000)
Revenue from the Crown	-	1,200	1,200
Expenditure	-	1,200	1,200

Note:

* This is a multi-year appropriation of \$6 million over five years. Following the expiry of the previous appropriation, a new appropriation has been established, starting on 1 July 2017 and expiring on 30 June 2022. This appropriation is contingent in nature and is not routinely used. For consistency with the appropriations contained in the Government's Estimates documents for Vote Business, Science and Innovation, annual budgeted amounts have been included in the above appropriation table. However, as it is not routinely used, no amounts in relation to this appropriation have been included in the 2018/19 budgets within the other prospective financial statements contained in this SPE.

** The budget for 2018/19 corresponds to the Supplementary Estimates of Appropriations for the year ending 30 June 2019. The budget for 2019/20 corresponds to the Estimates of Appropriations for the year ending 30 June 2020.

Electricity litigation fund appropriation

What is intended to be achieved

This appropriation is intended to ensure that we are able to participate in litigation effectively and without delay.

Scope of appropriation

This appropriation is limited to the costs and expenses we incur in participating in litigation.

Functions provided under this appropriation

Our functions under this appropriation include defending judicial review and appeal cases taken against us, and taking enforcement action against participants under our compliance function.

2019/20 Performance measures

Measure	2017/18 result	2018/19 target	2019/20 target
The Electricity Authority uses the litigation fund in accordance with the criteria for use of the fund	Achieved. During 2017/18, the fund was used in accordance with agreed criteria for the costs and expenses the Authority incurred in participating in two cases of litigation.	Criteria met	Criteria met*
Note: * The criteria are set out in our output agreement with the Minister of Energy and Resources.			

2019/20 Appropriation

Electricity litigation fund appropriation*	Actual 2017/18 (\$000)	Budget** 2018/19 (\$000)	Budget** 2019/20 (\$000)
Revenue from the Crown	174	1,000	444***
Expenditure	174	1,000	444***
Note: * As this appropriation is contingent in nature, and is only used where certain events or situations arise, no amounts in relation to this appropriation have been included in the 2018/19 budgets within the other prospective financial statements contained in this SPE. ** The budget for 2018/19 corresponds to the Supplementary Estimates of Appropriations for the year ending 30 June 2019. The budget for 2019/20 corresponds to the Estimates of Appropriations for the year ending 30 June 2020. *** An expense transfer of 0.556 million has been requested from under the Electricity litigation fund appropriation, from 2018/19 to 2019/20, to ensure sufficient funding is available to effectively manage litigation risks. This will increase the appropriation funding available in 2019/20 to \$1.000 million —however, approval will not be confirmed until the October 2019 baseline update.			

Our work programme

Our work programme makes a significant contribution to achieving our strategic priorities. The specific links between our programmes and our strategic priorities are described in our work programme framework in Table 3. The framework has six distinct programmes (A to F), each linked to delivery of one or more of our key strategies.

Table 3: A summary of our work programme framework

Our programmes	Links to our strategies			
	Reduce barriers	Improve consumer participation	Improve price signals	Increase flexibility and resilience
Programme A: Evolving technologies and business models Initiatives to reduce inefficient barriers to the development and use of evolving technologies and business models across the supply chain.	✓			
Programme B: Consumer choice and competition Initiatives to promote competition and empower consumer choice in the retail market.		✓		
Programme C: Pricing and cost allocation Initiatives to promote efficient pricing in markets and for monopoly services.			✓	
Programme D: Risk and risk management Initiatives to promote efficient management of capacity and energy risks.			✓	✓
Programme E: Operational efficiencies Initiatives to increase the efficiency of electricity market operations, including services provided by market operations service providers.	✓	✓	✓	✓
Programme F: Compliance education Initiatives to improve participant compliance with the Act, regulations and the Code.	✓	✓	✓	✓

The statement of significant accounting policies forms an integral part of, and should be read in conjunction with, the financial statements.

Our organisational capability strategies

Our vision to be a world-class electricity regulator — delivering long-term benefits for consumers and contributing to the wellbeing of all New Zealanders — drives the way we work. We will pursue our vision by focusing on the following three organisational capability areas.

Effective stakeholder engagement and communication

Strong, professional and ongoing relationships with consumers and stakeholders are vital to helping us develop improvements for New Zealand's electricity market. Our foundation documents⁴ provide information about how we interpret our statutory objective, consult, develop Code and market facilitation measures, and how we work with advisory groups.

Empowered and engaged people

We value our people and strive to provide a workplace and culture that is open and supportive. Our work standards are high, in keeping with the importance of the issues we are addressing.

Processes that achieve improved efficiency, productivity and quality

We strive to ensure our systems, tools and processes align with international best practice. We aim for ongoing improvements in efficiency, productivity and quality.

⁴ Available at www.ea.govt.nz/about-us/strategic-planning-and-reporting/foundation-documents/

Financial information

This part of the SPE is the forecast financial statements required by section 149G of the Crown Entities Act 2004.

Prospective financial statements

The purpose of these prospective financial statements is to provide a base against which the Authority's actual financial performance can be assessed to promote public accountability.

These prospective financial statements are prepared for the purpose described above, and the information may not be appropriate for any other purpose. Actual financial results achieved for the period covered may vary from the information presented, and the variations may be material. The information in the prospective financial statements is unaudited.

These prospective financial statements have been prepared to comply with the Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements*.

There is no intention to update the prospective financial statements subsequent to presentation.

Reporting entity

The reporting entity is the Electricity Authority, which is an independent Crown entity in terms of the Crown Entities Act 2004 and the Public Finance Act 1989. The Authority was established under the Electricity Industry Act 2010.

The Authority is a Tier 1 public benefit entity, as defined under the *External Reporting Board Accounting Standards Framework*, and a reporting entity for the purposes of the Financial Reporting Act 1993, Public Finance Act 1989 and Crown Entities Act 2004.

Statement of compliance and basis of preparation

These prospective financial statements have been prepared on a going-concern basis in accordance with the requirements of the applicable *International Public Sector Accounting Standards*.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand.

The accounting policies below have been applied consistently to all periods presented in the financial statements.

The financial information presented for the 2017/18 year reflects the actual results as published in the Authority's 2017/18 Annual Report. The financial information presented for the 2018/19 year reflects the budget as published in the Authority's 2018/19 SPE. The financial information presented for the 2019/20 year reflects the Authority's intended budget for that year. Budgeted financial information does not include actual transactions and events.

The statement of significant accounting policies forms an integral part of, and should be read in conjunction with, the financial statements.

Statement of significant assumptions

These prospective financial statements have been compiled on the basis of government policies and legislation at the time the statements were finalised.

The prospective financial statements are consistent with the delivery of strategies and impacts disclosed in this SPE and the programme of work the Authority expects to undertake during the forecast period.

A conservative view has been adopted, with the assumption that funding will remain at the currently appropriated levels over the forecast period of these statements.

Budget expenditure is based on the assumption that the cost of certain inputs will increase in line with general inflation, while others will decrease as cost-saving measures are implemented.

The prospective financial statements have been prepared using the most appropriate assumptions at the time the statements were prepared. As the statements are prospective in nature, actual results will vary from those presented in this SPE.

Factors that may lead to material differences between the prospective financial statements and the subsequent actual financial results reported include:

- the level of litigation activity. In the 2019/20 year, the Electricity litigation fund appropriation provides the Authority with funding of up to \$0.444 million to ensure that it can participate in litigation effectively and without delay. The actual amount of expenditure incurred will primarily be driven by the number and complexity of legal challenges the Authority is a party to, if any, during 2019/20. As this appropriation is contingent in nature, no revenue or expenditure in relation to this appropriation has been included in the 2019/20 budgets in the prospective financial statements.
- security of supply emergency events. The Managing the security of New Zealand's electricity supply appropriation is available to fund the management of emergency events by the system operator. This is a multi-year appropriation of \$6 million over five years (starting on 1 July 2017 and expiring on 30 June 2022). As this appropriation is contingent in nature and is not routinely used, no revenue or expenditure in relation to this appropriation has been included in the 2019/20 budgets in the prospective financial statements.

Prospective statement of comprehensive revenue and expense

	Note	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Funding from the Crown	1	69,126	74,270	74,936
Interest revenue		476	400	400
Total revenue		69,602	74,670	75,336
Personnel costs	2	9,856	10,578	11,987
Depreciation and amortisation		2,465	2,035	2,157
Service provider contracts		46,967	51,306	51,872
Other expenses	3	9,838	10,351	8,920
Total expenditure		69,126	74,270	74,936
Total comprehensive revenue and expense		476	400	400

Prospective statement of changes in equity

	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Opening balance at 1 July	12,056	12,450	12,850
Total comprehensive revenue and expense	476	400	400
Closing balance at 30 June	12,532	12,850	13,250

The statement of significant accounting policies forms an integral part of, and should be read in conjunction with, the financial statements.

Prospective statement of financial position

	Note	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Assets				
Current assets				
Cash and cash equivalents		15,894	15,260	15,532
Receivables and prepayments		298	200	200
GST receivable		245	-	-
Total current assets		16,437	15,460	15,732
Non-current assets				
Property, plant and equipment	4	262	277	363
Intangible assets	5	5,349	5,313	5,355
Total non-current assets		5,611	5,590	5,718
Total assets		22,048	21,050	21,450
Liabilities				
Current liabilities				
Payables and accruals		6,825	7,000	7,000
Employee entitlements		856	1,000	1,000
GST payable		-	200	200
Appropriation repayable to the Crown		1,811	-	-
Total current liabilities		9,492	8,200	8,200
Non-current liabilities				
Employee entitlements		24	-	-
Total liabilities		9,516	8,200	8,200
Net assets		12,532	12,850	13,250
Equity				
Contributed capital		9,011	9,011	9,011
Accumulated surplus/(deficit)		3,521	3,839	4,239
Total Equity		12,532	12,850	13,250

The statement of significant accounting policies forms an integral part of, and should be read in conjunction with, the financial statements.

Prospective statement of cash flows

	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Cash flows from operating activities			
Receipts from the Crown	70,937	74,270	74,936
Interest from investments	476	400	400
Repayment of appropriations to the Crown	(2,629)	-	-
Payments to suppliers	(57,159)	(61,657)	(60,792)
Payments to personnel	(9,859)	(10,578)	(11,987)
Goods and services tax (net)	(185)	-	-
Net cash flows from operating activities	1,581	2,435	2,557
Cash flows from investing activities			
Receipts from the sale of fixed assets	5	-	-
Purchase of property, plant and equipment	(68)	(125)	(250)
Purchase of intangibles	(725)	(2,000)	(2,035)
Net cash flows from investing activities	(788)	(2,125)	(2,285)
Net increase/(decrease) in cash and cash equivalents	793	310	272
Cash and cash equivalents at the beginning of the year	15,101	14,950	15,260
Cash and cash equivalents at the end of the year	15,894	15,260	15,532

The statement of significant accounting policies forms an integral part of, and should be read in conjunction with, the financial statements.

Notes to the prospective financial statements

1. Appropriation revenue	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Electricity industry governance and market operations	68,952	74,270	74,936
Managing the security of New Zealand's electricity supply*	-	-	-
Electricity litigation fund*	174	-	-
	69,126	74,270	74,936

Note:

* The Managing the security of New Zealand's electricity supply appropriation, and the Electricity litigation fund appropriation, are both contingent in nature and not routinely used. For this reason, the Authority's prospective financial statements do not include any budgeted revenue or expenditure in relation to these appropriations.

2. Personnel costs	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Salaries and contractors	9,470	10,146	11,527
Contributions to defined contribution plans	363	432	460
Increase/(decrease) in leave provisions	23	-	-
	9,856	10,578	11,987

3. Other expenses	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Managing the security of New Zealand's electricity supply*	-	-	-
Litigation fund*	174	-	-
External work programme support**	6,147	6,606	4,731
Auditor fees	47	47	47
Advisory and working group fees	34	34	88
Board members' fees	709	720	680
Rulings Panel fees	91	100	100
Operating lease expenses	514	515	515
Travel expenses	262	282	302
Other operating expenses	1,860	2,047	2,457
	9,838	10,351	8,920

Note:

* The Managing the security of New Zealand's electricity supply appropriation, and the Electricity litigation fund appropriation, are both contingent in nature and not routinely used. For this reason, the Authority's prospective financial statements do not include any budgeted revenue or expenditure in relation to these appropriations.

** Includes costs relating to facilitating consumer participation.

4. Property, plant and equipment	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Computer hardware	144	151	187
Office equipment	11	38	103
Furniture and fittings	30	24	24
Leasehold improvements	77	64	49
Net book value at 30 June	262	277	363

5. Intangible assets	Actual 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
Software	5,349	5,313	5,355
Net book value at 30 June	5,349	5,313	5,355

Statement of significant accounting policies

Revenue

The specific accounting policies for significant revenue items are explained below.

Funding from the Crown

The Authority is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Authority meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

The Authority considers there are no conditions attached to the funding and it is recognised as non-exchange revenue at the point of entitlement. Appropriations received from the Crown are recognised as revenue to the extent that expenditure has been incurred. Appropriations received but not spent are treated as a Crown creditor and shown in the statement of financial position as a provision for refund of appropriations to the Crown.

Levies

The Authority administers a levy on industry participants under the Electricity Industry (Levy of Industry Participants) Regulations 2010. Levies are paid directly to the Crown for reimbursement of funding provided to the Authority. Levies are not recognised as revenue in the Authority's financial statements.

Interest

Interest is earned on bank deposits and is recognised in the period to which it relates.

The statement of significant accounting policies forms an integral part of, and should be read in conjunction with, the financial statements.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of normally three months or less.

Receivables and prepayments

Short-term receivables and prepayments are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Authority will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Property, plant and equipment

Property, plant and equipment consists of the following asset classes: computer hardware, furniture and fittings, office equipment and leasehold improvements.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

All fixed assets costing \$1,000 (excluding GST) or more are capitalised and recorded at historical cost.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of each asset class have been estimated as follows:

Computer hardware	3–5 years	20%–33%
Furniture and fittings	5 years	20%
Office equipment	5 years	20%
Leasehold improvements	Unexpired period of the lease	

Intangible assets

Software acquisition and development

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are recognised as an intangible asset when the software becomes operational. Work in progress is recognised at cost less impairment.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Authority's corporate websites are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit. The value of additions made to an existing asset are amortised over the remaining useful life of the existing asset.

The useful lives and associated amortisation rates of each asset class are estimated as follows:

Computer software	3–9 years	11%–33%
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Impairment of capital assets

The Authority does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

The statement of significant accounting policies forms an integral part of, and should be read in conjunction with, the financial statements.

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Payables and accruals

Short-term payables and accruals are recorded as exchange transactions at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

Annual leave earned but not yet taken is recognised as it accrues to employees at current rates of pay.

Sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Authority anticipates it likely to be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave, are calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised for future expenditure of uncertain timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital
- accumulated surplus/(deficit).

Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Income tax

The Authority is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Changes in accounting policies

There have been no changes to accounting policies.

The statement of significant accounting policies forms an integral part of, and should be read in conjunction with, the financial statements.

Glossary and abbreviations

A detailed glossary is available at www.ea.govt.nz/glossary/

Act	Electricity Industry Act 2010.
AUFLS	Automatic under-frequency load shedding, a form of extended reserve used alongside instantaneous reserve to manage under-frequency events, such as an unexpected outage or the loss of multiple generating units, to limit the fall in frequency to within limits set out in the Code.
Authority	Electricity Authority.
Code	Electricity Industry Participation Code 2010.
Consumer	Any person or enterprise supplied with electricity other than for resupply.
Demand-side participants	Participants who modify their usage in a way that reduces consumption in a specific time period or shifts consumption from one time period to another.
Distributor	A company that owns or operates the power lines that transport electricity on local low voltage networks. This term can be used interchangeably with 'distribution company', 'lines company' and 'network company'.
EDF	Electronic dispatch facility.
EECA	Energy Efficiency and Conservation Authority.
EMI	Electricity market information website: www.emi.ea.govt.nz
FTR	Financial transmission right.
Hedge market	A market through which hedge contracts are bought and sold. A hedge contract is a financial risk management product or contract for sale and purchase of electricity that shifts the price risks associated with the spot price of electricity. For example, a common hedge contract is a contract for differences (CFD). CFDs set a price at which a buyer will purchase a specific quantity of electricity at a specified node for a set period. The buyer of the CFD pays this price regardless of whether the spot market price is higher or lower than the set price.
ICP	Installation control point, a physical point of connection on a local network or an embedded network that the distributor nominates as the point at which a retailer will be deemed to supply electricity to a consumer.
Instantaneous reserves	Generation capacity and interruptible load that is made available to be used in the event of a sudden failure of a generation or transmission facility to maintain system frequency at 50 Hertz. Fast instantaneous reserve is available within six seconds and must be able to operate for one minute. Sustained instantaneous reserve is available within 60 seconds and must be available for 15 minutes.
MOSP	Market operation service provider.

Outcome, impact and output	<p>Accountability terms used in the state sector that link the work we do with the results we are contributing to.</p> <ul style="list-style-type: none"> • Outcome: a state or condition of society, the economy or the environment and includes a change in that state or condition. For us, this is expressed in our statutory objective. Outcomes are assessed over the long term. • Impact: the contribution made to an outcome by a specified set of outputs or actions, or both. We use our strategic priorities and specific changes we seek through our projects and business-as-usual functions to assess our impact. These changes can usually only be assessed over the medium to long term. • Output: the goods or services we supply. We have called these 'our functions' in this SPE. These are measured and reported on annually.
Participant	A person, or a person belonging to a class of persons, identified in section 7 of the Act as being a participant in the electricity industry. These include generators, Transpower, distributors, retailers, other lines owners, consumers directly connected to the national grid, buyers of electricity from the clearing manager and service providers.
Real-time price	The price of wholesale electricity calculated for every five-minute period through each day.
Service providers	We contract third parties to manage the electricity system (system operator) and market services, as described in Part 3 of the Code.
SPE	Statement of performance expectations. Prepared in accordance with the Crown Entities Act 2004.
SOI	Statement of Intent. Prepared in accordance with the Crown Entities Act 2004.