

Market 2.0: Resilient, affordable electricity for the future

Market Development Advisory Group quarterly implementation update May to August 2026

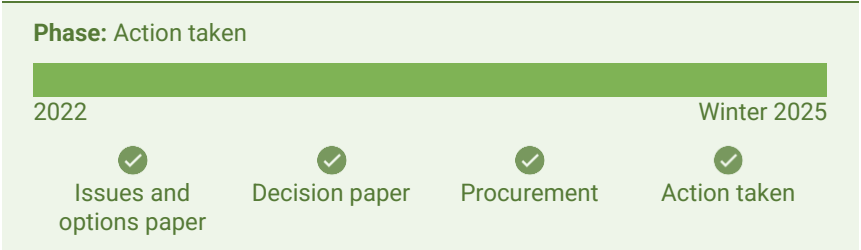
MDAG’s final report split its 31 recommendations into four themes: *Accurate and efficient pricing*, *Tools and incentives to manage risk*, *Sufficient competition*, and *Public trust and confidence*.

The Authority has taken action on 15 of the 31 recommendations and is making steady progress on a further 11, bringing the number of recommendations actioned or in train to 26.

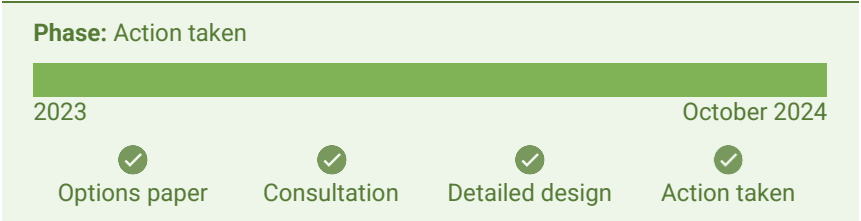
The loading bars indicate progress made by the Authority. The solid bars show progress in previous quarters, and the dashed bar shows progress in the most recent quarter.

Action taken. Ongoing improvement as part of our regular work programme (9 of 31)

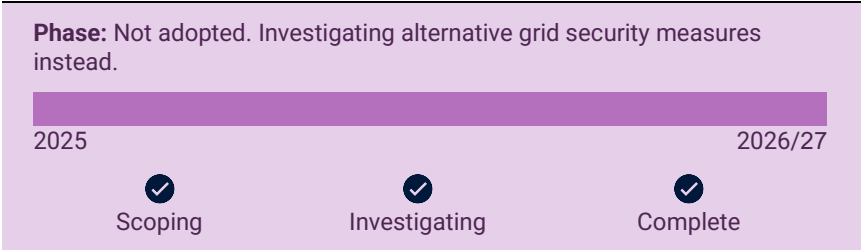
1 Short-term forecasts (solar and wind)



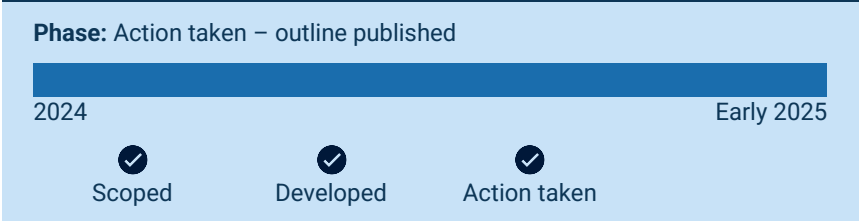
2 Hedge market transparency



6 New reserve product



13 Virtual disaggregation high-level outline



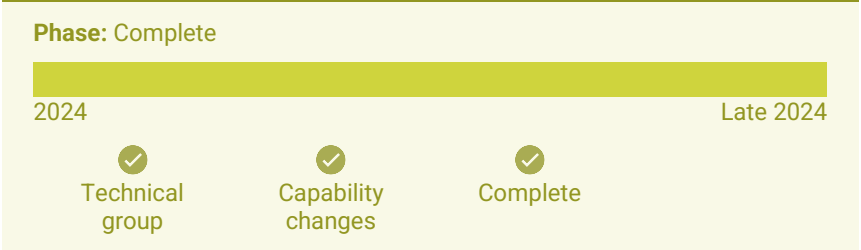
Accurate and efficient pricing

With a much greater range of players and more physical resources to coordinate, it is even more important for price signals to be accurate and clear.

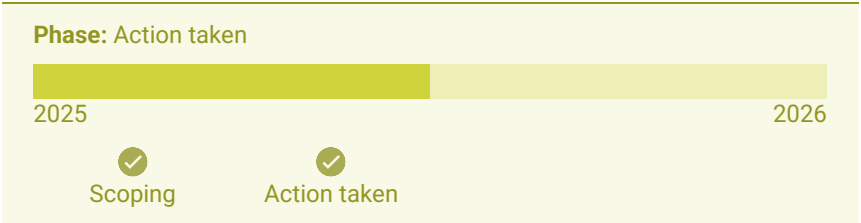
Tools and incentives to manage risk

Market participants need access to better tools to efficiently manage their risks and to provide signals to guide longer term decisions – especially investment in generation, storage, and demand-side capability.

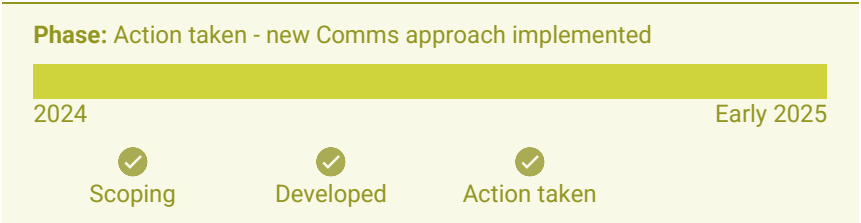
14 Future security and resilience project (governance)



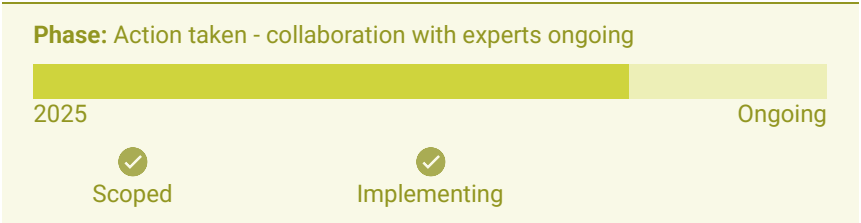
20 Consumer awareness of DSF



22 Information programme for opinion-makers



23 Increase interchange with international experts



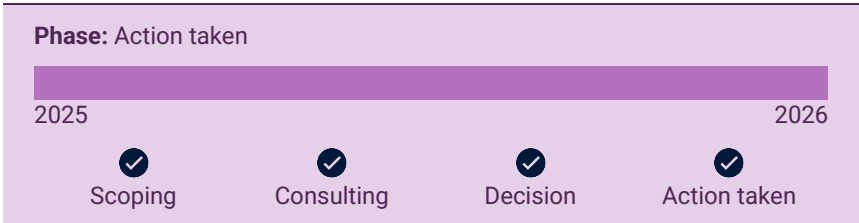
Sufficient competition

Effective competition puts downward pressure on costs and prices, particularly by promoting continuous improvement and innovation.

Public trust and confidence

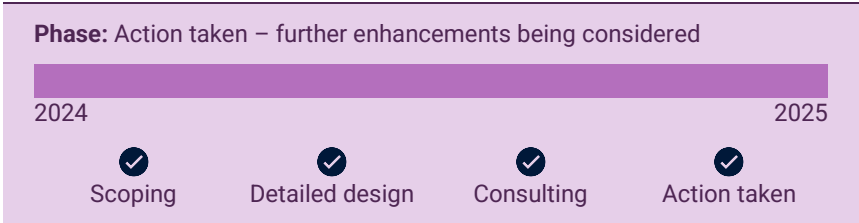
Confidence in our electricity system is key in enabling the innovation and investment that will deliver reliable and clean supply at least cost for consumers.

24 Market making for standardised flexibility products

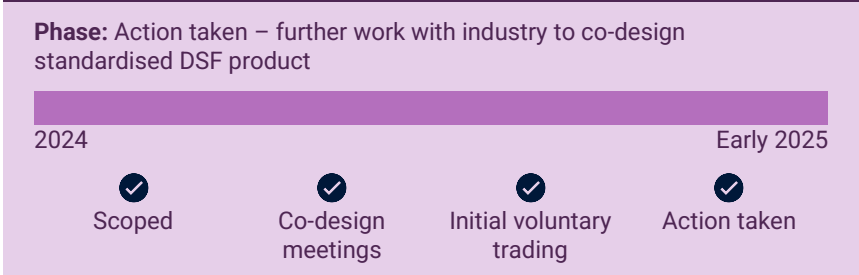


Action taken. Considering further action (6 of 31)

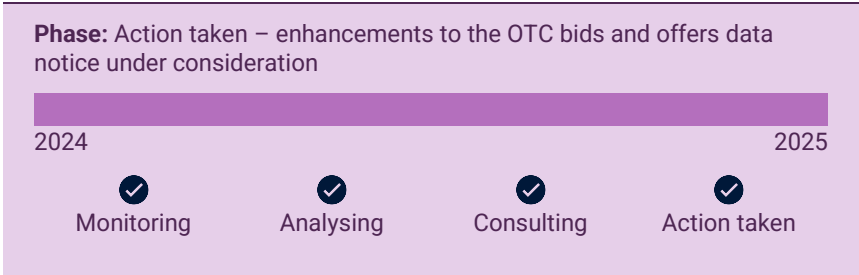
7 Stress testing enhancements



8 Standardised flexibility products

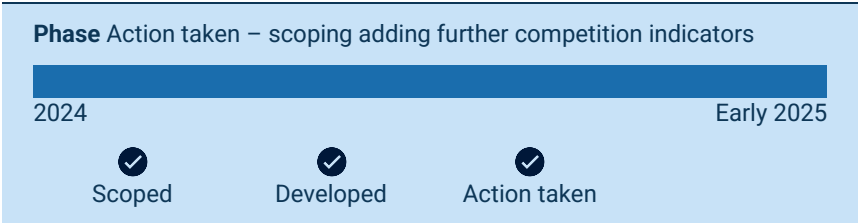


9 Contract process disclosure rules

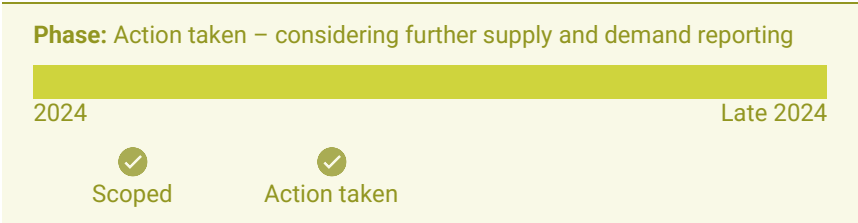


Action taken. Considering further action (6 of 31) (cont.)

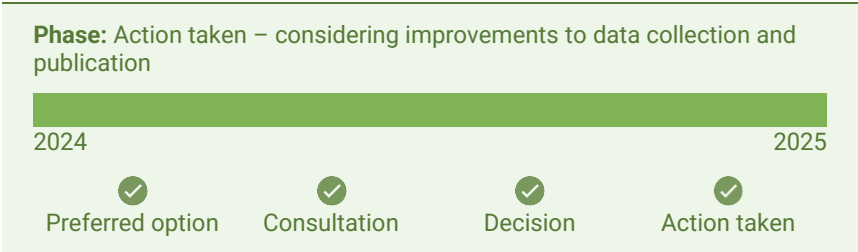
12 Competition dashboard – flexibility



15 Seasonal outlook report

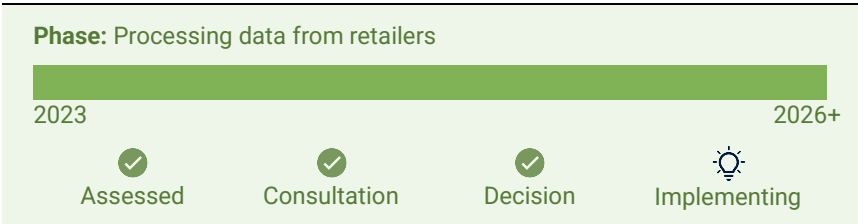


17 Information on development pipeline



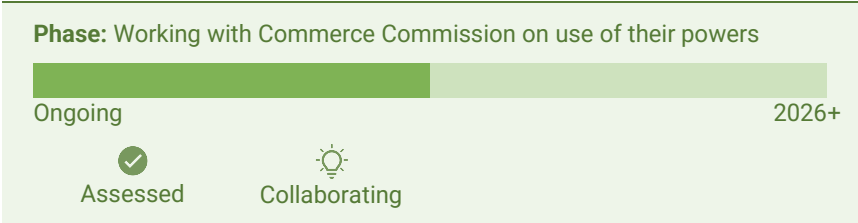
Recommendations underway (11 of 31)

3 Demand-side flexibility activity monitoring

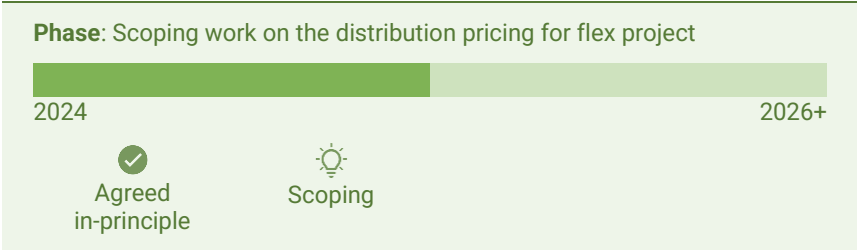


Multiple projects contribute to this recommendation and include the completed demand side flexibility survey. The status above relates to [improving retail market monitoring](#).

4 Pricing to optimise distribution investment



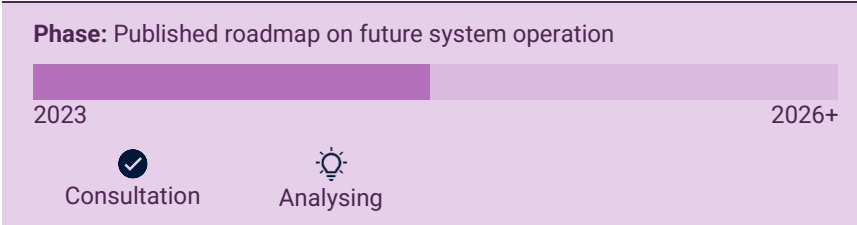
5 Price-driven secure distribution dispatch



10 Demand-side flexibility interface, systems and protocols

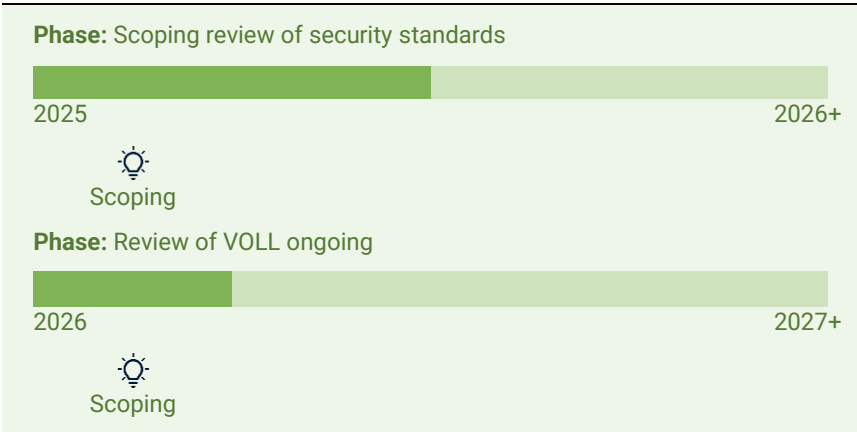


11 Future security and resilience project (as it relates to DSF)



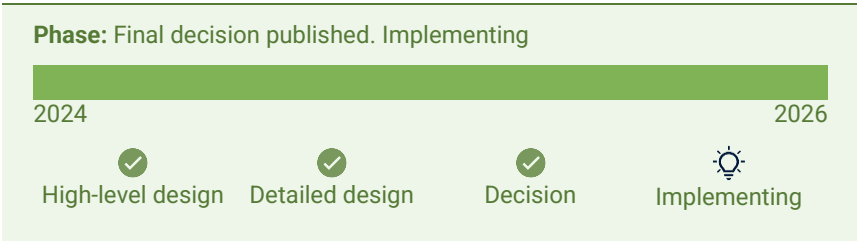
[Dispatch notification enhancements were completed in February 2024. We no longer report progress on Part 6 and 8 reviews here, as further work on those projects do not relate directly to this recommendation.](#)

16 Scarcity pricing parameters (including value of lost load)

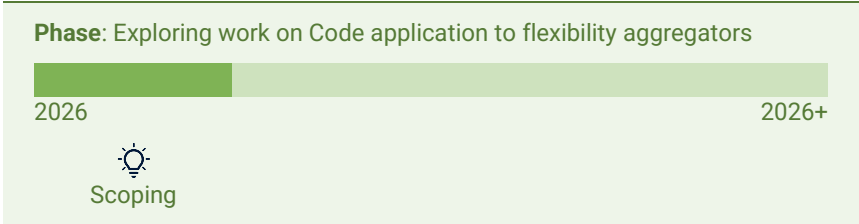


We updated scarcity pricing parameters in April 2025.

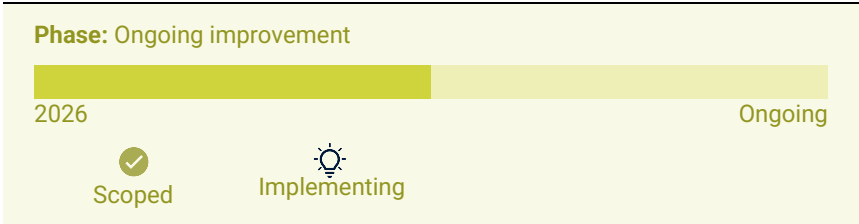
18 Sunset profiling (reconciliation on half-hourly data)



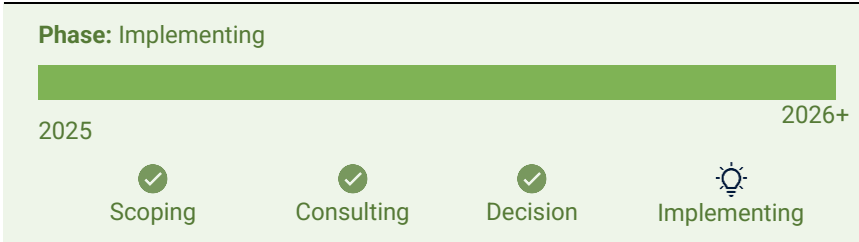
19 Network capacity in DSF dispatch



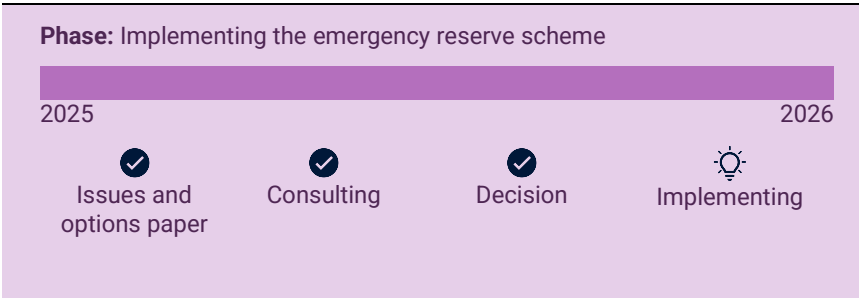
21 Monitoring and enforcement of Code



28 Market making for longer dated futures



30 'Last resort' demand side flexibility scheme



KEY:

- = progress made during most recent quarter
- = project phase not yet started
- = current project phase
- = project phase complete

Recommendations not yet begun (5 of 31)

Tranche 3

25	WoF for regulatory agencies. Establish periodic warrant of fitness reviews for independent regulatory agencies.
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Contingent measures

26	UTS over-ride. Remove undesirable trading situations over-ride of trading conduct provisions.
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27	Ahead market. Investigate and develop an ahead market.
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29	Negative offers/prices. Allow negative offers/prices in the wholesale market as a tool to signal oversupply.
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31	Virtual disaggregation. Implement virtual disaggregation of the flexible generation base (using outline developed under recommendation 13).
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