

## Alignment between the MDAG's recommendations and the Electricity Authority's current work programme

Rec #	Recommendation	Primary focus area	Status
<b>Tranche 1</b>			
1	Improve short-term forecasts of wind, solar and demand	Accurate and efficient pricing	<i>In progress</i> – The Authority has a <a href="#">project underway</a> to improve the accuracy of intermittent generation forecasting in the spot market.
2	Improve transparency of hedge information (especially non-baseload) covering offers, bids and agreed prices	Accurate and efficient pricing	<i>In progress</i> – The Authority consulted on options to <a href="#">improve hedge disclosure obligations</a> earlier in the year and will make final decisions in early 2024.
3	Monitor the provision and uptake of demand-side flexibility rewarding activity (including tariffs)	Accurate and efficient pricing	<i>In progress</i> – The Authority's project on improving retail market monitoring will support this recommendation. Consultation is planned before the end of the year.
4	Use Part 4 of the Commerce Act to require distribution pricing signals for demand-side flexibility	Accurate and efficient pricing	<i>In progress</i> – The Authority has projects underway that are focused on <a href="#">updating regulatory settings</a> for distribution networks and investigating distribution pricing.
5	Develop design and trial tools to enable security constrained economic dispatch on the distribution network	Accurate and efficient pricing	To be considered
6	Develop a new reserve product to cover sudden reduction from intermittent sources	Tools and incentives to manage risk	<i>In progress</i> – The Authority is considering both short and long-term options to firm intermittent generation and intends to consult in early 2024. The Authority is also reviewing the operation and cost allocation of the existing instantaneous reserve and frequency keeping ancillary services.
7	Strengthen the existing stress testing regime	Tools and incentives to manage risk	To be considered
8	Develop standardised flexibility product(s) including for demand-side flexibility	Tools and incentives to manage risk	To be considered
9	Develop rules requiring disclosure of process steps by parties negotiating over-the-counter contracts	Tools and incentives to manage risk	To be considered
10	Enable broad based trials (with significant funding from the Government) to establish common system interface protocols for demand-side flexibility across the full value chain	Tools and incentives to manage risk	To be considered
11	Improve visibility of demand-side flexibility for the system operator and remove barriers in the Electricity Industry Participation Code 2010 to demand-side flexibility offering ancillary services	Tools and incentives to manage risk	<i>In progress</i> – The Authority is currently progressing this recommendation as part of its review of <a href="#">part 6</a> of the Code and its review of <a href="#">part 8</a> of the Code.
12	Develop a dashboard of competition indicators for the flexibility segment of the wholesale market	Sufficient competition	To be considered
13	Develop a high-level outline of 'virtual disaggregation' (for use if other measures are not effective)	Sufficient competition	To be considered

Rec #	Recommendation	Primary focus area	Status
14	Strengthen governance for the next phase of the Authority's Future Security and Resilience project with guiding principles	Public and political confidence	<i>In progress</i> – The Authority has already established a <a href="#">Common Quality Technical Group</a> for the Future Security and Resilience project, and will consider how to further strengthen the overall governance of the project.
15	Calibrate public expectations with quarterly briefings on current and expected market conditions	Public and political confidence	To be considered
<b>Tranche 2</b>			
16	Update default shortage values in the Code factoring in related elements	Accurate and efficient pricing	To be considered
17	Publish aggregated information on the pipeline of new developments, energy and capacity adequacy	Accurate and efficient pricing	To be considered
18	Change market rules to set a sunset date for the use of profiles at installation control points which have half-hourly metering capability	Accurate and efficient pricing	<i>In progress</i> – The Authority is currently considering how to speed up distribution pricing reform to realise consumer benefits through the <a href="#">updating regulatory settings</a> for distribution networks project.
19	Ensure distribution network capacity is reflected in wholesale demand-side flexibility dispatch	Accurate and efficient pricing	To be considered
20	Increase consumer awareness of the opportunities and benefits from providing demand-side flexibility to the wholesale market	Accurate and efficient pricing	To be considered
21	Enhance monitoring and enforcement of the Code with more autonomy	Public and political confidence	To be considered
22	Strengthen structured information programme for wider stakeholders on how the market works	Public and political confidence	<i>In progress</i> – The Authority is considering how it provides information to stakeholders through its ongoing enhancements to consultation and stakeholder engagement.
23	Increase interchange with international experts	Public and political confidence	To be considered
<b>Tranche 2 – contingent measures<sup>1</sup></b>			
24	Enhance price discovery by requiring market making in flexibility products	Accurate and efficient pricing	To be considered
<b>Tranche 3</b>			
25	Establish periodic warrant of fitness reviews for independent regulatory agencies	Public and political confidence	To be considered
<b>Tranche 3 – contingent measures</b>			
26	Remove undesirable trading situations over-ride of trading conduct provisions	Accurate and efficient pricing	To be considered
27	Investigate and develop an ahead market	Accurate and efficient pricing	To be considered
28	Enhance price discovery by requiring market-making for longer dated futures	Accurate and efficient pricing	To be considered
29	Allow negative offers/prices in the wholesale market as a tool to signal oversupply	Accurate and efficient pricing	To be considered
30	Develop a procurement process for 'last resort' demand-side flexibility	Tools and incentives to manage risk	To be considered
31	Implement virtual disaggregation of the flexible generation base (using outline developed under recommendation 13)	Sufficient competition	To be considered

<sup>1</sup> These are measures that are contingent on the effectiveness of previous measures.