

# ANNUAL CORPORATE PLAN 2021/22

Four-monthly progress report  
1 November 2021 to 28  
February 2022

# INTRODUCTION

## The Annual Corporate Plan

Our Annual Corporate Plan sets out our activities for 2021/22 that will promote our strategic priorities, address regulatory risks and harms, and deliver sector outcomes. It replaces the previous work programme format and includes the key development projects we have committed to for the 2021/22 financial year.

The Annual Corporate Plan provides an opportunity to demonstrate how our work supports delivery against our sector ambitions, specifically thriving competition; low-emissions energy; and innovation flourishing.

At the centre of everything we do, and implicit within these activities, are the associated ambitions of consumer centricity and trust and confidence.




The Annual Corporate Plan is available on our website: <https://www.ea.govt.nz/about-us/strategic-planning-and-reporting/our-work-programme/>

## What's in this report?

This report provides a progress update on the activity areas identified in the Annual Corporate Plan, for the four-month period 1 November 2021 to 28 February 2022.

For each activity area, we have provided a summary of the activity to date against the desired annual progress.

A traffic light system indicates the status of each activity area in terms of achieving the overall 2021/22 outcomes of the activity area.

-  The activity area is on track to achieve the annual outcomes
-  The activity area is delayed and/or at risk of not achieving the annual outcomes
-  The activity has/will not achieve the annual outcomes

## Other key areas of work

In addition to the activity areas in the Annual Corporate Plan, the Authority is undertaking a number of key workstreams to support the transition to a low-emissions energy system.

### ***The Market Development Advisory Group's examination of how the wholesale market will operate under 100 percent renewables***

The Authority's Market Development Advisory Group (MDAG) is undertaking a project investigating price discovery (including market operation and new investment in generation) in the wholesale electricity market under a 100 percent renewable electricity supply. In February 2022, MDAG released for consultation an issues paper on 100 percent renewable power supply. This issues paper

described the key issues with the current wholesale electricity market design that MDAG believes should be explored to enable a shift to 100 percent renewable electricity supply. Consultation closed on 15 March 2022. MDAG is analysing submissions and developing and analysing options to address the issues it has identified. MDAG is expected to release an options paper for consultation in mid-2022.

### ***Responding to the 9 August event***

The Authority is continuing to respond to the 9 August 2021 event that resulted in many New Zealanders being disconnected from the power system on one of the coldest nights of the year. Pursuant to section 16(1)(g) of the Electricity Industry Act 2010, we are reviewing the event, seeking assurance for consumers that any systemic and process issues that led to the disconnections are corrected.

On 10 September 2021, the Authority released its Immediate assurance review of the 9 August demand management event, which marked the first phase of the Authority's review into the event. Phase one of the review found shortcomings in the system operator's response and included a number of recommendations for the system operator. Transpower is progressing with the recommendations and has submitted information to the Authority to confirm progress.

Phase two of the Authority's section 16 review focuses on lessons that can be learnt from the event for the Authority, lines companies, the system operator, generators, retailers, and direct connect consumers.

The review was completed in April 2022 and considered all recommendations made in other reports on the 9 August investigations. This was considered by the Authority's Board in April 2022.

### ***MBIE's investigation***

Many of the recommendations in MBIE's report relate to the Authority – either in its role in determining the regulatory settings or in its role overseeing Transpower as the system operator. The Authority is working closely with Transpower in ensuring the recommendations are considered and actioned where appropriate. It is important to note that MBIE's report endorsed the recommendations from other reports including the Authority's phase one review.

A key focus for the Authority is ensuring that the critical improvements that can be addressed before Winter 2022 have been actioned. Many of these are the recommendations in the Authority's phase one review. The longer-term policy recommendations require more detailed consideration and cannot be implemented before Winter 2022. The Authority also notes that many of the policy matters relate closely to the work the Authority (and its advisory group MDAG) is doing to investigate how the wholesale electricity market would operate under a 100 percent renewable electricity supply.

### *Undesirable trading situation*

Alongside the review, the Authority has investigated the claim of an undesirable trading situation (UTS) made by Haast Energy Trading and Electric Kiwi, and later joined by Flick Energy (Flick Electric) and Switch Utilities (Vocus). The Authority released its preliminary decision in response to the UTS on 16 December 2021 and its preliminary view was that no UTS occurred on 9 August 2021. The Authority consulted on the decision for a seven-week period (to accommodate the holiday period). Consultation closed on 3 February 2022 and the Authority has considered all submissions received.

The Authority's review of the circumstances alleged to be a UTS is ongoing, and a final decision has not yet been made. As part of this process, the Authority has sought further submissions from interested parties in relation to the issuing of an island shortage situation (ISS) notice by the system operator on 9 August after the grid emergency had ended. Both the system operator and the Authority consider that the ISS notice was not issued in accordance with the Code.

The ISS notice may be relevant to the UTS investigation because it triggers scarcity pricing. As a result of the ISS notice issued by the system operator, the pricing manager determined that scarcity pricing should apply to four trading periods on 9 August 2021. The impact of scarcity pricing applying across those four trading periods is approximately \$130 million, compared to what the pricing manager would have calculated if scarcity pricing had not applied.

On 19 April 2022, the Authority published a supplementary consultation paper that sets out the issue of the potentially invalid ISS notice and asks for interested parties to provide submissions on whether scarcity pricing should apply despite the invalid notice. Consultation closes on 3 May 2022.

### *Code breaches*

The Authority has undertaken two investigations relating to alleged breaches of the Code on 9 August 2021 by Genesis Energy Limited (Genesis) and the system operator.

#### *Genesis' investigation*

Genesis was alleged to have breached the Electricity Industry Participation Code 2010 (Code) on 9 August 2021 by withholding generation capacity in a manner not consistent with how a rational generator would have behaved in the absence of significant market power.

The Compliance Committee considered the investigator's report on 28 February 2022 and decided to discontinue the investigation. This means that no further enforcement action will be taken by the Authority.

The investigation found no breach, concluding that Genesis' decision not to offer the Huntly Rankine 4 generation unit for the evening of 9 August was within the realm of behaviour consistent with that of a rational generator that does not hold significant market power<sup>1</sup>.

#### *System operator investigation*

On 12 April 2022, the Authority decided to lay a formal complaint with the Rulings Panel in relation to the following alleged breaches of the Code:

---

<sup>1</sup> [Investigations closed - no settlement reached — Electricity Authority](#)

7.1A(1)	Code	Reasonable and prudent system operator
80	Policy Statement	Demand allocation methodology
3	Technical Code B of Schedule 8.3	Planning to minimise the impact of a grid emergency
5(1A)		Issue an island shortage situation (ISS) notice following electrical disconnection of demand

The Authority published its decision and submitted the complaint along with a copy of the investigator's report to the Rulings Panel on 19 April 2022.

### ***Internal Transfer Pricing***

The Code amendment requiring disclosure of internal transfer pricing by integrated generator retailers, the methods used to derive them and the disclosure of retail gross margin reports by certain retailers, came into force on 30 November 2021. Disclosure of the information will be required in the next reporting season to align with firm annual reporting. The Authority will monitor compliance against the new requirements.

# SUMMARY CORPORATE PLAN 2021/22

## Purpose

Enhance New Zealanders' lives, prosperity and environment through electricity

### Strategic priorities

Low-Emissions Energy



Thriving Competition



Innovation Flourishing



Consumer Centricity

Trust and Confidence

### Sector ambitions

Unlocking the potential for more renewable generation is a focus for the Authority. The Authority has two main priorities for this strategic priority:

- Our electricity market settings enable an efficient transition to reliable low-emissions energy in New Zealand
- Network and market price signals support the lowest overall cost to consumers

The Authority has two main impacts which drive thriving competition, which is a key enabler to deliver a better energy future – driving progress, affordability, efficiency and valuable outcomes for New Zealand:

- Market settings enable competition between distributed energy resources (DER's) and established technology solutions
- New entrants can compete on a level playing field with established participants

Evolution of the electricity system will be achieved through innovation and disruption, with both participants and the Authority thinking beyond the status quo. Our role is to help unlock the full benefits of innovation for consumers by making sure the settings are conducive to innovation and industry success:

- The regulatory system accommodates new business models
- The availability and transparency of industry data is continuously improved

### Electricity Authority regulatory approach / Statutory objective

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



## Thriving Competition

Market competition is a key enabler to deliver a better energy future – driving progress, affordability, efficiency, and valuable outcomes for New Zealand

### Sector ambitions

Market settings enable competition between distributed energy resources (DER's) and established technology solutions

New entrants can compete on a level playing field with established participants

The activity areas under thriving competition are progressing with majority on track to being completed in the 2021/22 financial year. The Distribution Sector Strategy activity area has been identified as red and it is unlikely that we will achieve the full set of objectives in this activity area for the 2021/22 financial year.

A summary of progress is as follows.

- Consumer care guidelines that apply to retailer interactions with, and support offered to, all domestic consumers became effective on 1 July 2021. Electricity retailers were given until 31 December 2021 to fully align their process and practices with the guidelines. Initial monitoring indicates that electricity retailer alignment is high with retailers covering over 99 percent of domestic ICPs having a discoverable consumer care policy on their websites. The Authority continues to monitor retailer alignment and consumer outcomes and develop any associated resources under business-as-usual operations.
- The Authority is considering options to streamline access to consumption data for distributors and third parties. This is likely to address any issues consumers currently have with accessing their consumption data. The Authority sent a questionnaire to distributors, retailers and metering equipment providers to gather evidence of the reported issues on 10 March 2022, to be followed by an Issues paper to be released in mid-2022 outlining our views of the issues with distribution networks and recommended options for some of the more easily resolvable issues.
- The Authority has completed the majority of initiatives specified in the desired annual progress for the EPR recommendation D activity area. New datasets continue to be collated and prepared to support the pro-active monitoring of wholesale market performance initiative. New public facing reports and dashboards are underway and will be completed throughout the remainder of Q4 of 2021/22.
- The Authority has progressed work following consultation on the July discussion paper *Updating the Regulatory Settings for Distribution Networks*. Questionnaires were sent out to stakeholders seeking further evidence of the issues reported in the consultation submissions with the information gathered used to inform an issues paper for consultation in mid-2022. The Authority is not on track to achieve the full set of objectives under the Distribution Sector Strategy activity area in the 2021/22 financial year.
- A new trading conduct rule has replaced previous High Standard of Trading Conduct provisions. The Authority continues to actively monitor this new rule to ensure that settings are conducive to innovation and industry success. The Authority published its decision on the 2019 UTS actions to correct in August 2021.

- The Authority has published a range of reports including on trading conduct provisions, and the 9 August event.
- Feedback on the compliance strategy has been summarised and will be used to make amendments to the current draft document. A draft risk-based compliance monitoring framework has been tested in workshops with stakeholders and is now being applied to clauses in the Code.

An overview of the activities included under thriving competition is provided in the table below.

Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
<p><b>Consumer Care:</b> Reducing energy hardship. This recommendation will produce a clearer picture of the size of the problem, ensure greater co-ordination of initiatives, and boost energy efficiency.</p>	<p>➤ Promote positive relationships between retailers and domestic consumers, domestic consumers maximising potential to access electricity and minimising harm from payment difficulties</p>	<p><i>Progress and complete implementation of the consumer care package.</i></p>	<p>● The consumer care guidelines (guidelines) became effective on 1 July 2021. The guidelines apply to retailer interactions with, and support offered to all domestic consumers.</p> <p>The deadline for electricity retailers to fully align their processes and practices with the guidelines – including publishing a consumer care policy – was 31 December 2021.</p> <p>The Authority expects all retailers to continue to fully align with the consumer care guidelines.</p> <p>A review of self-assessed alignment is not scheduled until August 2022, however initial monitoring indicates that retailer alignment is high.</p> <p>Retailers covering over 99% of domestic ICPs have a discoverable consumer care policy on their websites.</p> <p>The Authority continues to monitor retailer alignment and consumer outcomes and develop any associated resources under business-as-usual operations including working with Ministry of Health to:</p> <ul style="list-style-type: none"> <li>• update the health practitioners’ notice (HP Notice) used to certify a consumer’s medical dependency on electricity</li> <li>• update individual emergency response plan (to replace an Electricity Retailers Association of New Zealand (ERANZ) template) used to help medically dependent consumers plan steps to take to stay safe in the event of interruption to their electricity supply.</li> </ul>



Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
<p><b>EPR recommendation C:</b> Increasing retail competition. Retail competition has grown in recent times, including new products, plans and services.</p>	<ul style="list-style-type: none"> <li>➤ Help improve awareness of Powerswitch and the Utilities Disputes process</li> <li>➤ Develop a streamlined process for customer requests for consumption data</li> <li>➤ Require distributors to offer retailers standard default terms for use of their network</li> <li>➤ Develop and implement a pilot scheme helping non-switching customers to find better deals</li> </ul>	<p><i>Policy decisions in relation to EPR recommendations will be made by December 2021.</i></p> <p><i>Policy decisions in relation to EPR recommendations will be implemented by June 2022.</i></p>	<ul style="list-style-type: none"> <li>● The project to improve the awareness of Powerswitch and the Utilities Disputes process went live on 1 April 2021. Compliance is being monitored via auditor reports. Utilities Disputes has seen the number of queries increase since the April 2021 Code change.</li> </ul> <p>As part of the Authority’s work updating the regulatory settings for distribution networks, we are considering options to streamline access to consumption data for distributors and third parties, which would likely address any issues consumers currently have with accessing their consumption data. The Authority sent a questionnaire to distributors, retailers, and metering equipment providers to gather evidence of the reported issues on 10 March 2022. An Issues paper will be released in mid-2022 outlining our views of the issues with distribution networks and recommended options for some of the more easily resolvable issues.</p> <p>A consumer switching pilot has been completed and was successful in prompting non-switching consumers to use Powerswitch.</p>

Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
<p><b>EPR recommendation D:</b> Reinforcing wholesale market competition. Actions to strengthen competition and improve confidence in the wholesale market.</p>	<ul style="list-style-type: none"> <li>➤ Improve availability of wholesale market information</li> <li>➤ Progress hedge market enhancements through Code amendments and the procurements of commercial market makers</li> <li>➤ Increase reporting and awareness of the financial performance of vertically integrated participants</li> <li>➤ Pro-actively monitor and report on wholesale market performance</li> </ul>	<p><i>Policy decisions in relation to all these EPR recommendations will be made by September 2021.</i></p> <p><i>Policy decisions in relation to all these EPR recommendations will be implemented by June 2022.</i></p>	<p>● The project to improve availability of wholesale market information was completed in early 2021. Code changes came into effect on 1 April 2021 and participants are disclosing information on a quarterly basis through a portal. The EPR recommendation relating to progressing hedge market enhancements through Code amendments and the procurement of commercial market makers has been completed. The Authority is continuing further enhancements to the market through commercial market making.</p> <p>The project to increase reporting and awareness of the financial performance of vertically integrated participants is complete. The enabling Code change came into force on 30 November 2021. New datasets continue to be collated and prepared to support the pro-active monitoring of wholesale market performance. New public facing reports and dashboards are underway and will be completed in Q4 of 2021/22.</p>
<p><b>Distribution Sector Strategy:</b> Ensuring regulatory settings for the distribution sector support the transition to a low-emissions economy while promoting competition, reliability, and efficiency for the long-term benefit of consumers.</p>	<ul style="list-style-type: none"> <li>➤ Clearly identify the issues affecting the distribution sector and options to address the issues</li> <li>➤ Informed by industry feedback, prioritise and stage options based on urgency, value, and ability to implement</li> <li>➤ Identify preferred options based on net benefits to consumers and consult with industry</li> </ul>	<p><i>A package of preferred options will be ready to implement by June 2022.</i></p>	<p>● Follow-up interviews were conducted with a number of submitters to clarify aspects of their submissions. Questionnaires were sent to distributors, retailers, and metering equipment providers to gather further evidence of the issues reported in the consultation submissions. These questionnaires were circulated on 10 March 2022. The information gathered will inform an Issues paper, to be released for consultation in mid-2022. It is unlikely that we will achieve the full set of objectives for this financial year. We are replanning the deliverables to ensure that the quality of work produced supports robust outcomes for consumers.</p>

Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
<p><b>Settings are conducive to innovation and industry success</b> which means a proactive, agile, and forward-looking regulatory approach.</p>	<ul style="list-style-type: none"> <li>➤ Implement the new trading conduct provisions</li> <li>➤ Examine settings in the distribution sector to provide for and allow faster uptake of new business models, products, and technologies for consumers</li> </ul>	<p><i>The Authority will reduce the uncertainty around the interpretation and applicability of the new trading conduct rule. Engagement with stakeholders will be ongoing.</i></p>	<ul style="list-style-type: none"> <li>● The Authority has amended the Code by replacing the previous High Standard of Trading Conduct (HSOTC) provisions with a new trading conduct rule that is easier to interpret and apply by industry participants. This amendment came into force on 30 June 2021. The Authority continues to actively monitor the new rule as part of an enhanced monitoring, enforcement, and compliance regime. The Authority has published its monitoring approach and a series of FAQs to support understanding of the new rule.</li> <li>The distribution sector settings are being examined through the distribution strategy work. Staff received submissions from stakeholders on what will allow faster uptake of new business models and technologies in response to the discussion paper <i>Updating the Regulatory Settings for Distributions Networks</i>. The Authority sent a questionnaire to distributors, retailers, and metering equipment providers to gather evidence of any issues on 10 March 2022.</li> </ul>
<p><b>Increase active monitoring of market activities and outcomes.</b></p>	<ul style="list-style-type: none"> <li>➤ Complete the actions to correct for the 2019 UTS</li> <li>➤ Actively monitor trading conduct within the context of the new provisions</li> <li>➤ Publish analysis and insights in relation to trading conduct to increase transparency and support industry compliance</li> </ul>	<p><i>Publish the 2019 UTS actions to correct.</i> <i>Publish insights and analysis on trading conduct.</i></p>	<ul style="list-style-type: none"> <li>● Actions to correct the 2019 UTS was completed. New trading conduct provisions are being monitored and weekly reports published. Quarterly reports are being published. The Authority has also published papers on the high prices in January 2022, the Phase one review of the 9 August 2021 event, and the preliminary decision paper on the UTS claim for the 9 August 2021 event. A supplementary consultation paper on the UTS claim was published on 19 April 2022.</li> </ul>

Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
<p><b>Monitoring and Compliance Reset:</b> Ensuring confidence in the Authority’s role as regulator, through monitoring, intervention, and enforcement.</p>	<ul style="list-style-type: none"> <li>➤ Develop and consult on a new long-term compliance strategy for the Authority</li> <li>➤ Develop a risk-based compliance monitoring program</li> <li>➤ Drive more timely decision-making on enforcement cases through process improvements and raising capability</li> </ul>	<p><i>The Compliance Strategy and Compliance Monitoring Strategy will be completed and implementation underway.</i></p>	<ul style="list-style-type: none"> <li>● Compliance Strategy consultation feedback has been summarised for themes and will be used to make amendments to the current draft document. A finalised draft Compliance Strategy was presented to the Compliance Committee.</li> <li>The design of a risk-based compliance monitoring framework is underway. A draft framework has been developed, tested in workshops with external stakeholders and is now being applied to clauses in the Code.</li> </ul>



## Low-emissions Energy

Electrification is a key enabler in the transition to a low-emissions economy – with the need to electrify New Zealand’s heat, transport and increase low-carbon generation. We need to promote a stable investment environment with robust rules and clear price signals.

### Sector ambitions

Our electricity market settings enable an efficient transition to reliable low-emissions energy in New Zealand

Network and market price signals support the lowest overall cost to consumers

The activity areas under low-emissions energy are progressing, with the majority on track to be completed in the 2021/22 financial year. One activity area has been identified as red and it is unlikely that it will achieve the outcomes for the 2021/22 financial year. A summary of progress is as follows.

- The Authority’s final decision to incorporate a new TPM into the Code was released to stakeholders on 12 April 2022. The Authority published a revised Distribution Pricing Practice Note in December 2021.
- Phase one of the future security and resilience workstream is complete with the final report published in March 2022. The Authority released the draft phase two future security and resilience roadmap for consultation in March 2022.
- Work to identify and triage barriers that exist to the connection and operations of new renewable generation in New Zealand's electricity market is unlikely to be achieved in 2021/22 due to ongoing prioritisation of the wholesale market competition review.
- Consultation on the Market Monitoring Review of structure, conduct and performance in the wholesale electricity market paper and the Inefficient price discrimination in the wholesale electricity market papers closed on 22 December 2021. The Authority has summarised submissions for both consultation papers and will consult again with stakeholders in June/July 2022 on the next steps of the review. The Authority has considered submissions on the review into the security of supply settings.
- There are also a number of transition-related activities that are not reported on under the Annual Corporate Plan, including MDAG’s investigation of wholesale market operation under 100 percent renewables.

An overview of the activities included under low-emissions energy is provided in the table below.

Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
<p><b>Price signals:</b> Improving the efficiency of transmission and distribution pricing to send better signals to consumers about the cost of using these networks and promote more efficient investment in DER and networks.</p>	<ul style="list-style-type: none"> <li>➤ Complete the Authority’s Transmission Pricing Methodology (TPM) review, targeting implementation of any changes by 1 April 2023</li> <li>➤ Year on year improvement in the efficiency of distribution pricing</li> <li>➤ Continue the implementation activities for the real-time pricing (RTP) project, including software development, industry engagement and education and the system operator operational policy updates</li> </ul>	<p><i>Decide on any new TPM (subject to any further work identified during the consultation phase). Publish annual distribution pricing scorecards and/or decide on whether to use further regulatory tools to promote pricing reform. Deliver phase two of the market systems software implementation for RTP.</i></p>	<ul style="list-style-type: none"> <li>● The Authority’s final decision to incorporate a new TPM into the Code was released to stakeholders on 12 April 2022. The Authority published scorecards for distributors’ 2021/22 pricing methodologies in September 2021. Following consultation with stakeholders, the Authority finalised and published a revised Distribution Pricing Practice Note in December 2021. Phase two software delivery for RTP was successfully deployed on 26 March 2022.</li> </ul>
<p><b>EPR recommendation G:</b> Preparing for a low-carbon future. More generation capacity will be needed as part of the electrification of the economy – meaning more investment, predominantly in renewable energy, such as hydro, geothermal and wind.</p>	<ul style="list-style-type: none"> <li>➤ Complete an investigation of Code changes required to develop reliability standards for inverters</li> <li>➤ The Authority will focus the G2 project on technological changes on system stability</li> <li>➤ Implement Code changes to allow batteries to participate in the reserves market</li> </ul>	<p><i>Complete the first stage of investigations of the security and resilience of the electricity sector.</i></p>	<ul style="list-style-type: none"> <li>● The Authority published and consulted on the draft phase one future security and resilience report from the system operator and held three industry workshops in November/December 2021. The system operator provided a final phase one report and a draft phase two future security and resilience roadmap that identifies the work planned to address the issues identified under phase one and its proposed priority. The final phase one report was published in March 2022. The Authority released the draft future security and resilience roadmap for consultation in March 2022. Following consultation, the Authority will work with the system operator to finalise the roadmap. Implementation of the activities identified in the roadmap is planned to commence later in 2022/23.</li> </ul>

Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
<p>As part of our strategy, the Authority wants to ensure new entrants can effectively compete with established parties. The Authority wants to ensure there are <b>no undue barriers in the way of more parties connecting and operating new renewable generation.</b></p>	<ul style="list-style-type: none"> <li>➤ Undertake a project to identify, triage and address any barriers that exist to the connection and operation of new renewable generation in New Zealand’s electricity market</li> </ul>	<p><i>Complete triage of identified barriers for new entrants into connecting and operating renewable generation.</i></p>	<ul style="list-style-type: none"> <li>● This work has not commenced beyond preliminary work completed as part of the ongoing wholesale market competition review. 2021/22 outcomes are unlikely to be achieved due to ongoing prioritisation of the wholesale market competition review.</li> </ul>
<p><b>Security of Supply:</b> Ensuring the electricity sector manages security of supply effectively.</p>	<ul style="list-style-type: none"> <li>➤ Maintain security of supply and ensure market settings support this both now and into the future</li> <li>➤ Ensure market outcomes during tight supply are reasonable and efficient</li> </ul>	<p><i>Complete the review of competition in the spot and forward markets, including during the dry event of winter 2021 by Q1 2021/22.</i></p> <p><i>Review security of supply settings in light of Q3/4 2020/21 and make any necessary policy changes by Q4 2021/22.</i></p>	<ul style="list-style-type: none"> <li>● The Market Monitoring Review of structure, conduct and performance in the wholesale electricity market paper and the Inefficient price discrimination in the wholesale electricity market papers were released on 27 October 2021. The consultation period closed on 22 December 2021 and the Authority received 34 submissions from a variety of stakeholders on both papers. The Authority has summarised submissions for both consultation papers and will consult again with stakeholders in June/July 2022 on the next steps of the review. Staff working on inefficient price discrimination in the wholesale market consider that generators still have an incentive and ability to enter contracts that may be inefficient and not in the long-term interest of consumers.</li> <li>The review into security of supply settings is on target. The consultation has closed, and the Authority has considered submissions. In parallel, the system operator and Authority are progressing the review of the detailed policy settings - Security of Supply Forecasting and Information Policy (SOSFIP). The system operator is currently consulting on the revised policy.</li> </ul>



## Innovation Flourishing

Evolution of the electricity system will be achieved through innovation and disruption, with participants and the Authority thinking beyond the status quo

### Sector ambitions

The regulatory system accommodates new business models

The availability and transparency of industry data is continuously improved

Work in the data transparency, insights and automation activity area are on track for completion in the 2021/22 financial year. The work to reformulate some of the Authority's models has progressed with the Jade model being routinely used to produce water values as part of the ongoing monitoring of trading conduct. The Open Networks Forum is being planned as an online forum for June 2022.

An overview of the activity area included under innovation flourishing is provided in the table below.

Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
<p><b>Data transparency, insights and automation</b> will act as key enablers for increased deployment of distributed energy resources, and support consumers' ability to control their energy use and participate in new ways.</p>	<ul style="list-style-type: none"> <li>➤ The Authority will reformulate some of our models to make them easier to maintain and their input datasets updated</li> <li>➤ We will also progress our open networks development programme, including the development of voluntary standards for electric vehicle chargers and medium temperature hot water heat pumps</li> <li>➤ Open Networks Forum will be developed over this financial year</li> </ul>	<p><i>The Authority will update selected models and databases so we can apply and deliver sophisticated insights in a timely manner. The Authority will progress the open networks development programme.</i></p>	<ul style="list-style-type: none"> <li>● The model reformulation work was undertaken in the 2020/21 financial year and concerns two models – Doasa and GEM. The Doasa work is complete, and the model is now referred to as Jade. Jade has considerably more functionality than Doasa. The Authority is now routinely using Jade to produce water values as part of the ongoing monitoring of trading conduct. As at early 2022, we are once more updating and further enhancing the input dataset, as well as automating much of the data updating process. By 30 June 2022, Jade and a contemporary input dataset will be made open source via GitHub. This will improve transparency and integrity and facilitate greater innovation amongst the analytics and consulting community within the sector. The GEM model reformulation work undertaken in 2020/21 was not as comprehensive as was the case with the Jade model and has been paused throughout 2021/22 because of resource constraints. Nevertheless, the model is in working order. The</li> </ul>



Activity area	Desired annual progress	2021/22 Outcomes	Progress at 28 February 2022
			<p>commitment of effort to maintain models and associated databases is now an ongoing business-as-usual activity. The Authority has assisted with the development and publication of voluntary standards for electric vehicle chargers and medium temperature hot water heat pumps. The Open Networks Forum is now being planned as an online forum for June 2022. Format and speakers are being finalised. The Authority continues to assist Ara Ake and Kāinga Ora with their pilots on multiple trader relationships and peer-to-peer trades.</p>