Market 2.0: Resilient, affordable electricity for the future

Market Development Advisory Group quarterly implementation update July to September 2025

ELECTRICITY AUTHORITY
TE MANA HIKO

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*.

All the initiatives on this dashboard are part of the Authority's current and upcoming work programme. The remaining recommendations in Tranche 2 and Tranche 3 will be considered and incorporated into our work programme over time.

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

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.

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.

Completed recommendations (13 of 31)

1 Short-term forecasts (solar and wind)

Phase: Complete - underway

2022 – Winter 2025

Issues and options paper · Decision paper · Procurement · Complete

2 Hedge market transparency

Phase: Code changes took effect 31 October 2024

2023 – October 2024

Options paper · Consultation · Detailed design · Complete

7 Stress testing enhancements

Phase: Renewed stress test regime implemented

2024 – 2025

Scoping · Detailed design · Consulting · Complete

8 Standardised flexibility products

Phase: Standardised super peak product began trading in January 2025

2024 – Early 2025

Scoped · Co-design meetings · Initial voluntary trading · Complete

9 Contract process disclosure rules

Phase: Consulting on enduring information collection arrangements

2024 – 2025

Monitoring · Analysing · Consulting · Complete

12 Competition dashboard - flexibility

Phase: Published initial flexibility competition dashboard

2024 – Early 2025

Scoped · Developed · Complete

13 Virtual disaggregation high-level outline

Phase: Published through Energy Competition Task Force

2024 – Early 2025

Scoped · Developed · Complete

14 Future security and resilience project (governance)

Phase: Governance and technical groups include economic expertise

2024 – Late 2024

Technical group · Capability changes · Complete

15 Seasonal outlook report

Phase: New monthly outlook reporting published

2024 – Late 2024

Scoped · Complete

17 Information on development pipeline

Phase: Updated dashboard on new generation published on 17 July 2025

2024 – 2025

Preferred option · Consultation · Decision · Complete

22 Information programme for opinion-makers

Phase: New Comms approach implemented

2024 – Early 2025

Scoping · Developed · Complete

23 Increase interchange with international experts

Phase: Collaborating with internal experts

2025 – Ongoing

Scoped · Implementing

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Completed recommendations (13 of 31) (continued)

20 Consumer awareness of DSF

Phase: Scoping

2025 – 2026

Scoping | Implementing

Recommendations underway (11 of 31)

3 Demand-side flexibility activity monitoring

Phase: Preparing to publish new information on retail market

2023 – Late 2025

Assessed | Consultation | Decision | Implementing

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

Phase: Working with Commerce Commission on options to expand use of Commission powers

Ongoing – 2026+

Assessed | Collaborating

5 Price-driven secure distribution dispatch

Phase: Scoping and assessing next steps

2024 – 2026+

Agreed in-principle | Scoping

6 New reserve product

Phase: Investigating five-minute variability tool

2025 – 2026/27

Investigating

This is part of a range of initiatives designed to support security of supply during peak electricity demand

10 Demand-side flexibility interface, systems and protocols

Phase: Power Innovation Pathway projects being supported

2024 – 2026

Agreed in-principle | Collaborating | Implementing

A second round of applications for opened in October 2025.

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

Phase: Considering feedback on Part 6 (Distribution) Code consultation

2023 – 2025

High-level design | Consultation | Analysing | Consulting

Phase: Concurrent workstreams contributing to Part 8 (Common Quality) Code consultation

2023 – 2026+

High-level design | Consultation | Analysing | Consulting

Phase: Future system operation

2024 – 2026+

Consultation | Analysing | Consulting | Analysing

Multiple projects contribute to this recommendation: Part 6 Code review , Part 8 Code review, Future system operation ,Dispatch notification enhancements were completed in February 2024.

16 Scarcity pricing parameters

Phase: Published new scarcity values ahead of winter 2025

2024 – 2025+

High-level design | Consultation | Decision

Phase: Review of Security Standards

2025 – 2026+

Scoping

A scarcity pricing parameters update was completed in April 2025. Work on Volume of Lost Load is expected to begin in 2026.

18 Sunset profiling (reconciliation on half-hourly data)

Phase: Design work underway

2024 – 2026

High-level design | Detailed design | Consulting

24 Market making for standardised flexibility products

Phase: Evaluating whether standardised super-peak products should be regulated

2025 – 2025

Scoping | Consulting

28 Market making for longer dated futures

Phase: Policy development underway as part of market-making review

2025 – 2026+

Scoping

30 'Last Resort' Demand Side Flexibility Scheme

Phase: Consulting on Emergency Reserve Scheme

2021 – 2025

Issues and options paper | Consulting | Analysing | Consulting

Recommendations not yet begun (7 of 31)

19	Network capacity in DSF dispatch. Ensure distribution network capacity is reflected in wholesale demand-side flexibility dispatch.
21	Monitoring and enforcement of Code. Enhance monitoring and enforcement of the Code with more autonomy.
25	WoF for regulatory agencies. Establish periodic warrant of fitness reviews for independent regulatory agencies.
26	UTS over-ride. Remove undesirable trading situations over-ride of trading conduct provisions.
27	Ahead market. Investigate and develop and ahead market.
29	Negative offers/prices. Allow negative offers/prices in the wholesale market as a tool to signal oversupply.
31	Virtual disaggregation. Implement virtual disaggregation of the flexible generation base (using outline developed under recommendation 13).