

# Market 2.0: Resilient, affordable electricity for the future

## Market Development Advisory Group quarterly implementation update October to December 2025

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*.

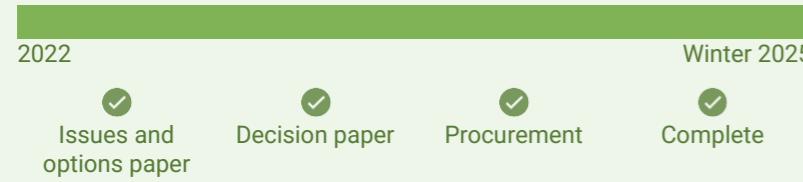
All the initiatives on this dashboard are part of the Authority's current and upcoming work programme. The remaining recommendations in Tranche 2 and Tranche 3 will be considered and incorporated into our work programme.

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

### Completed recommendations (13 of 31)

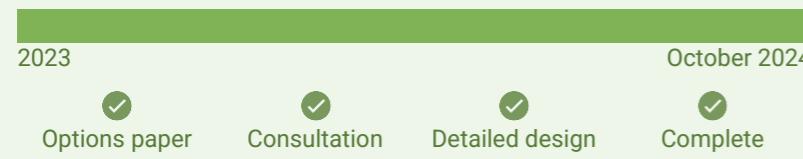
#### 1 Short-term forecasts (solar and wind)

**Phase:** Complete - underway



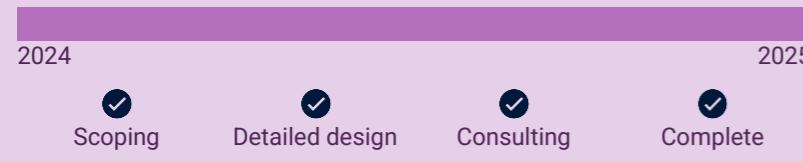
#### 2 Hedge market transparency

**Phase:** Code changes took effect 31 October 2024



#### 7 Stress testing enhancements

**Phase:** Renewed stress test regime implemented



#### 8 Standardised flexibility products

**Phase:** Standardised super peak product began trading in January 2025



### 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.

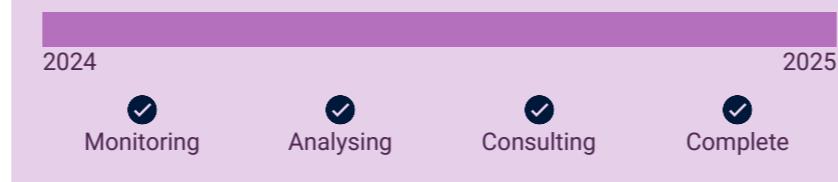
### Public trust and confidence

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)

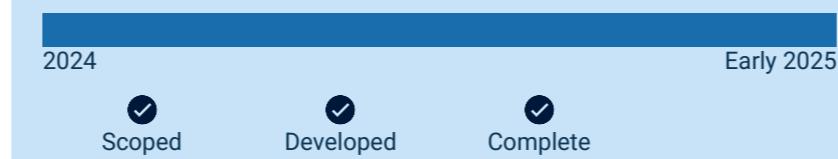
#### 9 Contract process disclosure rules

**Phase:** Consulting on enduring information collection arrangements



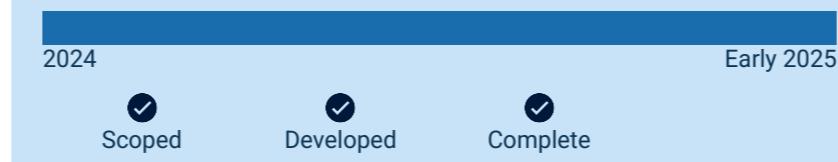
#### 12 Competition dashboard - flexibility

**Phase:** Published initial flexibility competition dashboard



#### 13 Virtual disaggregation high-level outline

**Phase:** Published through Energy Competition Task Force



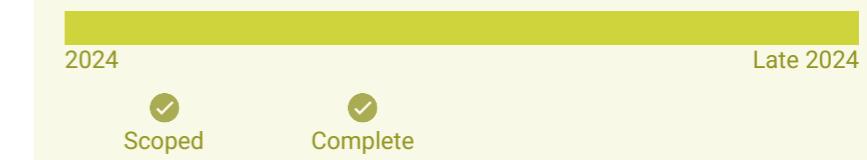
#### 14 Future security and resilience project (governance)

**Phase:** Governance and technical groups include economic expertise



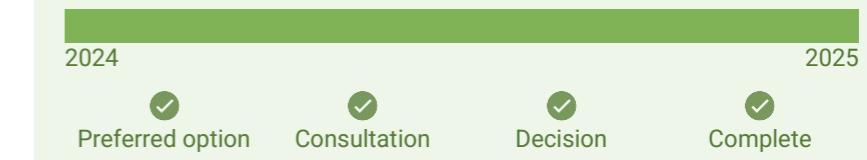
#### 15 Seasonal outlook report

**Phase:** New monthly outlook reporting published



#### 17 Information on development pipeline

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



#### 20 Consumer awareness of DSF

**Phase:** Implementing



#### 22 Information programme for opinion-makers

**Phase:** New Comms approach implemented



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### Completed recommendations (13 of 31) (continued)

#### 23 Increase interchange with international experts

**Phase:** Collaborating with internal experts



### Recommendations underway (11 of 31)

#### 3 Demand-side flexibility activity monitoring

**Phase:** Processing data from retailers



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



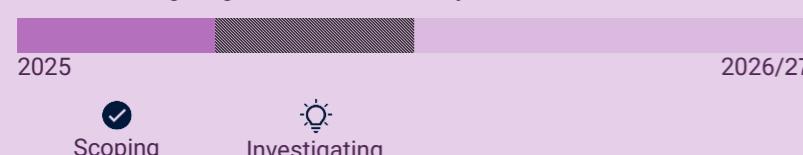
#### 5 Price-driven secure distribution dispatch

**Phase:** Scoping and assessing next steps



#### 6 New reserve product

**Phase:** Investigating five-minute variability tool



This is part of a range of initiatives designed to support security of supply during peak electricity demand. Investigation work with the System Operator began in October 2025.

#### 10 Demand-side flexibility interface, systems and protocols

**Phase:** Power Innovation Pathway projects being supported



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

**Phase:** Making it faster and easier to connect to electricity networks (Part 6 (Distribution) Code amendment)



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



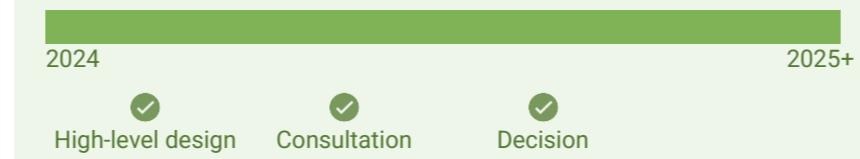
**Phase:** Future system operation



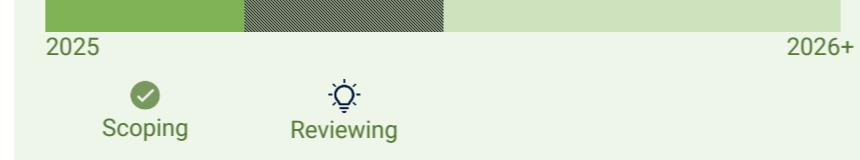
Multiple projects contribute to this recommendation: Part 6 Code review, Part 8 Code review, [Future system operation](#). [Dispatch notification enhancements were completed in February 2024](#).

#### 16 Scarcity pricing parameters

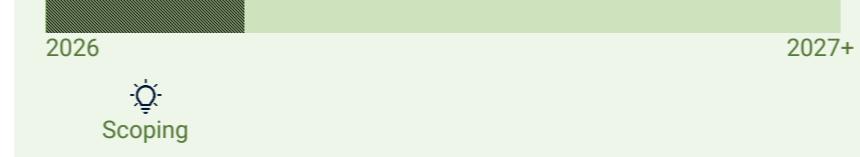
**Phase:** Published new scarcity values ahead of winter 2025



**Phase:** Review of Security Standards



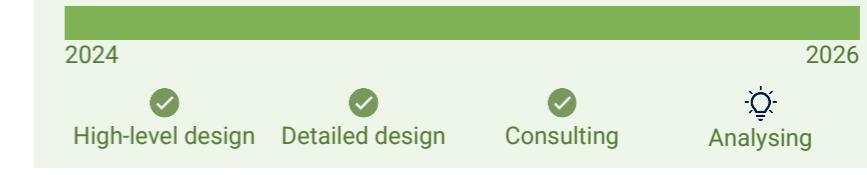
**Phase:** Review of the Value of Lost Load (VOLL)



A scarcity pricing parameters update was completed in April 2025.

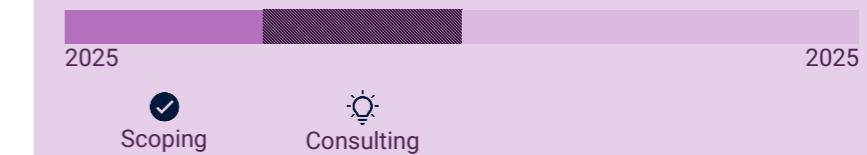
#### 18 Sunset profiling (reconciliation on half-hourly data)

**Phase:** Design work underway



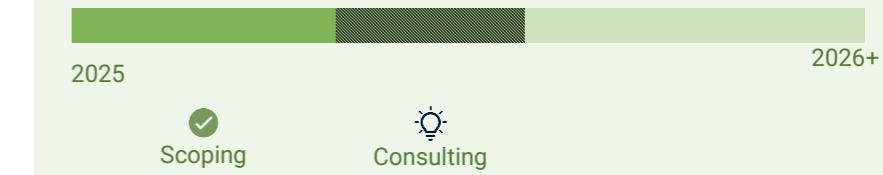
#### 24 Market making for standardised flexibility products

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



#### 28 Market making for longer dated futures

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



#### 30 'Last Resort' Demand Side Flexibility Scheme

**Phase:** Implementing the Emergency Reserve Scheme



#### KEY:

= progress made during most recent quarter

= project phase not yet started

= current project phase

= project phase complete

# Market 2.0: Resilient, affordable electricity for the future –

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### 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).