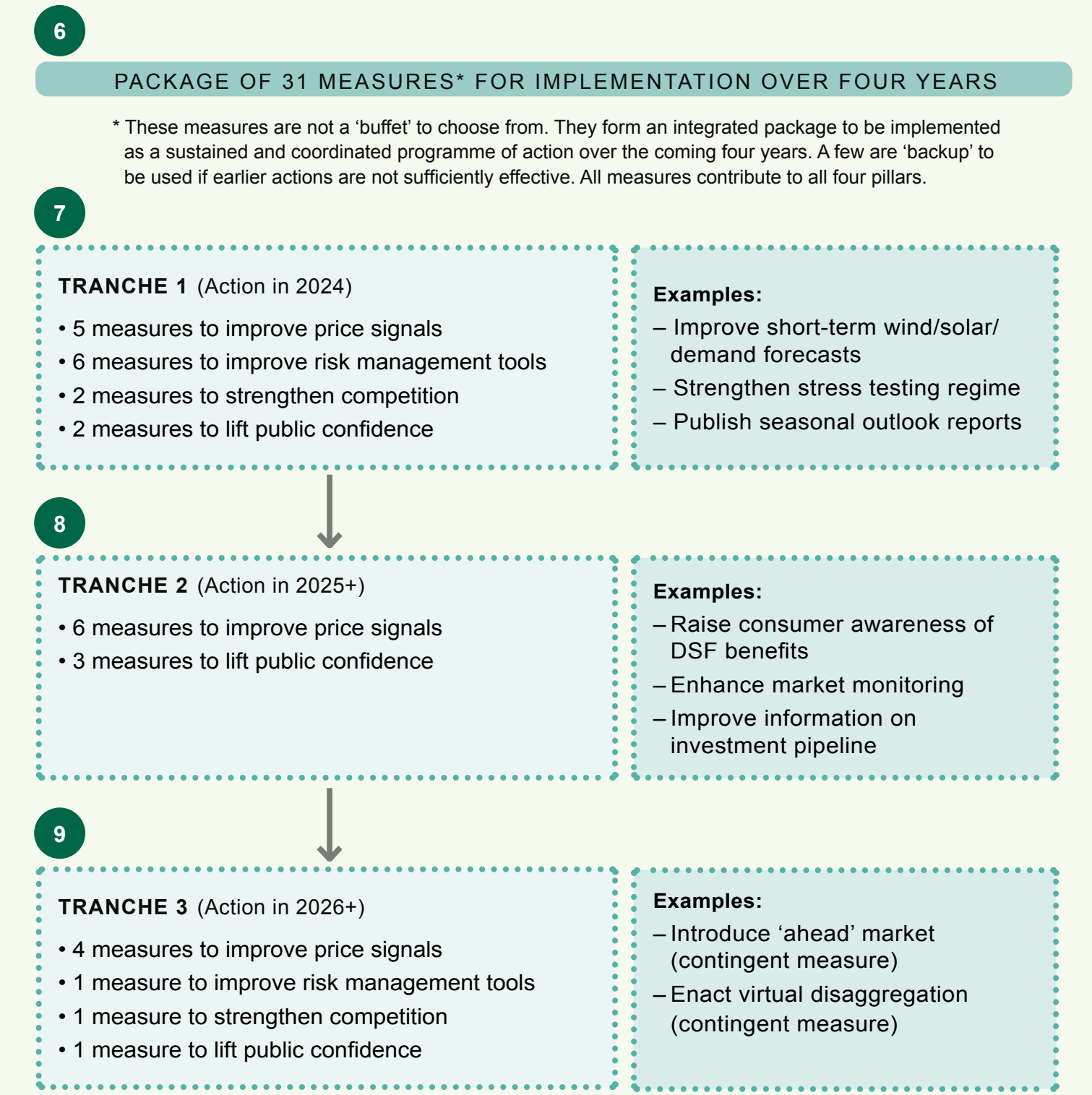
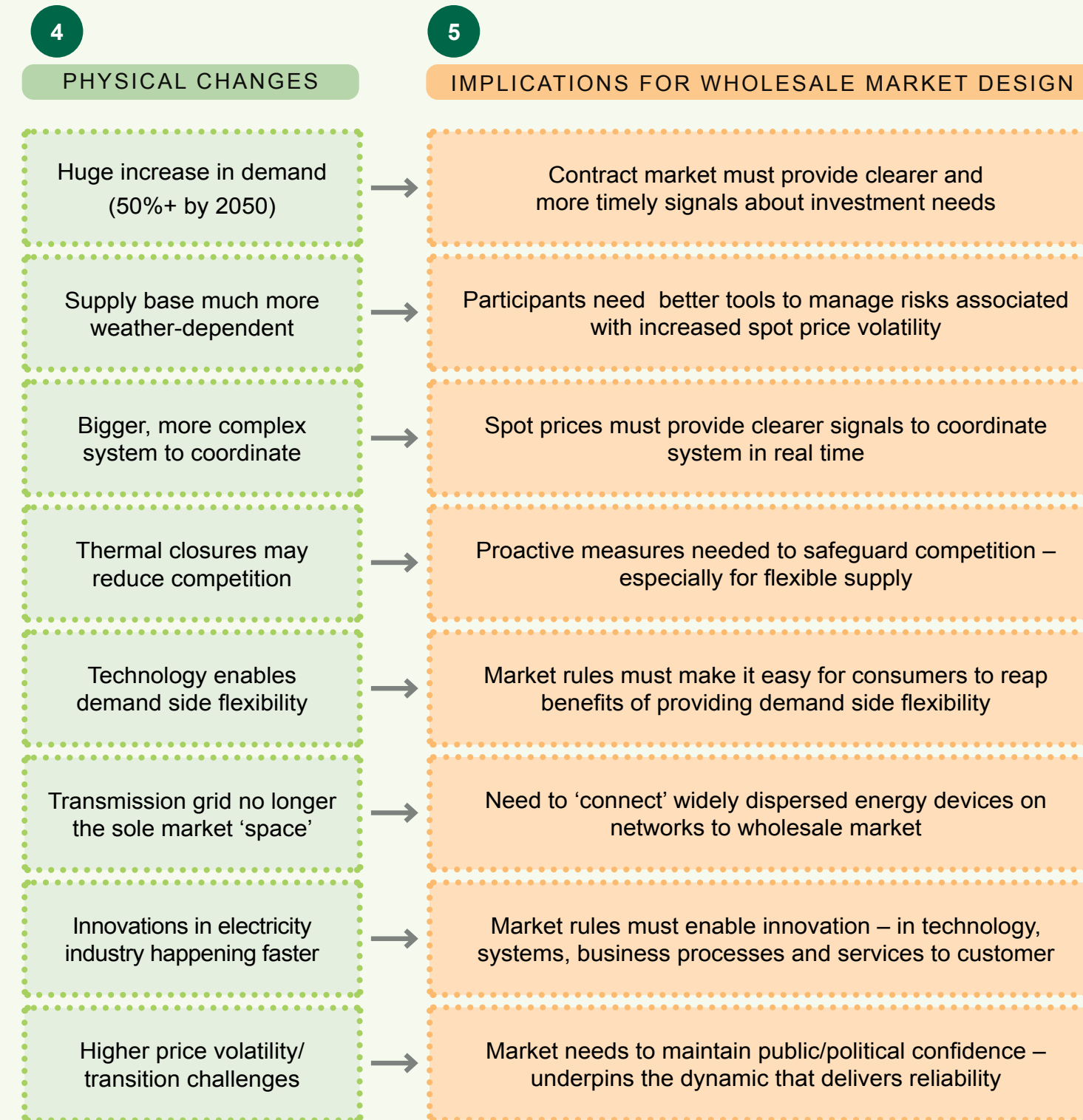
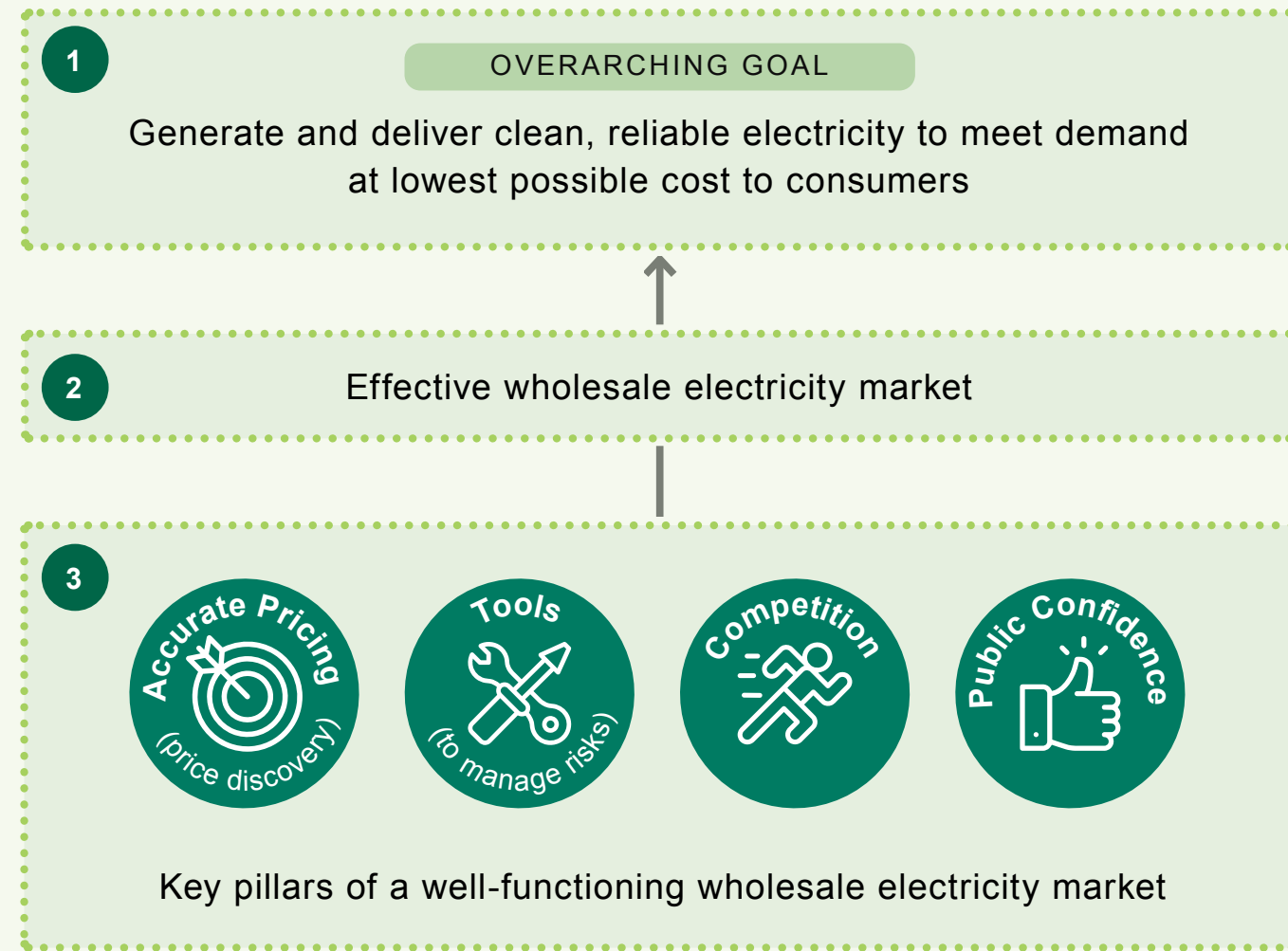


SUMMARY OF MARKET DEVELOPMENT ADVISORY GROUP FINAL RECOMMENDATIONS PAPER

A wholesale market remains the best way to ensure New Zealand's electricity is clean, reliable and available at the lowest possible cost...

...but pressures associated with electrification and decarbonisation of the economy are challenging the existing wholesale market design...

...the wholesale market design needs beefing up in key areas so it can fully support New Zealand's electrification and decarbonisation ambitions



- 1** Our goal is to generate and deliver clean, reliable electricity at lowest possible cost to consumers.
- 2** A wholesale electricity market remains the best tool for discovering the lowest cost sources of supply to match demand in real time and future periods.
- 3** An effective wholesale market requires four key pillars to be in place.

- 4** Electrification and decarbonisation of the economy are unleashing new physical forces – such as the need to rapidly expand the electricity supply base, and to swiftly integrate new participants and technologies into the electricity system.
- 5** Existing wholesale market design is struggling to respond to some of these forces because it wasn't built with new electricity system in mind.

- 6** A package of measures is needed to beef up the wholesale market.
- 7** Tranche 1 covers 15 immediate measures to address pressing issues. Some are partially underway but should be expanded or accelerated.
- 8** Tranche 2 covers 9 measures to be actioned as soon as practical.
- 9** Tranche 3 covers 7 measures that are all (except for 1) contingent on earlier work or 'backstops' if earlier measures are not sufficient.

Getting the work done will require commitment and resourcing by the Electricity Authority and the industry