



New Zealand experience: Market arrangements fundamentally alter security of supply dynamics

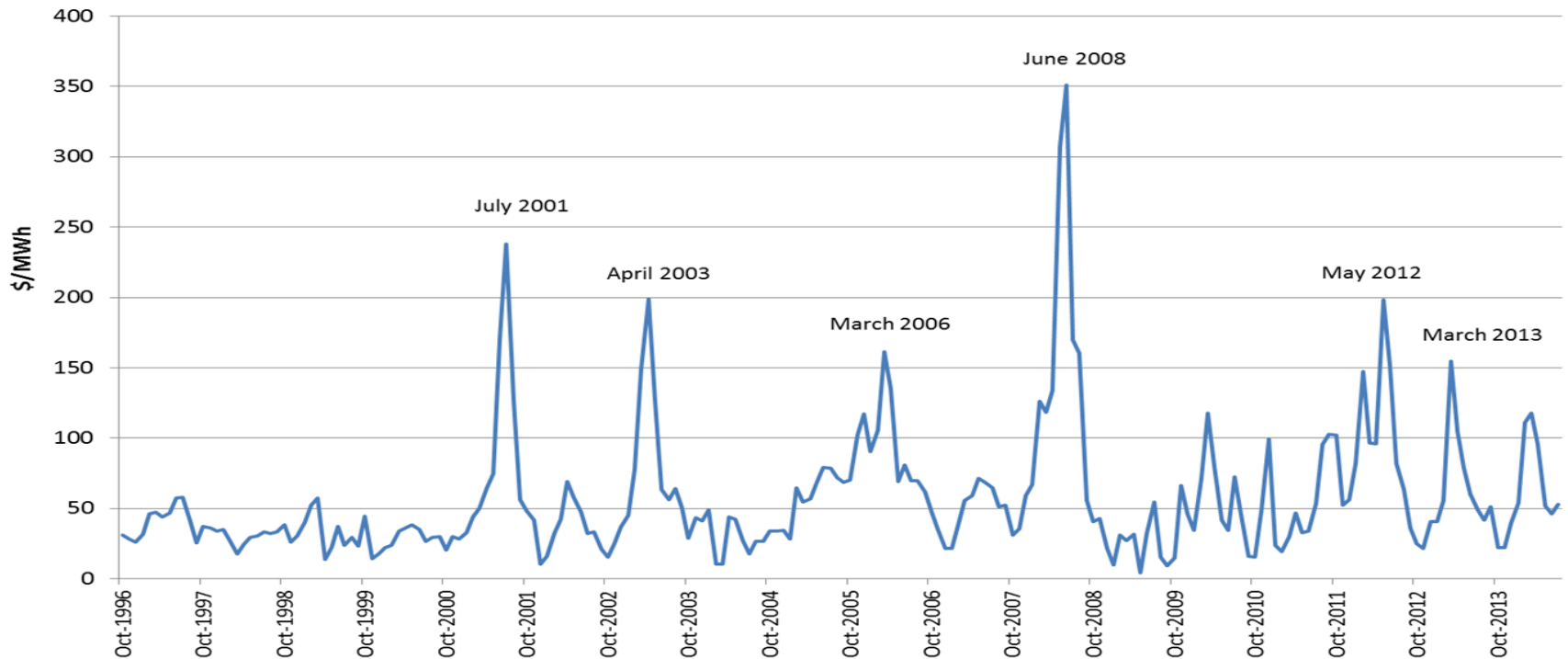
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New Zealand context

- Frequent risk of supply shortages
 - Hydro provides approx. 60% of total generation
 - But full lakes hold only 6 weeks of energy demand
- Spot electricity market for 19 years
 - But hedge market opaque and very small volume

Monthly average spot prices





Market arrangements brought...

- Greater transparency
- Powerful new commercial incentives
- Greater frequency of supply “concerns”



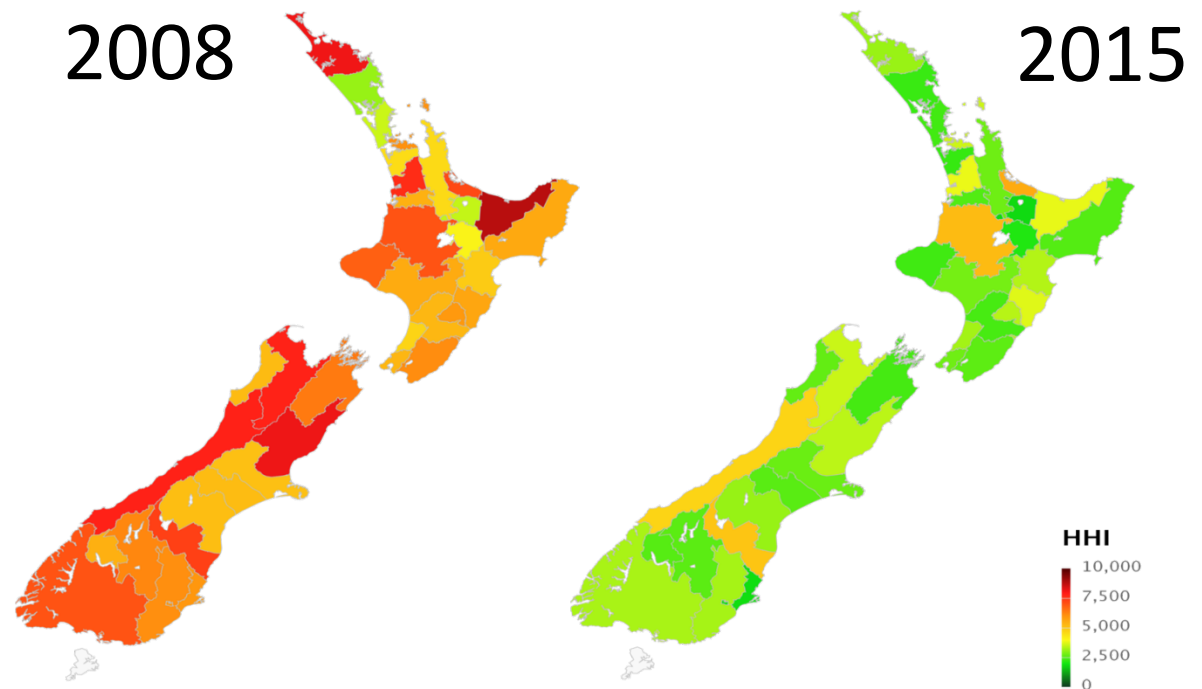
Our approach

- Incentives
- Information and tools
- Plurality

Good for retail competition too

HHI for 29
regions
across NZ

HHI = Herfindahl-
Hirschman Index
of market shares
of retailers





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