Market 2.0: Resilient, affordable electricity for the future
Market Development Advisory Group quarterly implementation update July to September 2024

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MDAG's final report split its 31 recommendations into four themes based on their focus: *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 bar shows progress in previous quarters and the dashed bar shows 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.
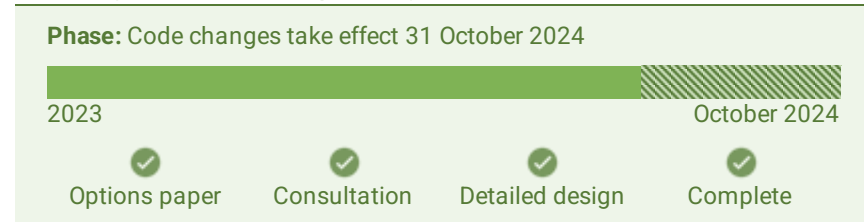
Sufficient competition

Effective competition puts downward pressure on costs and prices, particularly by promoting continuous improvement and innovation.
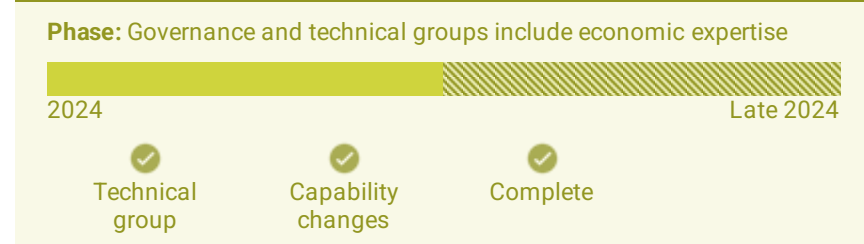
Public trust and confidence

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.
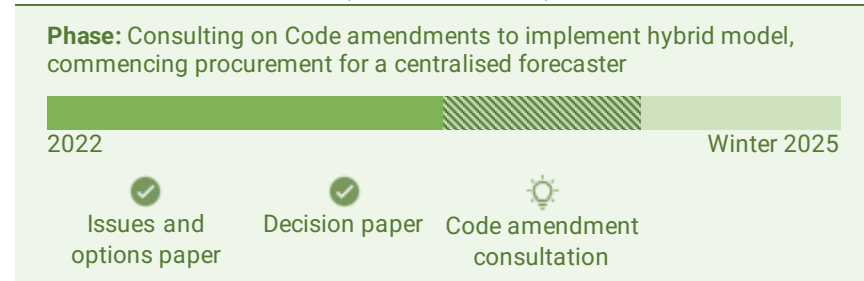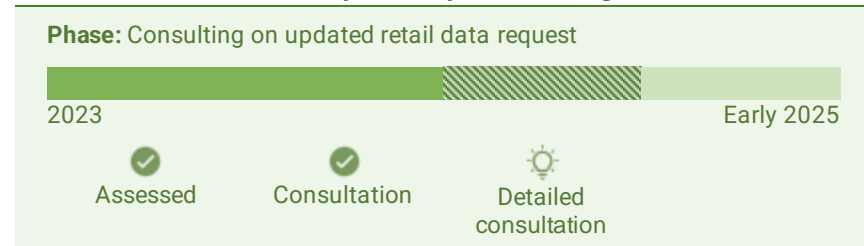
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2 Hedge market transparency
Phase: Code changes take effect 31 October 2024

2023 — October 2024

- Options paper ✓
- Consultation ✓
- Detailed design ✓
- Complete ✓

14 Future security and resilience project (governance)
Phase: Governance and technical groups include economic expertise

2024 — Late 2024

- Technical group ✓
- Capability changes ✓
- Complete ✓

1 Short-term forecasts (solar and wind)
Phase: Consulting on Code amendments to implement hybrid model, commencing procurement for a centralised forecaster

2022 — Winter 2025

- Issues and options paper ✓
- Decision paper ✓
- Code amendment consultation ☼

3 Demand-side flexibility activity monitoring
Phase: Consulting on updated retail data request

2023 — Early 2025

- Assessed ✓
- Consultation ✓
- Detailed consultation ☼
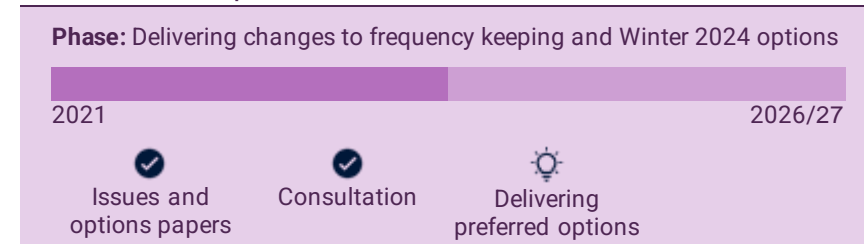
Multiple projects contribute to this recommendation: Improving retail market monitoring, Demand-side flexibility survey

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17 Information on development pipeline
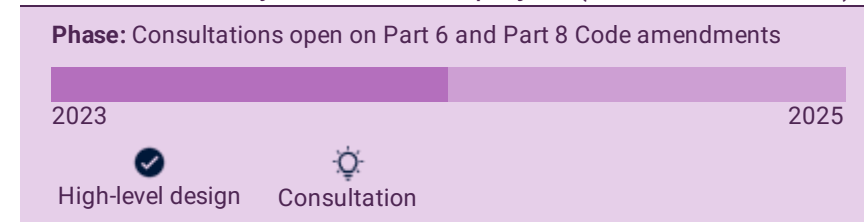**Phase:** Ongoing enhancements to existing information, consultation closed on increasing information; decision expected in late 2024

2024 — Early 2025

- Preferred option ✓
- Consultation ✓
- Implementing ☼

6 New reserve product
Phase: Delivering changes to frequency keeping and Winter 2024 options

2021 — 2026/27

- Issues and options papers ●
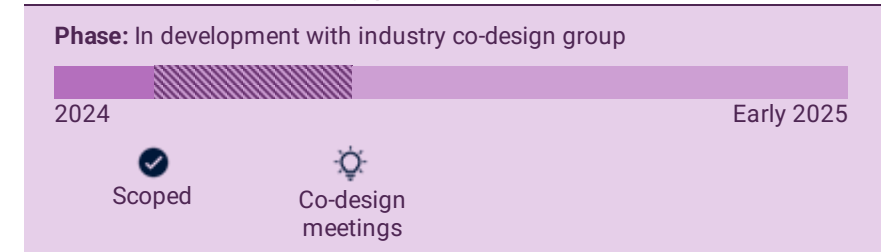- Consultation ●
- Delivering preferred options ☼
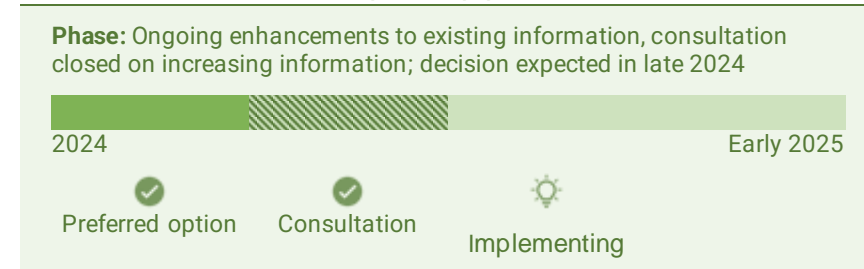
This is part of a range of initiatives designed to support security of supply during peak electricity demand

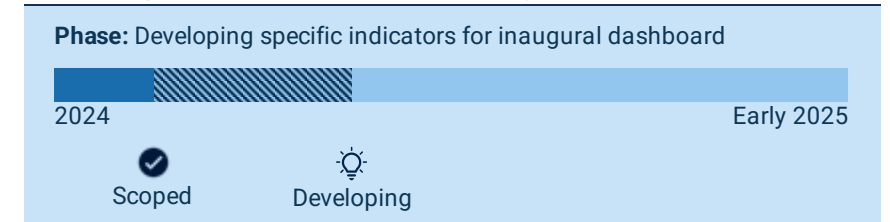### 11 Future security and resilience project (as it relates to DSF)
Phase: Consultations open on Part 6 and Part 8 Code amendments

2023 — 2025

- High-level design ●
- Consultation ☼

Multiple projects contribute to this recommendation: Part 6 Code review, Part 8 Code review, Future system operation, Dispatch notification enhancements

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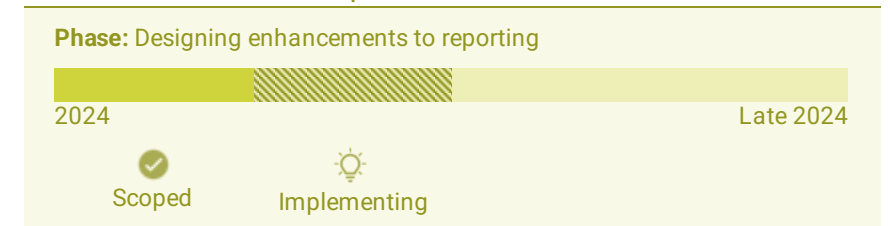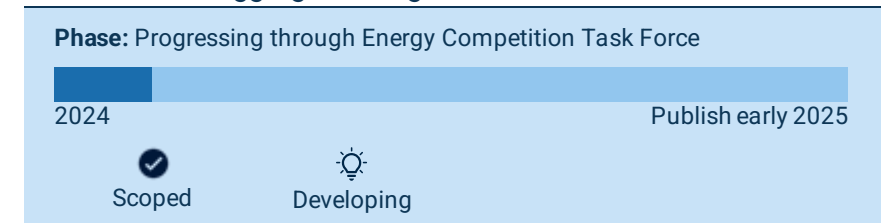### 8 Standardised flexibility products
Phase: In development with industry co-design group

2024 — Early 2025

- Scoped ●
- Co-design meetings ☼

12 Competition dashboard - flexibility
Phase: Developing specific indicators for inaugural dashboard

2024 — Early 2025

- Scoped ●
- Developing ☼

15 Seasonal outlook report
Phase: Designing enhancements to reporting

2024 — Late 2024

- Scoped ●
- Implementing ☼

13 Virtual disaggregation high-level outline
Phase: Progressing through Energy Competition Task Force

2024 — Publish early 2025

- Scoped ●
- Developing ☼

Quarterly update July to September 2024

Resilient, affordable electricity for the future: implementing the Market Development Advisory Group recommendations

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4 Pricing to optimise distribution investment

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

Ongoing — 2026

✔ Assessed   ☼ Collaborating
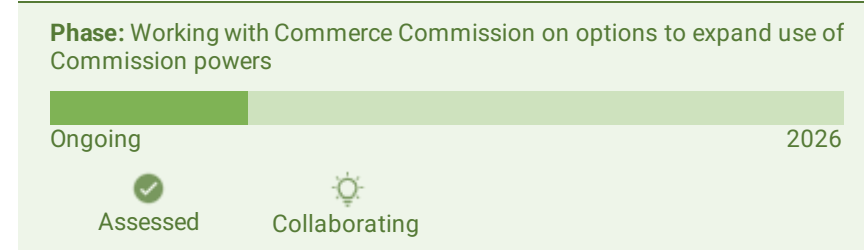
9 Contract process disclosure rules

Phase: Monitoring reporting from OTC Code of Conduct

2024 — 2025

☼ Monitoring
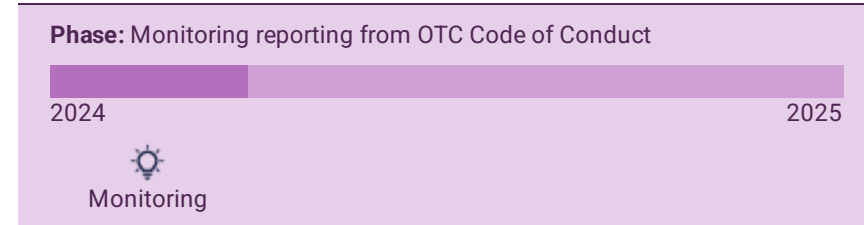
16 Scarcity pricing parameters

Phase: Planning scarcity pricing Code amendment consultation

2024 — 2025

✔ High-level design   ☼ Consultation
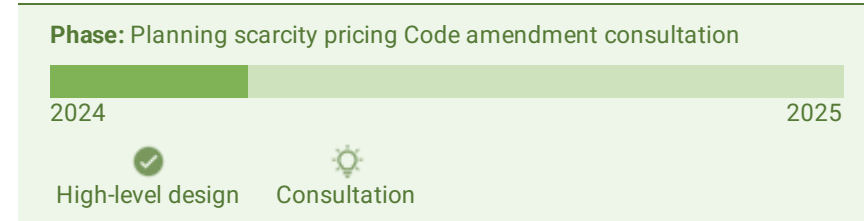
18 Sunset profiling (reconciliation on half-hourly data)

Phase: Design work underway

2024 — 2025

✔ High-level design   ☼ Detailed design
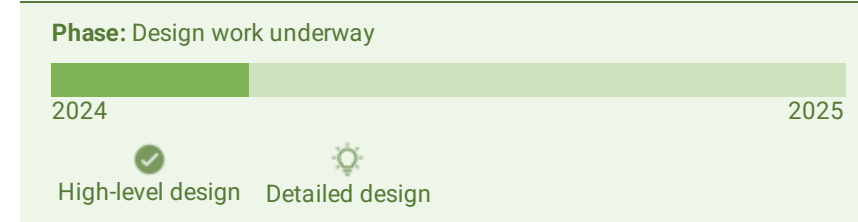
22 Information programme for opinion-makers

Phase: Assessing possible changes to information programme

2024 — Late 2024

☼ Scoping
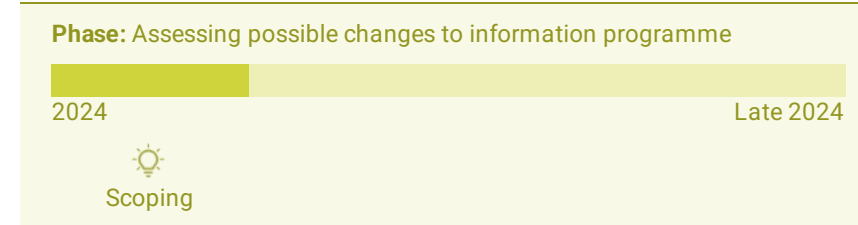
10 Demand-side flexibility interface, systems and protocols

Phase: Power Innovation Pathway established to support innovation

2024 — 2026

✔ Agreed in-principle   ☼ Collaborating
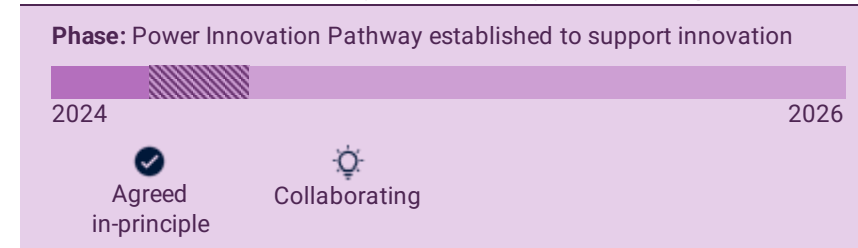
Broad-based trials anticipating contributions from other agencies; Authority primarily responsible for Code changes if required to formalise protocols

5 Price-driven secure distribution dispatch

Phase: Scoping and assessing next steps

2024 — 2027+

✔ Agreed in-principle   ☼ Scoping
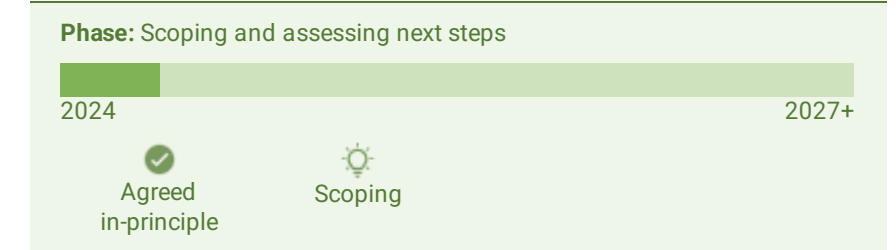
7 Stress testing enhancements

Phase: Full commencement in 2025

2024 — 2025

☼ Scoping