

ONE-PAGE ELECTRICITY MARKET DESIGN SUMMARY

© 2022 Robinson Bowmaker Paul Limited

Entities responsible for electricity market functions

Where the jurisdiction procures capacity separately from energy:

1. Capacity is procured through an auction.
2. The price is set by a central authority rather than an open market mechanism.
3. Retailers/large consumers are obliged to hold contracts or capacity certificates.
4. Retailers/consumers can engage directly with producers to meet capacity obligations.

Risk management mechanisms:

1. Standardised contract forms for bilateral contracting
2. Exchange traded futures
3. Financial transmission rights, settlement residue auctions and the like

Visit the Robinson Bowmaker Paul website for more papers.

Centrally managed, financially &/or physically firm spot energy markets.

Non-energy services. Also known as as System Support Services or Essential System Services

Retail market characteristics:

1. Whether the market allows at some or all consumers a choice of electricity retailer.
2. Minimum demand required to qualify as a contestable customer.
3. Whether the market allows consumers/retailers a choice of meter equipment and/or data provider.
4. Approach to reconciling meter data and allocating unmetered consumption.

Scheduling and dispatch characteristics:

1. Gross pool: participants offer all generation capability, all generation quantities determined in central dispatch. Net pool: participants nominate self-scheduled quantities, deviation quantities determined in central dispatch.
2. Time granularity for which dispatched quantities are calculated
3. Extent to which facility commitment is managed by the participant vs instructed by the market operator
4. Extent to which market scheduling algorithms account for network and security constraints
5. How the market algorithms treat network losses
6. Dispatch compliance requirements on intermittent generation
7. Extent to which battery storage devices can provide market services

Governance		ELECTRICITY MARKET SUMMARY - NEW ZEALAND		
Policy	Ministry of Business, Innovation & Employment	Dispatch	Settlement	
Regulation	Electricity Authority (market) Commerce Commission (monopolies)	Gross pool 1	Final prices 1	
Market design lead	Electricity Authority	Net pool 2	Trading interval 2	
Rule making	Electricity Authority	Dispatch interval 5 min 2	Energy price floor \$0/MWh	
Scheduling & dispatch	Transpower	Dynamic loss factors 3	Energy price ceiling \$20,000/MWh	
Power system operation	Transpower	Intermittent held to dispatch 4	Reserve price floor \$0/MWh	
Market operation	NZX EMT (FTRs, ASX (ETFs)	Full participation of batteries 5	Reserve price ceiling None	
Metering	Vector AMS, IntelHub, SmartCo, + 9 other metering equipment providers	Interconnects 6	Scarcity pricing 3	
Network planning	Transpower	Local pricing 5	Intervention pricing 4	
TX owner	Transpower	System-wide pricing 6		
DX owner	Vector PowerCo, Chon, Wellington Electricity, +25 other regional distributors	Ancillary services		
		Service Procurement	Cost recovered from	
		Contingency Reserve	Instantaneous Reserve 6s & 60s: co-optimised with energy Over frequency reserve: contracted	IR: generators >60MW pro-rated to injection, HVDC owner OFR: TX owner
		Regulation	Single service: contracted then cleared ahead of energy	Loads pro-rated to offtake
		Inertia	N/A	N/A
		Black start	Contracted, availability fee + event fee	Grid owner
		Network support	Voltage Support considered, but none currently contracted	Affected distributors in relevant zone per peak kVar
		Retail competition 1	Threshold 2	Metering competition 3
		Reconciliation approach 4		Global settlement 4

Settlement approach:

1. Ex-ante: prices firm at time of dispatch. Ex-post: prices determined after dispatch
2. Time granularity of settlement.
3. Whether market prices are explicitly adjusted during times of scarcity.
4. Whether market prices can be adjusted where the system operator or regulator has overridden market outcomes.
5. Locational granularity of prices.
6. Extent to which prices include the effects of network congestion.

Version number and release date

Physically connected neighbouring jurisdictions



ROBINSON BOWMAKER PAUL

We can provide comprehensive reports on New Zealand and other Asia-Pacific electricity markets including market design and participation, upcoming policy and regulatory changes, and entry advice. We can also provide detailed price and dispatch forecasts for the market as a whole and for individual generators.

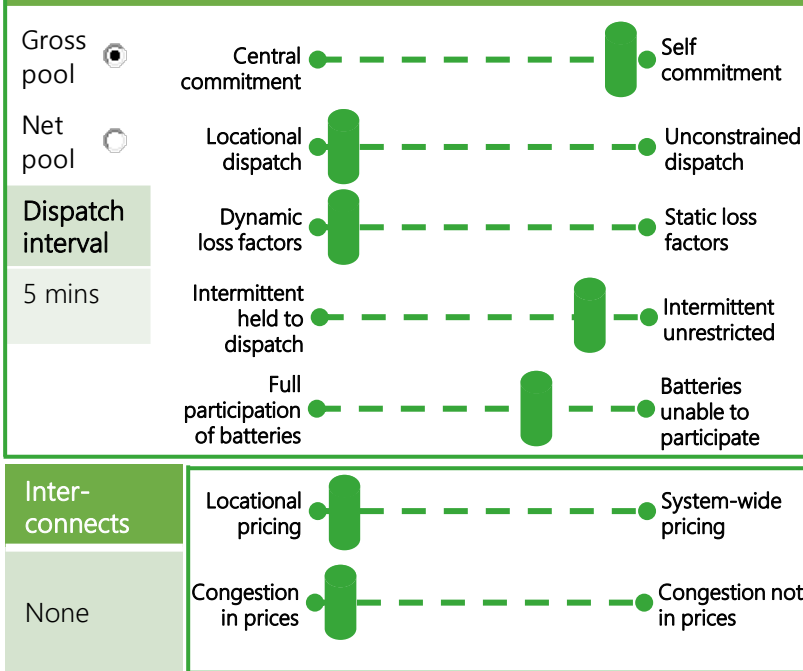
[Send us an email.](#)

Governance

Policy	Ministry of Business, Innovation & Employment
Regulation	Electricity Authority (market) Commerce Commission (monopolies)
Market design lead	Electricity Authority
Rule making	Electricity Authority
Scheduling & dispatch	Transpower
Power system operation	Transpower
Market operation	NZX, EMS (FTRs), ASX (ETFs), Transpower (Ancillary Services)
Metering	Vector AMS , Intellihub , SmartCo , + 9 other metering equipment providers
Network planning	Transpower
TX owner	Transpower
DX owner	Vector , PowerCo , Orion , Wellington Electricity , +25 other regional distributors

ELECTRICITY MARKET SUMMARY - NEW ZEALAND

Scheduling and dispatch



Settlement

Final prices	Ex-post
Trading interval	30 mins
Energy price floor	-
Energy price ceiling	\$20,000/MWh
Reserve price floor	\$0/MW
Reserve price ceiling	None
Scarcity pricing	✓
Intervention pricing	✓

Ancillary services

Service	Procurement	Cost recovered from
Contingency Reserve	Instantaneous Reserve (IR) 6s & 60s: co-optimised with energy Over frequency reserve (OFR): contracted	IR: generating units > 60MW pro-rated to injection, HVDC owner OFR: Tx owner
Regulation	Single service: contracted then cleared ahead of energy	Loads pro-rated to offtake
Inertia	N/A	N/A
Black start	Contracted, availability fee + event fee	Grid owner
Network support	Voltage Support considered, but none currently contracted	Affected distributors in relevant zone per peak kVar

Capacity	Auction	✗	Contracts	OTC	✓
	Administered price	✗		ETFs	✓
	Retailer obligations	✗		Locational hedges	✓
	Bilateral agreements	✗		Day-ahead	✗
Spot	Intra-day	✗	Real-time	✓	

Retail	Retail competition	✓	Threshold	None	Metering competition	✓	Reconciliation approach	Global settlement
--------	--------------------	---	-----------	------	----------------------	---	-------------------------	-------------------

