

Media Release: Risk of winter electricity shortages

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Reducing the risk of winter electricity shortages is 'vital' for consumers

The Consumer Advocacy Council is welcoming the Electricity Authority's investigation into options to lower the risks to consumers of power cuts at peak times next winter.

"Consumers need electricity supply that is reliable and at a price that is affordable," said Consumer Advocacy Council Chair Deborah Hart. "We hope all of those involved in electricity generation and distribution have consumers uppermost in their minds when looking at the issue of winter power supply."

The Electricity Authority today released a consultation paper seeking feedback on a range of options around wholesale market information and incentive changes that could improve supply at peak times and ease risks.

It notes that the supply picture is increasingly complicated by expensive thermal generation which takes time to fire up and cheaper power options like wind which are intermittent so not always available and often difficult to forecast.

"This is an important investigation as the threats to power supply in winter are all too real. The Authority itself concedes there may not be much 'wriggle room' next winter. This year we've had warnings of possible power outages and some 34,000 consumers experienced a blackout in August last year.

"We know pressures on the system grow in winter as demand peaks, and supply from hydro generation and other renewable sources can be restricted, forcing a reliance on expensive thermal power.

"There is certainly a trade-off between price and reliable, sustainable supply as we have seen. It's a matter of the market working effectively with the right incentives and information for participants so we can avoid the worst outcomes for consumers of price spikes and blackouts.

"We are pleased to see the Electricity Authority is doing this work with consumer interests being central to its thinking. The council will be adding its weight to this to also ensure the interests of 5 million residential consumers and half a million small businesses are taken into account."