



Cabinet Economic Development Committee

Minute of Decision

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Electricity Authority's Real-Time Pricing Project: Approval of Funding

Portfolio Energy and Resources

On 13 February 2019, the Cabinet Economic Development Committee:

- 1 **noted** that the Electricity Authority, an independent Crown entity, wants to implement real-time pricing so that wholesale electricity prices (or 'spot prices') are more timely and reliable;
- 2 **noted** that real-time pricing is expected to produce net benefits to all electricity consumers of approximately \$53 million, and will enable better demand response by end consumers and better integration of new technology into the electricity market;
- 3 **noted** that Transpower operates the wholesale electricity market under a service provider contract with the Electricity Authority, and that Transpower will implement and operate real-time pricing;
- 4 **noted** that Transpower will incur the significant portion of the costs of implementing and operating real-time pricing in the wholesale electricity market, and will recover this cost from the Electricity Authority under its service provider contract;
- 5 **noted** that industry participants (levy payers) and stakeholders have been consulted on the proposal to implement real-time pricing in the wholesale electricity market, and are broadly supportive;
- 6 **noted** that the Electricity Authority requires certainty now to enable it to confidently make a final decision on whether to proceed with implementing real-time pricing;

Financial implications

- 7 **approved** the following changes to the following appropriation to provide funding certainty, noting that the increase will be fiscally neutral to the Crown as the cost will be recovered from the existing levy on electricity industry participants:

Vote Business, Science and Innovation Minister of Energy and Resources	\$m - increase/(decrease)				
	2018/19	2019/20	2020/21	2021/22	2022/23 and outyears
Non-Departmental Output Expenses: Energy and Resources: Electricity Industry Governance and Market Operations	-	-	-	3.221	3.061

- 8 **noted** that the above changes to the appropriation will result in an increase of revenues of \$3.221 million in 2021/22 and \$3.061 million in out-years;

Janine Harvey
Committee Secretary

Present:

Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon Dr Megan Woods
Hon David Parker
Hon Nanaia Mahuta
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O'Connor
Hon Shane Jones
Hon Kris Faafoi
Hon James Shaw
Hon Julie Anne Genter

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Energy and Resources

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