

## CONFERENCE SUMMARY

by

**Dr. ROBERT WHITNEY**

*Chairman, Energy Federation of New Zealand (Inc.)  
& Managing Director, CRL Energy Ltd.*

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1. There are plenty of fuel reserves in NZ, including coal, renewables and potentially, natural gas. The market needs the right structure and incentives to deliver on security of supply.
2. The recent electricity crisis has resulted from the system being constrained in terms of short-term energy supply rather than power generation capacity. This means that there is an argument that additional reserve generation may be unnecessary.
3. The priority for the commission should be to improve the existing market. It should do this by:
  - Setting clear and straightforward market rules;
  - Improving the information to the market;
  - Making sure the market signals it makes provide the right incentives;
  - Commissioning more sound and transparent modelling on the supply and demand side;
  - Basing decisions on more than one model.
4. These factors alone would probably provide the required security of supply and make the use of dry year reserve generation unnecessary.
5. The Electricity Commission should be aware of the danger of perverse effects, in particular causing delays in investment in new base load power generation capacity.
6. The Electricity Commission needs to be aware of the potential confusion between its governance role and its role of intervention in the market to provide dry year security of supply.
7. The Electricity Commission should use the price as its intervention trigger; it should also review the decision to ring fence reserve generation capacity.
8. The Electricity Commission needs to be aware of the potential for over-regulation that would remove the benefits of the wholesale market.
9. The consumers must not be forgotten - there is an important role for demand side initiatives to manage electricity demand when there are shortages. The Electricity Commission should consider demand side initiatives as well as supply.
10. The Electricity Commission must account for environmental effects of its decisions. It must also be aware of the effects of over-concern for environmental issues that would delay new generation and so reduce the security of supply.
11. The Electricity Commission needs to be aware of the danger of replication of functions between it and other government departments and agencies.