

NZ Electricity Commission releases review of winter 2008

A review of the performance of New Zealand's electricity market in winter 2008, prepared for the Electricity Commission, has found the electricity system can be improved to cope with dry winters. The review found that winter 2008 and the months leading into it had some of the lowest hydro lake inflows on record. The review also showed that for the first time, some aspects of NZ's security of supply policy have been seriously tested and, while no rules had been broken, some of the expected outcomes did not fully eventuate. The policy aims to maximise thermal generation to conserve water; however the review found there were periods when this did not happen. The reviewers have made eight recommendations on how the market could be improved to better manage dry winters including ensuring electricity companies face the costs of any forced cuts to consumers, reviewing the operation and cost-efficiency of Whirinaki power station, further clarifying the roles of the Minister and the Commission relating to security of supply and prioritising initiatives that promote competition. Commission Chair David Caygill says a number of options in the report are significant and require time for consultation and implementation. "However, we expect we could implement some of the simpler improvements, if we adopt them, in time for winter 2009," Caygill says.

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