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## Industry celebrates 20 years of New Zealand's wholesale electricity market

On behalf of the broader electricity industry, the Electricity Authority and NZX are this month marking 20 years since the launch of New Zealand's wholesale electricity market in 1996.

New Zealand was the third jurisdiction in the world to establish a wholesale energy market behind England and Wales (1990) and Norway (1993). New Zealand's market design included several innovative world firsts, incorporating half-hour market pricing, generation dispatch at locations across the high-voltage transmission grid, and internet based electricity trading.

Over the past 20 years the market has evolved considerably. Notable highlights include introducing choice of retailers for household consumers (1999), the creation of an industry regulator replacing self-governance (2003), significant upgrade in transmission assets (during the 2000s), the launch of an electricity futures market (2010), and the Government's share offer programme that created new opportunities for New Zealand and international investors to purchase shares in the sector (2014 onwards).

There are now eight electricity related listed companies on the NZX Main Board and the combined market capitalisation of these companies accounts for more than 19% of that market.

Electricity Authority Chief Executive Carl Hansen commented: "New Zealand's electricity market is one of the most competitive and innovative in the world. We often receive visits from representatives from other jurisdictions or international academics who want to study New Zealand's market and take learnings back to their own countries – this is a testament to the sensible and logical design of the market, the robust systems for operating the market and a continuous focus on innovation."

"There is much to be proud of over the last 20 years, but the focus on innovative market-led solutions is particularly notable. Many of the ideas implemented here have been world-firsts, including initiatives to facilitate an active hedge market and to provide open and transparent data and models."

NZX CEO Tim Bennett commented: "NZX is committed to building markets for the long term. This electricity market milestone highlights the work undertaken over the past 20 years to build a vibrant, innovative and transparent electricity market that sits at the centre of New Zealand's electricity sector."

"This milestone is a team effort – thank you to everyone who has helped develop the market over the past 20 years."

M-co, which was acquired by NZX in 2009, and is now an important component of NZX's markets business, played a formative role in the creation of the market. It was tasked with designing, developing and implementing the market alongside industry participants, such as Transpower, Contact Energy, Electricity Corporation of New Zealand, and the Electricity Supply Association.



For the first seven years, the market operated under a self-governing arrangement administered by M-co. In 2003 the industry voted to end self-governance in favour of government regulation. This saw the creation of the Electricity Commission. Following a Ministerial Review the Commission was disestablished and in November 2010 the Electricity Authority was established as an independent Crown Entity responsible for the operation of the electricity market.

The Electricity Authority's clear focus is to ensure the market and regulatory arrangements provide information and incentives for market participants to make decisions for the long-term benefit of consumers.

A brochure summarising the milestones of the market over the past 20 years is attached to this announcement.

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NZX builds and operates capital, risk and commodity markets and the infrastructure required to support them. We provide high quality information, data and tools to support business decision making. We aim to make a meaningful difference to wealth creation for our shareholders and the individuals, businesses and economies in the countries in which we operate. To learn more about NZX please visit: [www.nzxgroup.com](http://www.nzxgroup.com)

**About the Electricity Authority**

The Electricity Authority is an independent Crown Entity with a statutory objective to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefits of consumers. To learn more about the Electricity Authority please visit: [www.ea.govt.nz](http://www.ea.govt.nz)