



**Major Electricity
Users' Group**

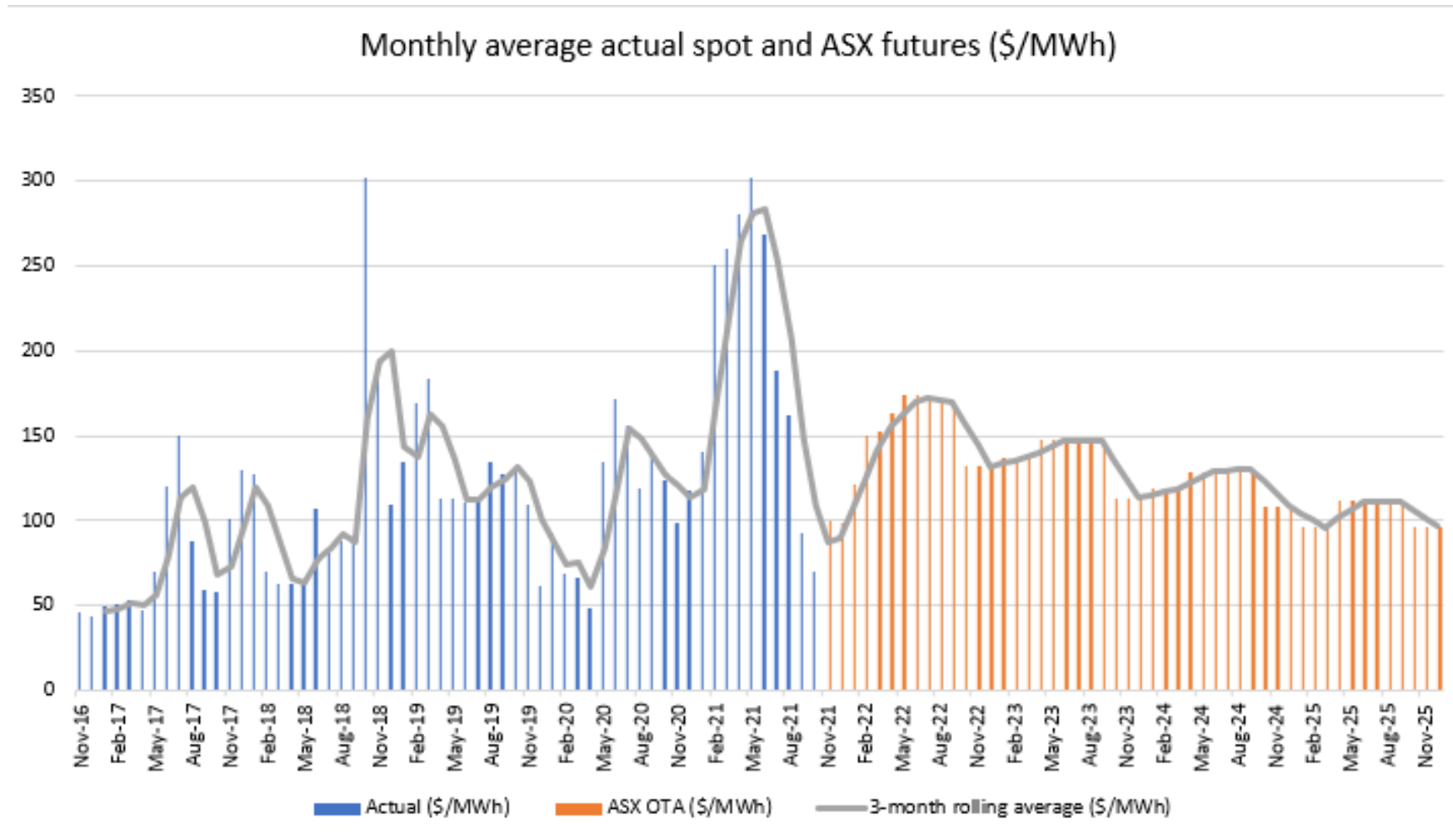
The New Zealand electricity market – and what needs to change?



Wholesale electricity market: what needs to change?

1. The wholesale electricity price needs to come down
2. To do that, we need:
 - to restore confidence in the wholesale market
 - significant investment in new renewable generation
 - clarity on the pathway forward for thermal generation, especially gas

Wholesale electricity prices



Lack of competition and high prices

“Overall, the Commission considers there is strong prima facie evidence that each of the largest four suppliers into the wholesale market (Contact, Genesis, Meridian and Mighty River Power) have a substantial degree of market power. That market power is exercised, for substantial periods, by offering into the wholesale market at prices above those that they would offer under competitive conditions.”

- Commerce Commission, Electricity Sector Investigation Report, 2009

Excess generator returns

