

Retailers and the market

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Consumers and the retail function

Electricity Regulation Amendment Bill (B23B-2023):

‘balance responsible party’ means a licensed or registered generator, distributor or trader that is responsible for balance responsible activities, and which is accountable through the balancing mechanism for deviations;

‘physical bilateral transaction’ means a transaction entered into by generators, customers and traders for energy production which involves the conclusion of a power purchase agreement to meet demand and supply as required by the system operator;

‘power market participants’ means participants that meet the qualifying criteria set, and choose to participate, in the market platform established by the market operator;

A market operator must—

(a) ...

(b) develop a market code and rules, including qualifying criteria for power market participants approved by the Regulator; ...



Qualifying criteria

- Supply side – minimum requirement for balance responsibility
 - Generator connected to Transmission System
 - Embedded generator > 1 MW
- Demand side – minimum requirement for balance responsibility
 - Distributors (retailers) and traders
 - Currently nothing specified for qualifying criteria for consumers
- **Discussion:** Assumption made in Market Code that all consumers can choose to be a market participant (no limitation). Access charges (some of which may be fixed) would provide a barrier to entry for consumers.



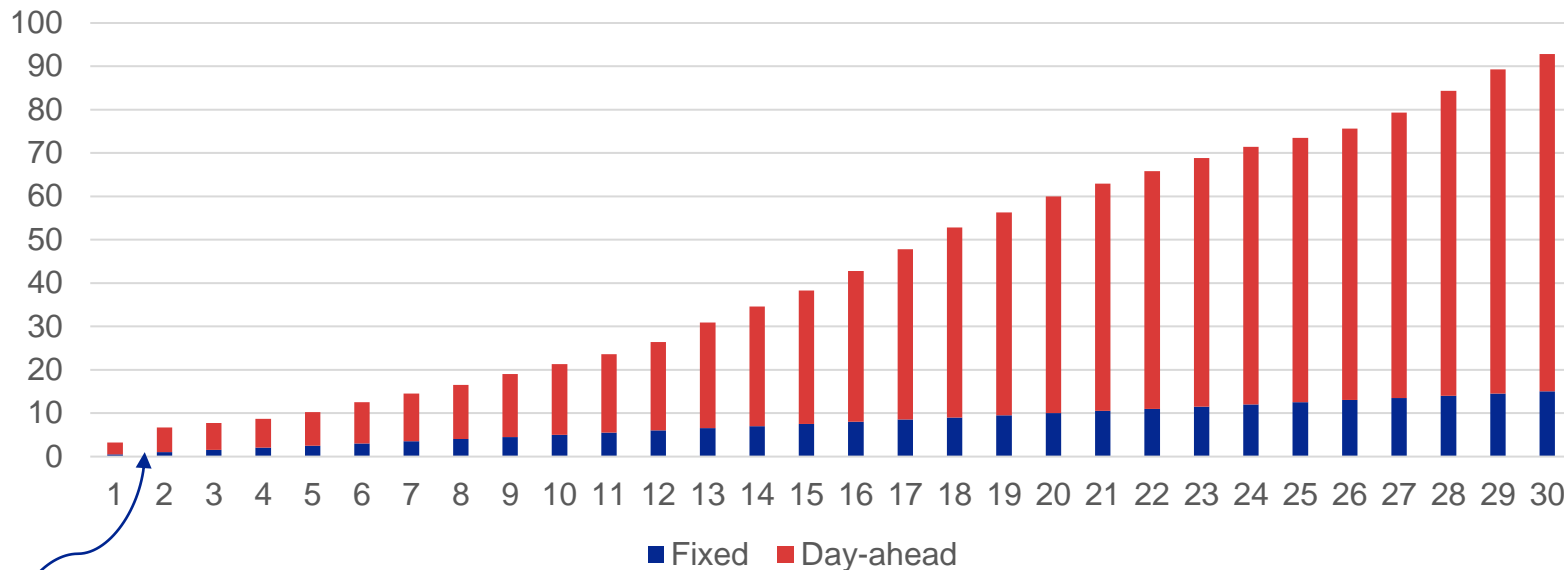
Customers and the retail function

Consumer remains a retail customer	Consumer as a market participant
Can enter into physical bilateral transactions	Can enter into physical bilateral transactions
Retailer takes accountability for balancing	Consumer takes accountability for balancing as a requirement for participation
Retailer sets rules for reconciliation of accounts	Reconciliation incorporated into balancing
Retailer invoices for various services potentially including use-of-system charges on behalf of network operator (or network operator invoices for use of system separately)	Network operator invoices for use-of-system charges
Wholesale charges (legacy, subsidy, capacity) incorporated into retail offer	Wholesale charges (legacy, subsidy, capacity) invoiced directly by Market Operator



Prudential requirements

Required cover



	0	1	2	3	4	5	6	7	8	9	10	...	18	19	20	21	22	23	
MWh	140	120	100	100	120	150	200	200	220	240	200	...	300	300	200	190	170	170	4520
Price	200	200	0	0	0	150	400	400	600	700	400	...	1500	1500	1500	400	200	200	599.1
	28000	24000	0	0	0	22500	80000	80000	132000	168000	80000	...	450000	450000	300000	76000	34000	34000	2708000

Thank you



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