

REFORM TIMELINE

YEAR	REFORM STEP OR MAJOR EVENT
1984	<ul style="list-style-type: none"> ← Labour government elected. ← <i>Review of the Role and Structure of the Electricity Division</i>, Electricity Division, Ministry of Energy, Phases I and II, July and November.
1985	<ul style="list-style-type: none"> ← <i>Review of Electricity Planning and Electricity Generation Costs</i>, The Treasury.
1986	<ul style="list-style-type: none"> ← Government's effective monopoly on generation removed. ← State Owned Enterprises (SOE) Act 1986 passed. ← Commerce Act 1986 passed, establishing general "light-handed" regulatory regime.
1987	<ul style="list-style-type: none"> ← <i>The Task Force Report on Electricity Corporation Organisation Structure</i>, ECNZ Establishment Board, February. ← Electricity Corporation of New Zealand (ECNZ) established as SOE on 1 April. ← Electricity Supply Authorities (ESAs) become subject to income tax on 1 April.
1988	<ul style="list-style-type: none"> ← Government establishes task force to review structure and regulatory environment for bulk electricity supply (and later entire industry). ← Transpower (grid-owner/operator) set up as wholly owned subsidiary of ECNZ.
1989	<ul style="list-style-type: none"> ← <i>Structure, Regulation and Ownership of the Electricity Industry</i>, Electricity Task Force, September, recommending (<i>inter alia</i>) separation of transmission and generation, privatisation (but no break-up) of generation, and corporatisation and privatisation of ESAs.
1990	<ul style="list-style-type: none"> ← Ministry of Energy abolished. ← Corporatisation of ESAs announced. ← Trans Power Establishment Board (TPEB) established to oversee separation of grid from ECNZ. ← National government elected.

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1991	<ul style="list-style-type: none"> ← <i>The Separation of Trans Power</i>, TPEB, September. ← Government show-down with ECNZ over announced price increases. ← <i>Electricity Pricing in New Zealand</i>, ECNZ submission to select committee inquiry on electricity prices. ← Establishment of Wholesale Electricity Market Study group (WEMS).
1992	<ul style="list-style-type: none"> ← Electricity Act 1992 and Energy Companies Act 1992 passed. ← WEMS Reports 1–5, June–October, recommending creation of “facilitated” wholesale electricity market under centralised industry governance. ← Winter power “crisis”. ← <i>The Electricity Shortage 1992</i>, Report of the Electricity Shortage Review Committee.
1993	<ul style="list-style-type: none"> ← Wholesale Electricity Market Development Group (WEMDG) formed. ← Electricity Act 1992 comes into force on 1 April, with first stage removal of franchise areas and supply obligations for small customers (less than 0.5 GWh/year). ← Energy Companies Act 1992 comes into force on 1 April, with ESAs established as energy companies and required to operate as successful businesses. ← Transmission and wholesale energy prices unbundled. ← ECNZ and ESA industry association (ESANZ) form EMCO to develop, implement and operate a wholesale electricity market.
1994	<ul style="list-style-type: none"> ← New Zealand Electricity Market (NZEM) commences operation as secondary market for ECNZ hedge contracts. ← Industry agrees Metering and Reconciliation Information Agreement (MARIA). ← Legal separation of ECNZ and grid company Transpower (both government-owned SOEs). ← Final removal of ESA franchise areas and supply obligations on 1 April. ← Electricity (Information Disclosure) Regulations 1994 come into force.

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1994	<ul style="list-style-type: none"> ← <i>New Zealand Wholesale Electricity Market: Final Report</i>, WEMDG, recommending (<i>inter alia</i>) creation of wholesale electricity market and constraints on ECNZ dominance of generation.
1995	<ul style="list-style-type: none"> ← June reform package, including formation of Contact Energy as an SOE by spinning off certain ECNZ generation assets, and industry (versus government) management of “dry year” risk via contracts between generators and wholesale buyers. ← ECNZ issued directions by government under SOE Act limiting its new generation investments, requiring sale of new gas project and eight small hydro stations, and restricting vertical integration between generation and energy retailing.
1996	<ul style="list-style-type: none"> ← Contact Energy formed as competitor to ECNZ. ← ECNZ relieved of obligation to supply. ← Government confirms reliance on competition to achieve efficiencies and consumer benefits in electricity, gas and telecommunications services. ← Wholesale electricity market begins full trading on 1 October. ← Electricity consumers have choice of supplier.
1997	<ul style="list-style-type: none"> ← Government revises objectives for Transpower, requiring it to earn commercial return but now subject to efficiency goal.
1998	<ul style="list-style-type: none"> ← <i>Better Deal for Electricity Consumers</i> announced by government, including final separation of ECNZ into three new SOE generators, pressure on industry to develop mechanisms to facilitate customer transfers, and separation of lines businesses from competitive activities. ← Blackout in Auckland CBD. ← Electricity Industry Reform Act 1998 passed. ← Government asks EMCO to include policy statement regarding electricity supply in NZEM rules.
1999	<ul style="list-style-type: none"> ← 40% of Contact Energy sold to Mission Energy (March) and balance privatised by public share float (May). ← ECNZ finally separated, with formation of Genesis, Meridian and Mighty River Power, on 1 April.

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1999 CONT'D	<ul style="list-style-type: none"> ← Deemed profiling introduced to facilitate customer switching. ← Restrictions lifted on generator vertical integration with retailing, and separation of lines from other activities effective from 1 April. Rapid formation of vertically integrated “gentailers” results. ← Industry introduces self-governance arrangements for grid security, taking over responsibility from Transpower – Multilateral Agreement on Common Quality Standards (MACQS). ← Labour/Alliance coalition government formed.
2000	<ul style="list-style-type: none"> ← <i>Inquiry into the Electricity Industry</i>, June, recommending (<i>inter alia</i>) centralisation of industry governance and imposition of CPI-X price controls on distribution and transmission. ← <i>Power Package</i> announced by government in response to the Inquiry. ← Government announces Energy Policy Framework and releases government policy statement. ← Electricity Governance Establishment Committee formed to merge NZEM, MARIA and MACQS per Inquiry recommendation, under threat of imposed merger should industry fail to agree.
2001	<ul style="list-style-type: none"> ← Electricity Amendment Act 2001. ← Electricity Industry Reform Amendment Act 2001 passed. ← Commerce Amendment Act 2001 passed. ← Commerce Amendment Act (No. 2) 2001 passed. ← Winter power “crisis”.
2002	<ul style="list-style-type: none"> ← Labour/Progressive coalition government formed.
2003	<ul style="list-style-type: none"> ← Electricity Governance Establishment Committee referendum fails to win support for proposed self-governance arrangements, May. ← Winter power “scare”. ← Electricity Commission established to centralise industry governance and regulation (with Commerce Commission to implement price controls), September. ← Electricity and Gas Industries Bill introduced, making widespread changes to earlier reforms, October.

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2003	<ul style="list-style-type: none"> ← Announcement of reserve generation measures to be taken by Electricity Commission (intended to reduce dry-year risk). ← Commerce Commission announces thresholds for CPI-X price controls for electricity lines businesses and Transpower. ← Electricity Governance Rules and Regulations set, December.
2004	<ul style="list-style-type: none"> ← Electricity Commission assumes responsibility for electricity industry governance, including MARIA and NZEM, 1 March. ← Electricity Governance Rules (for transmission pricing and investment) approved, April. ← Whirinaki “dry year” reserve generation commissioned, June. ← Government provides one-off partial underwrite of gas risks to SOE Genesis to facilitate “e3p” generation at Huntly, August. ← Electricity and Gas Industries Act passed, October. ← Transpower identifies priority grid upgrades as being into Auckland and Christchurch, and over the HVDC link, October. ← Transpower commences consultation on routes for proposed 400 kV grid upgrade from Whakamaru to Otahuhu, October. ← New Government Policy Statement on Electricity Governance released, October. ← Low fixed-tariff option for small customers imposed, October. ← Independent analysis released suggesting government may be willing to accept lower expected rate of return on SOE generation investments than would private investors. ← Electricity Commission finalises guidelines for Transpower’s transmission pricing methodology, December.
2005	<ul style="list-style-type: none"> ← Grid Investment Test approved under Part F of the Electricity Governance Rules, February. ← Electricity Commission empowered to recover costs of overseeing supply security and electricity efficiency, March. ← Government intervenes in grid-upgrade process, deferring Electricity Commission’s September 2005 decision deadline to mid-2006 (which falls after the 2005 general election), April.

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2005 CONT'D	<ul style="list-style-type: none"> <li data-bbox="265 287 1138 385">← Electricity Commission releases papers on options for enabling transmission alternatives, and seeks submissions on alternatives to Transpower's proposed 400 kV Waikato upgrade, May. <li data-bbox="265 404 1138 465">← Transpower submits proposed transmission pricing methodology to Electricity Commission, May. <li data-bbox="265 484 1138 546">← Commerce Commission begins investigation of whether the five main gentailers have too much market power, May. <li data-bbox="265 564 1138 626">← Electricity Commission finalises Statement of Opportunities, with Grid Reliability Standard and Grid Planning Assumptions, May. <li data-bbox="265 644 1138 706">← Vector takes over gas company NGC, and lists on sharemarket with Auckland Electricity Consumer Trust owning 75.1%, August. <li data-bbox="265 724 1138 786">← Grid Upgrade Plan submitted to Electricity Commission by Transpower, September. <li data-bbox="265 804 1138 866">← Mighty River Power conversion of mothballed Marsden B power station (to run on coal) approved, September. <li data-bbox="265 884 1138 946">← Commerce Commission announces intention to impose price controls on lines company Unison Networks, September. <li data-bbox="265 964 1138 1062">← Waitaki Catchment Water Allocation Board releases water allocation plan for Waitaki catchment, administratively weighing interests of hydro generators and other users, October. <li data-bbox="265 1081 1138 1117">← New Labour-led coalition government formed, October.