

\$4.3b? How much overcharging has there been in the electricity market?

Abstract:

The Wolak report from the Commerce Commission into market power in the New Zealand wholesale energy market received a lot of attention following its release in May, with media commentary focusing on the report's estimate of \$4.3b of rents earned by electricity generators through the exercise of market power. More recently, the government-commissioned Electricity Technical Advisory Group released its preliminary report into the industry, presenting a more benign assessment of the performance of the market. In this seminar, I will present an analysis of how the \$4.3b was calculated, how confident we should be in the accuracy of the estimate and what both reports' analyses imply for electricity policy in New Zealand.