

Notification of the Authority's Decision under regulation 29 of the Electricity Industry (Enforcement) Regulations 2010

Under regulation 29(1) of the Electricity Industry (Enforcement) Regulations 2010 (Regulations), the Electricity Authority (Authority) must publicise every decision made under regulation 23(3) together with the reasons for the Authority's decision.

Investigation

On 30 August 2010, the Electricity Commission appointed an investigator under regulation 69 of the Electricity Governance Regulations 2003 to investigate the self-reported breach of rule 1.3.4.7 of schedule G6 of part G and alleged breaches of rules 1.3.1.3 and 1.3.2.4 of schedule G6 of part G of the Electricity Governance Rules 2003 (Rules) by Transpower New Zealand Limited as the System Operator.

Norske Skog Tasman Limited, Genesis Power Limited and Meridian Energy Limited joined the investigation as affected parties.

On 1 November 2010, the Electricity Commission was disestablished and the Authority was established. Under section 134(1)(g) of the Electricity Industry Act 2010, anything done by the Electricity Commission is to be treated having been done by the Authority.

On 14 April 2011, the Authority received and considered a report and a recommendation from the investigator to discontinue the investigation.

The Authority's decision

On 14 April 2011, the Authority decided under regulation 23(3)(a) to discontinue the investigation.

Reasons for the Authority's decision

The reasons for the Authority's decision to discontinue the investigation were that:

- the self-reported breach of rule 1.3.4.7 of schedule G6 of part G caused minimal market impact, and no security impact (the System Operator did not breach rules 1.3.1.3 and 1.3.2.4 of schedule G6 of part G because the constraint in question was not applied to these schedules);
- the System Operator has taken steps to avoid recurrence;
- the System Operator did not agree to the only settlement requirement, which was a request from Norske Skog Tasman Limited that the System Operator provide compensation. However, the Authority did not consider the matter warranted referral to the Rulings Panel because:
 - the market impact was minimal;
 - the provision in the Code concerning constrained on compensation is defective and therefore the obligation on the System Operator to pay for non-security constrained on compensation is unclear.

As well as making its decision to discontinue the investigation, the Authority recommended that:

- the provisions of the Electricity Industry Participation Code 2010 (Code) concerning constrained on compensation be reviewed by the Authority; and
- the application of the constraint in question be reviewed by the Authority.