# MARKET BRIEF

9 August 2011



#### **Contents**

Appointments to the Rulings Panel	1
Standardisation: Use-of-System Agreements and Proposed Code Amendments	2
Reserve supply determination	2
Appointment of investigator	2
Decision to discontinue investigation	3
Part 10 review project	3
Proposed appropriation change: Submissions published	3
Current consultations	3
Subscription	4

## **Appointments to the Rulings Panel**

Members of the Rulings Panel are appointed by the Governor-General in accordance with a recommendation from the Minister of Energy and Resources after consultation with the Minister of Justice and the Electricity Authority.

The following appointments and reappointment have been made to the Rulings Panel:

Peter Dengate Thrush has been appointed Chair, replacing Gael Webster who has completed her term. Peter has been Deputy Chair since 2008.

- Geraldine Baumann has been appointed as a new member and Deputy Chair,
- Susan Roberts and Nicola Wills are new members; and
- John O'Sullivan is a reappointed member.

The new members replace John Isles, Craig Taylor and Gael Webster who have completed their terms.

Under Section 23 of the Electricity Industry Act 2010, the Panel is the dispute resolution and disciplinary body responsible for determining complaints referred to it by the Electricity Authority of breaches of the Electricity Industry Participation Code 2010 (Code) by industry participants. The Panel also determines certain disputes between participants and can hear appeals on specific decisions by the System Operator.

Options available to the Panel when upholding complaints include imposing penalties against participants, awarding costs or compensation, issuing suspension or termination orders, and recommending Code changes.

The Panel must comprise between 3 and 5 members, but only 3 members can hear each case.

#### Background notes on each member

Peter Dengate Thrush is a barrister sole specialising in intellectual and industrial property, information technology, the internet, and competition issues. He is a member of the Copyright Tribunal and, until June 2011, was Chairman of the Internet Corporation for Assigned Names and Numbers (ICANN). He has been a member of the Panel since March 2008 and Deputy Chair since July 2008.

Geraldine Baumann has 30 years' experience in the electricity sector. She was General Counsel at the Electricity Corporation of NZ from 1987 to 1999 and then CEO of ECNZ – Residual for a year. Since that time she has been on the Board of EECA (from 2001 to 2007, including a period as Deputy Chair), the Board of Genesis Energy (2002 to



2008), and a member of the Board of Inquiry to consider the National Policy Statement for Renewable Energy (2008-2009).

Susan Roberts has over 30 years' commercial experience, including 16 years in the energy sector carrying out senior level management and consultancy roles with Contact Energy, NGC, Genesis Energy and ECNZ.

*Nicola Wills* has practised as a barrister since 2000. She is experienced in commercial arbitrations and mediations, and has been an Adjudicator of the Motor Vehicle Disputes Tribunal since 2006. Her experience in the electricity sector includes a period as In-house Counsel at Transpower from 1998 to 1999.

John O'Sullivan has been a member of the Panel since it was established in 2004. He is a power system engineer with 40 years' experience in the New Zealand electricity industry and overseas, including managing power stations and as General Manager Thermal and General Manager Geothermal at Contact Energy. He served as a board member of Transpower from 1991 to 1994, and the New Zealand Geothermal Association from 2002 to 2005.

#### Standardisation: Use-of-System Agreements and Proposed Code Amendments

The Authority will publish its second consultation paper on more standardisation of distribution arrangements this Thursday, 11 August.

The Authority's proposal contains interposed and conveyance model use-of-system agreements, an approach to a model use-of-system agreement for embedded networks and Code amendments on some matters.

The consultation period will be four weeks, closing on Thursday 8 September 2011.

### Reserve supply determination

The Authority has published its reserve supply determination criteria for Contact Energy Limited's (Contact) Lake Hawea consent.

Currently, Contact's resource consent for Lake Hawea allows it to lower the lake level to 336m when the Authority determines that reserve generation capacity should commence generating. This condition remains applicable until the Whirinaki agreement between the Crown and the Authority ends.

The new criteria are designed to ensure that once the Whirinaki agreement ends, Contact is still able to access the additional storage capacity if required.

Details of the reserve supply determination criteria are available at:

http://www.ea.govt.nz/industry/security-of-supply/lake-hawea/

## **Appointment of investigator**

On 28 July 2011, the Compliance Committee appointed an investigator to investigate alleged breaches of the Electricity Industry Participation Code 2010 by Pulse Utilities New Zealand Limited (Pulse).

On two occasions (17 March 2011 and 18 May 2011) Pulse is alleged to have failed to have taken all practicable steps to ensure the information provided to the Reconciliation Manager was complete and accurate.

Further information is available at:

http://www.ea.govt.nz/act-code-regs/compliance/investigations-settlements-decisions/



#### **Decision to discontinue investigation**

On 28 July 2011, the Compliance Committee decided to discontinue the investigation of Meridian Energy Limited's self-reported breaches of clauses 9 and 10 of schedule 11.1; clauses 3, 4, 5, 6, 10, 11 and 18 of schedule 11.3 and clause 8(1) of schedule 15.1 of the Electricity Industry Participation Code 2010.

The breaches were also alleged by TrustPower Limited and concerned a number of non-half hour switching breaches related to a billing system upgrade.

Details of the decision are available at:

• http://www.ea.govt.nz/act-code-regs/compliance/investigations-settlements-decisions/closed-with-no-settlement/

#### Part 10 review project

In response to inquiries from participants, the Authority confirms that it is intending to undertake further work on the data access and MEP nomination aspects of the Part 10 review. This work will, however, be delayed for a few months while the Authority progresses the other components of the Part 10 review project.

All other work on the proposed Part 10 and related changes to Parts 1, 11 and 15 (metering rules) is being progressed, with consultation proceeding in September/October.

Further information on the Part 10 review project is available at:

http://www.ea.govt.nz/our-work/programmes/priority-projects/part-10-review/

## Proposed appropriation change: Submissions published

Submissions on the Proposed Amendment to the Reserve Energy and Emergency Management—Availability Costs Appropriation (to fund the additional costs for Whirinaki availability beyond 30 September 2011) are available at:

• http://www.ea.govt.nz/our-work/consultations/corporate/appropriation-changes/submissions/

#### **Current consultations**

Dispatchable demand

The Authority is consulting on its dispatchable demand proposal and proposed Code amendments.

The paper is available at:

http://www.ea.govt.nz/our-work/consultations/priority-projects/dispatchable-demand/

Starting: 13/07/2011, Ending: 10/08/2011 5:00pm

Scarcity pricing arrangements – proposed Code amendments

The Authority has published a second consultation paper containing its revised proposal for scarcity pricing measures, including proposed Code amendments.

The paper is available at:

http://www.ea.govt.nz/our-work/consultations/priority-projects/scarcity-pricing-proposed-code-amendments/ Starting: 26/07/2011, Ending: 26/08/2011 4:00pm

Consultation on improving the opportunities to hedge New Zealand electricity prices
This consultation paper presents and seeks feedback on the Authority's proposals aimed at improving the opportunities to use financial hedge contracts to manage risks of movements in New Zealand electricity prices.



The paper is available at:

http://www.ea.govt.nz/our-work/consultations/priority-projects/-improving-opportunities-hedge-electricity-prices/Starting: 01/08/2011, Ending: 29/08/2011 5:00pm

# **Subscription**

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