

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) of the Regulations, together with the reasons for the Authority's decision.

Investigation

On 30 January 2013, the Authority appointed an investigator to investigate a breach of clause 30.1B of the policy statement, which is incorporated by reference in the Electricity Industry Participation Code 2010 (Code), by Transpower New Zealand Limited as the system operator (system operator). The system operator self-reported the breach concerning the system operator's failure to correctly apply a security constraint causing a high spring washer effect on 11 September 2012.

Meridian Energy Limited and Contact Energy Limited joined the investigation. The investigator attempted to reach a settlement but a settlement could not be achieved.

On 19 September 2013, the Authority received and considered the investigator's report and recommendation to discontinue the investigation.

The Authority's decision

On 19 September 2013, the Authority decided under regulation 23(3)(a) of the Regulations to discontinue the investigation and issue a compliance advice letter.

Reasons for the Authority's decision

The reasons for the Authority's decision were:

- (a) the system operator has implemented steps to prevent recurrence
- (b) there was no security impact
- (c) although the breach affected final prices and caused a considerable market impact, regulation 59 of the Regulations prohibits the Rulings Panel from making an order of compensation in this case because the compensation sought would, but for this regulation, be determined by reference to recalculated final prices
- (d) the improvements requested by the parties to the investigation could be addressed using the consultation process for the policy statement review.