

# Market Governance Update

December 2008

Yet another year is nearly over, but before it ends there's time for one more Market Governance Update. Regular readers would know that we started providing these updates as one of a number of initiatives intended to improve the transparency of the Commission's market governance work.

Each update has included an overview of the decisions made at the last Electricity Governance Rules Committee (Committee) meeting, articles on salient market governance topics and events, and information on upcoming market governance events. We've continued with that approach in this update which focuses on decisions made at the November 2008 meeting of the Committee.

## **Installation Control Points (ICPs): investigators appointed to investigate alleged breaches of Rules**

The Rule requirements relating to the creation of ICPs was an issue common to both of the cases that the Committee appointed investigators to investigate:

- The first case involved allegations that Mighty River Power Limited and ESD Power Limited (through its agent Simply Energy) had breached various rules in parts E and G.

Simply Energy alleged Mighty River Power had failed to set the status of ICPs to inactive and to provide consumption information to the Reconciliation Manager for an embedded network supply point (NSP).

Mighty River Power alleged ESD Power had breached the Rules concerning setting up new ICPs for a network supply point when valid ICPs already existed, and for decommissioning ICPs that did not meet the criteria for decommissioning.

It was noted that ESD Power and Mighty River Power differ in their views on whether the Rules require the creation of a new ICP when a network connection is converted to an embedded network, or whether NSPs can be assigned to the original ICP.

Details of this investigation are available here:

<http://www.electricitycommission.govt.nz/rulesandregs/compliance/decisions2>

- In the second case Meridian Energy alleged that Vector Limited had breached rules in part E when it failed to create an ICP for a point of supply, and for re-commissioning a previously decommissioned ICP.

Details of this investigation are available here:

<http://www.electricitycommission.govt.nz/rulesandregs/compliance/decisions2>

## Part D of Rules under review

The Commission is currently reviewing part D of the Rules which relate to metering standards. Part D hasn't changed significantly since 1994, and the Commission thinks it is timely to have a fresh look at them.

The scope for the review is currently being consulted on, but is expected to comprise three key areas:

- updating the Rules to reflect new trends in metering technology and allow innovation in delivery of metering and associated products;
- addressing a number of pressing operational inconsistencies;
- updating metering standards.

## Looking forward

The next EGR Committee meeting is scheduled for 20 January 2009

## Report on the EGR Committee's November meeting

At its meeting on 19 November 2008 the Committee considered and took action on 33 rule breach notifications. Some of those notifications alleged breaches of multiple Rules. The table below provides an indication of which Rules the Committee considered, and also the patterns of self-reporting and reporting by others:

Rule breached	Notification status
Part C	
Rule 20 of Schedule C4	Self-reported
Part D	
Rule 3.1 of Code of Practice D3 of Schedule D1	Self-reported
Rule 7.4 of Schedule D1 Code of Practice D2	Self-reported
Part E	
Rule 2 Rule 6 Rule 7 Rule 10 Rule 24.2.1 Rule 24.2.4 Rule 29 Rule 2.3 of Schedule E1 Rule 2.3 of Schedule E1 Rule 2.9 of Schedule E1 Rule 5 of Schedule E Rule 5.3 of Schedule E1 Rule 5.4 of Schedule E1 Rule 7 of Schedule E1 Rule 4.4 of Schedule E2 Rule 4.5 of Schedule E2	Alleged Self-reported Self-reported Self-reported Alleged Alleged Alleged Alleged Self-reported Self-reported Alleged Self-reported Self-reported Self-reported Alleged Alleged
Part G	
Rule 6.3.3 of section II Rule 3.4 of section II Rule 3.7.4 of section III Rule 4.11 of section III (three breaches) Rule 10.2 of section III Rule 5.3 of section IV Rule 3.6A of section V Rule 1.3.1.3 of Schedule G6 Rule 1.3.4.7 of Schedule G6 (two breaches)	Self-reported Alleged Self-reported Self-reported Self-reported Alleged Self-reported Self-reported Self-reported

## Rule review: Two hour revisions of grid capability information

At its November meeting the Committee considered the need for clarity around Rule 5 of section II of Part G. Rule 5.5 requires the Grid Owner to submit revisions to certain information up to two hours before the relevant trading period. Rule 5.6 permits the Grid Owner to, in certain circumstances, update the information after the two hour period referred to in rule 5.5. While the Rules appear to be working, the number of recent breaches of these Rules led the Committee to question whether the Rules could be drafted more clearly.

The Committee agreed that a review of Rule 5 would be included in the Commission's upcoming review of offer and dispatch Rules.

Rule 4.1.2	Self-reported
Rule 4.1.3	Self-reported
Rule 11.1	Self-reported
Rule 6.6 of Schedule J1	Self-reported
Rule 6.2 of Schedule J2	Self-reported
Rule 2.2.2 of Schedule J3	Self-reported

## Contact us

If you would like to contact us please email us at [Compliance@electricitycommission.govt.nz](mailto:Compliance@electricitycommission.govt.nz)



Part J	
Rule 3 ( two breaches) Rule 3	Self-reported Alleged