

Commission Update – 6 September 2010

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Appointment of investigators

On 30 August 2010 the Electricity Governance Rules (EGR) Committee appointed investigators to investigate the following alleged breaches:

- An alleged breach by the Grid Owner concerning the failure, since 1 March 2004, to ensure that an AUFLS system is installed at all times for the Tiwai Point GXP.
- An alleged breach by Mighty River Power Limited concerning non-compliance, on 12 and 18 February 2010, with the commissioning plan and dispatch instructions, during the commissioning of Nga Awa Purua geothermal plant.
- A self-reported breach by the System Operator of a principal performance obligation by failing to "act as a reasonable and prudent system operator with the objective of ensuring frequency time error is not greater than five seconds of New Zealand standard time".
- Self-reported and alleged breaches by the System Operator concerning the incorrect modeling of the HVDC, resulting in a binding constraint and real-time price separation between the North Island and South Island.

Further information is available at

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

Notice of intention: Lower South Island Reliability Transmission Investment Proposal

On 31 May 2010, as part of the 2009 Grid Upgrade Plan (GUP), Transpower submitted the Lower South Island Reliability Transmission Investment Proposal to increase the core grid capacity between Roxburgh and Invercargill, and maintain non-core grid security of supply to Gore and the surrounding area.

Under rule 15.1 of section III of part F of the Rules, the Commission intends to approve Transpower's request for an investment of up to \$62.4 million.

Under Rule 15.2, a designated transmission customer, an authorised representative of parties substantially affected by the GUP, or Transpower, can request a public conference within 10 working days of the date of publication of the notice of intention.

Parties wishing to request a public conference should contact info@electricitycommission.govt.nz with 'Public conference – Lower South Island Reliability Transmission Investment Proposal' in the subject line by 5pm, Monday, 20 September 2010.

If no request for a public conference is received, the Commission's decision as set out in the notice of intention will be final.

Details are available at:

- <http://www.electricitycommission.govt.nz/opdev/transmis/gup/2009GUP/lisirel>

Notice of intention: Bunnythorpe-Haywards Thermal Upgrade (2006) Investment Proposal

On 21 July 2010, as part of the 2009 Grid Upgrade Plan (GUP), Transpower submitted the Bunnythorpe-Haywards Thermal Upgrade (2006) Investment Proposal to recover costs associated with thermally upgrading the Bunnythorpe-Haywards 1 and 2 circuits in 2006.

Under rule 15.1 of section III of part F of the Rules, the Commission intends to approve Transpower's request for costs of \$3.5 million.

Under Rule 15.2, a designated transmission customer, an authorised representative of parties substantially affected by the GUP, or Transpower, can request a public conference within 10 working days of the date of publication of the notice of intention.

Parties wishing to request a public conference should contact info@electricitycommission.govt.nz with 'Public conference – Bunnythorpe-Haywards Thermal Upgrade (2006) Investment Proposal' in the subject line by 5pm, Monday, 20 September 2010.

If no request for a public conference is received, the Commission's decision as set out in the notice of intention will be final.

Details are available at:

- <http://www.electricitycommission.govt.nz/opdev/transmis/gup/2009GUP/bpehay>

Statement of Opportunities

Following consultation on the draft 2010 Statement of Opportunities, the 2010 SOO has been finalised and published on the Commission's website. Printed copies will be available from the Commission shortly.

The Commission would like to thank stakeholders for their written submissions on the SOO, and for their attendance at the 21 July 2010 SOO workshop. Issues raised by stakeholders at the SOO workshop and in written submissions have been considered by the Commission in finalising the 2010 SOO.

The 2010 SOO is available at:

- <http://www.electricitycommission.govt.nz/opdev/transmis/soo/2010SOO/index.html>

Briefing: Locational Price Risk Management Proposal

A consultation paper on the Commission's proposal for the introduction of a locational hedge, based on a two-hub inter-island financial transmission right (FTR) is about to be released.

A briefing on this Locational Price Risk Management proposal will be held in Wellington on 23 September 2010. The briefing will focus on:

- the problem that the locational hedge is designed to address;
- how the proposed solution will address the problem and improve retail competition; and
- how the proposed solution deals with participants' concerns about an FTR-based solution.

Examples of the effects of the proposal on participants in different locations will be used as part of the briefing, and there will be opportunities for discussion and sharing of viewpoints.

A full agenda and registration details will be available shortly. To register your interest in attending, please email conference@electricitycommission.govt.nz.

Transmission pricing review stage 2 options consultation

In response to queries about flow tracing from participants during the consultation period, a draft report, Transpower asset usage 2004 - 2008, has been made available at:

- <http://www.electricitycommission.govt.nz/pdfs/opdev/transmis/tpr/Asset-usage-04-08.pdf>

It includes:

- a brief overview of the flow-tracing approach (which is different to the marginal flow allocation used as the basis for the Transpower Pricing Methodology some years ago); and,
- illustrations of the electrical energy usage of assets on Transpower's network divided among the constituent customers.

The Transmission Pricing Review Stage 2 Options consultation paper was published on 27 July and is available at <http://www.electricitycommission.govt.nz/consultation/tprstage2options>. The closing date for submissions is 24 September 2010.

System Operator Policy Statement 2010/2011

The 2010/2011 System Operator policy statement (schedule C4) of the Rules, approved by the Minister of Energy and Resources, came into force on 1 September 2010.

The policy statement is available at:

- <http://www.electricitycommission.govt.nz/opdev/comqual/2007policystatement>

Rule Changes to Parts A, C and G

Changes to Parts, A, C and G of the Electricity Governance Rules have occurred this week as follows:

- changes to allow the next day publication of final energy bids, energy offers and reserve offers
- changes to clarify the situation relating to the republication of final prices if needed to rectify a UTS

- changes to the definition of event causer

Details are available at:

- <http://www.electricitycommission.govt.nz/rulesandregs/rules/index.html>
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Gazette Notice: Rule Change

Notice of amendments to the Electricity Governance (Instantaneous Reserve Dispatch) Amendment Rules (No. 2) 2010 is available at:

- <http://www.electricitycommission.govt.nz/rulesandregs/rulechanges/index.html>
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Annual Consumption List

The Annual Consumption List for 1 January 2009 – 31 May 2010 is available at:

- <http://www.electricitycommission.govt.nz/opdev/servprovinfo/marketadministrator/index.html>
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Contacts

Contact details for the Commission are provided at: www.electricitycommission.govt.nz/contact

Subscription

To subscribe or unsubscribe, please email:

info@electricitycommission.govt.nz