

Commission Update – 13 September 2010

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Briefing: Locational Price Risk Management proposal

A consultation paper titled *Managing Location Price Risk* has been released for public submissions. The paper proposes the introduction of a locational hedge, based on a two-hub inter-island financial transmission right (FTR). The consultation paper is available at:

- <http://www.electricitycommission.govt.nz/consultation/lpr-management-proposal>

A briefing will be held on 23 September 2010. It is intended to provide participants with additional information on the proposal and the opportunity to discuss the proposal with the Commission and other participants, in order to assist with preparation of submissions.

The venue is:

Mercure Wellington, 355 Willis Street.

The meeting commences at 9:00am and concludes at 4:15pm

To register interest in attending please email: conference@electricitycommission.govt.nz with 'LPRM proposal briefing' in the subject line.

Customer Compensation Scheme

The development of a customer compensation scheme, requiring retailers to make payments to consumers in the event of a public conservation campaign and enforced power cuts is one of the priorities of the Commission's Market Development Programme.

This project, to develop a working model for retailers for a 'default buy-back' arrangement, has progressed to a stage where a design and code amendments are ready for public consultation.

The consultation paper is available at:

- <http://www.electricitycommission.govt.nz/consultation/customer-compensation-scheme>

Submissions should be sent to submissions@electricitycommission.govt.nz, with 'Consultation Paper – Customer Compensation Scheme' in the subject line, by 5pm on 8 October 2010.

Hard copy submissions should be posted to:

Lisa DuFall
Submissions
Electricity Commission
PO Box 10041
Wellington 6143

Integrated cost-benefit analysis of Market Development Programme

An integrated cost-benefit analysis (CBA) covering five interrelated projects is being developed as part of the Commission's Market Development Programme:

- customer compensation scheme;
- dispatchable demand;
- locational price risk management;
- transmission pricing; and
- scarcity pricing.

A **working draft** of the integrated CBA, which sets out the approach the Commission is using, is available at:

- <http://www.electricitycommission.govt.nz/opdev/mdp/index.html#introduction>

Feedback is welcomed from interested parties on the approach taken and on the identification of the costs and benefits. The paper will be refined as the individual projects progress.

Feedback should be sent, with 'integrated CBA' in the subject line to tim.street@electricitycommission.govt.nz

Proposed amendment to metering statistic

The Commission intends to add the aggregated number of AMI meters by region to the existing metering installations statistics derived from the registry, and published at

- <http://www.electricitycommission.govt.nz/opdev/retail/regstats/activemeter>

This publication will not identify any individual participant directly, although, the geographic areas used may do so, where there is only one AMI provider operating within the geographic area(s) noted within the statistics.

Affected participants should email any objections to this proposal to retailoperations@electricitycommission.govt.nz by 5.00 pm on Friday 17 September 2010.

Investigation of alleged breaches by the Clearing Manager

On 10 September 2010, the Electricity Governance Rules (EGR) Committee considered alleged breaches of rules 3.1, 7.2, 8.3, 8.4, 8.6, 8.7 and 9.4 of Part H of the Electricity Governance Rules 2003 by NZX Limited as the Clearing Manager and appointed an investigator to investigate the breaches. The alleged breaches concern late payment to the market by the Clearing Manager on 20 August 2010.

Further information is available at:

- <http://www.electricitycommission.govt.nz/rulesandregs/compliance/decisions2#current>
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Notice of intention to grant exemption - TrustPower Limited

Pursuant to regulation 194(3)(b) of the Electricity Governance Regulations 2003, the Commission is notifying an intention to grant TrustPower Limited an exemption, that would only apply to TrustPower on the ICP 0001440546UNC5A, from compliance with rule 3.2 of part D and rule 5 of schedule J3 of part J of the Electricity Governance Rules 2003.

The notice of intention to grant exemption is available at:

- <http://www.electricitycommission.govt.nz/rulesandregs/exemptions>

Submissions on the proposed exemption should be sent to submissions@electricitycommission.govt.nz by 5.00pm on Friday 17 September 2010.

Notice of intention to grant exemption - Transpower NZ Limited

Pursuant to regulation 194(3)(b) of the Electricity Governance Regulations 2003, the Commission is notifying an intention to grant Transpower NZ Limited an exemption from the requirement in rule 6.1.2 of part J of the Electricity Governance Rules 2003 to notify the reconciliation manager of the trading periods during which points of connection to the grid were supplied from an alternative point of connection.

The notice of intention to grant exemption is available at:

- <http://www.electricitycommission.govt.nz/rulesandregs/exemptions>

Submissions on the proposed exemption should be sent to submissions@electricitycommission.govt.nz by 5.00pm on Thursday 23 September 2010.

Settlement agreement approved

On 31 August 2010 the Commission approved a settlement agreement by Genesis Power Limited, Transpower New Zealand Limited as System Operator and Meridian Energy Limited regarding admitted breaches of rule 3 of appendix A of technical code A of schedule C3 of part C, and breach of regulation 63(2).

The admitted breaches concerned failure by Genesis to have duplicate main protection systems in place for a number of generation assets at Huntly, Tokaanu and Rangipo power stations, and failure to report a breach related to quality and security covered by part C.

Details of the settlement are available at:

- <http://www.electricitycommission.govt.nz/pdfs/rulesandregs/compliance/pdfssettlement/30Aug10.pdf>
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Decisions not to lay formal complaints on alleged breaches

On 30 August 2010 the Electricity Governance Rules (EGR) Committee decided not to lay formal complaints in relation to the following:

- the self-reported breach of rule 4.11 of section III of part G by Meridian Energy Limited. The breach concerned non-compliance with dispatch instructions for Fast Instantaneous Reserves during an under-frequency event on 1 August 2009.
- the self-reported breach of rule 4.4.1.2 of technical code A of schedule C3 of part C and the alleged breach of rule 5.5.2 of section II of part G by Transpower New Zealand Limited as the Grid Owner. The self-reported breach of part C concerned incorrect protection settings at Rangipo that caused generation to be disconnected. The alleged breach of part G concerned the failure of the Grid Owner to submit revised information to the System Operator for a change of capacity limit.

Details of these decisions are available at:

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

Update to Formal Complaint - decision to withdraw part of formal complaint

On 31 August 2010, the Commission decided to withdraw part of a formal complaint concerning alleged breaches of the Electricity Governance Rules 2003 by Meridian Energy Limited (Meridian). The part of the formal complaint withdrawn concerned an alleged breach of rule 3.1 of part D.

Details of the decision are available at:

- <http://www.electricitycommission.govt.nz/pdfs/rulesandregs/compliance/pdfssettlement/complaint4-withdrawlAug10.pdf>

Amendments to Parts A, E, and J of the Rules

The Minister of Energy and Resources has approved amendments to parts A, E, and J of the Rules. These rule amendments come into force on 30 September 2010.

Under the heading 'Electricity Governance (Amendments to Parts E, H, and J of the Rules and Consequential Amendments to Part A of the Rules) Amendment Rules 2010', the track-changed, approved rules can be found on the Commission's website at:

- <http://www.electricitycommission.govt.nz/rulesandregs/rulechanges>

On September 30, a clean copy of the rules will be available at

- <http://www.electricitycommission.govt.nz/rulesandregs/rules>

EIEP 7 updated

Electricity Information Exchange Protocol (EIEP) 7, updated on 6 September 2010, sets out the Distributor Retailer Information Exchange Protocols for General Installation Status Change. This protocol is to be used by distributors and retailers to provide information on the change in connection status at installations and also provide detail as to the nature of the status change. The file can also be used to provide information to meter owners.

Details of the status change are available at:

- <http://www.electricitycommission.govt.nz/pdfs/opdev/retail/protocols/EIEP7-v6-1.pdf>

Scarcity Pricing and Default Buyback Technical Group

Group minutes and meeting papers are available at:

- <http://www.electricitycommission.govt.nz/advisorygroups/pjtteam/sptg/19Aug10/index.html>

Transmission Pricing Review: Stage 2 Options - closing date for submissions extended

The deadline for submissions on a second consultation paper published as part of the transmission pricing review has been extended to 4pm on 24 September 2010.

The paper and supporting appendices are available at:

- <http://www.electricitycommission.govt.nz/consultation/tprstage2options>

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