

NOTICE OF THE GRANT OF VARIATION OF EXEMPTION NO. 8

This Notice of the Grant of a Variation of Exemption is issued by the Electricity Commission, continued under subpart 1 of Part 15 of the Electricity Act 1992 ("Commission"), pursuant to regulation 196 of the Electricity Governance Regulations 2003 ("Regulations") in favour of TrustPower Ltd ("TrustPower").

Notice of the Grant of a Variation of Exemption ("Notice")

Regulation 194(2) requires that the variation of exemption and the Commission's reasons for granting it are notified in the *New Zealand Gazette* as soon as practicable after being granted. Accordingly, the variation of exemption, and the Commission's reasons for granting it, will be notified in the *New Zealand Gazette* on 26 August 2004.

Subject to the terms and conditions imposed upon TrustPower in respect of any variation of exemption contained within this Notice, the Commission hereby notifies it grants a variation of exemption to Exemption No. 8 (granted to TrustPower on 24 February 2004 ("Original Exemption")) from the requirement to comply with the following Electricity Governance Rules ("Rules"):

1. Rule 6.12 of section II of part G (revision of reserve offers).
2. Rule 6.16 of section II of part G (notifying reserve offers).

Terms and Conditions of the Grant of the Variation of Exemption

Pursuant to Regulation 196 the Commission may, in its discretion and upon the terms and conditions (if any) that it thinks fit, vary or revoke an exemption. In respect of the variation of exemption contained within this Notice, the Commission imposes the following terms and conditions

1. The exemptions are limited to reserve offers made for Patea power station at the HWA1101 node.
2. The exemptions only apply when TrustPower revises energy offers within two hours prior to the relevant trading period for Patea power station at the HWA1101 node.
3. TrustPower must submit any reserve offers at least 30 minutes prior to the relevant trading period.
4. The Original Exemption is now varied to expire on 31 March 2005.

The Commission notes that Regulation 196 provides that an exemption may be varied or revoked, either on the application by a participant or on the initiative of the Commission.

Commission's Reasons for Grant of the Variation of Exemption Contained in this Notice

The reasons for grant of the variation of exemption are as follows:

1. The required rule changes, which justified the granting of the Original Exemption, have not been able to be progressed prior to the Original Exemption's expiry date.
2. On balance the Commission thinks it is appropriate to grant an extension of the Original Exemption to allow the Commission more time to investigate the appropriate rule changes.
3. All other reasons for granting the Original Exemption remain valid.

Date upon which the Variation to the Exemption becomes Effective

Pursuant to Regulation 195, the date upon which the variation of exemption contained in this Notice takes effect, being a date which is not earlier than the date of the *New Zealand Gazette* notice in respect of the variation of exemption is, 1 September 2004.

For and on behalf of the
ELECTRICITY COMMISSION

Roy Hemmingway
Chairman