



24 February 2004

### **EXEMPTION NOTICE – Application #13**

This Exemption Notice is issued by the Electricity Commission, formally constituted as the Electricity Governance Board (“the Commission”), pursuant to Regulation 194 of the Electricity Governance Regulations and Rules 2003 (“EGRs”) in favour of Carter Holt Harvey Ltd (“Carter Holt”). This exemption is being granted under urgency in reliance on Regulation 194(4).

Subject to any terms and conditions imposed upon Carter Holt as noted below, the Commission hereby grants Carter Holt an exemption from the requirement to comply with the following Electricity Governance Rules:

1. Rule 4.11 of section III of part G (compliance with dispatch instructions).

### **Exemption Notice to appear in the *Gazette***

Regulation 194(2) requires that an exemption, and the Commission’s reasons for granting it, must be notified in the *Gazette* as soon as practicable after being granted. Accordingly the exemptions, the subject of this Exemption Notice and the Commission’s reasons for granting them, shall be notified in the *Gazette* on 26 February 2004.

### **Terms and Conditions of Grant of Exemption**

Pursuant to Regulation 194(1), the Commission may, in its discretion and upon the terms and conditions (if any) that it thinks fit, grant an exemption. The Commission is also required to state an expiry date pursuant to regulation 194(5)(b). In respect of the exemption contained within this Exemption Notice the Commission imposes the following terms and conditions:

1. The exemption shall expire on 1 September 2004.
2. The exemption only relates to generation at KIN0112.
3. Carter Holt must ensure that generation at KIN0112 stays within 5 MW of any dispatch instruction issued by the system operator.

### **Board’s Reasons for Granting the Exemption Contained in this Notice**

The reasons for granting the exemption are as follows:

- (a) Most of the energy produced by Carter Holt’s generation at Kinleith is used on-site and the on-site processes require the operation of the co-generation

plant in conjunction with these processes. Carter Holt is therefore unable to comply with the rule requiring them to follow dispatch instructions.

- (a) The issues faced by Carter Holt are due to the transition from NZEM to the EGRs and can be addressed through granting an exemption for a short period.
- (b) The Commission has not had sufficient time to review the options available to Carter Holt and take independent advice of these matters.
- (c) The Commission is unable to identify any participants who would be unduly affected by the grant of the exemption.
- (d) Granting the exemption will allow time for the Commission to investigate a rule change or other mitigation measures which appropriately reflect the operation of cogeneration plant.

### **Date upon which the Exemptions become Effective**

Pursuant to regulation 195, the date upon which the exemptions contained in this Exemption Notice take effect, being a date which is not earlier than the date of the *Gazette* notice in respect of the exemption, is 26 February 2004.

Pursuant to Regulation 194(5)(c) the Commission will publicise the exemption on the Commission's website.

For and on behalf of the  
**ELECTRICITY GOVERNANCE BOARD**

**Roy Hemmingway**  
Chairman