

NOTICE OF THE GRANT OF A VARIATION OF AN EXEMPTION # No 22

This Notice of the Grant of a Variation of Exemption is issued by the Electricity Commission (“Commission”), continued under subpart 1 of Part 15 of the Electricity Act 1992, pursuant to regulation 196 of the Electricity Governance Regulations 2003 (“Regulations”) in favour of Contact Energy Ltd (“Contact”), Alinta ENZ Ltd (“Alinta”) (formally Duke Energy Ltd), and Mighty River Power Ltd (“MRP”).

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 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 Gazette on [30 September 2004.

Subject to the terms and conditions imposed upon Contact, Alinta, and MRP, in respect of any variation of exemption contained within this Notice, the Commission hereby notifies it grants a variation of exemption to the original exemption granted to Contact, Alinta, and MRP (Exemption #22, published in the Gazette on 19 April 2004) from the requirement to comply with the following Electricity Governance Rules (“Rules”):

1. Rule 11.6 of section IV of part C (voltage support costs).

Terms and Conditions of the Grant of the Variation of Exemption

Pursuant to Regulation 196, the Board 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 exemption contained within this Notice, the Commission imposes the following terms and conditions:

1. The exemption will expire on 31 March 2005.
2. The exemption applies only to the extent that the parties have obligations as distributors under Rule 11.6 of section IV of part C.
3. The exemption only applies to the GLN0332, MDN0141, MDN1101, OTA0221, OTA1101, OTA1102 and SWN2201 nodes.

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 granting the variation of exemption are as follows:

- (a) The relevant nodes are grid injection points, and the parties are consequently unable to nominate a peak kVAR for each of the relevant nodes.
- (b) The Commission is unable to identify any participants who would be unduly affected by the grant of the variation of exemption.

Granting the exemption will allow time for the Commission to investigate a rule change or other mitigation measures which appropriately address the issue. The rule change process is underway but the rule change has not yet been completed.

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 Gazette notice in respect of the variation of exemption is 30 September 2004.

For and on behalf of the
ELECTRICITY COMMISSION

Roy Hemmingway
Chair