



19 April 2004

EXEMPTION NOTICE – Application #22

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 2003, in favour of Contact Energy Limited (“Contact”), Duke Energy Limited (“Duke”), Mighty River Power Limited (“Mighty River”), and Southpark Utilities Limited (“Southpark”). This exemption is being granted under urgency in reliance on Regulation 194(4).

Subject to any terms and conditions imposed upon Contact, Duke, Mighty River and Southpark, the Commission hereby grants Contact, Duke, Mighty River and Southpark an exemption from the requirement to comply with the following Electricity Governance Rules:

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

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 22 April 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 30 September 2004.
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, PEN0331 and SWN2201 nodes.

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

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

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 22 April 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