

## **ELECTRICITY GOVERNANCE REGULATIONS 2003**

### **NOTICE OF THE AMENDMENT OF EXEMPTION # 26**

This Notice of the Amendment of an Exemption is issued by the Electricity Commission ("Commission"), continued under subpart 1 of Part 15 of the Electricity Act 1992, pursuant to regulation 194(5)(d) of the Electricity Governance Regulations 2003 ("Regulations") in favour of Transpower New Zealand Ltd ("Transpower"), Contact Energy Ltd ("Contact"), Meridian Energy Ltd ("Meridian"), Genesis Power Ltd ("Genesis") and Alinta ENZ Ltd ("Alinta").

This is an amendment of the exemption granted under urgency, in reliance upon Regulation 194(4), to Transpower, Contact, Meridian, Genesis and Alinta (Exemption # 26 published in the Gazette on 16 September 2004) ("Original Exemption"), from the requirement to comply with the following Electricity Governance Rules 2003 ("Rules"):

1. Rule 11.5.2 of section IV of part C (event costs allocated to event causers).

### **Notice of the Amendment of an Exemption ("Notice")**

Regulation 194(5)(d) requires that the Commission must publish a notice in the Gazette stating whether or not it decides to revoke, replace, or amend an exemption granted under Regulation 194(4) and explaining the reasons for that decision, (or stating where copies of that explanation may be obtained). Accordingly, the amendment of exemption, and the Commission's reasons for granting it, will be notified in the Gazette on 16 September 2004.

Subject to the terms and conditions imposed upon Transpower, Contact, Meridian, Genesis and Alinta in respect of any exemption contained within this Notice, the Commission hereby notifies it amends the Original Exemption granted to Transpower, Contact, Meridian, Genesis and Alinta from the requirement to comply with Rule 11.5.2 of section IV of Part C.

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

In respect of the exemption contained within this Notice, the Commission imposes the following terms and conditions:

1. The exemption shall expire on 31 July 2005.

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

## **Commission's Reasons for the Amendment of Exemption Contained in this Notice**

The reasons for the amendment of exemption are as follows:

1. The Commission has concerns that the current instantaneous reserve under-frequency event charge rate is excessive, creating negative market impacts.
2. The Original Exemption had an expiry date of 28 February 2005 to comply with Regulation 194(5)(b), as that was the earliest date that, in the opinion of the Commission, enabled it to have regard to the views of participants about the exemption. Amending the Original Exemption to expire on 31 July 2005 will allow the Commission to continue its investigation into the instantaneous reserve under-frequency event charge and, if required, implement rule changes which appropriately address the concerns.

## **Date upon which the Amendment of Exemption becomes Effective**

Pursuant to Regulation 195, the date upon which the amendment 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 exemption, is 1 March 2005.

Dated at Wellington this 11th day of February 2005.

For and on behalf of the

**ELECTRICITY COMMISSION**