

NOTICE OF THE GRANT OF AN EXEMPTION NO. 26

This Notice of the Grant of an Exemption is issued by the Electricity Commission, formally constituted as the Electricity Governance Board, under the Electricity Act 1992 (“Commission”), pursuant to regulation 194 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 exemption is being granted under urgency in reliance on Regulation 194(4).

Notice of the Grant of an Exemption (“Notice”)

Regulation 194(2) requires that the exemption and the Commission’s reasons for granting it are notified in the Gazette as soon as practicable after being granted. Accordingly, the 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 grants an exemption to Transpower, Contact, Meridian, Genesis, and Alinta, from the requirement to comply with the following Electricity Governance Rules (“Rules”):

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

Terms and Conditions of the Grant of the Exemption

Pursuant to Regulation 194(1), the Commission may, in its discretion and upon the terms and conditions (if any) that it thinks fit, exempt any participant, or class of participants, from compliance with all or any of the Rules. The Commission must include an expiry date pursuant to Regulation 194(5)(b). In respect of the exemption contained within this Notice, the Commission imposes the following terms and conditions:

1. The exemption shall expire on 28 February 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 Exemption Contained in this Notice

The reasons for granting of the exemption are as follows:

- a. The Commission has concerns that the instantaneous reserve under-frequency event charge is creating negative market impacts.
- b. Granting the exemption will allow time for the Commission to investigate the issue and, if required, implement rule changes which appropriately address the concerns.

Date upon which the Exemption becomes Effective

Pursuant to Regulation 195, the date upon which the 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 16 September 2004.

Pursuant to Regulation 194(5)(c), the Commission is publicising the exemption on the Commission's website and will have regard to any views that participants make known to it by 5pm, 18 October 2004.

For and on behalf of the
ELECTRICITY GOVERNANCE BOARD

Roy Hemmingway
Chair