

## **Notice of the Grant of an Exemption # 28**

This notice of the grant of an exemption is issued by the Electricity Commission ("Commission"), continued under subpart 1 of Part 15 of the Electricity Act 1992, pursuant to the Electricity Governance Regulations 2003 ("Regulations") in favour of the unincorporated joint venture between Todd Energy Limited and Whareroa Co-generation Limited ("the Whareroa Joint Venture").

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 Electricity Governance Rules ("Rules").

### **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 *New Zealand Gazette* as soon as practicable after being granted.

The Commission hereby notifies it has granted an exemption to the Whareroa Joint Venture from the requirement to comply with Rule 4.11 of Section III of Part G of the Rules.

### **Terms and Conditions of the Grant of the 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 March 2007.
2. The exemption relates to generation at HWA1102 only.
3. Generation at HWA1102 stays within +/- 5MW of any previous dispatch instruction issued by the system operator.
4. Any deviation from the dispatch quantity of greater than +/- 1MW must not continue for longer than one trading period without a revised offer.
5. The Whareroa Joint Venture must comply with dispatch instructions where the system operator has issued a formal notice as defined in Part A of the Rules.

### **Commission's Reasons for the Grant of the Exemption**

The reasons for the grant of the exemption are as follows:

- (a) Most of the energy produced by the Whareroa Joint Venture's generation is used on-site and the on-site processes require the operation of the co-generation plant in conjunction with these processes. The Whareroa Joint Venture is therefore unable to comply with Rule 4.11 of Section III of Part G, which requires it to comply with all dispatch instructions properly given by the system operator (subject to certain exceptions).
- (b) The reasons for requesting this exemption are similar to those given by Carter Holt Harvey (CHH) and Alinta ENZ Limited (Alinta) for the Kinleith and Glenbrook co-generation plants respectively. Exemptions were granted to CHH and Alinta and it would be appropriate to grant a similar exemption to the Whareroa Joint Venture for similar circumstances.
- (c) The conditions will give the system operator confidence in its ability to meet its principle performance obligations when unplanned increases in generation occur.
- (d) Granting the exemption will allow time for the Commission to complete its investigation into rule changes or other mitigation measures which appropriately reflect the operation of the co-generation plant.

- (e) Granting the exemption, while considering whether a rule change is required, is appropriate at this time.

### **Date Upon Which the Exemption Becomes Effective**

Pursuant to Regulation 195, the date upon which the exemption contained in this notice takes effect is 16 March 2006.

Dated at Wellington this 22nd day of February 2006.

For and on behalf of the Electricity Commission:

ROY HEMMINGWAY, Chair.

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