

Electricity Governance Regulations (Exemption No. 42 (Contact Energy Limited, Genesis Power Limited, Mighty River Power Limited, Alinta ENZ Limited, and Transpower New Zealand Limited in its Capacity as System Operator)) Exemption Notice 2007

Pursuant to Regulation 194 of the Electricity Governance Regulations 2003, the Electricity Commission (“Commission”) gives the following notice.

Notice

1. Title and commencement—(1) This notice is the Electricity Governance Regulations (Exemption No. 42 (Contact Energy Limited, Genesis Power Limited, Mighty River Power Limited, Alinta ENZ Limited, and Transpower New Zealand Limited in its capacity as System Operator)) Exemption Notice 2007.

(2) This notice comes into force on the day after the date it is notified in the *New Zealand Gazette*.

2. Exemption—Contact Energy Limited, Genesis Power Limited, Mighty River Power Limited, Alinta ENZ Limited, and Transpower New Zealand Limited in its capacity as System Operator are exempted from compliance with Rule 7.3.3 of Section III of Part C of the Electricity Governance Rules 2003.

3. Reasons for granting the exemption—The reasons for granting this exemption are that:

- (a) the Commission has already stated in its AUFLS consultation paper that it wishes to make a recommendation that the Rules be amended to correct the ambiguity between Rule 7.3.1 and Rule 7.3.3 of Section III of Part C and would already have done so if the system operator had been able to implement changes without delaying other committed projects;
- (b) there appears to be some risk that the present method for allocating reserve costs to holders of dispensations will distort generator incentives to offer their non-compliant plant, particularly during some e3p commissioning tests; and
- (c) initial views of other North Island parties facing instantaneous reserve charges are that they are indifferent to, or support, the granting of an exemption.

4. Urgency—(1) This exemption is granted under urgency in reliance on Regulation 194(4).

(2) This exemption expires at the close of 1 June 2007.

(3) Pursuant to Regulation 194(5)(c), the Commission will publicise the exemption on the Commission’s website and will have regard to any views that participants make known to it by 19 April 2007.

Dated at Wellington this 10th day of April 2007.

For and on behalf of the Electricity Commission:

PETER HARRIS, Deputy Chair.

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