

## **Electricity Governance Regulations (Exemption No. 44 (Pricing Manager)) Exemption Notice 2007**

Pursuant to Regulation 194(2) 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. 44 (Pricing Manager)) 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**—The Pricing Manager is exempted from compliance, to the extent set out below, with Rules 3.1 and 3.4 of Section V of Part G of the Electricity Governance Rules 2003 (“Rules”).

**3. Terms and conditions**—This exemption is granted on the following conditions:

- (a) It only applies in respect of trading period 37 on 29 April 2007;
- (b) the Pricing Manager must calculate final prices and final reserve prices for trading period 37 on 29 April 2007 by using the methodology and inputs required under the Rules, except that:
  - (i) the transmission security constraint that has bound in that trading period, the MGM\_WDV\_1\_MGM\_OTAS\_DISABLED\_S\_P\_1B group constraint, will be relaxed by applying the greater of 1 MW or 1% of that transmission security constraint in that trading period to the maximum flow limit of the transmission security constraint; and
  - (ii) for the purposes of this exemption, a transmission security constraint is a flow limit covered by Rule 5.4(a) or Rule 5.4(c) of Schedule G6 of Part G of the Rules, including any adjustments that have been made in accordance with paragraphs (d) and (f) of Rule 4.2 of Schedule G6 of Part G of the Rules, but excluding a flow limit set in relation to the HVDC link; and
- (c) the Pricing Manager must publish final prices and final reserve prices within two business days of this exemption coming into force;
- (d) in all other respects, the Pricing Manager must calculate and publish final prices and final reserve prices, for trading period 37 on 29 April 2007, in accordance with the processes and requirements set out in the Rules;
- (e) upon the Pricing Manager publishing the final prices and final reserve prices, for trading period 37 on 29 April 2007, in accordance with this exemption, those prices shall be the final prices and final reserve prices for trading period 37 on 29 April 2007 for all purposes under the Rules; and
- (f) it expires on the day after the date upon which the final prices and final reserve prices are published, in accordance with the conditions set out above, in respect of trading period 37 of 29 April 2007.

**4. Reasons for granting the exemption**—The reasons for granting this exemption are:

- (a) On 30 April 2007, the Commission delayed the publication of final prices and final reserve prices in accordance with Rule 3.28 of Section V of Part G of the Rules;

- (b) the prices for this trading period were extreme, both high and low;
- (c) these extreme prices would otherwise have a significant impact on some participants;
- (d) although on 1 March 2007 the Minister published a notice in the *New Zealand Gazette*, making an amendment to the Rules to introduce a mechanism to resolve high spring washer price situations such as this, the amendment does not come into force until 3 September 2007; and
- (e) the Commission considers that it would be appropriate for prices for the trading period to be calculated in the manner specified in clause 2 of this notice, rather than in the manner set out in the Rules.

Dated at Wellington this 29th day of May 2007.

For and on behalf of the Electricity Commission:

PETER HARRIS, Deputy Chair.

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