

## **Electricity Governance Regulations (Revocation of Exemption No. 93) Notice 2008**

Pursuant to Regulations 194 and 196 of the Electricity Governance Regulations 2003, the Electricity Commission gives the following notice.

### **Notice**

**1. Title and commencement**—(1) This notice is the Electricity Governance Regulations (Revocation of Exemption No. 93) Notice 2008.

(2) This notice comes into force on 16 October 2008.

**2. Revocation of previous exemption**—The exemption entitled Electricity Governance Regulations (Exemption No. 93 (Reconciliation Participants and Reconciliation Manager) and Revocation of Exemption No. 90) Notice 2008\* (“Exemption No. 93”) is revoked.

**3. Reasons for revoking Exemption No. 93**—The reasons for granting the revocation are as follows:

- (a) Part J of the Electricity Governance Rules 2003 (“Rules”) changed the reconciliation process from reconciliation on the basis of differencing to global reconciliation, which changed how non half-hour metered volumes are allocated to participants between months. The effect of that change is that the seasonal adjustment shapes are distorted, causing the allocation of electricity in wrong months.
- (b) Because of this distortion, if the reconciliation process in the Rules had been allowed to operate, participants that were incumbent retailers prior to 1 May 2008 would have been financially disadvantaged compared to participants that were independent retailers.
- (c) Exemption No. 93 was put in place to avoid inequitable settlements by exempting participants from the requirement to provide the relevant submission information to the reconciliation manager, and exempting the reconciliation manager from the requirement to process such information.
- (d) Exemption No. 93 was an interim measure put in place to hold the distortion in abeyance until a solution to the seasonal adjustment shapes issue was identified and put in place.
- (e) The seasonal adjustment shapes issue has now been resolved by an urgent amendment to Part J of the Rules that will come into force on 16 October 2008.
- (f) Exemption No. 93 must be revoked as it will be in conflict with Part J of the Rules when the urgent amendment comes into effect.

Dated at Wellington this 13th day of October 2008.

For and on behalf of the Electricity Commission:

PETER HARRIS, Commissioner.

\**New Zealand Gazette*, 18 August 2008, No. 129, page 3375

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