

Notice of the Grant of a Variation of an Exemption #13

This notice of the grant of a variation of exemption is issued by the Electricity Commission ("Commission"), continued under subpart 1 of Part 15 of the Electricity Act 1992, pursuant to Regulation 196 of the Electricity Governance Regulations 2003 ("Regulations") in favour of TrustPower Limited ("TrustPower"), acting as an agent for Carter Holt Harvey Pulp and Paper Limited.

Notice of the Grant of a Variation of Exemption ("notice")

Regulation 194 (2) requires that the variation of exemption and the Commission's reasons for granting it are notified in the *New Zealand Gazette* as soon as practicable after being granted.

Subject to the terms and conditions imposed upon TrustPower in respect of any variation of exemption contained within this notice, the Commission hereby notifies it grants a variation of exemption to the original exemption granted to TrustPower (Exemption #13, published in the *New Zealand Gazette*, 26 February 2004, No. 21, page 424) from the requirement to comply with the following Electricity Governance Rules ("Rules"):

Rule 4.11 of section III of part G

Terms and Conditions of the Grant of the Variation of Exemption

Pursuant to Regulation 196, the Commission may vary or revoke an exemption.

Regulation 194 applies as if the variation or modification were the granting of an exemption and with all other necessary modifications. In respect of the variation of exemption contained within this notice, the Commission imposes the following terms and conditions:

- The exemption will expire on 1 April 2006.
- The exemption only relates to generation at KIN0112.
- Generation at KIN0112 stays within 5 MW of any dispatch instruction issued by the system operator.

The Commission notes that Regulation 196 provides that an exemption may be varied or revoked either on application by a participant or on the initiative of the Commission.

Commission's Reasons for the Grant of the Variation of Exemption Contained in this Notice

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

- (a) Most of the energy produced by generation at the Kinleith plant is used on-site and the on-site processes require the operation of the co-generation plant in conjunction with these processes. The Kinleith plant is therefore unable to comply with the rule requiring it to follow dispatch instructions.
- (b) The Commission is unable to identify any participants who would be unduly affected by the grant of the amendment of exemption.
- (c) Granting the amendment of exemption will allow time for the Commission to finalise a rule change or other mitigation measures which appropriately reflect the operation of cogeneration plant.

Date Upon Which the Variation to the Exemption Becomes Effective

Pursuant to Regulation 195, the date upon which the variation of exemption contained in this notice takes effect, being a date which is not earlier than the date of the *New Zealand Gazette* notice in respect of the variation of exemption, is 1 September 2005.