

Notification of the Commission's Decision Pursuant to Regulation 91(1)

Under regulation 91(1) of the Electricity Governance Regulations 2003 (Regulations), the Electricity Commission (Commission) must publicise every decision made under regulation 86(2) or regulation 90(2) or regulation 90(3), together with the reasons for the Commission's decision. This notice relates to a decision made under regulation 90(2) not to lay a formal complaint against the System Operator.

Investigation

On 18 July 2007, the Commission appointed an investigator under regulation 69 of the Regulations to investigate the following breach of the Electricity Governance Rules 2003 (Rules) by Transpower Limited in its role as System Operator:

- Rule 1.3.4.7 of schedule G6 of part G self reported by the System Operator. (in relation to incorrect modelling in the Scheduling, Pricing and Dispatch software model (SPD model) of a bypass around Karapiro 110kV bus to Hinuera for trading periods 19 and 20 on 5 May 2007)

A draft of a settlement agreement for this self-reported breach was proposed by the System Operator and was accepted by one of the parties to the investigation. A settlement could not be achieved as the third party asked for further delay of the settlement process to consider a future decision of the Rulings Panel on a breach of the same rule by the System Operator.

Matters Considered by the Commission

On 16 October 2007, the Investigator provided the Commission with a report in relation to the self-reported breach.

The Commission considered the Investigator's report, which contained additional information that was provided by the System Operator in the course of the investigation, including steps taken by the System Operator to prevent reoccurrence of the same breach in the future.

The Commission's Decision

In respect of the self-reported breach of rule 1.3.4.7 of schedule G6 of part G, the Commission decided, in accordance with regulation 90, that no formal complaint should be laid.

Reasons for the Commission's Decision

The Commission considered that no formal complaint should be laid because:

1. there is little to be gained from waiting for the Rulings Panel's decision, as requested by the third party, on a case that has limited relevance to this particular investigation; and

2. the draft of the proposed settlement agreement includes mitigation steps that correspond with the stated settlement requirements by the parties and all the steps have been already implemented by the System Operator.