

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.

Decision to lay formal complaint to the Rulings Panel

On 4 July 2006 the Commission appointed an investigator under regulation 69 of the Regulations to investigate the following notified breaches of the Electricity Governance Rules 2003 ("Rules") by Transpower New Zealand Ltd (the system operator):

- admitted breaches of rule 1.3.4.7 of schedule G6 of part G of the Rules in that the system operator failed to incorporate grid owner information concerning the Wilton transformer T8 into the dispatch schedule from 17:00 to 17:10 on 28 April 2006 and 14:00 to 15:15 on 29 April 2006.

In respect of these admitted breaches, the Commission received and considered the report and recommendation from the investigator prepared under regulation 88. On 15 May 2007 the Commission decided to:

1. **lay a formal complaint** with the Rulings Panel under regulation 90; and
2. **direct** the investigator to report to the Rulings Panel under regulation 93.

Reasons for the Commission's Decision

In reaching its decision, the Commission considered the report and recommendation from the investigator. The Commission considered that laying a formal complaint is warranted given that:

- an informal settlement of the breaches could not be achieved;
- the same error was repeated on two consecutive days;
- the breach on 28 April 2006 had a significant market impact;
- there have already been a significant number of breaches of this rule by the system operator; and
- the Commission must ensure that there are sufficient performance incentives on the system operator to comply with the Rules in the future.