

Notification of the Authority's decision under regulation 29 of the Electricity Industry (Enforcement) Regulations 2010

Under regulation 29(1) of the Electricity Industry (Enforcement) Regulations 2010 (Regulations) the Electricity Authority (Authority) must publicise every decision made under regulation 23(3) together with the reasons for the Authority's decision.

Investigation

On 1 December 2015, the Authority appointed an investigator under regulation 12 of the Regulations to investigate the self-reported breaches of clause 13.69A of the Electricity Industry Participation Code 2010 (Code) by Transpower New Zealand Limited as the system operator.

The system operator breached clause 13.69A of the Code between 1 October 2014 and 18 February 2015 by incorrectly calculating the amount of instantaneous reserve to be provided by each ancillary service agent in each island to meet the requirements of the dispatch objective.

The breaches occurred when the system operator failed to correctly model the dispensation for Huntly unit 5 when Huntly unit 5 was setting the risk. The incorrect modelling occurred because the system operator's new reserve management tool incorrectly counted the risk a second time in the calculation of sustained instantaneous reserve requirements.

Genesis Energy Limited joined the investigation as an affected party.

On 26 February 2016, the Authority received and considered a report and a recommendation from the investigator to discontinue the investigation and to issue a warning letter.

The Authority's decision

On 26 February 2016, the Authority decided under regulation 23(3)(a) of the Regulations to discontinue the investigation and to issue a warning letter.

Reasons for the Authority's decision

The reasons for the Authority's decision to discontinue the investigation were that:

- The system operator had implemented a number of steps to prevent recurrence.
- The parties to the investigation did not require a settlement.