

Electricity Industry (Exemption No. 204 (Orion New Zealand Limited)) Exemption Amendment Notice 2017 (No. 2)

In accordance with section 11(3) of the Electricity Industry Act 2010 (“Act”), the Electricity Authority (“Authority”) gives the following notice.

Notice

1. Title and commencement—(1) This notice is the Electricity Industry (Exemption No. 204 (Orion New Zealand Limited)) Exemption Amendment Notice 2017 (No. 2).

(2) This notice comes into force on the day after the date it is notified in the *New Zealand Gazette*.

2. Revocation—This notice revokes the Electricity Industry (Exemption No. 204 (Orion New Zealand Limited)) Exemption Amendment Notice 2017, published in the [New Zealand Gazette, 6 July 2017, Issue No. 71, Notice No. 2017-au3363](#), which contains typographical errors.

3. Amendment to principal exemption—Replace clause 3 of the Electricity Industry (Exemption No. 204 (Orion New Zealand Limited)) Exemption Notice 2014, published in the [New Zealand Gazette, 28 August 2014, Issue No. 103, Notice No. 2014-au5385](#) (“principal exemption”), with:

“3. Term—This exemption expires at the earlier of:

- a. the close of **1 September 2022**;
- b. the number of installation control points (“ICPs”) on Orion’s local network (BRY0661) that can be backed by MainPower’s local network (KAI0111) exceeding 500;
- c. the number of ICPs on MainPower’s local network (KAI0111) that can be backed by Orion’s local network (BRY0661) exceeding 500; and
- d. there having been more than six outages on the existing interconnection point between Orion’s local network (BRY0661) and MainPower’s local network (KAI0111) in the period starting on 7 July 2017 and ending on 31 August 2018, and for every subsequent year, the period of 12 months starting on 1 September and ending on 31 August of the following year.”

4. Reasons for amending the principal exemption—The reasons for amending the principal exemption are:

- a. the Authority granted the principal exemption to Orion New Zealand Limited (“Orion”) for the following reasons:
 - i. granting the exemption met the requirements in section 11(2) of the Act for granting exemptions;
 - ii. without an exemption, Orion would have:
 - A. incurred unreasonable expenditure and complexity in fitting metering and communication equipment to its network for the relatively low consumption volumes on the interconnection point;
 - B. incurred unreasonable expenditure in becoming a certified reconciliation participant;
 - C. incurred unreasonable expenditure in submitting submission information for each reconciliation period; and
 - D. needed to re-assess the viability of having the interconnection point as a back-up;
 - iii. the interconnection point was rarely used;
 - iv. although granting the exemption was expected to have a financial impact on the retailers on BRY0661 and KAI0111, the continuous supply to the customers on BRY0661 and KAI0111 outweighed this financial impact; and
 - v. the exemption was expected to have little or no impact on other participants (other than the affected retailers) and service providers and will not affect any other Code provisions;
- b. although the Authority approved granting the principal exemption until 1 September 2017, re-assessment of the viability of the interconnection point as a back-up supports the continued use of an exemption;
- c. although the Authority approved granting the principal exemption until there had been more than three outages in a year, extending this to six will enable Orion to better manage planned and unplanned outages that result in the use of the interconnection point;

- d. it is therefore necessary to amend the principal exemption in order to:
 - i. provide additional time to investigate long-term alternatives to the exemption; and
 - ii. enable the interconnection point to be used more frequently; and
- e. accordingly the Authority is satisfied that for the reasons set out in the principal exemption:
 - i. the amendment is necessary or desirable for the purpose of achieving the Authority's objective under section 15; and
 - ii. the benefits of the amendment outweigh any disadvantage resulting from any increased administration and compliance costs.

Dated at Wellington this 1st day of August 2017.

For and on behalf of the Electricity Authority:
SUSAN PATERSON, ONZM, Member, Electricity Authority.

2017-au4001
