

Notice of decision under regulation 29 of the Electricity Industry (Enforcement) Regulations 2010

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

Decision to lay a formal complaint with the Rulings Panel

On 4 April 2019, the Authority:

- considered a report prepared under regulation 19 of the Regulations by an investigator in respect of an alleged breach by Transpower as the grid owner from 19 to 25 January 2018 of clause 4(4)(a)(ii) of Technical Code A of Schedule 8.3 of the Electricity Industry Participation Code 2010 (alleged breach); and
- considered the investigator's recommendation to lay a formal complaint with the Rulings Panel in respect of the alleged breach; and
- decided under regulation 23(3)(b) of the Regulations to lay a formal complaint with the Rulings Panel in respect of the alleged breach.

Reasons for the Authority's decision

The Authority decided to lay a formal complaint with the Rulings Panel because the alleged breach was serious and had a severe impact causing an estimated loss of supply of 185 MWh on 25 January 2018 that took nearly one and a half hours to fully restore. The area affected included Hamilton, Cambridge, the Coromandel Peninsula and the wider Waikato area. The Karapiro power station was also disconnected. The estimated value of the lost load was between \$3 and \$4 million.

The alleged breach resulted from systemic failures including the failure of multiple checks in a commissioning environment where fatigue, distraction, and resourcing were contributing factors.

The Authority noted that the grid owner had breached the provisions of the Code and, previously, the Electricity Governance Rules concerning grid asset protection systems on 29 previous occasions.

The Authority considered that the aggravating features of the case (set out above) outweighed the mitigating features of the case which were:

- The grid owner self-reported the alleged breach to the Authority on 31 July 2018
- The grid owner carried out a comprehensive review of the event
- The actions taken by the grid owner subsequent to the alleged breach should reduce the likelihood that such a breach will occur again
- The grid owner fully cooperated in supplying information during the course of the investigation.

The Authority also considered that a pecuniary penalty order made by the Rulings Panel against the grid owner would assist to achieve better compliance outcomes in the future.

Finally, laying a formal complaint with the Rulings Panel in respect of the alleged breach was consistent with the Authority's Enforcement Policy and Compliance Philosophy.