

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) of the Regulations, together with the reasons for the Authority's decision.

Investigation

On 7 August 2019, the Authority appointed an investigator under regulation 12 of the Regulations to investigate alleged breaches of clause 14A.6(2) of the Electricity Industry Participation Code 2010, by Auckland Commercial Solar Limited (Auckland Commercial).

On 8 May 2019 and 4 June 2019, Auckland Commercial failed to provide the minimum amount of security to the clearing manager by the 4:00 pm deadline. Energy Clearing House Limited as the clearing manager had alleged the breaches.

The breaches by Auckland Commercial constituted events of default. On each occasion the events of default were resolved when the clearing manager subsequently received Auckland Commercial's additional prudential security.

Auckland Commercial did not respond to the notice of investigation given under regulation 16, therefore regulation 21 applied. Accordingly the investigator reported on the breaches without attempting to effect a settlement.

Auckland Commercial did advise the investigator that, with the exception of a few predominantly distributed generation ICPs, it is in the process of transferring almost all of its customers to another retailer.

The clearing manager has advised this transfer of customers is significantly reducing Auckland Commercial's prudential security requirements.

On 3 October 2019, the Authority received and considered a report and recommendation from the investigator to discontinue the investigation and issue a warning to Auckland Commercial

The Authority's decision

On 3 October 2019, the Authority decided under regulation 23(3)(a) of the Regulations to discontinue the investigation and to issue a warning to Auckland Commercial.

Reasons for the Authority's decision

The reason for the Authority's decision to discontinue the investigation was that:

- Auckland Commercial was in the process of transferring almost all of its customers to another retailer. This would significantly reduce its prudential

security requirement making it unlikely that Auckland Commercial would breach this provision in the future.

The reason for the Authority's decision to issue a warning was that:

- Auckland Commercial's compliance with the Code has generally been poor.