

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.

Transpower New Zealand Limited as the grid owner was alleged to have breached clause 13.141(2) of the Electricity Industry Participation Code 2010 from 3 November 2020 to 14 December 2020 (alleged breach). The breach was alleged to have occurred after the status of the Alinta kilns co-generation station was changed from a Type A to a Type B co-generation station requiring a change in the calculation of demand information provided to the pricing manager.

Decision to lay a formal complaint with the Rulings Panel

On 2 November 2021, the Authority:

- considered a report prepared under regulation 19 of the Regulations by an investigator in respect of the 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 caused a significant market impact with generators being overpaid by \$31.6M and purchasers overpaying by \$32.6M.
- the calculation of demand information requires robust processes by the grid owner to manage any necessary changes. The Code requirement was complex and required careful consideration in its application.
- the grid owner had self-reported the alleged breach, however subsequently responded that it considered that it had not breached clause 13.141(2).
- given the complexity, the lack of agreement as to cause, and the significant market impact, the alleged breach would benefit from a decision from the Rulings Panel along with the associated transparency that would provide.