

Notification of the Commission's Decision Pursuant to Regulation 91(1)

Under regulation 91(1) of the Electricity Governance Regulations 2003 (Regulations) the Electricity Commission (Commission) must publicise every decision made under regulation 90(2) together with the reasons for the Commission's decision.

Investigation

On 18 June 2008, the Commission appointed an investigator under regulation 69 of the Regulations to investigate the self-reported breach of rule 4.4.1.2 of technical code A of schedule C3 of part C and the alleged breach of rule 5.5.2 of section II of part G of the Electricity Governance Rules 2003 (Rules) by Transpower New Zealand Limited as the Grid Owner.

The System Operator, Meridian Energy Limited and Genesis Energy joined the Investigation as affected parties.

On 30 August 2010, the Commission received and considered a report and a recommendation from the Investigator not to lay a formal complaint.

The Commission's Decision

On 30 August 2010, the Commission decided under regulation 90 (2) not to lay a formal complaint in respect of these alleged breaches.

The Commission also asked the Director Wholesale to review the rules concerning the Grid Owner's offers and report to the Electricity Authority.

Reasons for the Commission's Decision

The reasons for the Commission's decision not to lay a formal complaint were that:

- parties to the Investigation either had no settlement requirements or were provided with explanations to their questions during the settlement process and therefore did not require a formal settlement;
- the Grid Owner has taken steps to avoid a recurrence of the admitted breach of rule 4.4.1.2 of technical code A of schedule C3 of part C concerning incorrect protection settings; and
- the Grid Owner does not appear to have breached rule 5.5.2 of section II of part G or any other rule when it did not advise a change to offer to the System Operator.

The reasons for the Commission's decision to ask the Director Wholesale to review the rules concerning the Grid Owner's offers and report to the Electricity Authority were that:

- there was potentially a serious security impact as the combination of generation and reserves continued to be dispatched at RPO in excess of the protection ratings;
- this aspect of the incident does not appear to be covered by the Rules and no steps have been taken by the Grid Owner to prevent a recurrence of this aspect of the incident.