MARKET BRIEF

21 February 2011



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Appointment of investigators

On 9 February 2010 the Compliance Committee appointed investigators to investigate the following alleged breaches:

- An alleged breach by the System Operator for failing to dispatch remaining reserves from 10:15 am to 10:45 am on 11 November 2010 following an under frequency event. This breach was alleged by Norske Skog Tasman Limited.
- Self-reported and alleged breaches of the Electricity Governance Rules 2003 concerning Contact Energy's failure
 to immediately advise the System Operator of a bona-fide event, not submitting a re-offer for the next trading
 period, and failure to comply with dispatch instructions at the Otahuhu power station during a planned shutdown
 on 8 October 2010.

Further information is available at:

• http://www.ea.govt.nz/act-code-regs/compliance/investigations-settlements-decisions/

Decisions to discontinue investigations

On 9 February 2010 the Compliance Committee decided to discontinue the following investigations:

- Investigation of self-reported breaches of rule 2.2.5 of section II of part C of the Electricity Governance Rules 2003 by the System Operator.
- Investigation of alleged breach of rule 2.3 of schedule E2 of part E of the Electricity Governance Rules 2003 (Rules) by Genesis Energy and rule 2.4.2.1 of schedule E2 of part E of the Rules by Meridian Energy.

Details of these decisions are available at:

http://www.ea.govt.nz/act-code-regs/compliance/investigations-settlements-decisions/closed-with-no-settlement/



Guidelines for Assuring Customer Supply

As part of its brief to promote competition, reliable supply and efficient operation of the electricity industry, the Authority announced in December its intention to review inherited policies and projects from the Electricity Commission.

The Authority has therefore reviewed work, commenced by industry participants in 2000 and pursued more recently by the Electricity Commission, to avoid customer stranding and ensure continuity of supply in the event of retailer default. These types of rules are common in other electricity markets.

Pending completion of permanent arrangements, the Authority has prepared interim measures that can be invoked in the meantime should a requirement arise. These measures involve internal Authority guidelines for managing potential stranding situations and draft Code amendments that can be introduced under urgency if necessary.

These interim measures provide a fall-back position while development of a longer-term solution proceeds as part of a broad-based project, involving Advisory Group input and sector consultation.

http://www.ea.govt.nz/our-work/programmes/market/consumer-rights-policy/assuring-supply/

Wind forecast monitoring: December 2010 quarter

The Authority has published the December 2010 quarterly report evaluating wind-farm generation forecasts.

It is available at:

http://www.ea.govt.nz/industry/market/statistics-reports/wind-forecast-monitoring-reports/

Locational Price Risk Technical Group (LPRTG) appointments

Three appointments have been made to the LPRTG following the close of nominations on 31 January 2011. The new members are:

Mark Harris (Meridian Energy)

Erich Livengood (NZX)

Bruce Girdwood (Vector)

Further information and LPRTG details are available at:

http://www.ea.govt.nz/our-work/advisory-working-groups/lprtg/

Call for nominations: Scarcity Pricing and Default Buy-Back Technical Group (SPRTG)

The Authority is seeking nominations to replace a member of the SPDBTG who has recently resigned. Nominations are invited by 5pm on Friday, 4 March 2011. More details are available at:

http://www.ea.govt.nz/our-work/advisory-working-groups/spdbtg/



Distributed generation reporting due by 1 April

The Authority reminds distributors that they are required under Part 6 of the Code to report distributed generation statistics to the Authority on or before 1 April 2011. These requirements are detailed in clause 26 of Schedule 6.1 and relate solely to the 2010 calendar year.

Part 6 of the Code replaced the Electricity Governance (Connection of Distributed Generation) Regulations 2007 with effect from 1 November 2010.

General information about Part 6 and the required submission form are available at:

http://www.ea.govt.nz/industry/market/distributed-generation/

A nil return is required where there is no data to report. Completed forms, nil returns or any queries on the topic should be directed to retailoperations@ea.govt.nz.

Current Consultations

Code Amendment Proposal: Regulatory Framework for Transmission Pricing Methodology (TPM)
 The Authority has published a Code amendment proposal consultation paper. The establishment of the Authority with a new statutory objective has led to a reconsideration of the decision framework.

 The paper is available at:

http://www.ea.govt.nz/our-work/consultations/priority-projects/regulatory-framework-tpm/

Starting: 14/02/2011, Ending: 14/03/2011 5:00pm

· Generation Fault Ride Through

The Authority has conducted a review of the asset owner performance obligations under the Code which require non-faulted generating assets to remain connected during transmission faults.

The paper is available at:

http://www.ea.govt.nz/our-work/consultations/pso-cq/generation-fault-ride-through/

Starting: 10/02/2011, Ending: 11/03/2011 5:00pm

Vacancies: GM Operations Development

The Authority is currently advertising vacancies for:

- General Manager Operations Development
- Legal Counsel

Further details are available at:

http://www.ea.govt.nz/about-us/careers/

LPRTG meeting: 9 February 2011

Group minutes and meeting papers are available at:

http://www.ea.govt.nz/our-work/advisory-working-groups/lprtg/9Feb11/



Subscription

To subscribe or unsubscribe please email:

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