

## Settlement agreement

On 8 March 2011, the Board approved a settlement agreement between Mighty River Power Limited, Genesis Power Limited, Transpower New Zealand Limited as System Operator (System Operator) and Meridian Energy Limited regarding self-reported breaches of rule 2.7 of technical code A of schedule C3 of part C and an alleged breach of rule 4.11 of section III of part G of the Electricity Governance Rules 2003. The breaches concerned Mighty River Power's failure to comply with the agreed commissioning plan for Nga Awa Purua geothermal plant.

The Investigator is of the view that the settlement reached between the parties creates the basis for safer commissioning and testing practices in the future, not only for Mighty River Power but also for the whole industry.

## Appointment of investigators

On 9 February 2011 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.  
Parties to the investigation are; System Operator, Norske Skog Tasman Limited, Pan Pac Forest Products Limited, New Zealand Steel Limited, Genesis Power Limited, Contact Energy Limited, TrustPower Limited.
- self-reported and alleged breaches of the Electricity Governance Rules 2003 concerning Contact Energy Limited'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.  
Parties to the investigation are; Contact Energy Limited, the System Operator, Meridian Energy Limited, Genesis Power Limited, TrustPower Limited.

Further information about these investigations is available at:

<http://www.ea.govt.nz/act-code-regs/compliance/investigations-settlements-decisions/in-progress/>

## 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 an alleged breach of rule 2.3 of schedule E2 of part E of the Electricity Governance Rules 2003 by Genesis Power Limited and rule 2.4.2.1 of schedule E2 of part E of the Electricity Governance Rules 2003 by Meridian Energy Limited.

Details of these decisions are available at:

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

## Summary of key decisions from the 9 February 2011 Compliance Committee Meeting

Details	Explanation
<b>Electricity Industry Participation Code 2010</b>	
Clause 13.46(3)(a) and 13.51(1)	A participant made errors when submitting changes to reserve offers. The participant mitigated the errors by advising the System Operator by telephone that the reserve offers were cancelled. Further training was provided by the participant and documentation has been improved. The Compliance Committee (Committee) declined to pursue.
Clause 14 of schedule 11.3 and clause 15.2	Due to a human error a participant failed to inform the Registry of a switch request and consequently submitted incomplete submission information to the Reconciliation Manager. The impact was cleared in a regular wash-up. The Committee declined to pursue.
Clause 13.18(1)(a), 13.22(1) and 13.46(3),	Due to a power cut and slow back up connections an agent for a participant could not submit revisions of reserve offer immediately following a plant failure. The Committee declined to pursue.
Clause 13.51(1)	
Clause 33.1 of the Policy Statement	Investigator appointed.
Clause 13.9(b) and 13.19(1)(a)	A participant revised an offer without legitimate bona fide reason. The Committee issued warning letter and declined to pursue.
Clauses 13.206, 13.207 and 13.208	The Pricing Manager failed to calculate constrained on amounts within the prescribed timeframe and failed to send this information to the System Operator, and to publish it to the market. The information sent to the System Operator and published to the market was incomplete. The Committee issued a warning letter to the Chief Executive and declined to pursue.
Clause 14.18(4)	A participant failed to satisfy a call for minimum prudential security within the prescribed timeframe. The Committee issued a warning letter and declined to pursue.
Clause 26.5 Schedule 11.1 and s9(1)(a) of the Act	No breach.
<b>Electricity Governance Rules 2003</b>	
rule 3.6.2 of section II of part G	Due to a human error, an agent for a participant did not submit a bona fide offer change following a ramping up after a plant failure. The Committee declined to pursue.
rule 22.1 of Schedule C4 of part C	The System Operator issued a permanent security constraint (SC) without giving the market a 2 week notice, then failed to give as much notice of a temporary SC as reasonably practicable in the circumstances and failed to set out the reasons for requiring a temporary SC to be implemented within the 2 week notice period. Committee issued warning letter and declined to pursue.
rule 3.15 of section II of part G and rules 4.11 and 4.11.1 of section III of part G	Investigator appointed.
rule 3.1 of part D	Two participants breached several rules regarding metering and submission information obligations. The breaches were a consequence of incorrect metering installation wiring at an ICP. The Committee declined to pursue.
rule 6 of part D	
rule 5.4.1 of code of practice D3 of schedule D1 of part D	

Details	Explanation
rule 3.17.1 of section II of part G	A participant's agent revised its reserve offers and bids for energy for one trading period within the 2 hour trading window without having a bona fide reason. The Committee declined to pursue and issued a warning letter.
rule 6.14.1.1 of section II of part G	
rule 3.1 of schedule J1 and rule 19 of Part J	Two participants failed to apply for certification within the required timeframe and therefore failed to maintain certification. The Committee issued a warning letter issued to the Chief Executive and declined to pursue.
rule 11.9 of section IV of part C	The System Operator overpaid an ancillary service provider by a very small amount for voltage support. The Committee declined to pursue.
rule 4.3.1 of schedule G6 of part G	Due to a database error, the System Operator did not meet the requirements of the dispatch objective for adjustments of frequency keeping dispatch schedules. The Committee declined to pursue.
rule 1.3.4.7 of schedule G6 of part G	The System Operator incorrectly modelled a circuit as being in service for 25 minutes. The outage had been incorrectly considered as a change to offer of an existing outage rather than a new outage for the same circuit. System improvements identified. There was no market impact. The Committee declined to pursue.
rule 1.3.2.4 of schedule G6 of part G	
rule 7.2.1 of part H	A participant defaulted by failing to pay invoices to the Clearing Manager within the prescribed timeframe. The Committee issued a strong warning letter to the Chief Executive and declined to pursue.
rule 3.3.2.3 of section V of part G	The Pricing Manager failed to pay half-hour metering information within the prescribed timeframe. The Committee issued a strong warning letter to the Chief Executive and declined to pursue.
Rule 5.6 of section II of part G	Participant failed to provide revised information to the System Operator. The Committee declined to pursue.
rule 3.1 of part D and rule 1.2 of part J	No breach
rule 1.2 of part J and rule 3.1 part D	Due to faulty workmanship on two ICPs, the participant did not submit correct submission information to the Reconciliation Manager. The Committee declined to pursue and issued a warning letter.
rule 2(2) schedule 3 Electricity Governance (Connection of Distributed Generation) Regulations	No breach.

## New compliance database

The Authority's Compliance team has developed a new compliance database using a web - based application to allow participants to administer breaches online (<http://compliance.ea.govt.nz>). The application enables the participants to:

- report or self-report breaches;
- view the participant's breaches, breach history and the status of current breaches;
- respond to fact finding letters or queries;
- report two hour rule revisions;

- create reports; and
- view and join investigations.

If you have not received your access information please request your password from Compliance by email. Please use the Compliance email [compliance@ea.govt.nz](mailto:compliance@ea.govt.nz) with 'password request' in the subject line.

We would appreciate your feedback on functionality and features to assist future development of the application. Suggestions for new features, which you would like to see or which could make your workflow more efficient, are also welcome.

Please call (04) 460 8868 or email to [alex.ehlert@ea.govt.nz](mailto:alex.ehlert@ea.govt.nz) if you have any questions regarding database features and functionality.

## Compliance Committee meeting

The next Compliance Committee meeting is scheduled for 14 April 2011.

## If you have any question please contact us

If you would like to contact us please email the Compliance team at: [compliance@ea.govt.nz](mailto:compliance@ea.govt.nz) or contact Alex, Chavdar or Peter at:

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