Market Operations

Monthly Service Provider Report

January 2010

This report details monthly information in relation to the wholesale information & trading system, clearing manager and pricing manager functions performed by NZX under contract to the Electricity Commission.

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Introduction

1.1 Purpose

This report details monthly information in relation to the wholesale information & trading system, clearing manager and pricing manager functions performed by NZX under contract to the Electricity Commission.

This report has been prepared in accordance with sections 44 and 45 of the Electricity Governance Regulations 2003 and contains the core reporting requirements plus additional market information that will be of interest to the Board.

1.2 Contact Details

The following is a list of contact details for further information or questions pertaining to this report:

WITS Market Information System
David Godfrey, Information Technology Manager +64 4 498 0048

Service Operations
Ashley Milkop, Energy Services Manager +64 4 498 0028

2. Core Reporting

2.1 Compliance with Regulations and Rules

To the best of our knowledge all NZX service providers complied with their obligations under the regulations and rules during the reporting month.

2.2 Operation of the Regulations and Rules

The NZX service providers have not during the reporting month identified any areas where, in their view, a change to the regulations or rules may need to be considered.

2.3 Compliance with Service Provider Agreements

To the best of our knowledge, all provisions of the service provider agreement have been adhered to during the reporting month.

2.4 Compliance with Agreed Performance Standards

2.4.1 Wholesale Information & Trading System Manager (WITS/COMIT)

WITS processing times have increased because of receiving a marked increase in data post implementation of MSP in 21st July. Optimisation work is underway.

Measure	Achieved This Month	Standard
WITS/COMIT availability	100%	99.72%
WITS/COMIT Electricity Info Module availability	100%	90%
WITS/COMIT Risk Contract Mgmt Module availability	100%	90%
WITS/COMIT 6-month availability	99.98%	99.72%
WITS/COMIT file upload availability	100%	99.72%
Average time to publish PDS	6min 9secs	7mins
Average time to publish dispatch prices	1min	1min
Average time to publish provisional/final prices	41secs	1min 30secs

The target level of 99.72% relates to the equivalent of no more than two hours of outages per calendar month. Core functionality denotes all the systems and facilities necessary to fulfil the wholesale information system requirements of the EGRs as part of the Wholesale Information & Trading System service provider agreement.

2.4.2 Clearing Manager

Measure	Achieved This Month	Standard
Wash-up notifications distributed to parties by 5th business day of each month	Yes	92%
Invoices released by 6pm on 9th business day	Yes	92%
Constrained on/off amounts released to System Operator by 9am on 8th business day	Yes	92%
Amounts payable to payees sent through to the bank by 5:30pm on settlement day	Yes	92%
Number of invoice calculation errors	0	0
Number of security level calculation errors	0	0

The target level of 92% relates to the equivalent of no more than one instance of missing the deadline within a twelve-month period. The zero standards indicate that the Board expects there to be no calculation errors, in either invoices or the establishment of security levels.

2.4.3 Pricing Manager

On Sunday 31 January, the pricing manager issued notice that no prices (provisional or final) would be published that day for trading day 30 January 2010, and distributed to market indicative energy and reserve prices in a spreadsheet.

This followed the system operator issuing a Final Trading Period Information Notice at 21:35 on 30 January. The SAD back-up dispatch system was used for dispatch and the system operator was not able to verify all inputs to final pricing.

The pricing manager response was that agreed by the pricing manager, Commission and system operator when this potential issue was identified during implementation of the new market system (MSP project).

This action was discussed with, and approved by, Tim Street at 9am on 31 January before implementation.

Measure	Achieved This Month	Standard
Final prices published by 9:22am if no provisional price situation exists	100%	97%
Provisional prices published by 10:22am if provisional price situation exists	100%*	97%
Final prices published within 2 hours 30 minutes of a System Operator/Grid Owner fix to a provisional price situation	100%	97%
IT processing time to publish final prices within 3 minutes 15 seconds of sending	100%	97%
Number of price processing errors	0%	0%

* Please note that one solve was not published due to information from the system operator not being provided.

The target level of 97% relates to the equivalent of no more than one instance of missing a listed deadline within a calendar month. The zero percent standard indicates that the Board expects there to be no errors caused by the pricing manager in the calculation of prices.

3. Additional Information

3.1 IT Systems

3.1.1 Outage Summary

There was one planned Transpower outage on 26th January for 25 minutes to the Market System for urgent database maintenance. During this time all orders were held in WITS.

There was one planned outage to the Emergency Upload Facility on 12th January for 30 minutes. WITS was available during this time.

3.1.2 Rule Change Implementations

No rule change implementations were carried out during the month.

3.1.3 Minor System Changes

During the month, a number of minor maintenance changes were made to the WITS and CHASM systems.

3.1.4 Other Work

Work is being carried out on WITS rebranding and six monthly DR testing.

3.2 Clearing Manager

3.2.1 Invoicing and Settlement

Monthly settlement (December 2009 billing period settled on January 20):

Amounts Received

Received from Payers	$200,317,809

Amounts Paid

Paid to Payees	$195,641,994
Loss and Constraint Excess	$4,675,813

Total settlement (1 April 04 to 31 January 2010):

Amounts Received

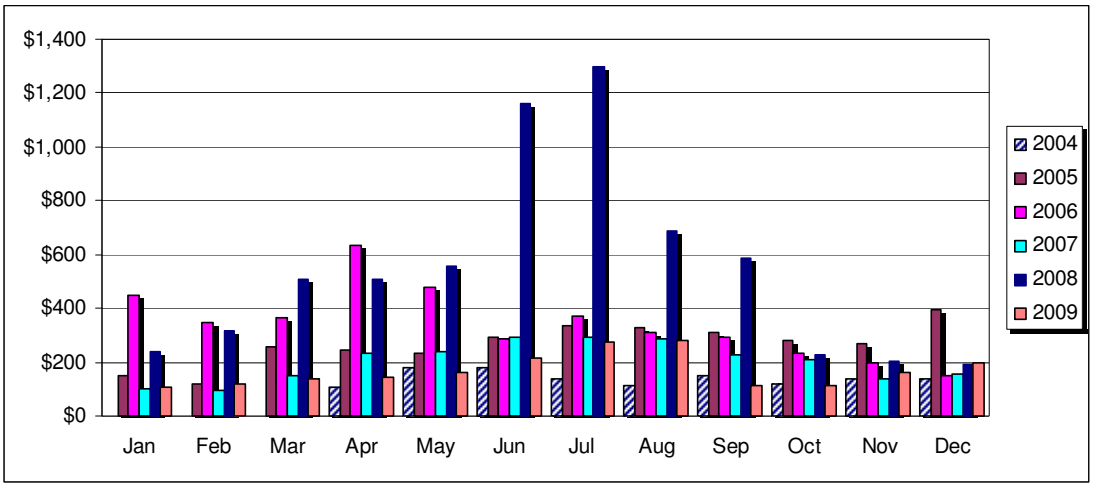
Received from Payers $19,850,964,076

Amounts Paid

Paid to Payees $19,261,125,321

Loss and Constraint Excess $589,791,046

Graphically, total settlement since April 2004 is as follows:



3.2.2 Security Monitoring

At the end of January 2009 the clearing manager held security of $203,039,499 with the total payers' projected exposure to 28 February 2010 estimated at $146,185,070.

There were 0 calls for security and 0 reductions in security in January.

3.2.3 Ancillary Services

Payments to Ancillary Services Agents in January 2010 for the December 2009 billing period totalled $5,610,453. That amount was made up of the following:

Type	Amount (GST incl.)
Black Start	$44,369
Over-frequency Reserve	$64,125
Frequency Keeping	$2,325,350
Instantaneous Reserve	$1,105,603
Voltage Support	$751,710

Further details and historical and graphical information regarding ancillary service can be found in the system operator monthly service provider report at: http://www.electricitycommission.govt.nz/opdev/servprovinfo/somonthly

3.2.4 Constrained on

Total constrained on for the December 2009 billing period were $953,306. These amounts were paid to generators by the clearing manager and the system operator on the December 2009 invoices issued in January 2010.

3.2.5 Constrained off

Total constrained off amounts for the December 2009 billing period were $671,080. Only constrained off amounts that are attributable to the system operator are paid to generators.

3.2.6 Must Run Dispatch Auction

There were bids into the must run dispatch auction every day in January. The Day auction cleared with a price of $0.01) for all days in January. The Night auction was more contested, especially at the beginning of the month, where the clearing price was $0.07 until 10 January 2010.

3.3 Pricing Manager

3.3.1 Daily Pricing Statistics

For January 2010, the pricing manager performed 42 pricing solves.

Pricing Situations that occurred in December were:

Infeasibility Situations	Metering Situations	High Spring Washer Price Situations
10	2	1

Publication time for Final prices in January:

Publication category	Number of cases
1st solve published same day before 9:22	21
2nd solve published same day before 12:00	2
2nd solve published same day before 17:00	4
2nd solve published 1st business day following weekend provisional	3

2nd solve delayed more than one business day	n/a
3rd solve published same day before 12:00	1
3rd solve published same day before 17:00	n/a

3.3.2 Price Commentary

In general, strong hydro inflows from the previous month and lower demand caused lake levels in the South Island to reach their capacities. Prices mostly stayed below $50/MWh until 15 January when prices in the North Island headed up toward the $100/MWh mark.

There was one major generator outages, with Otahuhu (OTC_Stn, 365 MW) out all month (scheduled to return around the end of February).

Change in monthly average Final prices at reference nodes ($/MWh):

	Jan-10	Dec-09	Change
BEN2201	34.41	66.54	-48%
HAY2201	49.10	70.57	-30%
OTA2201	55.41	70.82	-22%

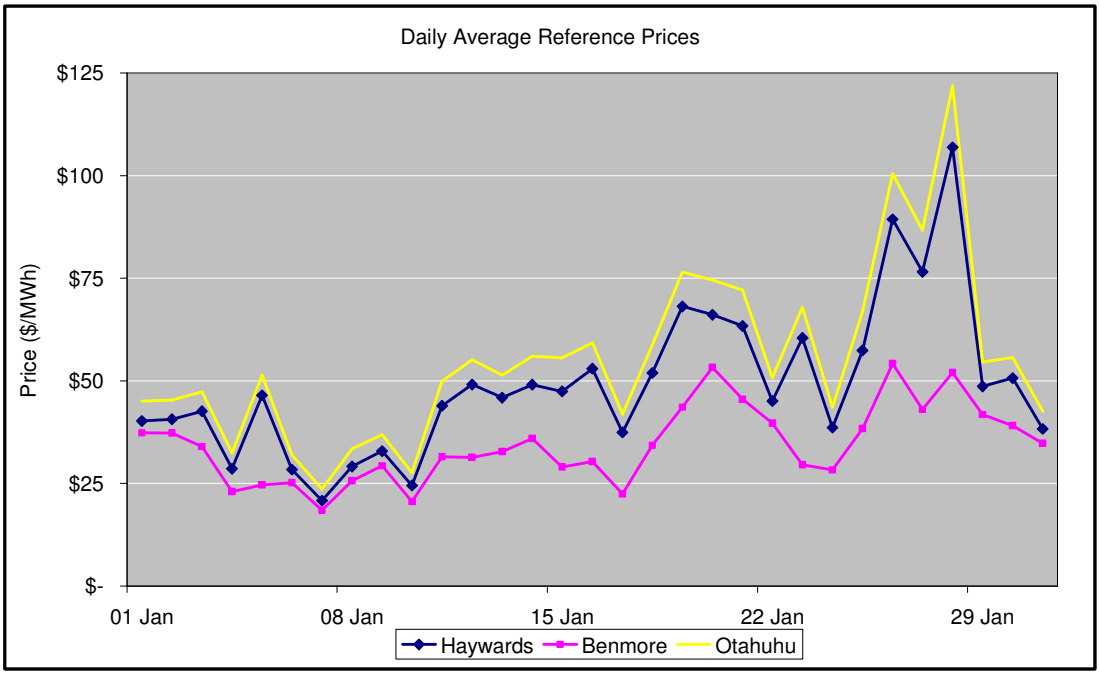
Total hydro storage at the end of January was 115% of the long-term average for that time of year and 85% of maximum storage. Storage rose to 95% of maximum storage on 10 January (and as high as 99% for the South Island).

3.3.3 Monthly Average Reference Price Summary

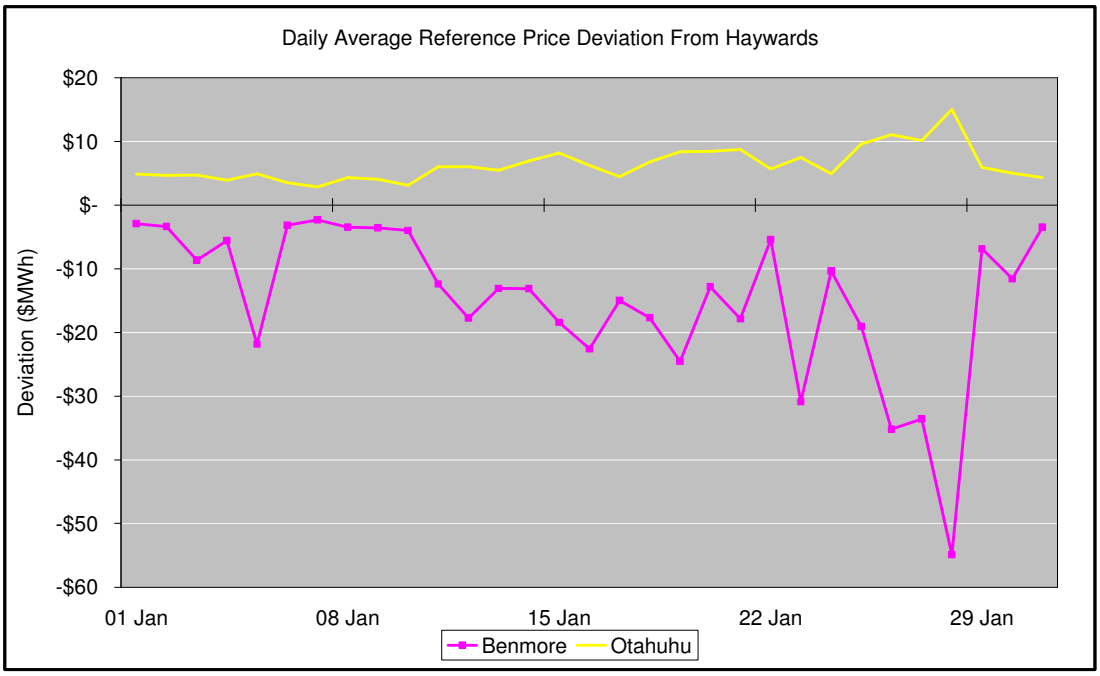
Monthly Summary	*January-10*		
Haywards (HAY2201)	**Forecast**	**Dispatch**	**Final**
Average Price:	$ 54.86	$ 51.04	$ 49.10
Highest Price:	$ 350.94	$ 2,895.48	$ 339.28
Lowest Price:	$ 0.02	$ 0.01	$ 0.02
Half Hours > $100:	90	73	68
Average Weekday (excl stats):	$ 59.79	$ 58.23	$ 54.42
Average Weekend (incl stats):	$ 47.06	$ 39.67	$ 40.67
Benmore (BEN2201)	**Forecast**	**Dispatch**	**Final**
Average Price:	$ 40.38	$ 33.47	$ 34.41
Highest Price:	$ 120.31	$ 180.28	$ 180.22
Lowest Price:	$ 0.02	$ 0.01	$ 0.02
Half Hours > $100:	17	1	2
Average Weekday (excl stats):	$ 43.93	$ 36.02	$ 36.87
Average Weekend (incl stats):	$ 34.76	$ 29.41	$ 30.51
Otahuhu (OTA2201)		**Dispatch**	**Final**
Average Price:		$ 55.47	$ 55.41
Highest Price:		$ 377.77	$ 378.24
Lowest Price:		$ -	$ 0.02
Half Hours > $100:		82	82
Average Weekday (excl stats):		$ 62.46	$ 61.68
Average Weekend (incl stats):		$ 44.41	$ 45.48

Note: Forecast prices for Otahuhu are not published

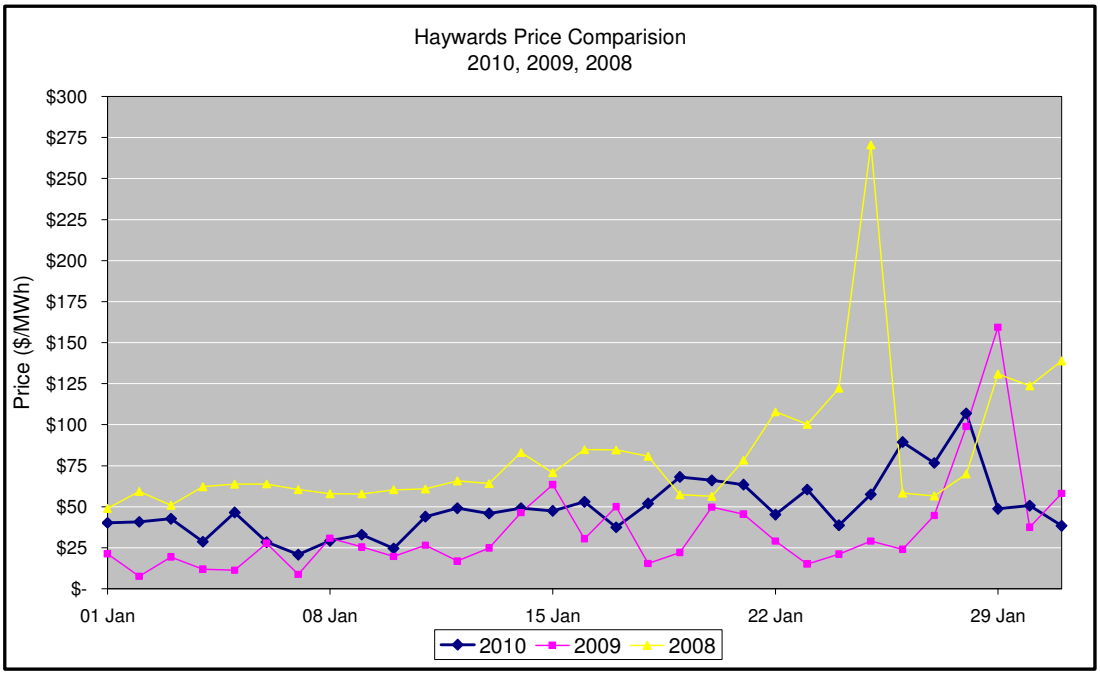
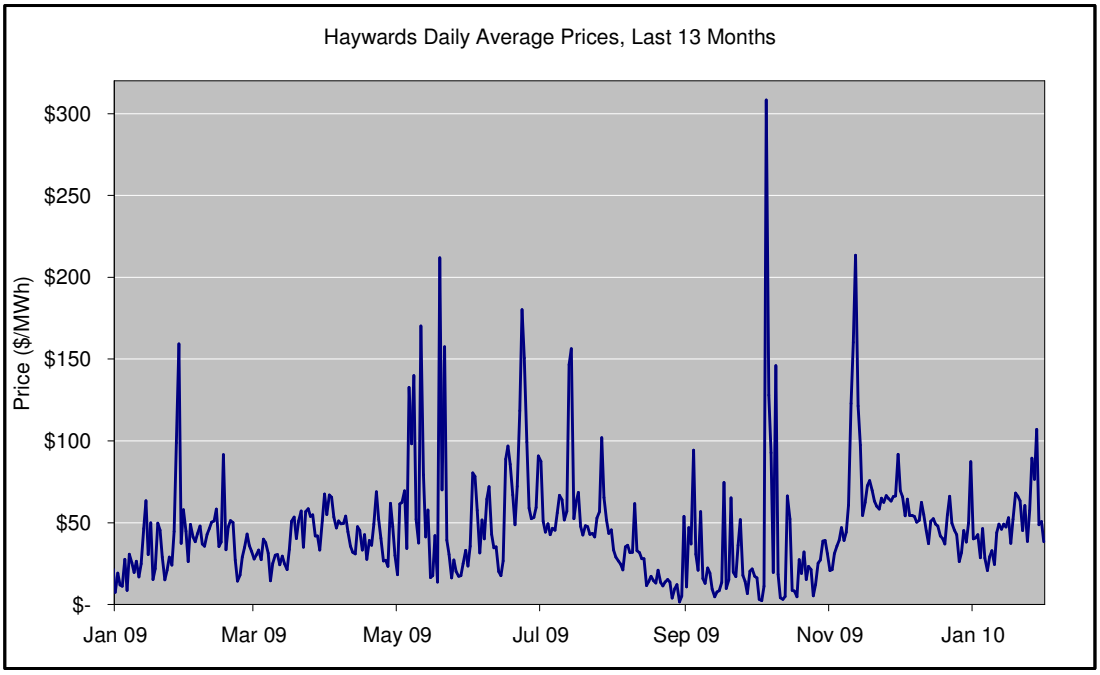
3.3.4 Daily Average Reference Price Graph



3.3.5 Daily Average Reference Price Deviation from Haywards



3.3.6 Daily Average Haywards Price Comparison



3.3.7 Haywards 13 Month Daily Average Price Comparison