Market Operations

Monthly Service Provider Report

December 2009

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	99.93%	99.72%
WITS/COMIT file upload availability	100%	99.72%
Average time to publish PDS	5min 40secs	7mins
Average time to publish dispatch prices	58secs	1min
Average time to publish provisional/final prices	40secs	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

Two half-day final pricing cases were published for 9 December due to changes in the system operator modelling. The two cases were published one after the other, both before 9:22am on 10 December.

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%

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 were three planned Transpower outages:

3 December 11:00 to 13:00 - Market System switchover from Wellington to Hamilton.
11 December 11:15 to 13:00, 13:35 to 15:50 - Market System release.
17 December 11:15 to 12:20 – Latest release of the Market System.

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

The final enhancement was released and then backed-out due to inadequate testing by participants. This enhancement will be released again once all testing has been completed.

Work is being carried out on WITS rebranding.

3.2 Clearing Manager

3.2.1 Invoicing and Settlement

Monthly settlement (November 2009 billing period settled on December 21):

Amounts Received

Received from Payers	$274,231,754

Amounts Paid

Paid to Payees	$269,644,718
Loss and Constraint Excess	$4,587,035

Total settlement (1 April 04 to 31 December 2009):

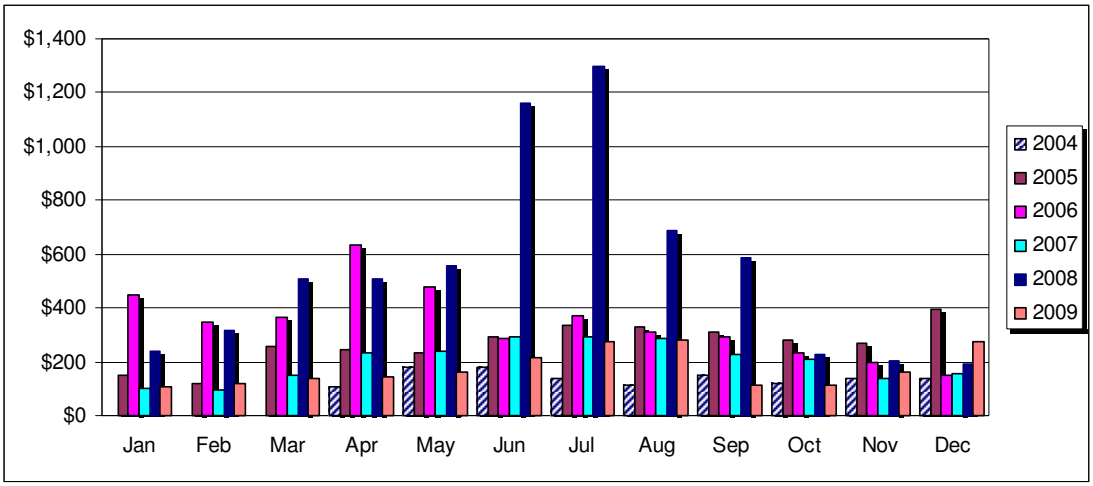
Amounts Received

Received from Payers	$19,650,646,265

Amounts Paid

Paid to Payees	$19,065,483,305
Loss and Constraint Excess	$585,115,230

Graphically, total settlement since April 2004 is as follows:



3.2.2 Security Monitoring

At the end of December 2009 the clearing manager held security of $203,039,499 with the total payers' projected exposure to 27 January 2009 estimated at $68,191,999.

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

3.2.3 Ancillary Services

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

Type	Amount (GST incl.)
Black Start	$38,258
Over-frequency Reserve	$59,945
Frequency Keeping	$3,099,287
Instantaneous Reserve	$1,656,406
Voltage Support	$756,554

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 November 2009 billing period were $2,196,440. These amounts were paid to generators by the clearing manager and the system operator on the November 2009 invoices issued in December 2009.

3.2.5 Constrained off

Total constrained off amounts for the November 2009 billing period were $1,242,761. 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 December. The Day auction cleared with a price of $0.01) for all days in December. The Night auction was more contested near the end of the month, and for 21 – 31 December, did not fully clear with a clearing price of $0.07.

3.2.7 Daily Pricing Statistics

For December 2009, the pricing manager performed 36 pricing solves. Two solves were not published, 1 was published as Provisional, and 32 published as Final. Two half-day final pricing cases were published for 9 December due to changes in the system operator modelling.

Pricing Situations that occurred in December were:

Infeasibility Situations	Metering Situations	High Spring Washer Price Situations
3	1	0

Publication time for Final prices in December:

Publication category	Number of cases
1st solve published same day before 9:22	28*
2nd solve published same day before 12:00	3
2nd solve published same	0

day before 17:00	
2nd solve published 1st business day following weekend provisional	0
2nd solve delayed more than one business day	1
3rd solve published same day before 12:00	n/a
3rd solve published same day before 17:00	n/a

*Includes the 2 half-day solves for 9-Dec-2009, published one after the other and both before 09:22

3.2.8 Price Commentary

In general, strong hydro inflows lead to prices decreasing over the month from about $70/MWh to about $45/MWh. There was little price separation between the islands, with prices lower in the South Island.

North Island prices rose on 31 December, with high reserve prices between 08:00 and 13:00.

There were two major generator outages, with Otahuhu (OTC_Stn, 365 MW) out all month and Huntly unit one (HLY1, 243 MW) out 01 – 13 December.

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

	Dec-09	Nov-09	Change
BEN2201	46.30	66.54	-30%
HAY2201	50.80	70.57	-28%
OTA2201	55.52	70.82	-22%

Total hydro storage at the end of December was 118% of the long-term average at this time of the year and 81% of maximum storage. At 3472 GWh it was 30% up from 2664 GWh at the end of November.

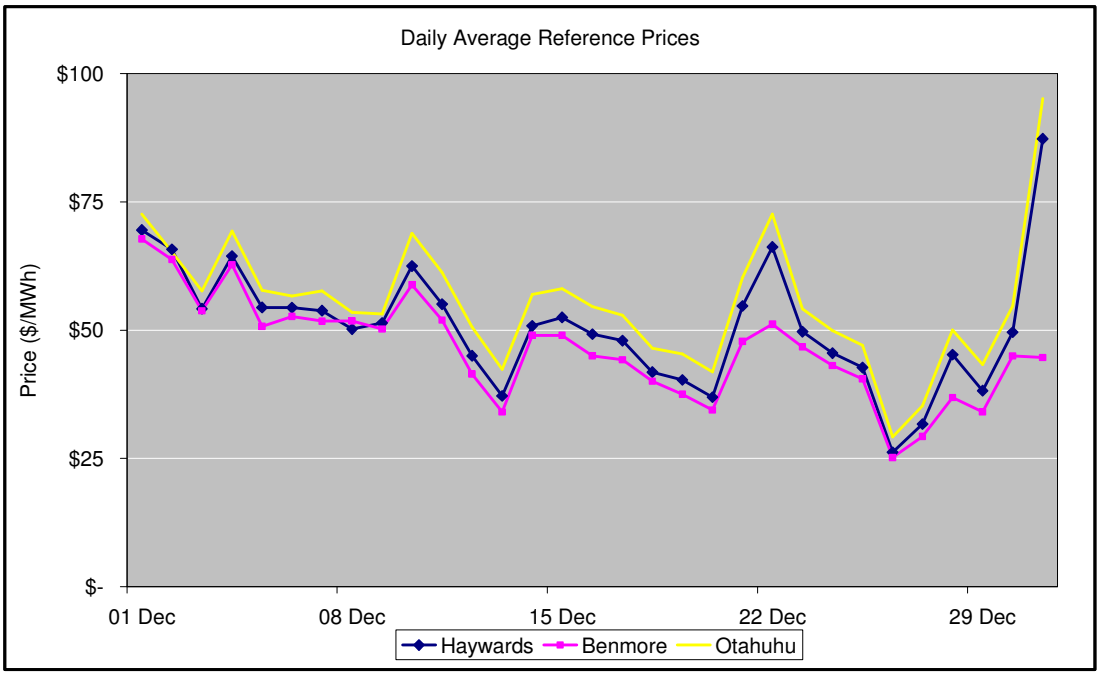
Total monthly inflows for December were 113% of the long term average, with inflows at or above average for the whole month.

3.2.9 Monthly Average Reference Price Summary

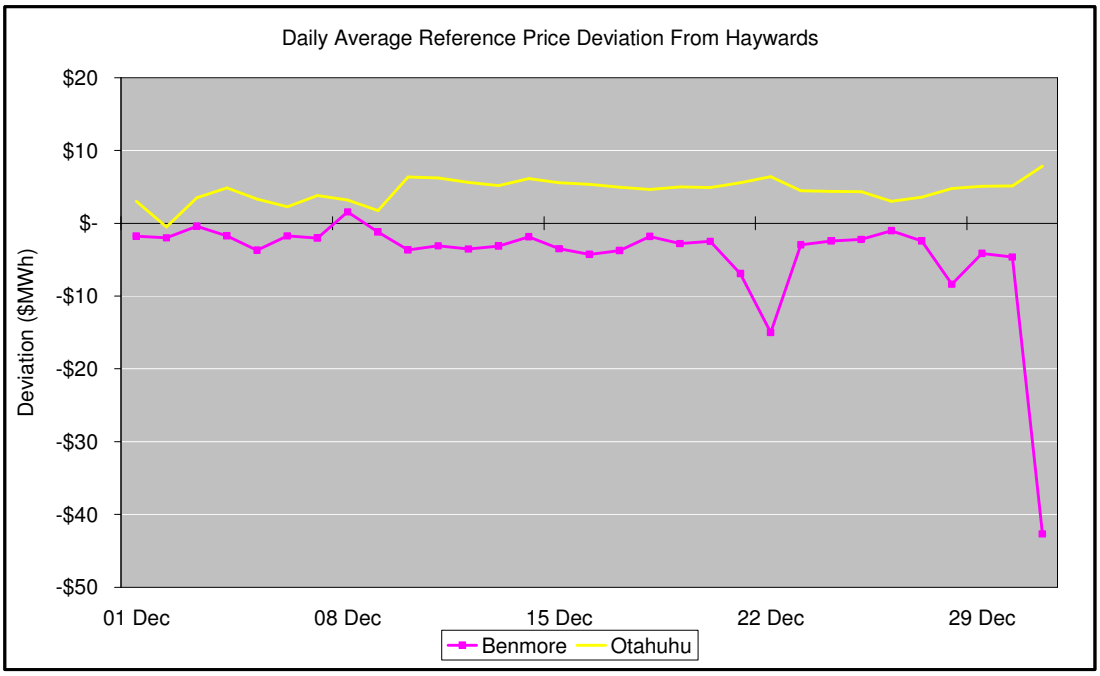
Monthly Summary	*December-09*		
Haywards (HAY2201)	**Forecast**	**Dispatch**	**Final**
Average Price:	$ 72.70	$ 118.57	$ 50.80
Highest Price:	$ 907.25	$ 26,706.83	$ 286.82
Lowest Price:	$ 6.46	$ 0.01	$ 0.01
Half Hours > $100:	171	16	10
Average Weekday (excl stats):	$ 76.37	$ 145.80	$ 54.29
Average Weekend (incl stats):	$ 62.16	$ 40.32	$ 40.77
Benmore (BEN2201)	**Forecast**	**Dispatch**	**Final**
Average Price:	$ 56.98	$ 114.60	$ 46.30
Highest Price:	$ 160.10	$ 25,857.47	$ 89.42
Lowest Price:	$ 6.25	$ 0.01	$ 0.01
Half Hours > $100:	29	5	-
Average Weekday (excl stats):	$ 58.57	$ 137.58	$ 49.12
Average Weekend (incl stats):	$ 52.43	$ 37.69	$ 38.17
Otahuhu (OTA2201)		**Dispatch**	**Final**
Average Price:		$ 255.92	$ 55.52
Highest Price:		$ 74,768.98	$ 312.07
Lowest Price:		$ 0.01	$ 0.01
Half Hours > $100:		18	14
Average Weekday (excl stats):		$ 329.49	$ 59.22
Average Weekend (incl stats):		$ 44.41	$ 44.89

Note: Forecast prices for Otahuhu are not published

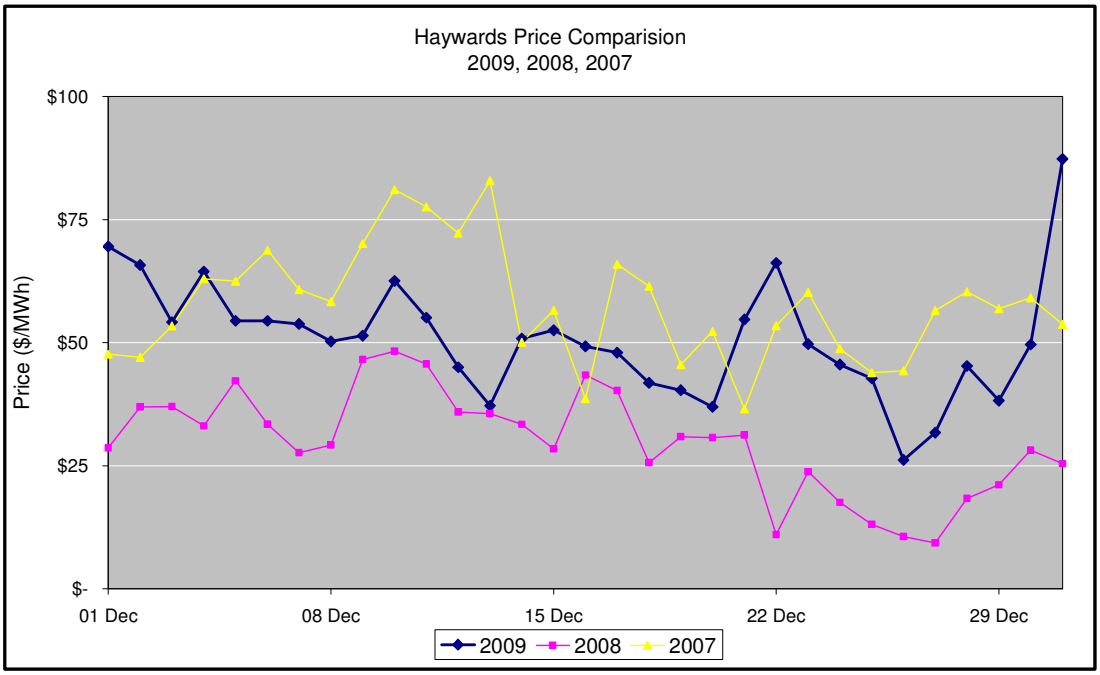
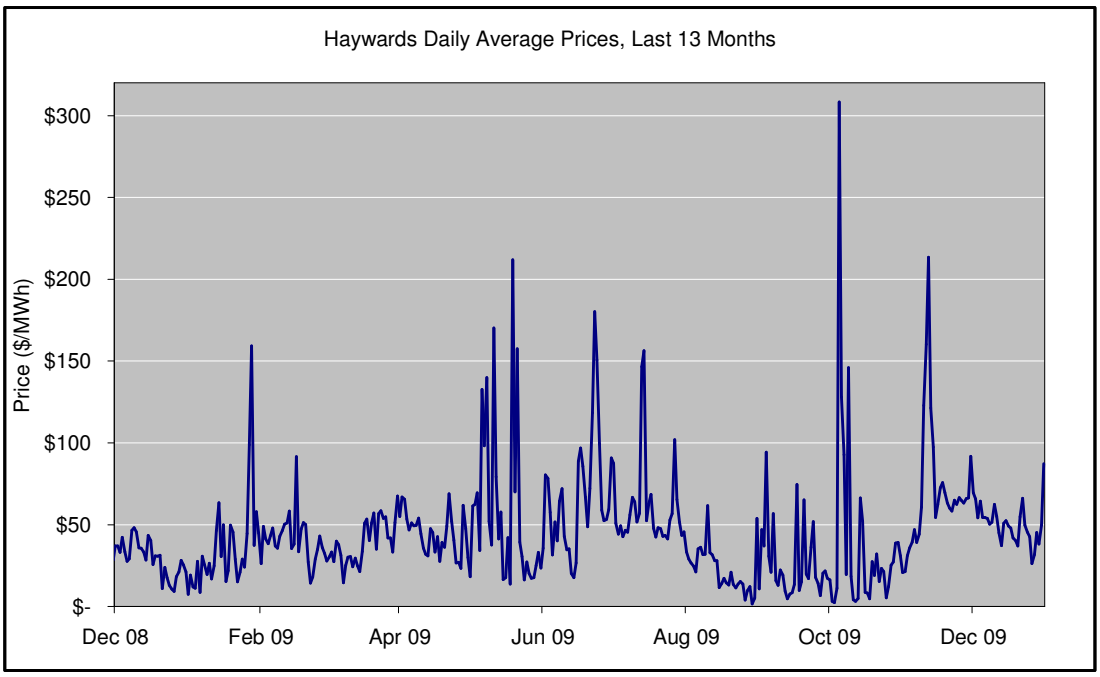
3.2.10 Daily Average Reference Price Graph



3.2.11 Daily Average Reference Price Deviation from Haywards



3.2.12 Daily Average Haywards Price Comparison



3.2.13 Haywards 13 Month Daily Average Price Comparison