Market Operations

Monthly Service Provider Report

November 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	99.98%	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 37secs	7mins
Average time to publish dispatch prices	57secs	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

Prices for 12 November were published later than the service provider level due to the Commission ordering a delay. On 12 November, the system operator issued a CAN notice due to problems with 5 minute pricing. Contact Energy raised concerns primarily about a big discrepancy between 5 minute prices and dispatch prices, including five minute prices at KWA0331 as high as $96,000 / MWh. However final prices were aligned with dispatch prices at considerably lower levels and published as-calculated before the EGR deadline of 12:00.

Measure	Achieved This Month	Standard
Final prices published by 9:22am if no provisional price situation exists	97%*	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 was one planned 10 minute outage for system maintenance on 11th November 2009.

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

Progress is being made on the final three enhancements and discussion about future enhancement programmes is underway.

The operational requirements audit with Deloittes is in progress.

WITS rebranding work has been started.

3.2 Clearing Manager

3.2.1 Invoicing and Settlement

Monthly settlement (August 2009 billing period settled on November 20):

Amounts Received

Received from Payers	$164,233,372

Amounts Paid

Paid to Payees	$152,211,877
Loss and Constraint Excess	$12,021,492

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

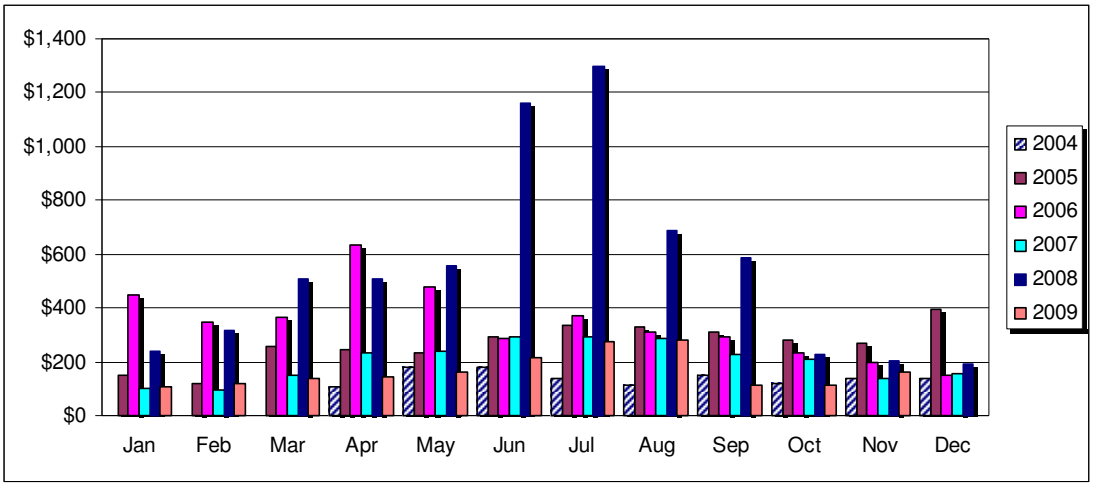
Amounts Received

Received from Payers	$19,376,414,511

Amounts Paid

Paid to Payees	$18,795,838,587
Loss and Constraint Excess	$580,528,195

Graphically, total settlement since April 2004 is as follows:



3.2.2 Security Monitoring

At the end of November 2009 the clearing manager held security of $203,424,605 with the total payers' projected exposure to 28 December 2009 estimated at $54,164,383.

There were 4 calls for security and 0 reductions in security in November.

3.2.3 Ancillary Services

Payments to Ancillary Services Agents in November 2009 for the October 2009 billing period totalled $13,865,647. That amount was made up of the following:

Type	Amount (GST incl.)
Black Start	$38,258
Over-frequency Reserve	$59,945
Frequency Keeping	$2,422,599
Instantaneous Reserve	$10,592,292
Voltage Support	$752,553

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 October 2009 billing period were $2,232,572. These amounts were paid to generators by the clearing manager and the system operator on the October 2009 invoices issued in November 2009.

3.2.5 Constrained off

Total constrained off amounts for the October 2009 billing period were $2,597,460. 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 November, but as hydro storage weakened, the total quantity of bids decreased. On all days both the Night and Day auctions were fully cleared (i.e. clearing price $0.01).

3.2.7 Daily Pricing Statistics

For November 2009, the pricing manager performed 49 pricing solves. Twelve solves were not published, 7 were published as Provisional, and 30 published as Final. Two trading days required three solves due to metering and infeasibility situations not both being resolved before 10:00am.

Pricing Situations that occurred in October were:

Infeasibility Situations	Metering Situations	High Spring Washer Price Situations
12	9	0

Publication time for Final prices in November:

Publication category	Number of cases
1st solve published same day before 9:22	13
2nd solve published same day before 12:00	10
2nd solve published same day before 17:00	1

2nd solve published 1st business day following weekend provisional	4
2nd solve delayed more than one business day	0
3rd solve published same day before 12:00	1
3rd solve published same day before 17:00	1

3.2.8 Price Commentary

In the first week of November, decreasing hydro storage saw daily average reference prices increase roughly from $20/MWh to $50/MWh.

There were no HVDC flows from 06:00 on 11-Nov to 16:00 on 15-Nov. Combined with reduced generation capacity, North Island prices peaked on 12-November at above $200/MWh.

The second half of the month saw little price separation between the islands with BEN, OTA and HAY reference prices relatively constant at about $70/MWh.

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

	Nov-09	Oct-09	Change
BEN2201	66.54	15.16	339%
HAY2201	70.57	39.22	80%
OTA2201	70.82	41.37	71%

Total hydro storage at the end of November was 101% of the long-term average at this time of the year and 62% of maximum storage. At 2664 GWh it was 1% up from 2629 GWh at the end of October.

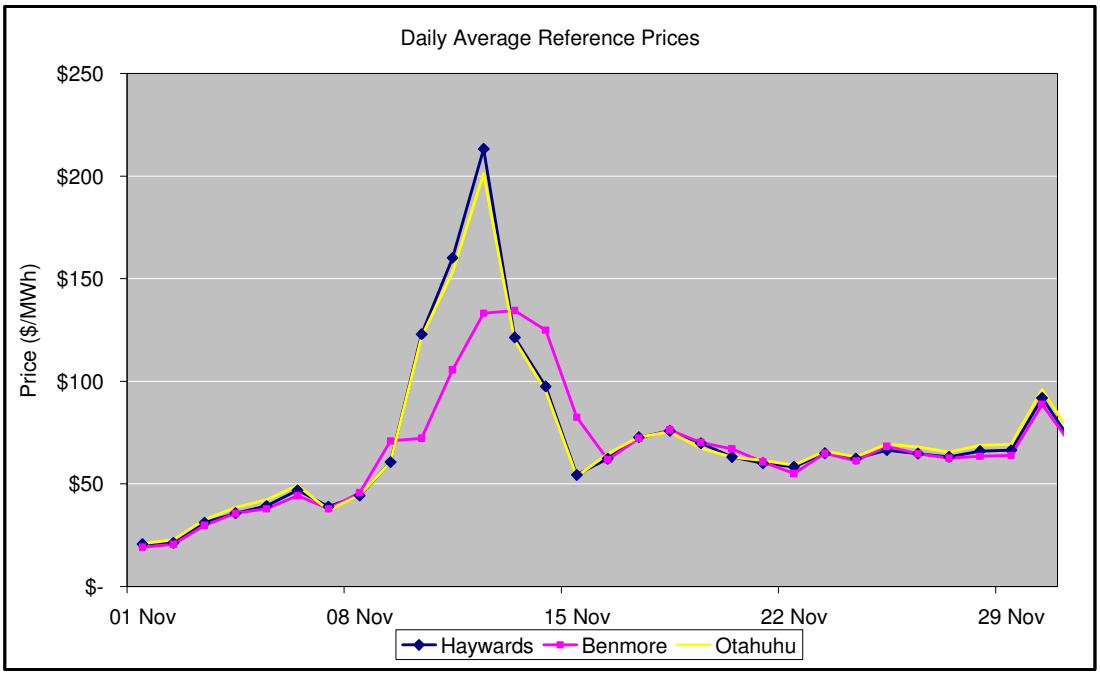
Total monthly inflows for November were 75% of the long term average, with above average flows only for three days in the last week of the month.

3.2.9 Monthly Average Reference Price Summary

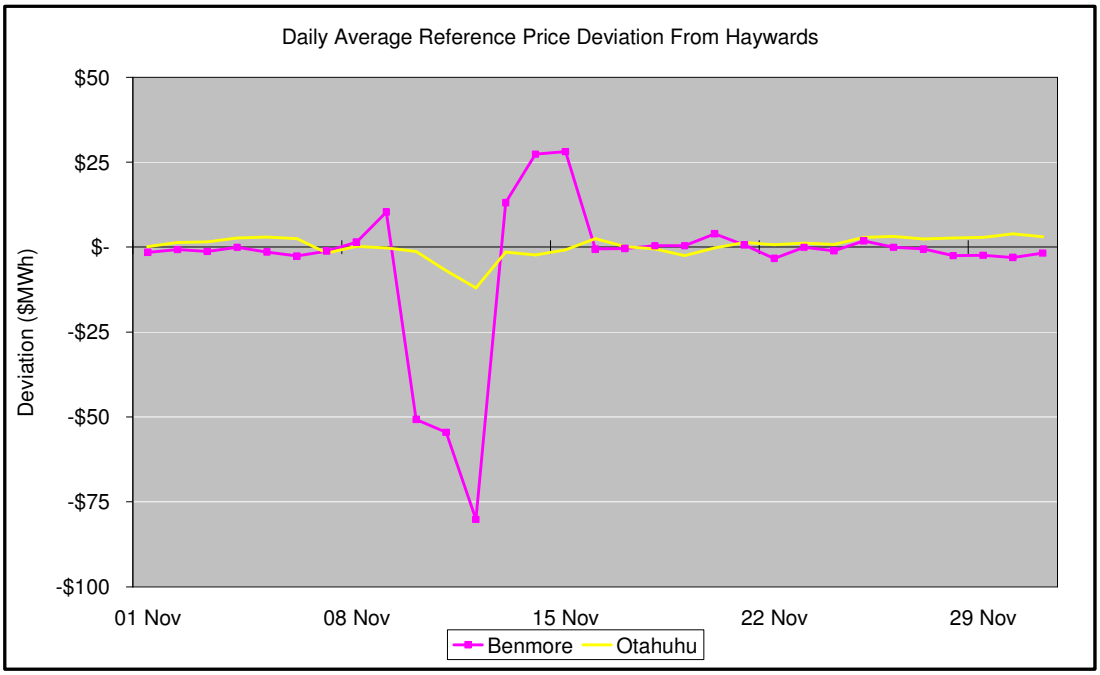
Monthly Summary	*November-09*		
Haywards (HAY2201)	**Forecast**	**Dispatch**	**Final**
Average Price:	$ 83.58	$ 70.60	$ 70.57
Highest Price:	$ 1,123.11	$ 1,123.02	$ 1,121.40
Lowest Price:	$ 0.30	$ 0.01	$ 0.01
Half Hours > $100:	179	112	122
Average Weekday (excl stats):	$ 84.92	$ 77.53	$ 76.91
Average Weekend (incl stats):	$ 80.45	$ 54.44	$ 55.77
Benmore (BEN2201)	**Forecast**	**Dispatch**	**Final**
Average Price:	$ 68.13	$ 64.98	$ 66.54
Highest Price:	$ 181.61	$ 197.94	$ 199.15
Lowest Price:	$ 7.98	$ 0.01	$ 0.01
Half Hours > $100:	163	186	201
Average Weekday (excl stats):	$ 69.15	$ 67.18	$ 68.87
Average Weekend (incl stats):	$ 65.73	$ 60.40	$ 61.10
Otahuhu (OTA2201)		**Dispatch**	**Final**
Average Price:		$ 70.82	$ 70.82
Highest Price:		$ 1,098.21	$ 1,097.94
Lowest Price:		$ 0.01	$ 0.01
Half Hours > $100:		111	122
Average Weekday (excl stats):		$ 77.65	$ 77.04
Average Weekend (incl stats):		$ 54.86	$ 56.29

Note: Forecast prices for Otahuhu are not published

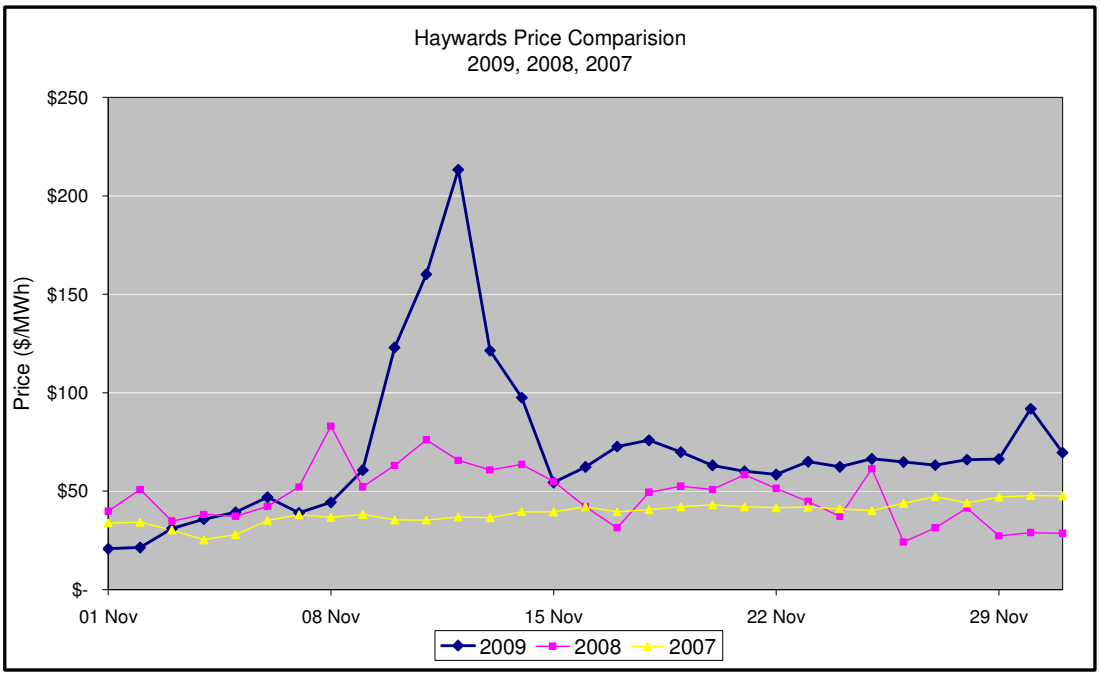
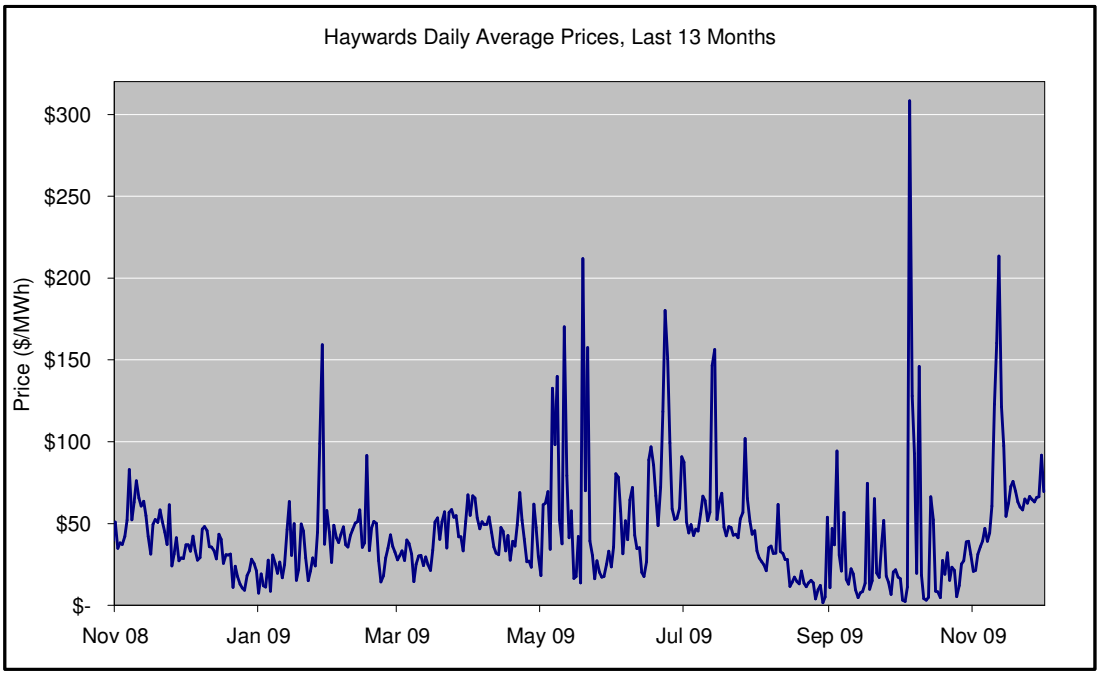
3.2.10 Daily Average Reference Price Graph



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