

**Notice of the Electricity Industry Participation
(High Spring Washer Price Situation) Code
Amendment 2011**

1. Pursuant to section 38(3)(b) of the Electricity Industry Act 2010 ("Act"), the Electricity Authority ("Authority") gives notice of the making of the Electricity Industry Participation (High Spring Washer Price Situation) Code Amendment 2011.
2. The amendment is made urgently under section 40(1) of the Act. The amendment comes into force on **23 December 2011**.
3. The amendment provides for a change to the methodology that the system operator must apply to resolve a high spring washer price situation to take into account the system operator's simultaneous feasibility test.
4. The amendment requires that the high spring washer price relaxation factor be applied to parallel transmission security constraints in certain circumstances.
5. The Authority considers that it is desirable to make the amendment urgently because:
 - (a) since the system operator changed the process for applying constraints to parallel lines in March 2011, there is a high risk that a high spring washer price situation involving parallel lines will no longer be able to be resolved by applying clause 13.134 of the Electricity Industry Participation Code 2010 ("Code");
 - (b) such an outcome is highly likely to undermine confidence in the pricing process, and could potentially give rise to participants claiming an undesirable trading situation (due to the inability of the current methodology in the Code to resolve the high spring washer price situation); and
 - (c) although the chance of such a situation occurring within the period required to develop a normal Code amendment is low, the consequence is significant enough to make it desirable in the public interest to make an urgent amendment to the Code.
6. A copy of the amendment and the Code is available on the Electricity Authority's website
www.ea.govt.nz/act-code-regs/code-regs/
7. A copy of the amendment and the Code may also be inspected free of charge or purchased from the Electricity Authority, Level 7, ASB Bank Tower, 2 Hunter Street, Wellington.

Dated at Wellington this 16th day of December 2011.

DR THOMAS BRENT LAYTON, Chairperson, Electricity Authority.

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