

7 June 2011

Submissions  
 Electricity Authority  
 PO Box 10041  
 Wellington 6143

To whom it concerns.

Please find below Air New Zealand's response to questions posed in your Consultation Paper date 15 June - Proposed action of the Electricity Authority under Part 5 of the Electricity Industry Participation Code to correct an Undesirable Trading Situation that occurred on 26 March 2011.

Question Number	General comments in regards to the question	Response
1	<p>We believe that while a reduction in pricing has been recommended it does not go far enough to provide a disincentive to generators from taking advantage of similar market conditions in future.</p> <p>Even though the Authority ruled a UTS has occurred, at \$3,000 MWh Generators are still making enough profit to risk this behaviour (and potentially another UTS occurrence) in future.</p>	<p><b>NO</b></p> <p>Air New Zealand does not agree with the proposed action that the Authority intend to take to correct the UTS and would suggest further reduction to the same day and time period in 2010.</p>
2	<p>Air New Zealand would propose reducing the price per MWh of March 26 2011 between the trading periods of 22 to 35 to \$127 MWh, which was the average for the same trading period on the 27<sup>th</sup> March 2010.</p> <p>We acknowledge the Huntly plant is more costly to operate and a further reduction will financially penalise Genesis Energy, however we also believe this will send a very clear message to generators and provides strong disincentive for a repeat of this situation.</p>	<p><b>YES</b></p> <p>Air New Zealand believe by taking a firmer approach the Authority has the opportunity to reduce the risk of a UTS occurring in future</p>

If you require any additional information please free to make contact via email at [mandy.varney@airnz.co.nz](mailto:mandy.varney@airnz.co.nz).

Yours sincerely

Signature:

Air New Zealand Limited by:

Name:



Bob Ball

Date:

20 June 2011