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A BlueScope Steel Company

21 June 2011

The Chair
UTS Committee
Electricity Authority
PO Box 10041
The Terrace
WELLINGTON 6143

By Email to: submissions@ea.govt.nz

Dear Dr Layton,

Re: Proposed Actions Regarding 26 March 2011 UTS

New Zealand Steel Ltd (NZS) refers to the final decision of the Electricity Authority (the Authority) that an Undesirable Trading Situation (UTS) occurred on 26 March 2011.

In the attached submission, NZS offers its views on the actions the Authority proposes to take to correct the UTS as requested by the Authority in the Consultation Paper, dated 15 June 2011.

NZS thanks the Authority for the opportunity to make a submission; and requests that the content of the submission be kept confidential.

Yours sincerely,

A handwritten signature in black ink, appearing to read "S. Linge", with a large, stylized flourish at the end.

Simon Linge
President
New Zealand Steel & Pacific Islands

New Zealand Steel Ltd

Submission on the Electricity Authority's Proposed Actions to correct the UTS of 26 March 2011

Question No.	General Comments in regards to the question	Response
<p>Q.1 Do you agree with the proposed actions that the Authority intends to take to correct the UTS? Please give reasons for your answer.</p> <p>Q.2 Are there any other actions that the Authority should take to correct the UTS? If so, please detail the other actions.</p>	<p>NZS notes that the Authority is not consulting on its final decision, but rather in regard to its proposed actions. In this regard, we do not agree with the quantum referred to in paragraph 186(a)(i).</p>	<p>NZ Steel supports the Authority's resetting of prices during trading periods 22 to 35 (both inclusive) on 26 March, but submits that the \$3,000/MWh price suggested by the Authority is too high. We believe the proposed price fails to reflect the economic rationale for the UTS provisions, namely, achieving operationally efficient and competitive markets; and, we submit, that it effectively condones opportunistic generator behaviour.</p> <p>Reconsider the price and make it lower.</p>