

CLAIM OF UNDESIRABLE TRADING SITUATION (UTS)

CONTACT DETAILS

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BASIS OF CLAIM

Definition of “undesirable trading situation”, clause 1.1 of the Code

Specify relevant paragraphs under which Participant claims a UTS - refer to the full definition set out below

Describe why in your view the claimed UTS is a contingency or event that threatens, or may threaten, trading on the wholesale market for electricity and that would, or would be likely to, preclude the maintenance of orderly trading or proper settlement of trades.

1. The UTS claimed is in relation to interim and/or provisional prices at KAW1101 calculated as zero over the period 8-12 March 2013 due to the KAW_T13_KAW_MAT_TRIP_ENABLED_S_P_1 permanent security constraint binding. This outcome is not consistent with Non-Response/RTD/RTP constraints and prices observed, nor is it consistent with em6 generation and load data on the Kawerau 110 kV system.

It is our understanding from discussions with the Authority and the System Operator that this outcome is the result of generation offered at Onepu essentially being double counted in the interim/provisional/final pricing process because the station is being offered in the SPD model whilst its generation is also being reflected in the net demand data for KAW0112.

This issue did not come to light prior to interim pricing on the 8th of March since demand on the Kawerau 110 kV system has not been low enough nor generation high enough to cause the Onepu double counting effect to make the constraint bind artificially in this way. This problem is on-going, depending on demand and generation patterns.

This double counting therefore is a contingency or event that threatens, or may threaten, trading on the wholesale market for electricity and that would, or would be likely to, preclude the maintenance of orderly trading or proper settlement of trades.

Describe why, in your view, the claimed UTS could not be satisfactorily resolved by any other mechanism available under the Code.

2. There may be no UTS in Mighty River Power's opinion if clause 13.141 in the Code is applied with Onepu deemed an embedded generator. However, Mighty River Power is concerned that if Onepu is deemed grid-connected, the Code will not permit grossing up of the KAW0112 demand to prevent the erroneous double counting effect described in #1 above.

Should the interpretation of the Code prevent rectification of this erroneous pricing outcome ex-post for the 8th-12th March (and beyond), there is no other mechanism available under the Code and a declaration of a UTS is the only means to effect the correct pricing outcome.

SOLUTION SOUGHT BY APPLICANT

Clause 5.2 of the Code

Describe how in your view the claimed UTS could be resolved by the Board, bearing in mind the following powers of the Board should it find that a UTS does exist

- suspending, or limiting or curtailing, an activity on the wholesale market for electricity, either generally or for a specified period:
 - deferring completion of trades for a specified period:
 - directing that any trades be closed out or settled at a specified price:
 - giving directions to any participant to act in a manner (not inconsistent with the Code, any regulations, the Act, or any other law) that will, in the Board's opinion, correct or assist in overcoming the undesirable trading situation:
1. Deferring final pricing for the 8th – 12th March and any other dates after the 12th of March that may be vulnerable to KAW_T13_KAW_MAT_TRIP_ENABLED_S_P_1 permanent security constraint binding due to double counting of Onepu generation in final pricing.
 2. Resolve the double counting issue described in #1 above, such as by ensuring that KAW0112 demand is correctly grossed up in final pricing.
 3. Amend the Code as necessary so that this double counting issue will not occur in the final pricing process into the future.

WHEN CLAIMED UTS OCCURRED

Date: 08/03/2013 – 12/03/2013 (based on interim and provisional pricing), and on-going depending on generation and demand on the Kawerau 110 kV system.

Time: All trading periods to be examined per above.

DESCRIPTION CIRCUMSTANCES AND IMPACT

Please provide description of the circumstances surrounding the claim and include a detailed description of the impact the notifying participant suffered as a result of the claimed UTS.

This potential pricing outcome can impact Mighty River Power's generation revenue from the Kawerau Geothermal station for the periods concerned.

Kawerau geothermal generation offered at KAW1101 since the 8th of March 2013 has been offered into the market on the basis of Non-Response/RTD/RTP constraints and prices. These did not indicate material constraint issues nor zero prices and rightly so.

Interim and provisional pricing for the dates 8-12 March have now turned up over 150 trading periods of zero price at KAW1101 based on the erroneous double counting of generation described above. Given recent generation patterns and the prospect of this many trading periods at zero price (and more), the potential financial impact is on the order of hundreds of thousands to millions of dollars if the correct prices are not determined.

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