

Market Notice

To: Market Participants
From: Electricity Commission
Date: 26 June 2008

Claimed Undesirable Trading Situation (UTS)

This notice advises market participants of a claim made to the Electricity Commission (Commission) by Genesis Energy Ltd (Genesis) on 25 June 2008, claiming the existence of a UTS in respect of provisional prices for upper North Island nodes in relation to trading periods 36, 37 and 38 on Tuesday, 24 June 2008.

The Genesis claim is published as a companion document to this notice.

Events relevant to the UTS claim

A Grid Emergency was declared by the system operator on 24 June 2008 at 18:00 hours until 18:40 hours due to a concurrent unplanned outage of the Arapuni–Bombay 1 circuit and an extended planned outage of Huntly – Otahuhu 1 circuit.

The events that gave rise to this Grid Emergency also caused a high spring washer event. The calculated prices for trading periods 36-38 for Tuesday 24 June 2008 contain high prices (approximately \$3,000/MWh) and low prices (approximately -\$6/MWh).

On Wednesday 25 June 2008, the pricing manager declared that a high spring washer pricing situation existed, in accordance to rule 2B.1.1 of section V of part G of the Electricity Governance Rules 2003 (Rules).

Delay the publication of final prices for trading periods 36-38

The Commission has begun preliminary investigations into the circumstances, including discussions with the pricing manager and system operator.

In accordance with rule 3.28 of section V of part G of the Rules, the Electricity Commission has instructed the pricing manager to delay the publication of final prices and final reserve prices for trading periods 36-38 on Tuesday 24 June 2008

until further notice. This is to allow sufficient time for the Commission to review the prices and circumstances surrounding the notification of the Grid Emergency.

The Commission acknowledges that the delay will cause inconvenience to participants, particularly surrounding wholesale market settlements, wash up's and invoicing as well as hedge settlements. The Commission is also aware of the timing of the delay being close to the end of the month and, for some participants, the end of the financial year.

The Commission will endeavour to resolve this claim as soon as possible, and will keep participants informed of the processes going forward and any outcome that may arise.

The Commission will publish more information in due course.



For the Electricity Commission Board
David Caygill (Chair)

D.C.