

Electricity Industry (Exemption No. 176 (New Zealand Aluminium Smelters Limited)) Exemption Amendment Notice 2018

In accordance with section 11(3) of the Electricity Industry Act 2010 (“Act”), the Electricity Authority (“Authority”) gives the following notice.

Notice

1. Title and commencement—(1) This notice is the Electricity Industry (Exemption No. 176 (New Zealand Aluminium Smelters Limited)) Exemption Amendment Notice 2018.

(2) This notice comes into force on the day after the date it is notified in the *New Zealand Gazette*.

2. Amendment to principal exemption—Replace clause 2 of the Electricity Industry (Exemption No. 176 (New Zealand Aluminium Smelters Limited)) Exemption Notice 2013, published in the [New Zealand Gazette, 12 September 2013, No. 126, page 3517](#) (“principal exemption”) with:

“**2. Exemption**—New Zealand Aluminium Smelters Limited (“NZAS”) is exempted from complying with the following clauses of the Electricity Industry Participation Code 2010 (“Code”), in respect of the local network at TWI2201:

- a. clause 10.13(1);
- b. clause 10.24(c);
- c. clause 11.10; and
- d. clause 15.38.”

3. Reasons for amending the principal exemption—The reasons for amending the principal exemption are:

- a. the Authority granted the principal exemption to New Zealand Aluminium Smelters Limited (“NZAS”) for the following reasons:
 - i. granting the exemption met the requirements in section 11(2) of the Act for granting exemptions;
 - ii. although it would be impossible for NZAS to provide a metering installation on its installation control point on TWI2201 NZAS GN, quantities can be accurately determined by differencing from the metering grid exit point volume;
 - iii. without the exemption, NZAS would incur high administration and compliance costs obtaining and maintaining certification as a reconciliation participant for little activity;
 - iv. without the exemption, NZAS would incur ongoing administration and compliance costs associated with distributor processes audits, for little or no actual activity; and
 - v. as NZAS is the only purchaser at TWI2201 NZAS GN, the exemption can have no impact on any other participant or service provider, and will not affect any other provision of the Electricity Industry Participation Code 2010;
- b. amending the exemption meets the requirements in section 11(3) of the Act for granting amendments;
- c. NZAS has stated it will not proceed with starting Reduction Line 4 (“Line 4”) if it doesn’t get the additional exemption from clause 10.24(c), because the new electricity agreement between NZAS and Meridian Energy Limited will not become effective without it;
- d. NZAS would incur high investment costs creating a new grid exit point dedicated to Line 4 as an alternative to using subtraction to determine submission information; and
- e. as NZAS is the only purchaser at TWI2201 NZAS GN, the amendment can have no impact on any other participant or service provider, will not have any detrimental effect on the electricity market, and will not affect any other Code provision.

Dated at Wellington this 30th day of April 2018.

For and on behalf of the Electricity Authority,
DR THOMAS BRENT LAYTON, Chairperson, Electricity Authority.