

Notification of the Authority's decision under regulation 29 of the Electricity Industry (Enforcement) Regulations 2010

Under regulation 29(1) of the Electricity Industry (Enforcement) Regulations 2010 (Regulations) the Electricity Authority (Authority) must publicise every decision made under regulation 23(3) of the Regulations, together with the reasons for the Authority's decision.

Investigation

On 7 February 2018, the Authority appointed an investigator under regulation 12 of the Regulations to investigate a self-reported breach of clause 15 of Schedule 13.3 and alleged breaches of clauses 13.58(3A)(a), 13.58(3B)(a) and 13.71(1)(d) of the Electricity Industry Participation Code 2010, by Transpower New Zealand Limited as the system operator. The Authority alleged the breaches of clauses 13.58(3A)(a), 13.58(3B)(a) and 13.71(1)(d).

The investigation concerned the system operator not using the most recent nominated bids from a dispatchable load station in the scheduling and dispatch processes. The market system issue occurred under a very specific set of circumstances affecting 563 trading periods between 27 October 2016 and 19 October 2017.

Norske Skog Tasman Limited was the only affected party who joined the investigation and had no settlement requirements.

On 28 June 2018, the Authority received and considered a report and a recommendation from the investigator to discontinue the investigation.

The Authority's decision

On 28 June 2018, the Authority decided under regulation 23(3)(a) of the Regulations to discontinue the investigation. In making its decision the Authority decided that the system operator breached clauses 13.58(3A)(a), 13.58(3B)(a) and 13.71(1)(d) when it did not use the most recent nominated bids from a dispatchable load station in the scheduling and dispatch processes.

The Committee also decided that the system operator did not breach clause 15 of Schedule 13.3.

Reasons for the Authority's decision

The reasons for the Authority's decision to discontinue the investigation were that:

- the breaches caused negligible market impact
- the system operator has taken steps to prevent recurrence
- the parties to the investigation did not require a settlement
- the breaches were considered inadvertent

- the system operator accepted that it had breached the Code provisions alleged by the Authority
- the system operator did not breach clause 15 of Schedule 13.3 because this clause does not place any obligations on the system operator.