

Investigation of alleged breaches of the Electricity Industry Participation Code 2010 by Transpower New Zealand Limited as the system operator

On 11 October 2018, Transpower New Zealand Limited as the system operator self-reported to the Electricity Authority (Authority) that it had breached clause 6.1(d) of the Security of Supply Forecasting and Information Policy (SOSFIP). The Authority also alleged that the system operator had breached clause 4.1(b) of the SOSFIP.

Under regulation 12 of the Electricity Industry (Enforcement) Regulations 2010, on 4 December 2018, the Authority appointed Alex Ehlert as investigator to investigate the alleged breaches.

Under regulation 16 of the Regulations, the investigator must promptly notify the industry participant alleged to have breached the Code of the allegations that are being investigated. On 7 December 2018, the investigator gave the system operator such notice.

Under regulation 17 of the Regulations, at the same time as the investigator sends any notice under regulation 16, the investigator must publicise the matter under investigation, including the content of the notice given under that regulation. The investigator is hereby publicising the matter under investigation, and a copy of the notice given under regulation 16 is attached.

Any participant who considers that it is affected by the matter being investigated, and who wishes to become a party to this investigation, should notify the investigator within 10 working days after publication of this notice.

The investigator's contact details are:

Alex Ehlert
Senior Investigator
Electricity Authority
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NOTICE UNDER REGULATION 16 OF THE ELECTRICITY INDUSTRY (ENFORCEMENT) REGULATIONS 2010

Date:	7 December 2018
Addressee:	Transpower New Zealand Limited as the system operator
Subject:	The system operator publishing incorrect hydro risk curves
Investigator:	Alex Ehler, Senior Investigator, alex.ehler@ea.govt.nz (appointed investigator under regulation 12 of the Electricity Industry (Enforcement) Regulations 2010 (Regulations)).
Notifying industry participant:	Transpower New Zealand Limited as the system operator.
Clauses allegedly breached:	<p>Clause 4.1(b) of the Security of Supply Forecasting and Information Policy (SOSFIP) requires the system operator to determine the hydro risk curves (HRC) for New Zealand and the South Island. The Electricity Authority alleged this breach.</p> <p>Clause 6.1(d) of the SOSFIP requires the HRCs to show the 1 %, 4 %, 8 % and 10 % risk of future shortage, determined excluding the contingent hydro storage. The system operator self-reported this breach.</p>
Circumstances of alleged breaches:	<p>The bottom 2.3 metres of Lake Tekapo's usable hydro storage contain 220 GWh of potential electricity generation. This storage is subject to resource consent with seasonal conditions.</p> <p>This storage is available without conditions from 1 April to 30 September, and is available during shortage situations from 1 October to 31 March. The SOSFIP defines the 220 GWh as contingent storage from 1 October to 31 March and requires the system operator to exclude it from the HRC during that time.</p> <p>When modelling the HRC, the system operator treated the 220 GWh as controlled storage.</p> <p>As a result, the HRC published by the system operator did not exclude Lake Tekapo's contingent storage for the relevant periods between 16 December 2013 and 29 August 2018.</p> <p>Since 2013, the system operator's published HRC input assumptions document has stated that Lake Tekapo contingent storage was included in the HRC.</p>
Date and time of alleged breaches:	

- Between 16 December 2013 and 29 August 2018.

Please note, under regulation 16 of the Regulations, you must respond to this allegation, in writing, to the investigator within 10 working days of receipt of this notice (unless the investigator allows, in writing, a longer period).

Please provide your response by return email to the Investigator.

Your response should include:

Whether you believe you have breached the Code;

Whether there is another provision you consider more accurately describes the nature of the event;

A full explanation of the circumstances surrounding the alleged breaches;

Identification of any information provided in your response that you consider confidential and should not be included in the investigator's report under regulation 19 (regulation 15(2)).