

Case Study Four

Rule 8.2.2 of section III of Part G of the Electricity Governance Rules 2003

Grid emergencies and ancillary service provider obligations to provide interruptible load

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On 14 October 2009 the System Operator declared a grid emergency for the North Island due to insufficient energy and reserve offers. Following the declaration of the grid emergency one ancillary service provider advised the System Operator that it was removing a significant amount of load (comprising half interruptible load (IL) that was dispatched as fast instantaneous reserve (FIR) and some other load). The participant advised the Board that the reason for revising its offer was “High Prices as per Grid Emergency”.

Following an inquiry by Market Governance, the participant admitted that it may have breached rule 8.2.2 of section III of part G of the Rules. Rule 8.2.2 prohibits ancillary service agents from reducing the quantity of instantaneous reserve during a grid emergency.

The breach was a result of an error of judgement by an operator and had minimal market impact. However, withdrawal of a significant amount of FIR in a time of grid emergency is a serious breach that could have had serious consequences for the system security.

Since this event the Commission released a Guideline, “Demand-side responsibility during Grid Emergencies”, outlining steps which should reduce confusion by IL providing participants on their obligations to continue to provide interruptible load during grid emergencies, particularly when the instantaneous reserve requirements are reduced. More details can be found [here](http://www.electricitycommission.govt.nz/infopapers/index.html#wholesale) <http://www.electricitycommission.govt.nz/infopapers/index.html#wholesale>

This case study is intended for information purposes only and does not create a precedent for future decisions. There’s no substitute for Participants getting their own advice.

