

## Case Study Three

# Compliance plan for non-compliant assets

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This case study shows how the Commission's Market Governance team worked with one participant to develop a process that resulted in assets that previously failed to meet technical requirements of the Rules, being made compliant with the Rules.

Before 1 March 2004, Meridian Energy (Meridian) had sought dispensations from the System Operator for assets that did not comply with the technical requirements for protection systems, generators' governors, and the minimum required indications and measurements as required by various rules in part C. On 1 March 2004, the System Operator declined to grant dispensations for most of Meridian's non-compliant assets. On 26 February 2004, Meridian reported potential breaches of various rules in part C related to technical requirements for generation assets and communication information systems.

The Commission's Market Governance team worked with Meridian to develop a process that provided for the creation and monitoring of a Compliance Plan, setting out how Meridian would address its non-compliance with the Rules. The EGR Committee has approved a number of compliance plans advised by other participants in cases where achieving compliance requires significant time, planning and resources.

Meridian presented a draft of the Compliance Plan in May 2007 dealing with breaches of rule 4.4 of technical code A of schedule C3 of part C, which relates to protection of assets and the grid. The rest of the earlier breaches reported on 26 February 2004 were no longer considered to be valid because by that time, Meridian considered its assets to be compliant with the requirements of the Rules. Some of the initially reported breaches related to specific rules that have been changed since the notification of the breaches.

A progress report was provided to Market Governance in December 2008. According to this report the only non-compliant assets were units at Manapouri scheduled for an upgrade before the end of 2009.

On 23 October 2009, Meridian advised that the Manapouri upgrades were completed and all of its assets were compliant with the requirements of rule 4.4. Meridian is the first participant to become compliant with duplicate protection requirements following successful completion of a Compliance Plan. The System Operator is satisfied that Meridian is compliant with this rule. The earlier reported breach was closed.

**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.**

