

SUBMITTER	SUMMARY	
General summary	<p>8 submissions were received.</p> <p>1 submitter disagreed with the UTS finding. The same submitter disagreed with the removal of the constraint for settlement of the relevant period.</p> <p>1 submitter had no comment on the UTS and neither agreed or disagreed with the suggested remedies (Clearing Manager).</p> <p>6 submitters agreed with the finding of UTS.</p> <p>6 submitters agreed with the setting up of an advisory group.</p> <p>4 submitters agreed with the removal of the constraint for settlement of the relevant period.</p> <p>2 submitters asked for more consultation time in future.</p> <p>The Clearing Manager suggested a practical way forward regarding settlement of tp 36.</p>	
Transpower	<p>Suggests an amendment to the decision at clause 23(b) as it is ambiguous.</p> <p>Under bidding was a material factor behind events leading up to the UTS.</p> <p>SO is reviewing whether it had breached at trading period 36.</p> <p>Supports setting up the advisory group.</p> <p>The AG should comprise the WMAG or CQAG or a mix of these.</p> <p>SO is to hold educational workshops on SPD and other issues in late July, and offers EC opportunity to receive its presentation whenever it likes.</p> <p>SO can provide further flagging information in the RTP results in COMIT.</p> <p>Note that infeasibilities used for long time, but are now more visible over the last eighteen months. So it is the greater transparency, rather than any substantive model changes, that explains the recent spate of queries.</p>	<p>Agree with EC finding that UTS caused by incorrect inputs into SPD. Supports the set up of an AG.</p> <p>No comment on whether it supports removal of constraint to calculate final price. (it may have considered itself conflicted to comment)</p>
Meridian	Supports urgent review of modelling and frequency constraints within SPD. Current practice by Transpower should be improved and by consultation.	Supports the set up of an AG.

	<p>The treatment of loss and constraint rentals created by spring washer effects should also be reviewed.</p>	<p>No comment on whether it supports removal of constraint to calculate final price. (it may have considered itself conflicted to comment)</p>
Genesis	<p>Event did not affect orderly trading.</p> <p>The event was not a UTS as it could not have been responded to in real time (due to 2 hour gate closure). It is therefore only a price calculation issue.</p> <p>The incorrectly applied constraint should be pursued as a potential breach, but not as a UTS.</p> <p>Suggests issue resolved by seeking penalty or claiming material financial disadvantage.</p> <p>Requests parties given more time to be consulted in future.</p>	<p>Does not support removal of constraint to calculate final price.</p> <p>Material financial disadvantage not relevant under these rules. It was removed under NZEM in 2001 with the removal of ability to alter final price.</p> <p>Penalty would create incentive on SO but not address losses/gains made by error.</p> <p>Requests parties given more time to be consulted in future.</p>
Norske Skog	<p>Raises real concerns it has regarding accuracy of SPD, especially from their review over the past few weeks where there have been binding loop constraints and demand has increased.</p> <p>Need to have the debate whether extreme high price due to the likes of 'spring washer' are a desired outcome of nodal pricing.</p> <p>Need to resolve a process for resolving infeasibilities.</p> <p>Need to review SO use of branch group deficit variables.</p> <p>Would like to see the analysis EC used that resulted in its view that the spring washer effect caused the high prices at Tauranga.</p>	<p>Agree with suggested resolution.</p>
Mighty River Power	<p>Short letter.</p>	<p>Agree with suggested resolution.</p>

<p>Contact</p>	<p>EC made correct decision.</p> <p>Question the Regulations that have allowed it. That information only need be inaccurate or untimely is too low a UTS hurdle. Perverse incentive to use the UTS process as it is the only way to receive effective compensation.</p> <p>The result of UTS is that Transpower receives no penalty for its error.</p> <p>Other side issues raised – Regulation 62 seems to require all participants to allege a breach if they become aware of the possibility of a breach by Transpower in this case; if Transpower fined the Regs don't state how that is distributed (we think this may go to the consolidated fund – Dave do you know?);</p> <p>Requests parties given more time to be consulted in future.</p> <p>Request further advice from EC as to what comprises a UTS, what process will be used to deal with UTS, confirm that more consultation time be given, confirm that EC will provide reasons why UTS is not found when that situation arises. Advise market how strictly it will enforce requirement to advice potential breaches under reg 62.</p> <p>Point out two other situations where EC would also have found a UTS using its test. One on 23 April where the SO revised a constraint but did not notify until after it was revised and one on 25 March where SO advised a continuation of an outage during gate closure.</p>	<p>Agree with suggested resolution.</p> <p>Requests parties given more time to be consulted in future.</p> <p>Transpower may be penalised if a breach were found and prosecuted – this has not yet been determined by the EC. Contact regard that if Transpower had to compensate TrustPower this would be a penalty for their behaviour. (it is not usually the role of compensation to penalise).</p> <p>EC may wish to investigate two potential UTS situations which may have been breaches.</p>
<p>Clearing Manager</p>	<p>Seek a formal direction from EC when resolution is finalised. This will assist the CM to carry out the required tasks without exposing it to any compliance risk.</p> <p>Recommend that EC use the washup process to resolve the final price issue, as opposed to conducting an ad hoc manual invoice run for that period.</p>	<p>No comment on suggested resolution, but suggests a way to conduct the settlement process.</p>
<p>Major Electricity Users' Group (MEUG)</p>	<p>Congratulate EC on its prompt action to delay publishing final price.</p> <p>Recommend EC provide information that can be understood by larger sector of the market. Eg what exactly is the 'spring washer effect' and 'deficit branch group constraints'?</p>	<p>Agree with suggested resolution.</p>

	<p>Would like to be given more information regarding the exact nature of the correspondence that EC had already received. The confidential information within it could be removed. This would allow greater understanding by a larger sector of the market and impose more rigour on the process through greater transparency.</p> <p>Support a working group to review SPD.</p>	
<p>Todd, NZ Steel, and CCH</p>	<p>No comment</p>	