

Market Notice

To: Market Participants
From: Electricity Commission
Date: 24 August 2004

Claimed Undesirable Trading Situation (UTS)

This notice advises market participants of a claim, made to the Commission by a participant, that a UTS may exist for trading period 22 on 21 August 2004, as a result of the provisional price outcomes for that trading period. The participant has requested that the Commission;

- order a delay to the publication of final prices and final reserve prices for the trading period, and
- requested that the Commission staff review the situation and provide a report to the Commission as to whether a potential UTS exists.

The Commission staff have checked with the system operator and it has confirmed that normal processes were used regarding the operation of the Scheduling Pricing and Dispatch model (SPD) and the inputs to SPD during the trading period.

Having now considered the advice from the system operator, the Commission;

- declines to delay the publication of final prices and final reserve prices for the trading period, and
- considers that the circumstances do not satisfy the test for a UTS under the Electricity Governance Regulations.

In reaching these decisions, the Commission notes that SPD appears to have solved with a feasible solution in the provisional pricing run for the trading period, albeit with high prices and price separation across the North Island. It further notes that the high prices resulted from the concurrent existence of three significant constraints affecting the HVDC link and the Taranaki-Bunnythorpe and Arapuni-Hangatiki circuits.

The Commission considers that the work of the constraints issues group, to review the pricing outcomes arising from the modelling of constraints, is the appropriate way to consider the issues the current circumstances raise regarding the SPD model.

For the Electricity Commission Board
Roy Hemmingway (Chair)