

Authority Project Code: LE.22.002.01

TAS Number: 101

**TAS SOW****Actions to Correct the Dec-19 Undesirable Trading Situation**

Requested By: Saki Hannah

**1. Background and Purpose**

- 1.1. On 22 December 2020 the Electricity Authority (the Authority) determined an Undesirable Trading Situation (UTS) had occurred between 3 and 27 December 2019.
- 1.2. On 17 August 2021 the Authority released their Actions to Correct (ATC) determination for the Dec-19 UTS.
- 1.3. The ATC are detailed at <https://www.ea.govt.nz/assets/dms-assets/28/Final-Decision-Actions-to-Correct-2019-Undesirable-Trading-Situation.pdf>.
- a) In summary the ATC reset the wholesale electricity market for Dec-19 using final prices recalculated using offer price caps of \$13.70/MWh for Meridian's and Contact's South Island hydro generation.
- 1.4. This TAS SoW is submitted in accordance with para. 4.13 of the Final Decision – Actions to Correct Undesirable Trading Situation December 2019 (Decision).

**2. Benefits Sought**

- 2.1. Detailed in the Authority's UTS and subsequent UTS ATC determinations.

**3. Scope of Work**

- 3.1. The scope of work:
  - a) Assistance to the pricing manager to recalculate prices for the UTS period.
    - The Decision 4.15-4.17 and 4.51
  - b) Recalculation of the LCE for December 2019 by the grid owner.

- The Decision 4.30 and 4.51
  - c) Recalculation of the ancillary services for December 2019 by the system operator, including constrained on payment values for instantaneous reserves.
  - The Decision 4.22-4.23 and 4.51
  - d) Repopulation of Transpower databases with the revised prices for December 2019 – required to deliver scope items b) and c).
  - The Decision 4.22-4.23, 4.30, 4.32, and 4.51
  - e) Oversight of the processes above and coordination with NZX, as clearing manager and pricing manager.
  - The Decision 4.12, 4.32, and 4.51
  - f) Progress updates and escalation, if necessary, with the Authority.
  - The Decision 4.32
  - g) Assisting the FTR Manager with any queries they may have.
  - The Decision 4.20-4.21 and 4.51
  - h) Assisting the Authority appointed auditors as required.
  - The Decision 4.34-4.36 and 4.51
- 3.2. The scope of work for this TAS includes a close out report.
- 3.3. The scope of work excludes:
- a) Any actions not allocated to Transpower in the Final Decision – Actions to Correct Undesirable Trading Situation December 2019 (Decision).

#### 4. Deliverables

- 4.1. Transpower will deliver the scope of work detailed in section 3.

## 5. Assumptions

- 5.1. The revised final prices will be received from NZX pricing manager per the agreed timetable (14 Sept 2021) - NB this assumption has been met.
- 5.2. NZX as the pricing manager and clearing manager staff will be available to answer queries, the processing timetable is achievable and adhered to by all parties.
- 5.3. Limited input is required from Transpower into Authority requested Audit.

## 6. Communications

- 6.1. The Authority and the system operator points of contact for this work will be:

	Electricity Authority	System Operator
Name	Saki Hannah	Karen White
Email	s9(2)(a)	

## 7. Reporting

- 7.1. The system operator will provide every month, via email, a brief written report detailing the work in progress, issues identified, and work planned. This report is to be sent to the Authority Project Manager.
- 7.2. Note that the Authority also receives from the system operator a monthly consolidated dashboard report on TAS progress to the JWPT and a monthly report of hours expended by TAS for Financial tracking purposes.

## 8. Approach

- 8.1. The System Operator will:
- Receive the revised prices from the NZX pricing manager.
  - Format the revised prices for uploading to the relevant databases.
  - Prepare Test Plan, associated processing run sheet and exit criteria.
  - Copy and archive the existing data for Dec-19.



- e) Upload the revised price data to the relevant databases for testing.
- f) Perform all necessary system testing for processing systems and provide supporting test evidence.
- g) Rerun the ancillary services settlement process for Dec-19, involves coordination with NZX as the Clearing Manager.
- h) Provide revised ancillary services settlement information for Dec-19 to the Clearing Manager.
- i) Rerun the Grid Owner's LCE calculation for Dec-19.
- j) Include the LCE adjustments for Dec-19 in the "first feasible grid invoice date after 24 November 2021" (The Decision 4.33).

## 9. Timetable

Milestone	Completion Date	Status
Commencement	6 September 2021	Commenced
Final NZX pricing received	15 September 2021	Completed
Perform all necessary system testing	30 October 2021	
Provide revised ancillary services to the Clearing Manager	18 November 2021	
LCE Invoices issued for Dec-19	23 December 2021	
Complete LCE resettlement process (as stipulated in Appendix A – paragraph 3) for actions to correct	20 January 2022	
Close out report	25 January 2022	

## 10. Resources and Cost

- 10.1. The forecasted spend below is an estimate only. The forecast will be reported on as per clause 7.2.

10.2. Final Cost depends on TAS retainer usage across other TAS requests.

Role	Resource Name	Estimated Hours
Project manager	Karen White	
SME support	Murray Henderson	
Senior Market Analysts - Ancillary Services	Various	
DBA	Jeff Neave	
Data Warehouse technician	Paul London	
GO Pricing Analyst	Rodrigo Nocete	
Market System technical specialist	David Bullen	
Total Hours		
Sub Total		
Other personnel - Red Rock Limited - DBA Services (including 12% handling fee)		
Total Cost		

## Dependencies

10.3. This TAS is dependent on:

- a) The pricing manager (NZX) delivering the revised final prices by 15<sup>th</sup> September 2021.
- b) The Clearing Manager (NZX) being able to fulfill their role in the resettlement of ancillary services.

## 11. Constraints

11.1. Nil

## 12. Risks

12.1. There is a risk to timeframes if resources are not available.

## 13. Contract Conditions

13.1. Services are to be provided under the terms and conditions set out in the System Operator Service Provider Agreement (SOSPA) dated February 2016.

**14. Confidentiality**

14.1. Nil.

Released under the Official Information Act 1982

**Confirmation**

14.2. The above Scope of Work is agreed:



Signature

Name *Acting CEO*

Date

Electricity Authority

Signature

Name

Date

System operator

Released under the Official Information Act 1982

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