

CLAIM OF UNDESIRABLE TRADING SITUATION (UTS)

CONTACT DETAILS

Reporting Participant:

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BASIS OF CLAIM

Definition of "undesirable trading situation", clause 1.1 of the Code

Specify relevant paragraphs under which Participant claims a UTS - refer to the full definition set out below

Describe why in your view the claimed UTS is a contingency or event that threatens, or may threaten, trading on the wholesale market for electricity and that would, or would be likely to, preclude the maintenance of orderly trading or proper settlement of trades.

1. NUFARM NZ LTD HAVE BEEN ADVISED BY THEIR POWER PROVIDERS, MERCURY ENERGY, THAT ON THE 26TH MARCH 2011 THERE WAS A PERIOD WHERE POWER SUPPLY WAS LIMITED TO THAT MADE AVAILABLE BY ONE ~~BE~~ GENERATION. IT IS UNDERSTOOD THAT THIS GENERATION HAS SET RATES AT \$20/kWh DURING THIS PERIOD. THIS RATE DOES NOT FIT WITH REGULAR AND EXPECTED MARKET VARIABILITY/VOLATILITY. IT IS AMOUNT UNREASONABLE AND SUCH A PRICING ENVIRONMENT WOULD MAKE OUR BUSINESS AND MANY OTHERS IN AUCKLAND UNABLE TO COVER COSTS.

Describe why, in your view, the claimed UTS could not be satisfactorily resolved by any other mechanism available under the Code.

2. THIS INSTANCE OF ELECTRICITY PRICING IS MONOPOLISTIC / ANTI-COMPETITIVE. IT IS APPROPRIATE FOR THIS INSTANCE TO BE CONSIDERED AS "AN UNDESIRABLE TRADING SITUATION".

SOLUTION SOUGHT BY APPLICANT

Clause 5.2 of the Code

Describe how in your view the claimed UTS could be resolved by the Board, bearing in mind the following powers of the Board should it find that a UTS does exist

- suspending, or limiting or curtailing, an activity on the wholesale market for electricity, either generally or for a specified period;
- deferring completion of trades for a specified period;
- directing that any trades be closed out or settled at a specified price;
- giving directions to any participant to act in a manner (not inconsistent with the Code, any regulations, the Act, or any other law) that will, in the Board's opinion, correct or assist in overcoming the undesirable trading situation:

1. _____

THE BOARD MUST ENSURE THAT
PRICING OF ELECTRICITY IS IN LINE
WITH THAT RANGE GENERATED BY
FREE MARKET TRADING.

THIS IS A CASE OF MONOPOLISTIC
PRICING AND IS NOT IN THE
BEST INTEREST OF NEW ZEALAND
INDUSTRY.

THERE HAVE BEEN "WARNINGS" FROM
MERCURY "OUR SUPPLIER" THAT SUPPLY
COULD AGAIN BE RESTRICTED TO ONE
GENERATOR THIS SATURDAY (2ND APRIL 2011).
OUR BUSINESS COULD NOT SUSTAIN
POWER SUPPLY AT \$20/KWH. EVENTHOUGH
WE HAVE SIGNIFICANT VOLUMES OF EXPORT
ORDERS TO SATISFY, WE WILL KEEP OUR
DOORS CLOSED THIS SATURDAY.

WHEN CLAIMED UTS OCCURRED

Date: 26 March 2011

Time: Approximately 11am to 5pm

DESCRIPTION CIRCUMSTANCES AND IMPACT

Please provide description of the circumstances surrounding the claim and include a detailed description of the impact the notifying participant suffered as a result of the claimed UTS.

NUFARM NZ LTD, OF STATION IN AUCKLAND,
HAVE BEEN ADVISED OF SOME
EXTRAORDINARY ELECTRICITY PRICING THAT
OCCURRED ON THE 26TH OF MARCH 2011.
IT IS OUR UNDERSTANDING THAT A
SINGLE GENERATOR WAS SUPPLYING DURING
THE HOURS OF 11AM AND 5PM OF
THE SAID DATE. WE ALSO
UNDERSTAND / HAVE BEEN ADVISED BY OUR
SUPPLIERS MERIDIAN THAT THE SUSPECTED
CHARGE COINCIDING WITH THIS PERIOD
WILL BE APPROXIMATELY \$20 kWh.
WE DO NOT CONSIDER THIS TO
BE IN KEEPING WITH OPEN MARKET
PRICING.

Please send completed form to compliance@ea.govt.nz