

CLAIM OF UNDESIRABLE TRADING SITUATION (UTS)

CONTACT DETAILS

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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.

This UTS is claimed on the basis of the following paragraphs of the definition of ‘undesirable trading situation’ in Clause 1.1 of the code:

- a) An 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**
- b) (i) manipulative or attempted manipulative trading activity**
 - (ii) conduct in relation to trading that is misleading or deceptive, or is likely to mislead or deceive**
 - (iii) unwarranted speculation or an undesirable practice**
 - (v) any exceptional or unforeseen circumstance that is at variance with, or that threatens or may threaten, generally accepted principles of trading or the public interest.**

We believe the market events of 26th March 2011 have significantly advantaged an electricity generator, who has used this event to unfairly levy at an extortionate rate the ACLF portion of the electricity costs on to ourselves, and other consumers of electricity.

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

We are not aware of any other mechanism under the code that can satisfactorily resolve this issue.

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:

We understand that the EA has launched a formal investigation into the events.

We request that the EA consider adjusting market prices for Saturday 26th March so that they reflect what would be reasonable to expect in a normal competitive market situation.

We request the EA consider placing a cap to the electricity generators to restrict any grossly inflated or unreasonable spikes to the spot market and prevent anyone taking advantage of the likes of planned outages or breakdowns which appears to have occurred in this case.

WHEN CLAIMED UTS OCCURRED

Date: 26th March 2011

Time: 6 hour outage

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.

We understand that maintenance outages on the national transmission grid in the upper North Island took place on 26th March 2011, and created the opportunity for a single electricity generator to control market prices.

Prices on the 26th were significantly higher than the previous day when the maintenance was not taking place.

As a Property Owner (Medical) and Landlord we feel morally bound to provide electricity to our tenants at the best rate we are capable of obtaining from a Supplier. To this end we tender our electricity contracts every 2 years to ensure a competitive rate is obtained.

The charges for March 2011 are effectively triple our normal monthly charges due to a 6 hour outage.

This is extortionate and on behalf of our tenants we are requesting an urgent investigation into how this can happen and what assurances can be given to ensure we are not subject to this kind of unreasonable charging in the event of inevitable future maintenance outages.

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