

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.

- 1. Prime Energy wishes to advise the Electricity Authority that it considers that a UTS should be declared relating to prices in the electricity market on 26 March 2011.*
- 2. Prime Energy considers that the EA should investigate the event and determine that the market prices for the day should be adjusted to those that reflect normal market operations.*
- 3. Based on our initial calculations, Prime Energy believes that it has suffered a potential financial loss of \$20,000. This is over 200 times what we would expect to pay for electricity in a normal competitive market situation.*
- 4. We are concerned that if this behaviour is allowed to continue that our business will be seriously impacted. This could ultimately lead to unreasonably higher energy prices and businesses such as Prime Energy driven out of the market place.*

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

- 5. Prime Energy understands that the only mechanisms in the Code that would address the issues set out above is to declare a UTS.*

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. *We understand that the EA has launched a formal investigation into the events.*
2. *We request that the EA consider adjusting market prices for Saturday 26 March so that they reflect what would be reasonable to expect in a normal competitive market situation.*

WHEN CLAIMED UTS OCCURRED

Date: 26 March 2011

Time: 10.30am to 5.40pm

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.

See information provided above.

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