

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

This UTS is claimed on the basis of the following paragraphs of the definition of ‘undesirable trading situation’ in clause 1.1 of Part 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*
- c)(i) manipulative or attempted manipulative trading activity*
- c)(iii) unwarranted speculation or an undesirable practice and*
- c)(v) an exceptional or unforeseen circumstance that is at variance with, or that threatens or may threaten, generally accepted principles of trading or the public interest.*

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.

We believe the market events of 26 March 2011 have advantaged a generator at the disadvantage of ourselves, and other scale consumers of spot electricity. The financial magnitude of the impact will significantly affect our profitability.

We have closed production on Saturday April 2nd and will not commence production outside of normal hours until we advised this situation will not occur again. The likely outcome of this will be our company ceasing production of export items for the US market which were already under pressure due to high NZ\$. We expect this to result in the loss of eight full time jobs. Further production will be moved off shore if we cannot be assured of electricity supply at competitive rates.

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

1. 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:

If the Authority finds that a UTS exists, then the Authority could direct that interim prices do not stand as final prices and direct that any trades during the relevant periods be settled at specified final prices.

WHEN CLAIMED UTS OCCURRED

Date: 26 March 2011

Time: 10:30 to 17:30

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.

It is our understanding that maintenance to transmission circuits between Waikato and Auckland took place on March 26th, and may have created the opportunity for a single generator to control market prices. Prices on the 26th were significantly higher than the previous day when the maintenance was not taking place.

We were contacted by our spot supplier and notified of the event and impact on prices.

We don't yet know the full extent of the financial impact on our business of the event of the 26th, but estimate it to be \$■.

We understand this submission will be published, please keep all financial information confidential

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