

Notice of the Authority's decision under regulation 29 of the Electricity Industry (Enforcement) Regulations 2010

Under regulation 29(1) of the Electricity Industry (Enforcement) Regulations 2010 (Regulations) the Electricity Authority (Authority) must publicise every decision made under regulation 23(3) of the Regulations, together with the reasons for the Authority's decision.

Background

On 29 May 2023, the system operator notified the Authority that it had breached clause 30.1B of the Policy Statement incorporated by reference into the Electricity Industry Participation Code 2010¹.

Clause 30.1B requires the system operator to correctly apply security constraints regardless of whether or not the information on the Transpower website about the power system stability limits or security constraints is complete or up to date.

Fact finding and investigation process

On 28 January 2022 Transpower, as the system operator, built a temporary manual constraint scenario (GZ14_IMPORT_STABILITY_T_1) to manage a low hydro level situation in Southland. As part of that process, an associated input was modified that resulted in Tiwai loads being renumbered.

As a result of the renumbering, the system operator's voltage stability assessment tool (VSAT) did not recognise the load as Tiwai and scaled it up in its simulations, as with other Southland (grid zone 14) loads.

This resulted in the voltage stability constraint being set at a lower right hand side value and binding in the real time system when it should not have. The incorrect constraint subsequently bound in 102 trading periods, causing price separation between Southland (grid zone 14) and the rest of the grid.

On 24 November 2023, the Authority appointed an investigator to investigate the alleged breach. No other parties joined the investigation so no settlement could be reached.

On 10 May 2024, the Authority's Compliance Committee received a report from the investigator and agreed to recommend to the Authority's Board that it lay a formal complaint with the Rulings Panel, under regulation 23(3)(b) of the Regulations.

¹ Clause 8.10(1) of the Electricity Industry Participation Code 2010.

The Authority's decision

On 21 May 2024, the Authority decided to lay a formal complaint with the Rulings Panel against the system operator under regulation 23(3)(b) of the Regulations concerning an alleged breach of clause 30.1B of the Policy Statement.

Reasons for the Authority's decision

The reasons for the Authority's decision to lay a formal complaint with the Rulings Panel are that the:

- length and market impact of this breach was significant
- incorrect constraint was bound in 102 trading periods
- Authority's impact assessment is that purchasers paid approximately \$3 million more and generators paid approximately \$0.8 million more due to the incorrect constraints applied.
- balance of approximately \$2.2 million was allocated to the loss and constraint excess and paid to transmission customers.