

3 July 2024

Electricity Authority
WELLINGTON

By email only (uts.2024@ea.govt.nz)

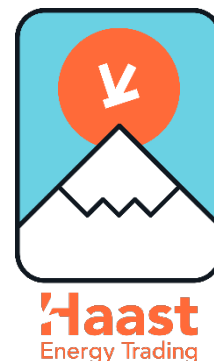
PRELIMINARY DECISION ON FEBRUARY 2024 INVESTIGATION OF AN UTS

Haast Energy Trading Ltd (**Haast**) welcomes the opportunity to reply to the submissions filed regarding the **Preliminary Decision**.

Haast's response to the submissions is as follows:

1. As an initial observation, the level and extent of engagement in response to the Authority's Preliminary Decision is muted. Only six submissions were received. Most are pitched at a relatively high level. The lack of detailed engagement tends to suggest the industry has moved on since the events of 9 August 2021, which have already been thoroughly investigated.
2. All parties acknowledge the effect of the Real Time Pricing reforms is that the events of 9 August cannot be repeated. Meridian makes the point that: "the situation ... no longer threatens confidence in, or the integrity of, the wholesale market since it is not possible for the situation to be repeated now that real-time pricing has been implemented." Haast agrees and further submits that corrective action under the UTS provisions is not necessary to "restore the normal operation of the market", particularly given the implementation of the RTP reforms.
3. With the exception of Contact and Nova, the parties acknowledge the negative impact of delay and any potential re-pricing on certainty and confidence in the market. Both those attributes would be undermined by re-pricing or otherwise interfering with TPs 38 and 39. Further, Meridian correctly notes any re-pricing of TPs 38 and/or 39 would have asymmetrical outcomes. Following the finalisation of prices many OTC hedge contracts have settled. Restating prices at some point in the future will lead to divergence between spot and hedge markets. This would be a capricious and arbitrary outcome of the UTS provisions.
4. Haast, the Independents and Meridian all submit the current UTS is time-barred.
5. Only Nova and Contact maintain a UTS has arisen. However, neither actually addresses the pre-requisites necessary for a UTS. Nor do they address the impact of delay or the time-bar under cl 5.1A of the Code. They also seem to misunderstand the PDP. Contrary to Nova's submissions, the Authority is not seeking to re-introduce scarcity pricing or to re-price TPs 37–42. The Authority has made it clear it is only examining the impact of demand management on TPs 38–39. As Haast has already explained, such a narrow focus has no impact on incentivising fast start generators.

Haast trusts the Authority will now confirm that the UTS investigation is time-barred.



In any event, the events of 9 August have been investigated by numerous agencies. There cannot be any dispute about the invalidity of the ISS Notice and the wrongful imposition of scarcity pricing following the High Court's judgment.¹ A belated and ultimately misguided attempt to re-price two historical trading periods would undermine the integrity of, and confidence in, the market. This is the opposite of what the UTS provisions are designed to protect.

For the reasons given by Haast, it is clear that a UTS has not occurred.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Phillip Anderson", is positioned below the "Yours faithfully," text.

Phillip Anderson
Managing Director, Haast Energy Trading

¹ And to a lesser extent, the Rulings Panel who accepted the position agreed between the Authority and the System Operator namely that the ISS Notice was issued in breach of the Code.