

**From:** Sean Martin  
**Sent:** Monday, 4 March 2024 1:56 pm  
**To:** Sarah Gillies  
**Subject:** RE: Pricing for 9 August 2021

The note for the Board contains more info – but I think in the interests of time this will suffice.

Will send this off and then send you Board note as soon as possible.

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**From:** Sarah Gillies s9(2)(a)  
**Sent:** Monday, March 4, 2024 1:55 PM  
**To:** Sean Martin s9(2)(a)  
**Subject:** RE: Pricing for 9 August 2021

Ok. I think that's ok then. Ideally I'd see the note for the Board to see if there's more we should shoehorn in but I am guessing that's not possible!

Ngā mihi  
Sarah

**Sarah Gillies**  
Chief Executive

**M:** s9(2)(a)



Level 7, AON Centre, 1 Willis Street  
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**From:** Sean Martin s9(2)(a)  
**Sent:** Monday, March 4, 2024 1:51 PM  
**To:** Sarah Gillies s9(2)(a)  
**Subject:** RE: Pricing for 9 August 2021

No. The input error was the clearing manager's.

Could make that clearer (in red):

The Authority notified the clearing manager on Friday when we became aware of a potential issue with the finalised prices **the clearing manager** published for trading periods 37-42 on 9 August 2021.

An input error was made by the clearing manager resulting in prices being finalised without a virtual provider element which resolves pricing infeasibilities. The clearing manager asked participants were asked to disregard those prices until further notice. Corrected prices were published by the clearing manager as interim on 4 March (Monday) and will be finalised on 5 March (Tuesday). The real time pricing reforms introduced in November 2022 fundamentally changed the process by which spot prices are calculated which means this process for finalising prices is no longer used.

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**From:** Sarah Gillies <s9(2)(a)>  
**Sent:** Monday, March 4, 2024 1:49 PM  
**To:** Sean Martin <s9(2)(a)>  
**Subject:** RE: Pricing for 9 August 2021

Hi Sean

This implies the mistake was ours. Was it?

Ngā mihi  
Sarah

**Sarah Gillies**  
Chief Executive

**M:** s9(2)(a)

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**From:** Sean Martin <s9(2)(a)>  
**Sent:** Monday, March 4, 2024 1:34 PM  
**To:** Sarah Gillies <s9(2)(a)>  
**Subject:** RE: Pricing for 9 August 2021  
**Importance:** High

Sarah

Sorry for the rush, but this media response is due to *Energy News* by 2pm. – also working on your note to Board.

It has been reviewed by Saki and Grant – and sent to NZX for their information (not input).

It is based on comms the clearing manager sent to participants about the issue.

It will be attributable to a EA spokesperson (not you)

Draft media response:

The Authority notified the clearing manager on Friday when we became aware of a potential issue with the finalised prices published for trading periods 37-42 on 9 August 2021.

An input error was made resulting in prices being finalised without a virtual provider element which resolves pricing infeasibilities. The clearing manager asked participants were asked to disregard those prices until further notice.

Corrected prices were published by the clearing manager as interim on 4 March (Monday) and will be finalised on 5 March (Tuesday).

The real time pricing reforms introduced in November 2022 fundamentally changed the process by which spot prices are calculated which means this process for finalising prices is no longer used.

Request:

Media response – Energy News

4 March 2024

Pricing error – clearing manager

I have some questions about the potential issue found with the prices for 9 August 2021 which were finalised, then made interim again on Friday afternoon. NZX says that you're the best contact.

I'm keen to get an idea of what the potential price issue is and what is being done to remedy it.

Also, can you provide any details on how these prices are calculated? We had some comments on Friday afternoon expressing surprise at prices being as high as they were and it would be good to provide some context around why they may be that high.

I understand from NZX that the prices will be finalised tomorrow. Is there any comment from the EA on what could be done or has been done to avoid a similar situation in the future?

(This may come back to the better communication policies already enacted by Transpower and others as part of their winter security planning.)

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**From:** Sarah Gillies <s9(2)(a)>

**Sent:** Monday, March 4, 2024 12:51 PM

**To:** Sean Martin <s9(2)(a)>; Saki Hannah <s9(2)(a)>; Grant Benvenuti <s9(2)(a)>; Andrew Millar <s9(2)(a)>; Airihi Mahuika <s9(2)(a)>

**Cc:** Doug Watt <s9(2)(a)>; Sally Aitken <s9(2)(a)>

**Subject:** RE: Pricing for 9 August 2021

**Importance:** High

Thank Sean.

Here's what I need to send the Board:

- Some questions were raised on Friday when the clearing manager published prices for the relevant trading periods on 9 August
- The clearing manager has investigated this morning and realised they used the wrong file.
- They've advised the market of the error and provided final prices.
- How this happened?
  - o Human error?
- What could we have done to prevent this?
  - o Explain
- What's the impact on participants, consumers?
  - o Explain
- Does this change our approach re UTS investigation?
  - o Answer

Thanks team.

Ngā mihi  
Sarah

**Sarah Gillies**  
Chief Executive

s9(2)(a)



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**From:** Sean Martin s9(2)(a)  
**Sent:** Monday, March 4, 2024 12:47 PM  
**To:** Sarah Gillies <s9(2)(a)>; Saki Hannah s9(2)(a)>; Grant Benvenuti s9(2)(a)>; Andrew Millar s9(2)(a)>; Airihi Mahuika s9(2)(a)>  
**CC:** Doug Watt s9(2)(a)>; Sally Aitken s9(2)(a)>  
**Subject:** RE: Pricing for 9 August 2021

FYI

Here is the query from *Energy News* – have talked to Grant and Saki to understand and am drafting response now

I have some questions about the potential issue found with the prices for 9 August 2021 which were finalised, then made interim again on Friday afternoon. NZX says that you're the best contact.

I'm keen to get an idea of what the potential price issue is and what is being done to remedy it.

Also, can you provide any details on how these prices are calculated? We had some comments on Friday afternoon expressing surprise at prices being as high as they were and it would be good to provide some context around why they may be that high.

I understand from NZX that the prices will be finalised tomorrow. Is there any comment from the EA on what could be done or has been done to avoid a similar situation in the future?

(This may come back to the better communication policies already enacted by Transpower and others as part of their winter security planning.)

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**From:** Sarah Gillies s9(2)(a) >  
**Sent:** Monday, March 4, 2024 12:37 PM  
**To:** Saki Hannah s9(2)(a); Grant Benvenuti s9(2)(a); Andrew Millar s9(2)(a); Airihi Mahuika s9(2)(a); Sean Martin s9(2)(a)  
**Cc:** Doug Watt s9(2)(a) >  
**Subject:** RE: Pricing for 9 August 2021

Thanks, before it gets published I need to let the Board know.

Ngā mihi  
Sarah

**Sarah Gillies**  
Chief Executive

s9(2)(a)



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**From:** Saki Hannah s9(2)(a)  
**Sent:** Monday, March 4, 2024 12:25 PM  
**To:** Sarah Gillies s9(2)(a); Grant Benvenuti s9(2)(a); Andrew

Millar <s9(2)(a)>; Airihi Mahuika <s9(2)(a)>; Sean Martin  
s9(2)(a)  
Cc: Doug Watt s9(2)(a) >  
Subject: RE: Pricing for 9 August 2021

Hi Sarah,  
Sean is just working on a response to an Energy News Journalist explaining what happened.  
This could be turned into an update for the Board / Minister.  
However, the short summary (as Grant noted) is the Clearing Manager used the wrong file; advised the  
market of the error & has now provided revised prices (from the correct file) at 9am today.

Seems quite operational but we could do a short note given some noise around it.

Hi Sean  
What do you think?

Cheers  
Saki

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**From:** Sarah Gillies s9(2)(a)  
**Sent:** Monday, March 4, 2024 12:22 PM  
**To:** Grant Benvenuti s9(2)(a); Andrew Millar s9(2)(a); Airihi Mahuika s9(2)(a)  
**Cc:** Saki Hannah <s9(2)(a)>; Doug Watt s9(2)(a)  
**Subject:** RE: Pricing for 9 August 2021

Thanks, do I need a note for the Board or the Minister's office to explain what's happening?

Ngā mihi  
Sarah

**Sarah Gillies**  
Chief Executive

s9(2)(a)

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**From:** Grant Benvenuti <s9(2)(a)>  
**Sent:** Monday, March 4, 2024 10:57 AM  
**To:** Sarah Gillies s9(2)(a); Andrew Millar <s9(2)(a)>; Airihi

Mahuika s9(2)(a)

Cc: Saki Hannah s9(2)(a); Doug Watt s9(2)(a)

**Subject:** RE: Pricing for 9 August 2021

Hi Sarah, final update...

The clearing manager has finished their investigation and have issued corrected prices. They issued comms of Friday afternoon advising participants of a potential error and not to use prices for off market (hedges). They have issued comms this morning again noting the error and advising corrected prices have now been published.

With assistance from Tuong, Roger Miller, Murray Henderson (of the system operator) the clearing manager realised they had used the wrong input file into the pricing process. It is likely they will self-report a Code breach for using the wrong input file, so the compliance process will deal with this in due course. There is unlikely to be a recurrence as this process is not used anymore and has been replaced by RTP

Cheers

GB

**Grant Benvenuti**  
Principal Advisor  
Electricity Authority

s9(2)(a)

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**From:** Grant Benvenuti

**Sent:** Friday, March 1, 2024 5:07 PM

**To:** Sarah Gillies s9(2)(a); Andrew Millar s9(2)(a); Airihi

Mahuika s9(2)(a)

**Cc:** Saki Hannah s9(2)(a); Doug Watt s9(2)(a)

**Subject:** Pricing for 9 August 2021

Hi Sarah, it looks like the clearing manager has used the incorrect pricing file when calculating final pricing for these trading periods. The issue relates to the first two trading periods (TP37 and 38). These two TPs were NOT part of the scarcity pricing application, and were not part of the pricing error claim (and subsequent High Court appeal). For these two trading periods there was reserve issues, which is why we held them as interim as well, in case the 2021 UTS investigation found issue with these trading periods as well.

The clearing manager is going to send communications out to participants advising there is an error and they are investigating.

I have also sent a separate query to pre-RTP pricing experts (Tuong, Doug, Roger Miller, Murray Henderson) as I am not an expert in the detail of pricing. This is to confirm which pricing file needs to be used. This will help give the clearing manager advice on what we think should be done. It is unlikely this will be done today or over the weekend, so something for Monday.

I have had several calls with the clearing manager and are currently the point person. To everyone on this email chain, please advise if you are comfortable I maintain this relationship or if there is anyone else who should be the Authority contact person with the clearing manager.

I'll let everyone know if there is any further news

Cheers

GB

**Grant Benvenuti**  
Principal Advisor

s9(2)(a)  
[Redacted]



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