

Notice Under Regulation 16 of the Electricity Industry (Enforcement) Regulations 2010

Date 29 January 2025

Addressee South Pacific Energy Limited

Subject The clearing manager has reported multiple breaches between 18 July 2024 and 20 September 2024 alleging that South Pacific Energy Limited (South Pacific Energy) did not meet its obligations relating to prudential requirements and completing payment of its settlement amounts by the due dates and times under the Electricity Industry Participation Code 2010 (Code).

Investigator An investigator was appointed under Regulation 12 of the Electricity Industry (Enforcement) Regulations 2010 (Regulations)

Notifying industry participant

Energy Clearing House Limited (clearing manager)

Clauses allegedly breached

Part 14 clauses 14A.6(2), 14.31(1)(a) and 14.32(1) of the Code.

Circumstances of alleged breaches

On 18 July 2024, South Pacific Energy failed to provide the minimum security required by 4.00pm. At 5.27pm on the same day the funds were received into the clearing manager's prudential account (Case 2407SPEL1 - clause 14A.6(2)).

On 22 July 2024, South Pacific Energy failed to pay its settlement amount due into the clearing manager's settlement account by 1.00pm. At 1.39pm on the same day the funds were received into the clearing manager's settlement account (Case 2407SPEL2 - clause 14.31(1)(a) and 14.32(1)). On 12 August 2024, South Pacific Energy failed to provide the minimum security required by 4.00pm.

On 13 August at 8.08pm the funds were received into the clearing manager's prudential account (Case 2408SPEL1 - clause 14A.6(2)). On 14 August 2024, South Pacific Energy failed to provide the minimum security required by 4.00pm. At 4.21pm on the same day the funds were received into the clearing manager's prudential account which were then transferred into the clearing manager's operating account to enable settlement to occur (Case 2408SPEL1 - clause 14A.6(2)).

On 20 September 2024, South Pacific Energy failed to pay its settlement amount due into the clearing manager's settlement account by 1.00pm. At 1.08pm on the same day the clearing manager transferred the funds from the prudential account into the settlement account (Case 2409SPEL1 - clause 14.31(1)(a)).

Date and time of alleged breaches

- 4.00pm on 18 July 2024 - Case 2407SPEL1
- 1.00pm on 22 July 2024 - Case 2407SPEL2
- 4.00pm on 12 August 2024 - Case 2408SPEL1
- 4.00pm on 14 August 2024 - Case 2408SPEL1
- 1.00pm on 20 September 2024 - Case 2409SPEL1

Please note, under Regulation 16 of the Regulations, you are obliged to respond to this allegation, in writing, to the investigator within 10 working days of receipt of this notice (unless the investigator allows, in writing, a longer period).

Please provide your response to this allegation, or request a longer period to respond, via the Authority's Compliance portal by clicking [here](#) ↗.

Include the following in your response:

- Whether you believe you have breached the Code
- Whether there is another provision you consider more accurately describes the nature of the event
- A full explanation of the circumstances surrounding the alleged breaches
- Identification of any information provided in your response that you consider confidential and that should not be included in the investigator's report under Regulation 19 of the Regulations (Regulation 15(2) of the Regulations). If your response includes confidential information, please provide a second copy where the confidential information has been redacted in case your response needs to be shared with any other parties.

Notice Under Regulation 17 of the Electricity Industry (Enforcement) Regulations 2010

Investigation of alleged breach of the Electricity Industry Participation Code 2010 by South Pacific Energy Limited

Energy Clearing House Limited (clearing manager) has reported to the Authority multiple breaches between 18 July 2024 and 20 September 2024 alleging that South Pacific Energy Limited did not meet its obligations relating to prudential requirements and completing payments of its settlement amounts by the due dates and times under the Electricity Industry Participation Code 2010 (Code).

On 22 January 2025, the Authority appointed an investigator to investigate the alleged breach under Regulation 12 of the Electricity Industry (Enforcement) Regulations 2010 (Regulations).

Under Regulation 16, the investigator must promptly notify the industry participant alleged to have breached the Code of the allegation that is being investigated. On 29 January 2025, the investigator gave South Pacific Energy Limited such notice.

Under Regulation 17, at the same time as the investigator sends a notice under Regulation 16, the investigator must publicise the information about the matter under investigation, including the content of the notice given under that regulation. This notice publicises the information about the matter under investigation, and a copy of the notice given under Regulation 16 is attached.

Any participant that considers it is affected by the matter being investigated and that wishes to become a party to this investigation, should notify the investigator within 10 working days after the date on which this notice is published (by 5pm, 13 February 2025).

The investigator can be contacted, citing the reference **2409SPEL1** in the subject line, by email at compliance@ea.govt.nz, or at:

Compliance Investigator
Electricity Authority - Te Mana Hiko
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1 Willis Street

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