



Market Operations Monthly Service Provider Report

February 2006

This report details monthly information in relation to the information system, clearing manager and pricing manager functions performed by M-co under contract to the Electricity Governance Board.

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1. Introduction

1.1 Purpose

This report details monthly information in relation to the information system, clearing manager and pricing manager functions performed by M-co under contract to the Electricity Governance Board.

This report has been prepared in accordance with sections 44 and 45 of the Electricity Governance Regulations 2003 and contains the core reporting requirements plus additional market information that will be of interest to the Board.

1.2 Contact Details

The following is a list of contact details for further information or questions pertaining to this report:

General Queries

Shane Dinnan, General Manager Market Operations	+64 4 498 0052
Dan Lee, Chief Information Officer	+64 4 498 0046

COMIT Market Information System

Pradeep Navalkar, Market Information Systems Manager	+64 4 498 0045
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Clearing & Settlement

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Pricing

Murray Henderson, Pricing Analyst	+64 4 498 0028
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2. Core Reporting

2.1 Compliance with Regulations and Rules

To the best of our knowledge the information system, clearing manager and pricing manager service providers have complied with their obligations under the regulations and rules during February 2006.

2.2 Operation of the Regulations and Rules

The clearing manager and information system service providers have not during February 2006 identified any areas where, in their view, a change to the regulations or rules may need to be considered.

As a result of two compliance matters, the pricing manager and clearing manager are aware of a number of gaps in the rules in relation to the final and provisional pricing process and the clearing and settlement rules. The pricing manager and clearing manager have been in dialogue with Commission staff and other service providers and have recommended a set of rule changes to correct these anomalies.

2.3 Compliance with Service Provider Agreements

To the best of our knowledge the information system, clearing manager and pricing manager service providers have complied with their obligations under their respective service provider agreements during February 2006.

2.4 Rule Change Costs

In accordance with the requirements of the respective service provider agreements, the following costs have been incurred since 1 March 2004 in relation to implementing rule changes:

Service Provider	Rule Change Details	Cost (inc GST)
Information system	HVDC Component Flows and Risk Offsets (rule change no. 19)	\$29,250.00
Clearing Manager	Voltage support "nominated kvars" (rule change no. 7)	\$11,398.50
Clearing Manager	Under frequency event charge (rule change no. 30)	\$8,484.37

2.5 Compliance with Agreed Performance Standards

Information System Manager (COMIT)

Measure	Achieved This Month	Standard
COMIT availability	100.00%	99.72%
COMIT 6-month availability	100.00%	99.72%
COMIT file upload availability	100.00%	99.72%
Average time to publish PDS	3mins 28sec	7mins
Average time to publish dispatch prices	20sec	1min
Average time to publish provisional/final prices	17secs	1min 30secs

The target level of 99.72% relates to the equivalent of no more than two hours of outages per calendar month. Core functionality denotes all the systems and facilities necessary to fulfil the information system requirements of the EGRs as part of the Information System Service Provider Agreement.

Please note that the COMIT availability has been 100% in the last 6 months.

Clearing Manager

Measure	Achieved This Month	Standard
Wash-up notifications distributed to parties by 5th business day of each month	Yes	92%
Invoices released by 6pm on 9th business day	Yes	92%
Constrained on/off amounts released to System Operator by 9am on 8th business day	Yes	92%
Amounts payable to payees sent through to the bank by 5:30pm on settlement day	Yes	92%
Number of invoice calculation errors	0	0%
Number of security level calculation errors	0	0%



The target level of 92% relates to the equivalent of no more than one instance of missing the deadline within a twelve-month period. The zero percent standards indicate that the Board expects there to be no calculation errors, in either invoices or the establishment of security levels.

Pricing Manager

Measure	Achieved This Month	Standard
Final prices published by 9:30am if no provisional price situation exists	100%	97%
Provisional prices published by 10:30am if provisional price situation exists	97%	97%
Final prices published within 3 hours of a System Operator/Grid Owner fix to a provisional price situation	100%	97%
IT processing time to publish final prices within 5 minutes of sending	100%	97%
Number of price processing errors	0%	0%

The target level of 97% relates to the equivalent of no more than one instance of missing a listed deadline within a calendar month. The zero percent standard indicates that the Board expects there to be no errors caused by the pricing manager in the calculation of prices.

3. Additional Information

3.1 Information System Manager (COMIT)

3.1.1 COMIT Statistics

The following are key statistics for COMIT for the month of February 2006:

Measure	Result	Target	Comments
Core Planned	0	-	No outages
Core Unplanned	0	-	No outages
Named user licenses allocated	89	120	Not including Electricity Commission, Transpower or M-co users, but belonging to Active Trader companies
Active trader companies allocated	13	10	

Core functionality denotes all the systems and facilities necessary to fulfil the information system requirements of the EGRs as part of the Information System Service Provider Agreement.

3.1.2 Outage Summary

There were no planned or unplanned outages affecting the core COMIT system during the month.

3.1.3 Rule Change Implementations

There was no rule change work carried out during the month.



3.1.4 Material System Changes

We have delivered some of the requests we have received from customers. This month we have implemented the following:

- Default preferences, which provide users with the ability to set defaults for relevant GIP/GXP nodes; and
- COMIT Mobile, which can be accessed by using any phone with internet browsing capability.

3.1.5 Work in Progress

COMIT IDE (Interval Data Engine)

In addition to delivering COMIT customer requests, we are working on COMIT IDE.

COMIT IDE is a development that was born out of a range of user comments that requested, amongst other things, more data, more customisation, and easier and faster access to data. COMIT IDE is a generic data storage and retrieval engine that allows for the easy storage of any data, at any location, at any point in time. To begin with, we have chosen to implement the main market price types.

COMIT IDE has been released to most users by now. We will be working on providing more features on COMIT IDE based on feedback from customers.

3.1.6 Future Planned Work

We will be implementing further customer requests in the next few months.

3.2 Clearing Manager

3.2.1 Security Monitoring

At the end of February 2006 the clearing manager held security of \$152,000,416 with the total payers' projected exposure to 27th March 2006 estimated at \$112,973,630.

Five calls for additional security were made in February. The calls were made to Mighty River Power, Genesis Energy and Trustpower.

3.2.2 Invoicing and Settlement

Invoicing and settlement for the January 2006 billing period was completed on February 20th:

Amounts Received

Received from Payers \$345,579,309

Amounts Paid

Paid to Payees \$338,618,445
Loss and Constraint Excess \$6,960,863

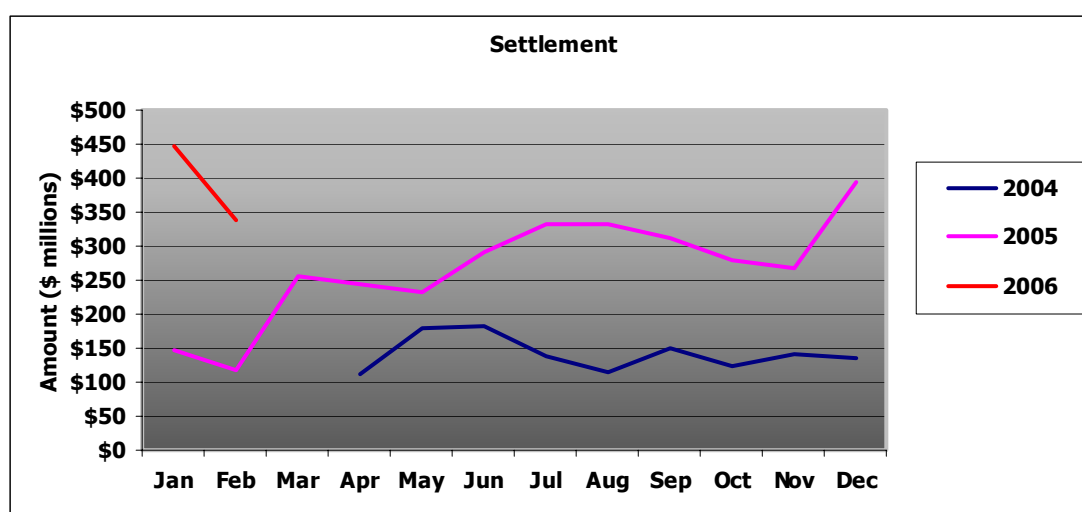
Total settlement (1 April 04 to 28 February 06):

Amounts Received

Received from Payers \$5,271,454,309

Amounts Paid

Paid to Payees \$5,129,573,213
Loss and Constraint Excess \$141,833,044



3.2.3 Ancillary Services

Payments to Ancillary Services Agents in February 2006 for the January 2006 billing period totalled \$9,506,388. That amount was made up of the following:

Type	Amount
Black Start	\$29,925.00
Frequency Keeping	\$6,443,527.69
Over-frequency Reserve	\$47,812.50
Instantaneous Reserve	\$2,610,874.01
Voltage Support	\$374,248.55

3.2.4 Constrained on

Total constrained on amounts calculated in February 2006 for the January 2006 billing period was \$1,426,124. Of that, \$191,370 (net of amounts attributable to the system operator) was paid to Generators by the clearing manager on the January 2006 invoices issued in February.

3.2.5 Constrained off

Total constrained off amounts calculated in February 2006 for the January 2006 billing period was \$1,233,508. Constrained on/off calculations that are attributable to the system operator are advised to the system operator for inclusion in the frequency keeping calculations however there is **no direct financial settlement** for constrained off under the EGRs.

3.2.6 Must Run Dispatch Auction

There were bids into the must run dispatch auction every day during the month of February 2006.

3.2.7 System Development

There were no software changes made to CHASM during February 2006.

3.3 Pricing Manager

3.3.1 Price Commentary

Spot Market electricity prices in February reflected the below average hydro inflows, particularly in the South Island, the resultant decrease in hydro storage, and the increase in demand due to the holiday period ending.

February average monthly prices at all reference nodes increased in comparison to their respective January figures. The average Haywards price increased from \$92.13/MWh in January to \$101.84/MWh, Otahuhu prices increased from \$92.98/MWh to \$100.97/MWh, and Benmore prices rose from \$90.60/MWh to \$105.54/MWh.

The 243MW turbine at Huntly that was removed from service on the 2nd of December 2005 remained out of service for the whole of February. It is scheduled to return to service on 13th March 2006.

Daily demand in February was at a marginally lower level than that recorded during February 2005 but was higher than January 2006. Average daily demand in February 2006 was 100GWh compared to 95.8GWh in January 2006 and 100.6GWh in February 2005.

There were 2 unplanned and 4 planned outages of components of the HVDC inter-island link. There was also a planned complete outage between 0400 and 2200 on 26 February. None of the partial outages had any significant impacts on prices. During the complete outage of the HVDC there was significant price separation between the North and South Islands. The greatest price differential between the Haywards and Benmore reference nodes was \$208/MWh higher at Benmore. North Island daily average prices were around the \$75/MWh mark that day while South Island daily average prices were around the \$200/MWh mark. HVDC flows in February were mostly southward with an average southward daily flow of 3,700MWh compared to an average northward daily flow of 1,594MWh. In February 2006 the average daily northward flow was 11,159MWh. This clearly highlights the current hydro situation.

New Zealand hydro inflows over the month of February were 73% of average. National daily inflows were above average on 2 days during February and below 75% of average on 19 other days. South Island inflows were 60% of average and there were 24 days in February when South Island inflows were less than 75% of average. North Island inflows were 118% of average over February and there were 10 days in February when North Island inflows were above average. National hydro storage at 01 February was 83% of average and it ended February at 73% of average.



3.3.2 Monthly Average Reference Price Summary

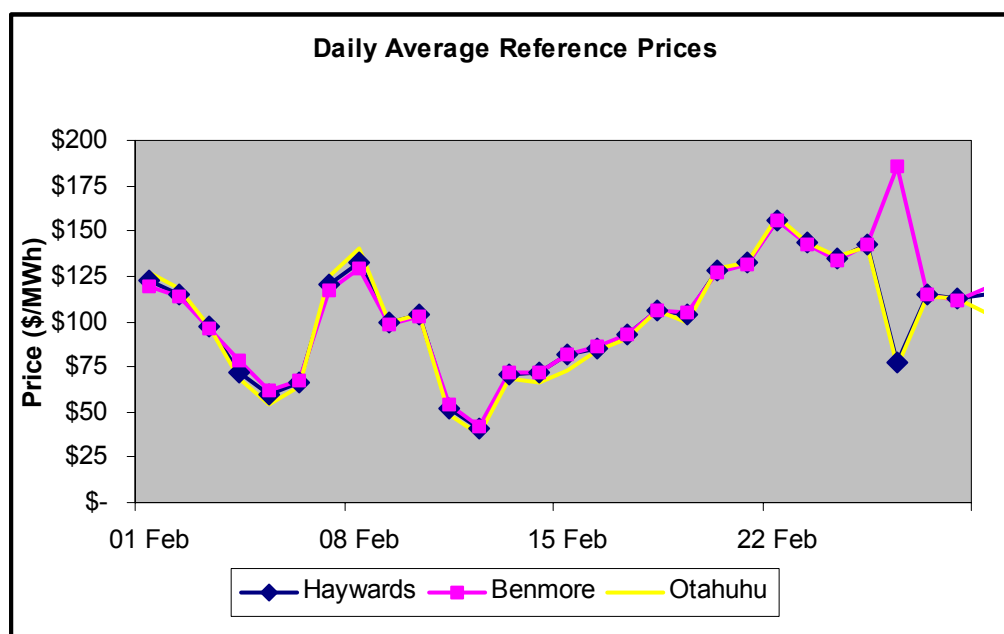
Haywards (HAY2201)	Forecast	Dispatch	Final
Average Price:	\$ 87.69	\$ 106.62	\$ 101.84
Highest Price:	\$ 188.35	\$ 259.33	\$ 250.12
Lowest Price:	\$ 0.10	\$ 0.07	\$ 0.03
Half Hours > \$100:	359	632	607
Average Weekday (excl stats):	\$ 92.64	\$ 116.99	\$ 111.42
Average Weekend (incl stats):	\$ 77.25	\$ 84.74	\$ 81.63

Benmore (BEN2201)	Forecast	Dispatch	Final
Average Price:	\$ 89.77	\$ 109.65	\$ 105.54
Highest Price:	\$ 185.80	\$ 264.05	\$ 264.21
Lowest Price:	\$ 0.10	\$ 0.07	\$ 0.10
Half Hours > \$100:	344	658	632
Average Weekday (excl stats):	\$ 92.02	\$ 115.49	\$ 110.46
Average Weekend (incl stats):	\$ 85.03	\$ 97.31	\$ 95.15

Otahuhu (OTA2201)	Dispatch	Final
Average Price:	\$ 106.22	\$ 100.97
Highest Price:	\$ 290.61	\$ 254.93
Lowest Price:	\$ 0.06	\$ 0.03
Half Hours > \$100:	604	581
Average Weekday (excl stats):	\$ 117.68	\$ 111.49
Average Weekend (incl stats):	\$ 82.04	\$ 78.76

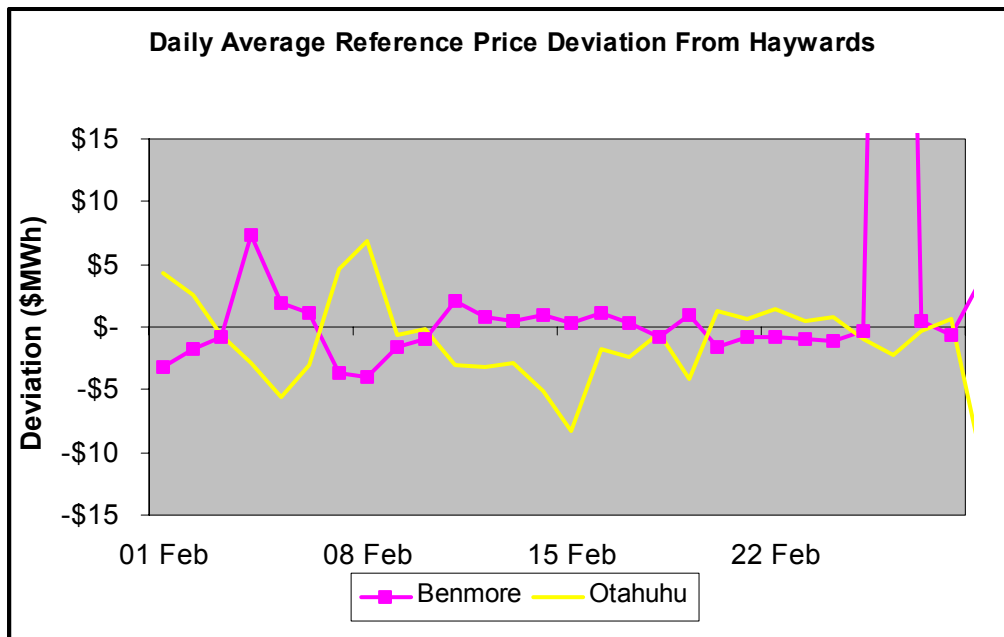
Note: Forecast prices for Otahuhu are not published

3.3.3 Daily Average Reference Price Graph

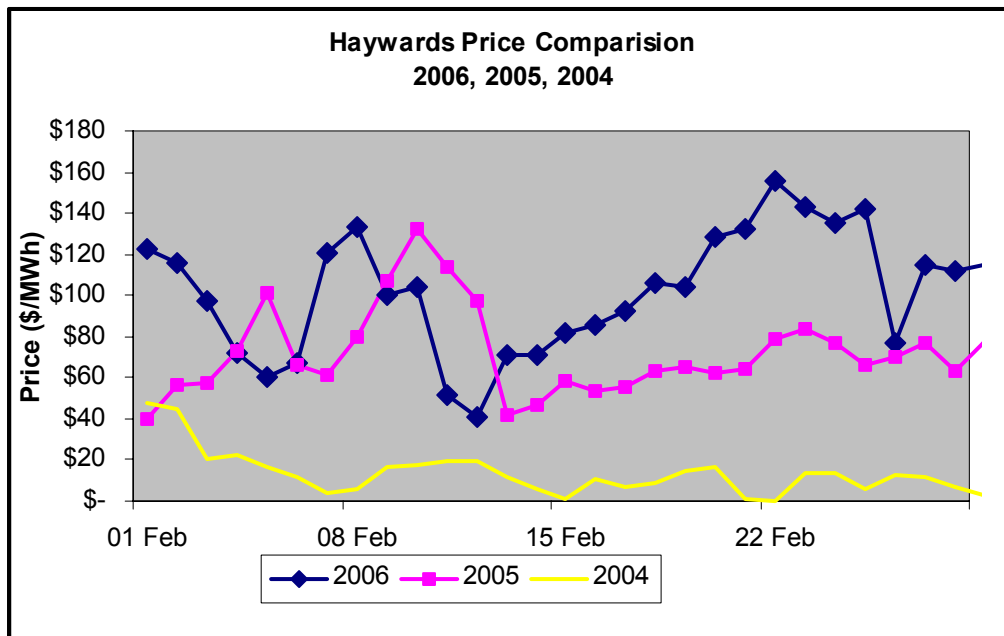




3.3.4 Daily Average Reference Price Deviation from Haywards



3.3.5 Daily Average Haywards Price Comparison





3.3.6 Haywards 13 Month Daily Average Price Comparison

