



Market Operations Monthly Service Provider Report

March 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

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COMIT Market Information System

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Pricing

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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 March 2006.

2.2 Operation of the Regulations and Rules

The information system, clearing manager and pricing manager service providers have not during March 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. We note these rule changes are now out for consultation.

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 March 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 29sec	7mins
Average time to publish dispatch prices	21sec	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 7 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	93%	97%
Provisional prices published by 10:30am if provisional price situation exists	100%	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 March 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 worked on delivering more data and functionality to customers. This month we have implemented the following:

- Final and Provisional arc flow data is now available in addition to the dispatch arc flow data. The Pricing Manager will publish these once a day to COMIT. This release was audited successfully to ensure that the dispatch arc flow data publication is not impacted.
- COMIT IDE graphs are enhanced. This should greatly improve the usability of the graphs within COMIT IDE.

3.1.5 Work in Progress

COMIT IDE (Interval Data Engine)

COMIT IDE has been released to all users now. In the next few months we will be adding more functionality to 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.

3.1.6 Future Planned Work

Our future work will be based around providing more data and functionality to customers.

3.2 Clearing Manager

3.2.1 New invoice payers

The system operator has advised the clearing manager of six new ancillary services payers who will be paying for the procurement of voltage support in zone 3. The new payers received their first invoice from the clearing manager in March 2006.

3.2.2 Security Monitoring

At the end of March 2006 the clearing manager held security of \$195,246,485 with the total payers' projected exposure to 27th April 2006 estimated at \$178,644,084.

Nineteen calls for additional security were made in March and one reduction was made. The calls were predominantly made to Mighty River Power, Genesis Energy, Trustpower, Lloyd Wensley, King Country Energy, Norske Skog and the new zone 3 distributors.

3.2.3 Invoicing and Settlement

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

Amounts Received

Received from Payers	\$362,157,666
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Amounts Paid

Paid to Payees	\$355,105,484
Loss and Constraint Excess	\$7,052,181

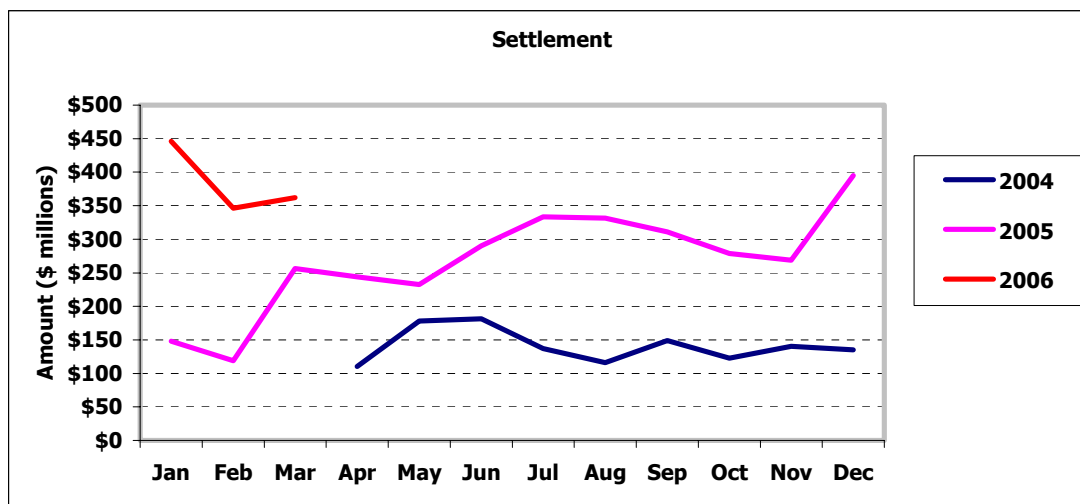
Total settlement (1 April 04 to 31 March 06):

Amounts Received

Received from Payers	\$5,633,612,530
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Amounts Paid

Paid to Payees	\$5,484,678,697
Loss and Constraint Excess	\$148,885,225



3.2.4 Ancillary Services

Payments to Ancillary Services Agents in March 2006 for the February 2006 billing period totalled \$9,130,887. That amount was made up of the following:

Type	Amount
Black Start	\$29,831.90
Frequency Keeping	\$5,642,103.47
Over-frequency Reserve	\$47,663.75
Instantaneous Reserve	\$3,013,679.38
Voltage Support	\$397,608.89

3.2.5 Constrained on

Total constrained on amounts calculated in March 2006 for the February 2006 billing period was \$877,421. Of that, \$206,780 (net of amounts attributable to the system operator) was paid to Generators by the clearing manager on the February 2006 invoices issued in March.

3.2.6 Constrained off

Total constrained off amounts calculated in March 2006 invoices for the February 2006 billing period was \$1,414,398. 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.

3.2.7 Must Run Dispatch Auction

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



3.2.8 System Development

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

3.3 Pricing Manager

3.3.1 Price Commentary

Spot Market electricity prices in March reflect the continuing below average hydro inflows, particularly in the South Island, and the resultant decrease in hydro storage. They, and the flows over the HVDC inter-island link, show the current market prominence of the North Island thermal generators.

March average monthly prices at all reference nodes increased significantly in comparison to their respective February figures. The average Haywards price increased from \$101.84/MWh in February to \$160.75/MWh, Otahuhu prices increased from \$100.97/MWh to \$155.60/MWh, and Benmore prices rose from \$105.54/MWh to \$161.30/MWh.

There were several planned generator outages that affected prices in March. Most significant of those was the removal from service of the 350MW Taranaki Combined Cycle (TCC) plant. This was removed from service for 5 days (split over 2 outages) in the week beginning 20th March. For the duration of the weekday TCC outage daily average prices at the 3 reference nodes were greater than \$200/MWh. The Whirinaki reserve plant generated electricity on 17 Days in March. Greatest output was coincident with the TCC outage. During the weekday TCC outage Whirinaki was running at full capacity most days between 06:30 and 22:00.

Daily demand in March was at a higher level than that recorded during March 2005 and February 2006. Average daily demand in March 2006 was 102.8GWh compared to 100GWh in February 2006 and March 2005.

There were no outages (Planned or unplanned) of the HVDC inter-island link that had any significant price impacts in March. HVDC flows in March were mostly southward with an average southward daily flow of 4,363MWh compared to an average northward daily flow of 1,569MWh. In March 2006 the average daily northward flow was 14,123MWh with southward flow only occurring on 1 day. This clearly highlights the hydro situation in March.

New Zealand hydro inflows over the month of March were 70% of average. National daily inflows were above average on 3 days during March and below 75% of average on 23 other days. South Island inflows were 65% of average and there were 23 days in March when South Island inflows were less than 75% of average. North Island inflows were 87% of average over March and there were 7 days in March when North Island inflows were above average. National hydro storage at 01 March was 74% of average and it ended March at 66% of average.



3.3.2 Monthly Average Reference Price Summary

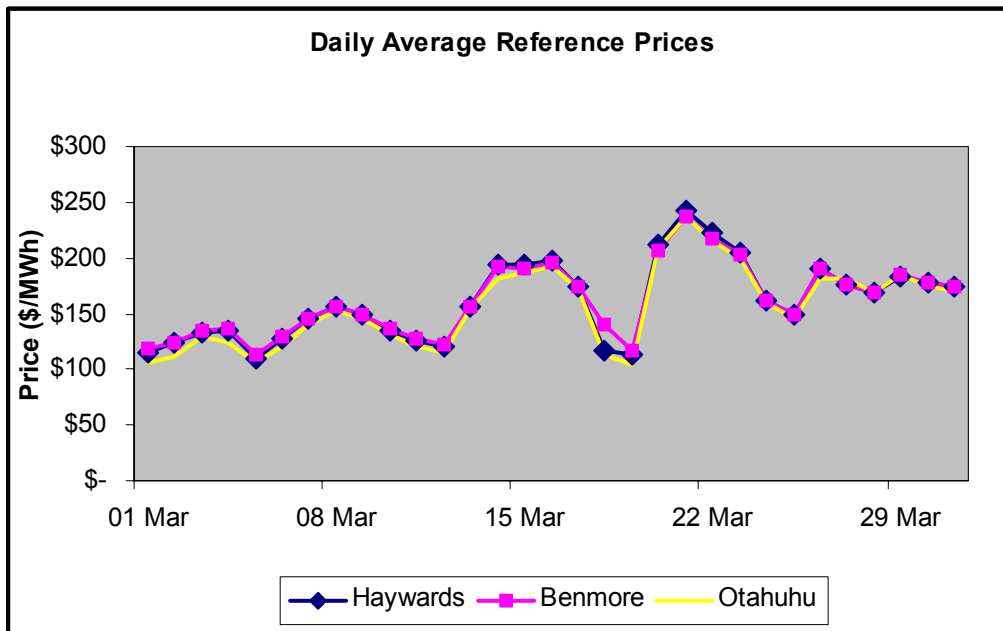
Haywards (HAY2201)	Forecast	Dispatch	Final
Average Price:	\$ 141.00	\$ 163.40	\$ 160.75
Highest Price:	\$ 212.94	\$ 544.19	\$ 374.71
Lowest Price:	\$ 0.56	\$ 0.21	\$ 0.23
Half Hours > \$100:	1,225	1,344	1,332
Average Weekday (excl stats):	\$ 149.83	\$ 173.30	\$ 170.68
Average Weekend (incl stats):	\$ 115.74	\$ 135.08	\$ 132.36

Benmore (BEN2201)	Forecast	Dispatch	Final
Average Price:	\$ 140.83	\$ 163.35	\$ 161.30
Highest Price:	\$ 209.61	\$ 520.98	\$ 360.76
Lowest Price:	\$ 2.24	\$ 0.22	\$ 0.43
Half Hours > \$100:	1,287	1,397	1,399
Average Weekday (excl stats):	\$ 148.48	\$ 172.15	\$ 169.87
Average Weekend (incl stats):	\$ 118.93	\$ 138.18	\$ 136.79

Otahuhu (OTA2201)	Forecast	Dispatch	Final
Average Price:		\$ 158.90	\$ 155.60
Highest Price:		\$ 1,141.24	\$ 411.79
Lowest Price:		\$ 0.21	\$ 0.23
Half Hours > \$100:		1,232	1,209
Average Weekday (excl stats):		\$ 169.36	\$ 165.98
Average Weekend (incl stats):		\$ 128.97	\$ 125.93

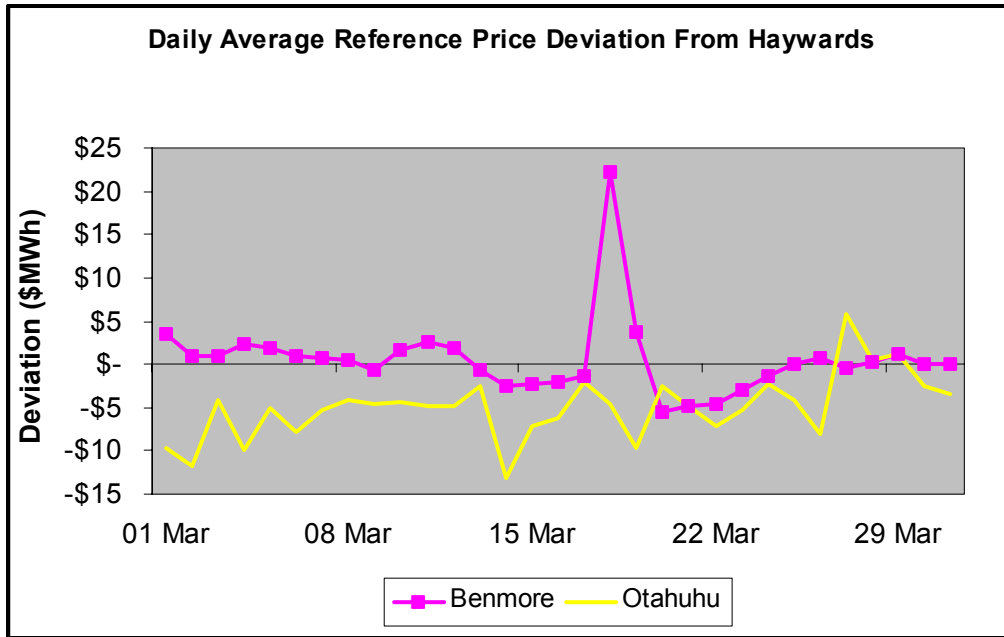
Note: Forecast prices for Otahuhu are not published

3.3.3 Daily Average Reference Price Graph

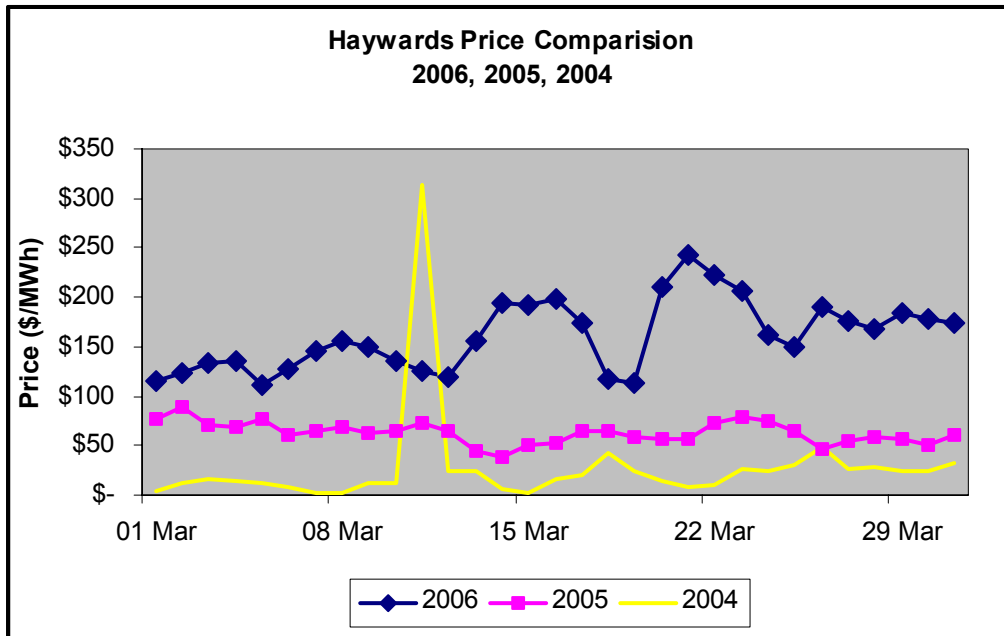




3.3.4 Daily Average Reference Price Deviation from Haywards



3.3.5 Daily Average Haywards Price Comparison





3.3.6 Haywards 13 Month Daily Average Price Comparison

