

5 September 2008

«First_Name» «Surname»
«Title»
«Company_Name»
«Address_1»
«Address_2»
«Address_3»
«Address_4»

Dear «First_Name»

Generator obligations with regard to certified reconciliation participant status

The Electricity Commission (Commission) would like to remind generators that sell directly to the clearing manager (CM) of changes to the Electricity Governance Rules 2003 (Rules) and subsequent audit requirements, as a result of the implementation of the reconciliation rules on 1 May 2008. Please note: if you sell your generation to a reconciliation participant, the obligations detailed below do not apply to you, but apply to the reconciliation participant that you sell to.

Amendments to parts A, D, E and J of the Rules, which became effective on 1 May 2008, placed new obligations on generators. These new obligations have been highlighted at all of the reconciliation participant forums hosted by the Commission, and the Commission's expectation is that you have already commenced this process.

Rule 19 of part J of the Rules requires generators, who sell directly to the CM, to become a certified reconciliation participant, and rule 3 of schedule J1 of part J of the Rules details the method and timeframe of obtaining such certification. This includes having ISO 9001 or a Commission Board approved alternative, and a Rules audit conducted, at the generators cost, and having applied and obtained certification from the Commission Board by 1 November 2008.

Please note that, where a function requiring certification is the obligation of the generator, but that function is performed completely by an agent to the generator, then the generator does not need to have ISO or a Rules audit itself, provided that the agent has these.

In the case noted above, the generator does still need to submit an application for certification in accordance with rule 3 of schedule J1 of part J of the Rules, and accompany this application with copies of the agent's audit reports and a document that confirms that there is a contract between the participant and the agent for the provision of these services.

The documents located at the link below on the Commission's website may be of assistance:

<http://www.electricitycommission.govt.nz/opdev/retail/retailaudits>.

The application form for certified reconciliation participant status is located on the Commission's website at

<http://www.electricitycommission.govt.nz/advisorygroups/pjtteam/reconproject>.

If you require further information or assistance, please send queries by email to retailoperations@electricitycommission.govt.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ron Beatty', written in a cursive style.

Ron Beatty

Senior Adviser Retail Operations