



Market Operations Monthly Service Provider Report

May 2009

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



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1. Introduction

1.1 Purpose

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

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

WITS Market Information System

David Godfrey, Information Technology Manager +64 4 498 0048

Service Operations

Ashley Milkop, Energy Services Manager +64 4 498 0028



2. Core Reporting

2.1 Compliance with Regulations and Rules

To the best of our knowledge all M-co service providers complied with their obligations under the regulations and rules during the reporting month.

2.2 Operation of the Regulations and Rules

The M-co service providers have not during the reporting month identified any areas where, in their view, a change to the regulations or rules may need to be considered.

2.3 Compliance with Service Provider Agreements

To the best of our knowledge, all provisions of the service provider agreement have been adhered to during the reporting month.



2.4 Compliance with Agreed Performance Standards

2.4.1 Wholesale Information & Trading System Manager (WITS/COMIT)

Measure	Achieved This Month	Standard
WITS/COMIT availability	100%	99.72%
WITS/COMIT 6-month availability	99.96%	99.72%
WITS/COMIT file upload availability	100%	99.72%
Average time to publish PDS	3min 40secs	7mins
Average time to publish dispatch prices	39secs	1min
Average time to publish provisional/final prices	26secs	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 wholesale information system requirements of the EGRs as part of the Wholesale Information & Trading System service provider agreement.

2.4.2 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 standards indicate that the Board expects there to be no calculation errors, in either invoices or the establishment of security levels.



2.4.3 Pricing Manager

Measure	Achieved This Month	Standard
Final prices published by 9:22am if no provisional price situation exists	100%	97%
Provisional prices published by 10:22am if provisional price situation exists	100%	97%
Final prices published within 2 hours 30 minutes of a System Operator/Grid Owner fix to a provisional price situation	100%	97%
IT processing time to publish final prices within 3 minutes 15 seconds 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 IT Systems

3.1.1 Outage Summary

There were no planned or unplanned outages to WITS.

3.1.2 Rule Change Implementations

No rule change implementations were carried out during the month.

3.1.3 Minor System Changes

The following minor system changes occurred during the month:

WITS

- Liaising with Transpower in the implementation of the new MSP systems and continued testing of MSP/WITS interfaces;
- Update customer's automation setup

CHASM

- Added new participant
- Market impact assessment
- Various reports generated for data requests

3.1.4 Other Work

The following other work streams were progressed during the month:

- Submitting a package of system enhancements based on feedback from participants and system users.
- Ongoing development of new Pricing Manager procedures for the new Market Operator Interface to be implemented as part of the new Market System Project (MSP).



3.2 Clearing Manager

3.2.1 Invoicing and Settlement

Monthly settlement (April 2009 billing period settled on May 20):

Amounts Received

Received from Payers \$162,946,923

Amounts Paid

Paid to Payees \$156,328,470

Loss and Constraint Excess \$6,618,451

Total settlement (1 April 04 to 30 April 09):

Amounts Received

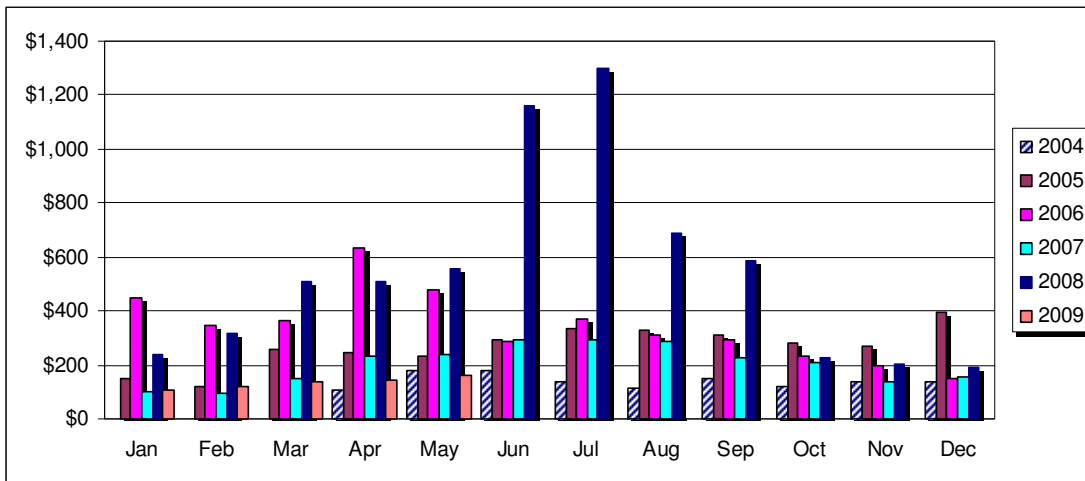
Received from Payers \$18,062,706,311

Amounts Paid

Paid to Payees \$17,560,565,524

Loss and Constraint Excess \$502,093,106

Graphically, total settlement since April 2004 is as follows:





3.2.2 Security Monitoring

At the end of May 2009 the clearing manager held security of \$213,226,323 with the total payers' projected exposure to 29 June 2009 estimated at \$99,421,318.

There were 4 calls for security and no reductions in security in May.

3.2.3 Ancillary Services

Payments to Ancillary Services Agents in May 2009 for the April 2009 billing period totalled \$6,676,445. That amount was made up of the following:

Type	Amount (GST incl.)
Black Start	\$31,384
Over-frequency Reserve	\$59,945
Frequency Keeping	\$3,235,387
Instantaneous Reserve	\$2,599,505
Voltage Support	\$750,222

Further details and historical and graphical information regarding ancillary service can be found in the system operator monthly service provider report at: <http://www.electricitycommission.govt.nz/opdev/servprovinfo/somonthly>

3.2.4 Constrained on

Total constrained on for the April 2009 billing period were \$991,847. These amounts were paid to generators by the clearing manager and the system operator on the April 2009 invoices issued in May 2009.

3.2.5 Constrained off

Total constrained off amounts for the April 2009 billing period were \$493,356. Only constrained off amounts that are attributable to the system operator are paid to generators.

3.2.6 Must Run Dispatch Auction

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



3.3 Pricing Manager

3.3.1 Daily Pricing Statistics

For May 2009, the pricing manager performed 64 pricing solves. 18 solves were published as Provisional, 31 published as Final, and 16 were not published. The following table summarises the Pricing Situations that occurred in the month:

Infeasibility Situations	Metering Situations	High Spring Washer Price Situations
13	19	3

3.3.2 High Spring Washer Price Situations and UTS Claim

(a) A HSWP situation occurred in trading period 07:30 for 19 May 2009, with high prices in the lower North Island. After relaxation of the relevant binding constraint by the system operator, prices were as high as \$6124 /MWh (MST0331). The pricing manager sent market participants 'would-be final prices' for the trading period 16 and advised that final prices would be published following further investigations.

An Undesirable Trading Situation (UTS) claim was made by Contact Energy Ltd. The pricing manager provided the Electricity Commission with a detailed report on these prices including their derivation, validation and market impact. The UTS claim was rejected. Final prices were published on 9 June 2009.

(b) HSWP situations occurred in trading periods 16:30 and 17:00 for 10 May 2009, with high prices in the upper South Island. The relevant binding constraint was relaxed by the system operator, with affected prices falling to below \$101 /MWh.

(c) A HSWP situation occurred in trading period 18:30 for 12 May 2009, with high prices in the far north of the North Island. The binding transmission constraint was at the top of the South Island. This constraint was relaxed by the system operator with negligible affect on the prices which triggered the HSWP situation. The maximum resulting price was \$1120 /MWh at Kaitaia.



3.3.3 Partial RAFs

The system operator set partial RAFs for the following trading periods in May:

Date	Trading Period	RAF	Value
5-May-09	18:00 and 18:30	NI RAF6s	0.600
	18:00 and 18:30	NI RAF60s	0.600
21-May-09	08:00	NI RAF6s	0.800
	08:00	NI RAF60s	0.800
23-May-09	18:00	NI RAF6s	0.800
	18:00	NI RAF60s	0.800

3.3.4 Price Commentary

South Island prices for May were flat and low, with average daily prices at BEN2201 below \$5/MWh for more than three weeks.

Average daily reference prices in the North Island for May were erratic for the first three weeks, then settled to below \$40/MWh for the last 10 days.

Change in monthly average Final prices at reference nodes (\$/MWh):

	May-09	Apr-09	Change
BEN2201	4.26	31.65	-87%
HAY2201	59.14	45.14	31%
OTA2201	59.02	47.51	24%

North Island generation outages continued in May. The main outages were at Stratford TCC (350 MW, 2 – 19 May), Huntly Unit 3 (255 MW, 24 April – 15 May) and Huntly Unit 2 (255 MW, 9 – 10 May).

The overlap of these outages led to occasionally high North Island energy and reserve prices as higher-cost generation was required to meet peak demand and cover the North Island risk.

On the days of high North Island prices (see below), high prices at peak morning and evening demand lifted the daily average prices above a prevailing price of roughly \$50 / MWh.

Lake storage levels at the end of May were 130% of the long-term average at this time of the year and 83% of maximum storage. At 3744 GWh they were 4% down from 3900 GWh at the end of April. Total monthly inflows for May were 144% of the long term average thanks to heavy rain in the beginning and middle of the month.

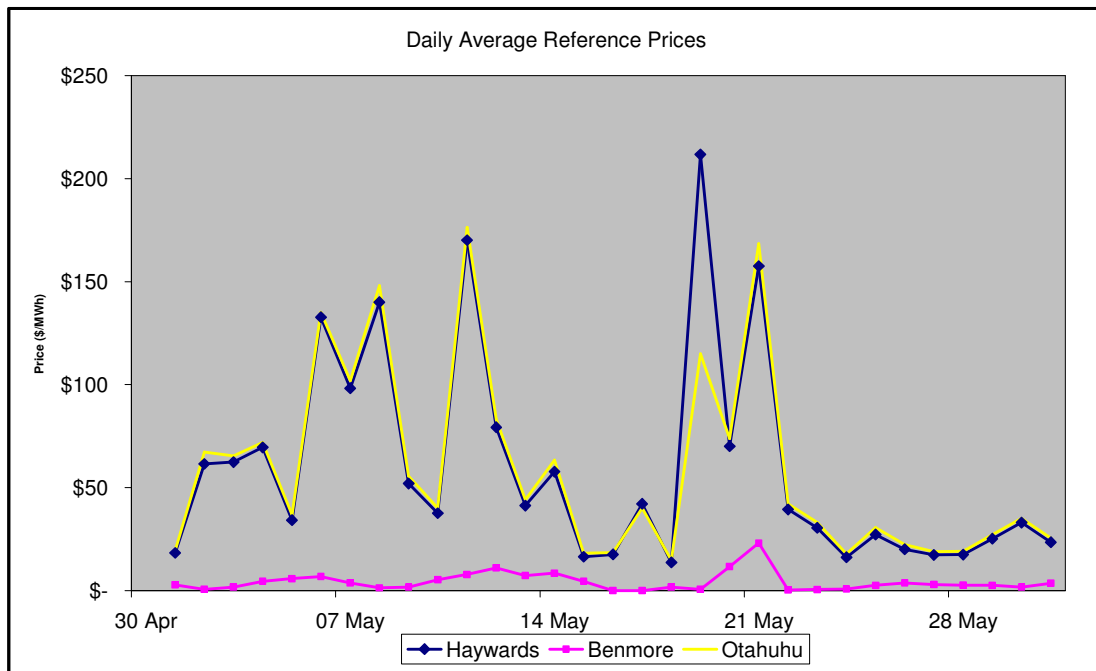
3.3.5 Monthly Average Reference Price Summary

Haywards (HAY2201)	Forecast	Dispatch	Final
Average Price:	\$ 23.10	\$ 51.92	\$ 59.14
Highest Price:	\$ 1,854.43	\$ 6,026.95	\$ 6,025.85
Lowest Price:	\$ 0.01	\$ 0.01	\$ 0.01
Half Hours > \$100:	14	92	98
Average Weekday (excl stats):	\$ 26.17	\$ 57.73	\$ 69.41
Average Weekend (incl stats):	\$ 16.60	\$ 39.65	\$ 37.44
Benmore (BEN2201)	Forecast	Dispatch	Final
Average Price:	\$ 2.79	\$ 3.78	\$ 4.26
Highest Price:	\$ 32.38	\$ 60.01	\$ 173.70
Lowest Price:	\$ -	\$ -	\$ -
Half Hours > \$100:	-	-	1
Average Weekday (excl stats):	\$ 3.71	\$ 4.94	\$ 5.52
Average Weekend (incl stats):	\$ 0.83	\$ 1.34	\$ 1.58
Otahuhu (OTA2201)		Dispatch	Final
Average Price:		\$ 51.35	\$ 59.02
Highest Price:		\$ 1,569.00	\$ 4,447.18
Lowest Price:		\$ 0.01	\$ 0.01
Half Hours > \$100:		95	103
Average Weekday (excl stats):		\$ 55.96	\$ 68.21
Average Weekend (incl stats):		\$ 41.62	\$ 39.60

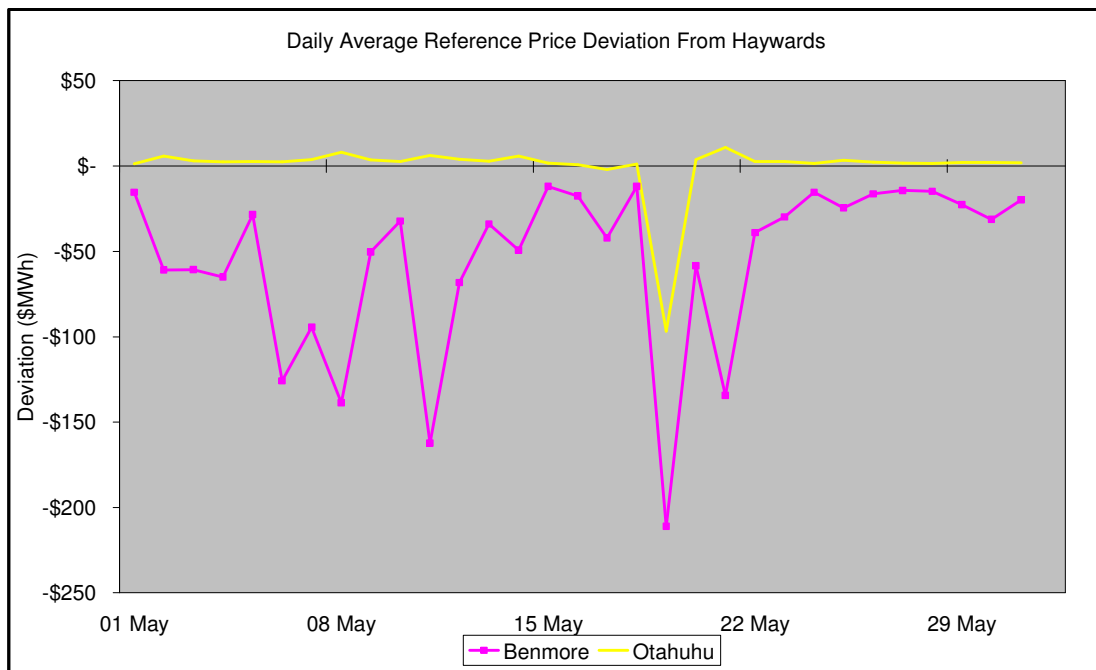
Note: Forecast prices for Otahuhu are not published



3.3.6 Daily Average Reference Price Graph

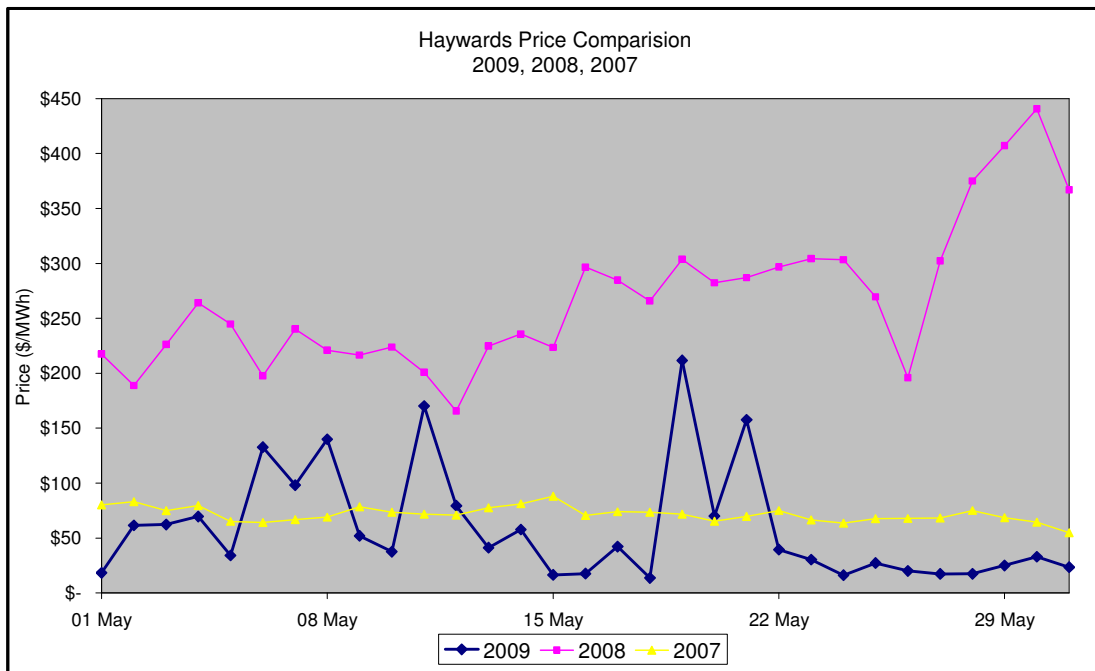


3.3.7 Daily Average Reference Price Deviation From Haywards





3.3.8 Daily Average Haywards Price Comparison



3.3.9 Haywards 13 Month Daily Average Price Comparison

