

**Notice of Recommendation and Assessment
Concerning the Electricity Governance Rules
2003—Rule Amendment Proposal No. 147, 2009**

1. This notice of a recommendation and assessment concerning the Electricity Governance Rules 2003 (“Rules”), Rule Amendment Proposal No. 147, 2009, is issued by the Electricity Commission (“Commission”) pursuant to section 172E(2)(c) of the Electricity Act 1992 (“Act”).
2. The Act provides that, no later than 10 working days after making a recommendation to the Minister of Energy and Resources (“Minister”) concerning the Rules, the Commission must publicise the recommendation and the assessment completed under section 172F of the Act.

Recommended Amendments to the Rules

3. On 2 July 2009, the Commission recommended that Schedule C4 be replaced.
4. The recommended amendments to the Rules were:
 - (a) the replacement of the existing policy statement in Schedule C4 in Part C of the Rules with a new Schedule C4. The key changes from the current policy statement include:
 - (i) publishing temporary security constraints applied to schedules where those constraints have reached the “constraint percentage threshold” once new market systems are implemented. Publication will be within 10 minutes of completion of the relevant schedule rather than from the application of the constraint to the database;
 - (ii) publishing grid asset outage information used in the preparation of market schedules rather than within its publication of branch constraint information;
 - (iii) issuing a grid emergency notice if the System Operator considers a grid reconfiguration is required to mitigate a situation;
 - (iv) using reasonable endeavours to begin the preparation of a new security schedule at least once every two hours;
 - (v) providing the information system with information from the week-ahead dispatch schedule once it completes such a schedule;
 - (vi) removing the requirement for the System Operator to publish transmission capability limits as these are available elsewhere;
 - (vii) providing more flexibility for the System Operator to choose the level of reserve required between 0–100% when there are insufficient generation and reserve offers;
 - (viii) removing specific conditions under which the System Operator will procure over frequency reserves for the South Island, giving it more flexibility to determine when it will procure the service and more accurately reflecting operational procedures used in the dispatch of over frequency reserves;
 - (ix) identifying the restoration of load following a loss of supply as an event in which a grid emergency might arise;
 - (x) no longer requiring the System Operator to send formal notices to every participant, only to those the System Operator believes may be

able to assist in mitigating a grid emergency or will have a significant interest in the occurrence and nature of the grid emergency;

- (xi) no longer requiring the System Operator to send separate Demand Allocation Notices but to permit including them in the relevant formal notice; and
 - (xii) rewording various clauses to remove obligations on asset owners where those obligations are already stated in Part C of the Rules (the policy statement should contain only commitments made by the System Operator); and
- (b) minor drafting amendments to various clauses, in reliance on section 172F(3) of the Act.
5. A copy of the Commission’s recommendation and assessment is available, at no cost, on the Commission’s website at

<http://www.electricitycommission.govt.nz/rulesandregs/recommend>

Dated at Wellington this 2nd day of July 2009.

For and on behalf of the Electricity Commission:

DAVID CAYGILL, Chair.

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