

## **Notice of Making of Electricity Governance Amendment Rules (No. 74) 2009 and Notice of Reasons for Decision**

1. Pursuant to section 172I of the Electricity Act 1992 (“Act”), I notify the amendment of the Electricity Governance Rules 2003 (“Rules”) under section 172H of the Act.
2. The empowering provisions for the Electricity Governance Regulations in relation to which the amendments to the Rules are made are sections 172D(1)(3) and 172D(1)(4) of the Act.
3. The existing policy statement in Schedule C4 of Part C of the Rules will be replaced in its entirety with a new Schedule C4. The key changes include:
  - (a) new commitments by the System Operator:
    - (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 the completion of the relevant schedule rather than within 10 minutes 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; and
    - (v) providing the information system with information from the week-ahead dispatch schedule once it completes such a schedule; and
  - (b) other changes include:
    - (i) removing the requirement for the System Operator to publish transmission capability limits as these are available elsewhere;
    - (ii) 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;
    - (iii) 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;
    - (iv) identifying the restoration of load following a loss of supply as an event in which a grid emergency might arise;
    - (v) 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;
    - (vi) no longer requiring the System Operator to send separate Demand Allocation Notices but to permit including them in the relevant formal notice; and

- (vii) 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).
4. Minor drafting amendments to various clauses have also been made, in reliance on section 172F(3) of the Act.
5. Pursuant to section 172Z(4) of the Act, the reasons for my decision to amend the Rules are that:
  - (a) the changes contained in the new Schedule C4 improve the policies and means the System Operator employs to meet the principal performance obligations; and
  - (b) the new policy statement complies with the requirement in the Rules to review the policy statement annually.
6. These rules come into force on 1 September 2009.
7. Copies of the Rules may be inspected free of charge or purchased from the Electricity Commission, Level 7, ASB Bank Tower, 2 Hunter Street, Wellington.
8. The Rules can also be viewed on the Electricity Commission’s website

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

Dated at Wellington this 8th day of July 2009.

HON GERRY BROWNLEE, Minister of Energy and Resources.

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