

**Notice of Making of Electricity Governance
(Procurement Plan) Amendment Rules 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 procurement plan in Schedule C5 of Part C of the Rules is replaced in its entirety with a new Schedule C5. A brief description of the main changes is as follows:
 - (a) Failure to comply with the maximum allowable standard deviation obligations for frequency keeping is to be treated as a material breach of the Ancillary Service Procurement Contract (Paragraph 53A);
 - (b) clarification that the provision for constrained on and off amounts only applies to fixed price/quantity frequency keeping (not half-hourly) (Paragraph 105B);
 - (c) requiring interruptible load providers of instantaneous reserve to carry out an end-to-end test of the functionality of their equipment used to provide the service, at least once during the term of the new procurement plan, if they have not successfully responded to an under-frequency event during the term of the present procurement plan (Paragraphs 135A-135C and 136-138); and
 - (d) adding references to the different over-frequency limits in each island and correcting errors in the current wording (Paragraphs 151 and 164).
4. Minor drafting amendments to various paragraphs 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) this amendment updates the procurement arrangements and enhances the specification and procurement of ancillary services; and
 - (b) the new procurement plan complies with the requirement in the Rules to complete an annual review of the procurement plan.
6. These rules come into force on 1 December 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 14th day of September 2009.

HON GERRY BROWNLEE, Minister of Energy and Resources.

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