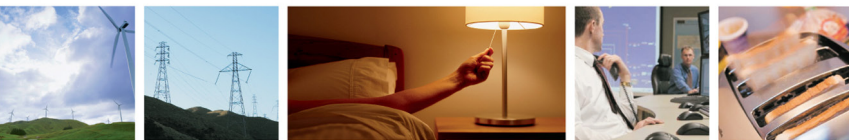


Operational Performance Report to the Electricity Commission August 2010

Purpose

This report summarizes the results of the System Operator's review of its performance for August 2010, as required under Regulation 45 of the EGR's. An additional Operational Update is also provided for the information of the Commission



SYSTEM OPERATOR

Keeping the energy flowing

TRANSPOWER



Table of Contents

1.	COMPLIANCE WITH RULE BOOK AND PART C:	2
1.1	Principal Performance Obligations (PPOs).....	2
1.2	Grid Emergencies	2
1.3	System Events	2
1.4	Connection Points	2
1.5	System Operator Compliance with Rule Book: Part C.....	2
2.	PART G COMPLIANCE	3
3	ANCILLARY SERVICES	3
4.	RECOMMENDATIONS FOR CHANGE TO EGRS AND RELATED MATTERS:	4
4.1	Rule change proposals	5
4.2	Exemption applications	5
5.	OPERATIONS UPDATE:	5
5.1	Commissioning of generation assets.....	5
6.	CONFLICTS OF INTEREST:	5
7.	DEVELOPMENT AND RESOURCES	5
8.	REGULATION 50 (4) STATEMENT:	6



1. COMPLIANCE WITH RULE BOOK, PART C AND REGULATIONS:

1.1 PRINCIPAL PERFORMANCE OBLIGATIONS (PPOs)

The Principal Performance Obligations (PPOs) of the System Operator are to act as a reasonable and prudent operator with the objective of meeting certain PPO outcomes.

The System Operator's performance against the PPO outcomes, during the month, was as follows:

PPO No	Description	PPO Outcome
2.1	Avoid cascade failure	Met
2.2.1	Maintain frequency in the normal band	Met
2.2.2	Manage frequency during momentary fluctuation	Met
2.2.3	Limit rate of occurrences of momentary fluctuations	Met
2.2.4	Recover quickly from a fluctuation	Met
2.2.5	Manage time error	Met
2.2.6	Eliminate time error once a day	Met
2.3	Maintain other standards	Met
5.0	Restoration objective	Met

1.2 GRID EMERGENCIES

There were no grid emergencies declared in the period.

1.3 SYSTEM EVENTS

There was one system event (frequency excursion) during the reporting period:

Date	Time	Summary Details	Island	Freq (Hz)
3 August 2010	03:56	Stratford generation ran back resulted in a momentary drop in frequency in the North Island.	North	49.43



1.4 Connection Point Events

There were four connection point events during the reporting period:

Date	Time	Summary Details	Generation/Load interrupted (MW)	Restoration time (minutes)
13/08/2010	07:10	Blenheim-Kikiwa 1 circuit tripped causing loss of connection to Argyle.	10	201
20/08/2010	08:50	Karapiro-Te Awamutu 1 circuit tripped causing loss of connection to Te Awamutu.	29	42
20/08/2010	23:15	Hawera T1 and T2 supply transformers tripped causing loss of connection to Hawera.	17	82
30/08/10	16:09	ASB T8 tripped.	20	68

1.5 SYSTEM OPERATOR COMPLIANCE WITH RULE BOOK: PART C

During August, the System Operator notified one Part C breach for failing to adjust the dispatch schedule to include the most recent reserve information at the beginning of each trading period.

1.6 PARTICIPANT COMPLIANCE

During August, the System Operator notified no alleged Part C breaches against participants.

1.7 APPLICATIONS FOR DISPENSATIONS

During August, there were no new dispensation applications received by the System Operator nor were any dispensations granted by the System Operator.

2. PART G COMPLIANCE

2.1 SYSTEM OPERATOR COMPLIANCE

Two breaches of Part G were reported by the System Operator during the month of August. One related to the failure to publish the 12:30 SDPQ once completed. Another related to the failure to incorporate information from the Grid Owner regarding HVDC configuration, capacity and losses in formulating the dispatch schedule.

2.2 PARTICIPANT COMPLIANCE

One participant breach of Part G was reported by the System Operator during the month of August for the failure by the participant to comply with its sustained reserve dispatch instruction.



3. ANCILLARY SERVICES

3.1 SUMMARY OF PROCURED ANCILLARY SERVICES

The following is a summary of the contracted ancillary services, as at August 2010:

Ancillary Service Agent	(1)FK	(2)IR	(3)OFR	(4)BS	(5)VS
Meridian Energy	√	√	√*	√*	
Contact Energy	√*	√*	√*		√*
Mighty River Power	√	√		√*	√*
Genesis Power	√	√		√	
TrustPower		√*			
Vector		√			
Northpower		√			
Powerco		√*			
Unison		√			
WELNetworks		√			
CountiesPower		√			
NZ Steel		√*			
Pan Pac		√			
Winstone Pulp International		√*			
KCE Mangahao and Todd Mangahao		√*			
Norske Skog		√*			
Energy Response		√			
NZ Aluminium Smelters		√*			

* denotes longer term contract

FK Frequency Keeping
OFR Over Frequency Reserve
BS Black Start

IR Instantaneous Reserves
VS Voltage Support

3.2 PROCUREMENT OF OVER FREQUENCY RESERVE (NORTH ISLAND) AND VOLTAGE SUPPORT (ZONE1)

In August, the System Operator sent out tender documents for the provision of over frequency reserve in the North Island. The closing date for tenders was 31 August however this was extended until 18 September due to a delay in the Grid Owner outage (and therefore the need for over frequency reserve).

Based on the information received to date in relation to these tenders it is unlikely that the System Operator will need to progress a variation to the Procurement Plan to allow for over frequency reserves to be provided through a run back arrangement.



4. RECOMMENDATIONS FOR CHANGE TO EGRs AND RELATED MATTERS

4.1 RULE CHANGE PROPOSALS

The rule proposal referred to in the July report relating to information required to calculate the allocation of instantaneous reserve availability costs was submitted during August.

4.2 EXEMPTION APPLICATIONS

During August, an exemption application was submitted by the System Operator relating to the recent changes to the reconciliation rules (which will affect parts A, E and J) which will come into force on 30 September 2010. One of these rule changes is an additional requirement (rule 6.1 of Part J) for the System Operator to advise circumstances where load has changed from one GXP or point of connection to another. The System Operator, however, does not hold the data to be able to meet this requirement.

5. OPERATIONAL UPDATE:

5.1 COMMISSIONING OF GENERATION ASSETS

The following table is a summary of active, publicly disclosed commissioning projects where the System Operator is involved:

Summary of generator commissioning			
Generator Name	Asset Owner	Description	Status
Nga Awa Purua	Mighty River Power	A second geothermal power station at Rotokawa.	Commissioning tests have been completed. Awaiting final ACS prior to completing final assessment.
Te Rere Hau	NZ Windfarms	A new wind farm development located in the Tararua Ranges.	Commissioning activities commenced in 2009.
West Wind	Meridian Energy	A new wind farm development located close to Wellington.	Commissioning tests have been completed. Awaiting final ACS prior to completing final assessment.
Stratford Peaking Plant	Contact Energy	Two 100MW gas fired peaking units to be located close to the existing Stratford power plant.	Pre- commissioning activities commenced during August. Generator transformers were back-livened from the system during the month.

6. CONFLICTS OF INTEREST

There were no new conflicts of interest arising during the month of August.

7. DEVELOPMENT AND RESOURCES

During August, in addition to routine operations, System Operator resources were applied as follows:

- Preparation work for the December 2010 SSF;
- Parallel operations for SFT commenced during August;



- Holding workshops in Wellington, Christchurch and Auckland in respect of the AUFLS technical report;
- Preparation of the System Operator Annual Report;
- Continued work with Transpower's HVDC project to define tool changes; required for the commissioning of Pole 3.

8. REGULATION 50 (4) STATEMENT

Regulation 50 (4) Statement:

In performing its role as System Operator, Transpower New Zealand Limited (Transpower) has not been materially affected by any other role or capacity Transpower has under the Electricity Governance Regulations 2003 or the Rules or under any agreement.

