



T R A N S P O W E R

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Submissions
Electricity Authority
PO Box 10041
WELLINGTON 6143

Dear Sir/Madam

Re: Regulations to implement the FTR market

This is Transpower New Zealand Limited's submission on the Authority's 21 October 2011 consultation paper *Regulations to implement the FTR market*.

Transpower is comfortable with the draft regulations set out in the consultation paper, subject to the following comment.

The draft regulations do not contain any additional liability protection for grid owners that provide forecast grid configuration and capacity information to the FTR manager under clause 13.251 of the Electricity Industry Participation Code ("the Code"). Transpower understands that it is likely that information will be published by the FTR manager, and so will be able to be seen and relied on by potential FTR traders.

Transpower is concerned about its exposure as a grid owner to possible tort action by FTR traders that make decisions based on the FTR grid configuration and capacity information published by the FTR manager. In our view, it is important that all FTR traders, some of whom may not otherwise be electricity industry participants or have any electricity industry experience, are clear about the nature of the information provided by the grid owner.

Accordingly, Transpower submits that the FTR manager's market operation service provider contract should contain a clause along the following lines:

- X. The **Provider** must include the following disclaimer prominently and in writing with each disclosure or publication the **Provider** makes of any of the forecast **grid** configuration and capacity information provided to the **Provider** by a **grid owner** under clause 13.251 of the **Code**:

WARNING: This grid configuration and capacity information is a forecast only. Unanticipated changes to grid configuration and capacity may occur due to many factors, including early or late commissioning, unplanned outages, new planned outages and security of supply requirements. Accordingly, the actual configuration or capacity of the grid may differ from the forecast at any point in time, and the forecast grid configuration and capacity may change. If you rely on this grid configuration and capacity information to make any decision, including to bid for, acquire or dispose of an FTR or to do so at a particular price, you do so at your own risk.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross Weenink', with a stylized flourish at the end.

Ross Weenink
Acting Regulatory Strategy Manager