

[NEW ZEALAND \(/NEWS/NATIONAL\)](#) / [BUSINESS \(/NEWS/BUSINESS\)](#)

## Power cut: Affected people have right to compensation - Consumer NZ

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People who went without electricity in Monday night's power cuts are being told they have a legal right to compensation.



Photo: 123rf

Transpower has apologised after it asked lines companies to cut power in some areas (<https://www.rnz.co.nz/news/national/448852/power-supply-still-tight-as-transpower-delivers-apology-explains-situation>) to handle all-time high demand for electricity, combined with insufficient generation, on one of the coldest nights of the year.

Mercury said it would put credit on the accounts of affected customers but other power companies are yet to confirm any reimbursement.

Consumer New Zealand head of research Jessica Wilson said under the Consumer Guarantees Act consumers should expect electricity that is reasonably reliable and safe.

Not getting power on one of the coldest nights of the year clearly failed that test, she said. There were "strong grounds for compensation" and people should seek recompense for line charges they paid but did not benefit from.

Wilson said people should also be able to claim for what is known as consequential losses.

"So for example if your freezer lost power and you lost a lot of food, you'd be able to claim compensation for that as well."

Hamilton resident Anthony Billington who lost power for an hour said the money wasn't too important for him, but he did want better communication.

"I remember in the not too distant past, when lake levels were low you got a warning weeks in advance," he said, adding that his biggest frustration about Monday night was "the total lack of warning."

Mercury said it would put \$50 on the accounts of its affected customers.

Chief executive Vince Hawksworth said it had all its generation running but the supply chain it relied on didn't perform, and the credit to customers is a reflection of that.

Transpower communicated throughout Monday that there would be a high peak demand, but communication about "load shedding" - reducing customer demand - came "at a very late time", he said.

By the time the emergency alert came out in the evening Mercury had brought on all its generation, he said. But the communication "could have been more intense around the potential for what occurred that evening."

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Hawksworth said power companies have commercial incentive to increase power supply, but it takes time to bring different forms of energy on stream.

National Party leader and former energy minister Judith Collins told *Morning Report* the minister should have known about the problem sooner.

"There's clearly a massive breakdown from the minister to Transpower and Transpower to the generators."

Competition is not the problem - generators weren't given information that they needed more power, she said.

"It's not like you can just take the coal, suddenly make it hot and just get on with it," she said.

Collins said unlike coal, natural gas was the perfect peak fuel because it can be switched on and off very fast.

"I wouldn't have had an offshore gas ban, exploration ban."

Energy Minister Megan Woods told *Morning Report* generation was not tight on Monday night.

"That wasn't the issue. All the generation that could have been brought on, wasn't brought on.

"The communication first went out from Transpower at 6.42am saying we're going to need more. I want to know what the nature of that communication was. Was it communicated in a way that people thought, right we really do need to bring things on or do we actually need to change the way this market has been set up."

Woods said there there was no scarcity of gas.

She said a decision was made not to bring on gas generation at the Taranaki Combined Cycle because it took about three days to get running. However Genesis Energy's third generator at Huntly, which was not turned on, takes takes six to 10 hours.



Energy Minister Megan Woods Photo: VNP / Daniela Maoate-Cox

"The market did not work for New Zealanders on Monday night. The lights went out and they couldn't put their heaters on.

"I think that is patently obvious to everybody.

"We already have work under way looking at the market."

Another 1.4 gigawatts of electricity generation is currently under construction and due to come on stream, and the government was looking at the New Zealand battery project for storing electricity.

"Then it's also looking at the way in which the market works to deliver at any given hour, on any given night, on any cold night."

Woods is to meet Genesis Energy today to nut out what needs to change following the power outage.

Genesis chief executive Mark England said the company had been made a scapegoat and he will be asking the minister why.

"To pick one company out of the crowd and single them out as the problem doesn't make sense," he said.

Woods said she was not scapegoating Genesis, but its generator at Huntly was the "critical piece that could have been turned on quickly".

### **'We avoided a widespread blackout' - Transpower**

Transpower chief executive Alison Andrew said evening there was enough generation to cover predicted demand on Monday evening.

"It was going to be tight but we felt we'd make it through.

"But then between 6pm and 7pm we had an equipment failure. We lost 170 megawatts of generation which is about 2.5 percent of generation."

"That's enough to power about 170,000 homes."

The failure was due to weeds in the dam at Genesis Energy's Tokaanu hydro plant near Taupō. "When you have equipment failure you just have to respond."

"We escalated communication over the day to warn the market that the situation was tight."

But Transpower can only instruct the industry to respond once there is an emergency, Andrew said. Up to that point it can only request more generation or load shedding.

Andrew said this was a good opportunity to review how it is allowed to communicate and what reserves it carries.

"As we start to carry more renewable and intermittent generation in the system it's going to be really important that we take the time to review these processes."

The electricity industry can carry more capacity and have higher risk margins but that would come at a cost, she said.