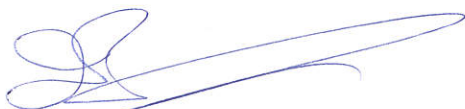


Electricity Industry Participation Code Amendment (Pivotal Supply) 2014

Pursuant to section 38 of the Electricity Industry Act 2010, and having complied with section 39 of that Act, I make the following amendments to the Electricity Industry Participation Code 2010.

At Wellington on the 16th day of June 2014



Dr Thomas Brent Layton
Chairperson
Electricity Authority

Certified in order for signature:



Barbara Sole
Senior Legal Counsel
Electricity Authority

13 June 2014



Tony Dellow
Partner
Buddle Findlay

13 June 2014

Contents

1	Title	1
2	Commencement	1
3	Code amended	2
4	Clause 1.1 amended (Interpretation)	2
5	New clauses 13.5A and 13.5B inserted	
	13.5A Conduct in relation to generators' offers and ancillary service agents' reserve offers	2
	13.5B Safe harbours for clause 13.5A	2

Amendment

- Title**
This is the Electricity Industry Participation Code Amendment (Pivotal Supply) 2014.
- Commencement**
This amendment comes into force on 17 July 2014.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 1.1 amended (Interpretation)

- (1) In clause 1.1(1), insert in its appropriate alphabetical order:

"**pivotal** means—

- "(a) in relation to a **generator**, that the total **demand** in a **trading period** at any 1 or more **nodes** would not have been met if the **generator** had not submitted **offers** for all or any of its **generating plant**; and
 - "(b) in relation to an **ancillary service agent**, that the total **demand** in a **trading period** for an **ancillary service** supplied by the **ancillary service agent** in an **island** would not have been met if the **ancillary service agent** had not submitted **reserve offers** for all or any of its capacity to provide **instantaneous reserve** in the **island**".
- (2) In clause 1.1(1), definition of **undesirable trading situation**, paragraph (b), after "under this Code", insert "(but for the purposes of this paragraph a proceeding for a breach of clause 13.5A is not to be regarded as another mechanism for satisfactory resolution of a situation)".

5 New clauses 13.5A and 13.5B inserted

After clause 13.5, insert:

"13.5A Conduct in relation to generators' offers and ancillary service agents' reserve offers

- "(1) Each **generator** and **ancillary service agent** must ensure that its conduct in relation to **offers** and **reserve offers** is consistent with a high standard of trading conduct.
- "(2) Subclause (1) applies when—
 - "(a) a **generator** submits, revises, or cancels an **offer**; or
 - "(b) an **ancillary service agent** submits, revises, or cancels a **reserve offer**.

"13.5B Safe harbours for clause 13.5A

- "(1) A **generator** complies with clause 13.5A if—
 - "(a) the **generator** makes **offers** in respect of all of its generating capacity that is able to operate in a **trading period**; and
 - "(b) when the **generator** decides to submit, revise, or cancel an **offer**, it does so as soon as it can; and
 - "(c) in the case of a **generator** that is **pivotal**,—
 - "(i) prices and quantities in the **generator's offers** do not result in a material increase in the **final price** at which **electricity** is supplied in a **trading period** at any **node** at which the **generator** is **pivotal**, compared with the **final price** at the **node** in an immediately preceding **trading period** or other comparable trading period in which the **generator** is not **pivotal** at that **node**; or
 - "(ii) the **generator's offers** are generally consistent with **offers** it has made when it has not been **pivotal**; or

- "(iii) the **generator** does not benefit financially from an increase in the **final price** at which **electricity** is supplied in a **trading period** at a **node** at which the **generator** is **pivotal**.
- "(2) A **generator** does not breach clause 13.5A only because the **generator** does not comply with subclause (1).
- "(3) An **ancillary service agent** complies with clause 13.5A if—
 - "(a) the **ancillary service agent** makes **reserve offers** in respect of all of its capacity to provide **instantaneous reserve** that is able to operate in a **trading period**; and
 - "(b) when the **ancillary service agent** decides to submit, revise, or cancel a **reserve offer**, it does so as soon as it can; and
 - "(c) in the case of an **ancillary service agent** that is **pivotal**,—
 - "(i) prices and quantities in the **ancillary service agent's reserve offers** do not result in a material increase in the **final reserve price** in a **trading period** in an **island** in which the **ancillary service agent** is **pivotal**, compared with the **final reserve price** in the **island** in an immediately preceding **trading period** or other comparable trading period in which the **ancillary service agent** is not **pivotal**; or
 - "(ii) the **ancillary service agent's reserve offers** are generally consistent with **reserve offers** it has made when it has not been **pivotal**; or
 - "(iii) the **ancillary service agent** does not benefit financially from an increase in the **final reserve price** in a **trading period** in an **island** in which the **ancillary service agent** is **pivotal**.
- "(4) An **ancillary service agent** does not breach clause 13.5A only because the **ancillary service agent** does not comply with subclause (3)."

Explanatory Note

This note is not part of the amendment, but is intended to indicate its general effect.

This amendment to the Electricity Industry Participation Code 2010 ("Code") comes into force on 17 July 2014.

The amendment:

- (a) requires participants making offers and reserve offers under Part 13 of the Code to observe a high standard of trading conduct; and
- (b) deems a participant that meets 3 specified requirements to have observed a high standard of trading conduct; and
- (c) amends the definition of "undesirable trading situation" in Part 1 of the Code to clarify that the amendment does not affect Code provisions relating to undesirable trading situations.

Date of notification in the *Gazette*: 19 June 2014