

Electricity Industry (Revocation of Exemption No. 2) Notice 2014

Pursuant to section 11(3) of the Electricity Industry Act 2010 (“Act”), the Electricity Authority (“Authority”) gives the following notice.

Notice

1. Title and commencement—(1) This notice is the Electricity Industry (Revocation of Exemption No. 2) Notice 2014.

(2) This notice comes into force on the day after the date it is notified in the *New Zealand Gazette*.

2. Revocation—The Exemption Notice No. 2 (“Exemption 2”), granted to Energy Clearing House Limited (ECHL)*, is revoked.

3. Reasons for granting the exemption—The reasons for granting this revocation are:

- (a) Exemption 2 exempted ECHL from all retailer obligations in Part D of the Electricity Governance Rules 2003 (“EGRs”). Exemption 2 was granted because:
 - (i) the definition of “electricity retailer” in the Electricity Act 1992 included ECHL in its capacity as clearing manager because the definition included parties who sold electricity to another party other than for the purposes of resupply;
 - (ii) ECHL was concerned that it was possible to construe the definition as placing unintended obligations on it as clearing manager;
 - (iii) the Electricity Commission (“Commission”) considered that ECHL should not have any obligations as a retailer under Part D by virtue of its role as clearing manager; and
 - (iv) the Commission could not identify any participants who would be unduly affected by granting the exemption;
- (b) the Act repealed the EGRs in full, and although the substance of the EGRs was transferred into the Electricity Industry Participation Code 2010 (“Code”), the Authority considers that any such unintended obligations that the clearing manager might have had under Part D of the EGRs, have now been shifted to metering equipment providers under clause 10.20 of the Code, as part of the Code amendments that came into effect on **29 August 2013**;
- (c) the Authority considers that ECHL is not caught by the definition of metering equipment provider under section 5 of the Act, so there is no possibility that obligations allocated to metering equipment providers under the Code can be the responsibility of ECHL;
- (d) ECHL has confirmed that it has no issue with the revocation of Exemption 2;
- (e) the Authority is satisfied that the revocation is desirable for the purposes of achieving the Authority’s objective under section 15 of the Act because it is efficient to revoke a now redundant exemption, and such efficiency is in the long-term benefit of consumers; and
- (f) the Authority is satisfied that the benefit of the revocation outweighs any disadvantage resulting from any increased administration and compliance costs because there are no such increased administration

and compliance costs and therefore there is no disadvantage.

Dated at Wellington this 18th day of February 2014.

For and on behalf of the Electricity Authority:

DR THOMAS BRENT LAYTON, Chairperson, Electricity Authority.

**New Zealand Gazette*, 26 February 2004, No. 21, page 422

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