

Notice of the Electricity Authority's decision on breaches of the Electricity Industry Participation Code 2010 by the Authority as the market administrator

The Electricity Authority (Authority) publicises its reasons for declining to take further action on a breach of the Electricity Industry Participation Code 2010 (Code) by the Authority.¹ Publicising the decision is beyond the requirements in the Electricity Industry (Enforcement) Regulations 2010 (Regulations) and is to ensure that decisions made about breaches of the Code by the Authority are transparent.

Alleged breaches of clauses 5 and 7 of Schedule 11.2 on 1 February 2016

Clause 5 of Schedule 11.2 of the Code requires a distributor, when applying for a transfer of ICPs between networks, to give the market administrator confirmation that every trader has provided written consent to the transfer.

Clause 7 of Schedule 11.2 of the Code prohibits the market administrator from authorising the change of any information on the registry if clause 5 of Schedule 11.2 is not complied with.

On 20 January 2016, a distributor sent a confirmation of the written consent from all affected retailers to the market administrator and applied to transfer a number of ICPs onto a new embedded network. However, for one ICP, a type 2 retailer consented to the transfer of the ICP instead of the trader listed in the registry.

Despite the failure of the distributor to obtain all the traders' consent, the market administrator authorised the establishment of the new embedded network with an effective date of 1 February 2016, which included the ICP in question.

The affected trader refused to consent to the transfer retrospectively and requested that the market administrator disestablish the embedded network. The market administrator refused to disestablish the new network, believing that its authorisation of the registry information changes complied with the Code requirements.

The Authority's decision

On 1 December 2015, the Authority's Compliance Committee (Committee) decided under regulation 11(1)(b) of the Regulations to decline to take further action on the alleged breaches.

Reasons for the Authority's decision

The market administrator did not breach clauses 5 or 7 of Schedule 11.2 of the Code.

Clause 5 of Schedule 11.2 requires the applicant distributor to give the market administrator confirmation that the applicant distributor has obtained every trader's written consent to the transfer of an ICP. The applicant distributor had provided the required confirmation.

Clause 7 of Schedule 11.2 does not require the market administrator to check that the confirmation is valid by enquiring whether written consent has actually been obtained.

For the purposes of clause 7 of Schedule 11.2, clause 5 of Schedule 11.2 was complied with. The applicant distributor had given the required confirmation. The

¹ <http://www.ea.govt.nz/code-and-compliance/compliance/compliance-education-and-information/>

market administrator was entitled to rely on the information that was provided to it and to authorise the relevant changes in the registry.

Audit review

If an interested participant is concerned about the process followed by the Authority leading to the Committee's decision, the participant may request that the Authority's process is audited by an independent person.

Contact details

Please contact compliance@ea.govt.nz if you have any questions.