

## **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.<sup>1</sup> 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.

### **Breaches of clause 13.102(2) and alleged breaches of clauses 13.214(1) and 14.69(1)**

Each month, the system operator, the pricing manager, and the clearing manager must submit a report to the market administrator. These reports include information about any breaches of the Code by each of these market operation service providers. Clauses 13.102(2), 13.214(1), and 14.69(1) require the market administrator to publish the section of these reports that relates to the breaches by the 15<sup>th</sup> business day of each calendar month.

The market administrator combines all three reports into one compliance report before publishing it on the Authority's website. On 18 April 2016, the market administrator sent the report to the Authority's web team with a request to publish on 21 April 2016 (being the 15<sup>th</sup> business day of the month) in the body of the email.

Due to a human error the request was overlooked. The report was published on 26 April 2016, two business days late.

### **The Authority's decision**

On 29 June 2016, the Authority's Compliance Committee (Committee) decided under regulation 11(1)(c) of the Regulations to decline to take further action on the breach of clause 13.102(2).

The Committee decided under regulation 11(1)(b) of the Regulations to decline to take further action on the alleged breaches of clauses 13.214(1) and 14.69(1).

The Committee also requested the Compliance team to submit a Code change proposal to review the breach reporting and publication obligations of service providers and the market administrator.

### **Reasons for the Authority's decision**

The market administrator breached clause 13.102(2) when it failed to publish the required compliance report for the system operator's alleged breaches by 21 April 2016.

The market administrator did not breach clauses 13.214(1) and 14.69(1) because there were no alleged breaches by the clearing manager and the pricing manager during the reporting period. The market administrator is only required to publish the alleged breaches by those service providers, not the information that there had been no breach.

There was no impact and the market administrator has taken steps to prevent recurrence.

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

Under clause 3.14 of the Code service providers are required to self-report breaches which are processed within the Authority's regular breach process. The decisions are published on the Authority's website.

The Committee considered that the requirements and obligations under clauses 13.102(2), 13.214(1), and 14.69(1) may create an unnecessary inefficiency because transparency is achieved by using the breach process, which also provides more detailed information compared to the current monthly reporting and publishing.

### **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](mailto:compliance@ea.govt.nz) if you have any questions.