

**Electricity Industry Participation Code Amendment
(Distributed Generation) 2016**

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

At Wellington on the 6th day of December 2016



Dr Thomas Brent Layton
Chairperson
Electricity Authority

Certified in order for signature:



Barbara Sole
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5 December 2016

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Amendment

- 1 Title**
This is the Electricity Industry Participation Code Amendment (Distributed Generation) 2016.
- 2 Commencement**
This amendment comes into force on 9 January 2017.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Schedule 6.4, clause 2 amended

In Schedule 6.4, replace clause 2(a) with:

- "(a) subject to paragraph (i), **connection** charges in respect of **distributed generation** must not exceed the **incremental costs** of providing **connection** services to the **distributed generation**. To avoid doubt, **incremental cost** is net of—
- "(i) if the **distributed generation** is included in a list **published** by the **Authority** under clause 2C(1), transmission costs that an efficient **distributor** would be able to avoid as a result of the **connection** of the **distributed generation** at the **nameplate capacity** specified for that **distributed generation** in the list; and
 - "(ii) **distribution** costs that an efficient **distributor** would be able to avoid as a result of the **connection** of the **distributed generation**:".

5 New clauses 2A, 2B, and 2C of Schedule 6.4 inserted

In Schedule 6.4, after clause 2, insert:

"2A Transpower to provide reports to Authority in relation to distributed generation

- "(1) **Transpower** must, by 15 March 2017 (or such later date as the **Authority** may allow), provide a report to the **Authority** that identifies which (if any) **distributed generation** located in the Lower South Island is required for **Transpower** to meet the **grid reliability standards** in the period from 1 April 2017 to 31 March 2020.
- "(2) **Transpower** must, by 30 August 2017, provide a report to the **Authority** that identifies which (if any) **distributed generation** located in the Lower North Island is required for **Transpower** to meet the **grid reliability standards** in the period from 1 April 2017 to 31 March 2020.
- "(3) **Transpower** must, by 31 January 2018, provide a report to the **Authority** that identifies which (if any) **distributed generation** located in the Upper North Island is required for **Transpower** to meet the **grid reliability standards** in the period from 1 April 2017 to 31 March 2020.
- "(4) **Transpower** must, by 31 January 2018, provide a report to the **Authority** that identifies which (if any) **distributed generation** located in the Upper South Island is required for **Transpower** to meet the **grid reliability standards** in the period from 1 April 2017 to 31 March 2020.
- "(5) In this clause,—
- "(a) Upper North Island is that part of the North Island situated on, or north and west of, a line—
 - "(i) commencing at 38°02'S and 174°42'E; then
 - "(ii) proceeding in a generally north-easterly direction directly to 37°36'S and 175°27'E; then
 - "(iii) proceeding north along the 175°27'E line of longitude; and
 - "(b) Lower North Island is that part of the North Island not referred to in subclause (a); and
 - "(c) Upper South Island is that part of the South Island situated on, or north of, a line passing through 43°30'S and 169°30'E, and 44°40'S and 171°12'E; and
 - "(d) Lower South Island is that part of the South Island not referred to in subclause (c).

"2B Authority to review Transpower's reports in relation to distributed generation

- "(1) The **Authority** must, as soon as practicable after receiving a report from **Transpower** under clause 2A,—
- "(a) approve the report; or
 - "(b) decline to approve the report.
- "(2) If the **Authority** declines to approve the report,—
- "(a) the **Authority** must, as soon as practicable,—
 - "(i) advise **Transpower** of its reasons for declining to approve the report; and
 - "(ii) direct **Transpower** as to how it should amend the report before resubmitting it; and
 - "(b) **Transpower** must amend the report in accordance with the **Authority's** direction, and resubmit the report to the **Authority**,—
 - "(i) for the report provided under clause 2A(1), within 10 **business days**; and
 - "(ii) for reports provided under clauses 2A(2), (3), or (4), within 20 **business days**.
- "(3) The **Authority** must, as soon as practicable after receiving a resubmitted report from **Transpower**,—
- "(a) approve the report; or
 - "(b) decline to approve the report.
- "(4) Subclause (2) applies to the resubmitted report as if it were the report originally provided under clause 2A.

"2C Authority to publish list of distributed generation

- "(1) The **Authority** must, after approving a report provided by **Transpower** under clause 2A, **publish** a list of **distributed generation** for the relevant region for the purposes of clause 2(a)(i).
- "(2) A list **published** under subclause (1) must include—
- "(a) only **distributed generation** that is **connected** as at 6 December 2016; and
 - "(b) the **nameplate capacity** of the **distributed generation** as at 6 December 2016."

6 New clause 17.23A inserted

After clause 17.23, insert:

"17.23A Delayed application of Electricity Industry Participation Code Amendment (Distributed Generation) 2016

- "(1) Despite clause 2 of the Electricity Industry Participation Code Amendment (Distributed Generation) 2016,—
- "(a) until the close of 31 March 2018, Part 6 of this Code applies to the Lower South Island as if the Electricity Industry Participation Code Amendment (Distributed Generation) 2016 had not been made; and
 - "(b) until the close of 30 September 2018, Part 6 of this Code applies to the Lower North Island as if the Electricity Industry Participation Code Amendment (Distributed Generation) 2016 had not been made; and
 - "(c) until the close of 31 March 2019, Part 6 of this Code applies to the Upper North Island as if the Electricity Industry Participation Code Amendment (Distributed Generation) 2016 had not been made; and
 - "(d) until the close of 30 September 2019, Part 6 of this Code applies to the Upper South Island as if the Electricity Industry Participation Code Amendment (Distributed Generation) 2016 had not been made.

- "(2) In this clause,—
- "(a) Upper North Island is that part of the North Island situated on, or north and west of, a line—
 - "(i) commencing at 38°02'S and 174°42'E; then
 - "(ii) proceeding in a generally north-easterly direction directly to 37°36'S and 175°27'E; then
 - "(iii) proceeding north along the 175°27'E line of longitude; and
 - "(b) Lower North Island is that part of the North Island not referred to in subclause (a); and
 - "(c) Upper South Island is that part of the South Island situated on, or north of, a line passing through 43°30'S and 169°30'E, and 44°40'S and 171°12'E; and
 - "(d) Lower South Island is that part of the South Island not referred to in subclause (c)."

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 9 January 2017.

The amendment amends Parts 6 and 17 of the Code to provide that the incremental cost of providing connection services to distributed generation is net of the transmission costs that an efficient distributor would be able to avoid as a result of the connection of the distributed generation, but only if the distributed generation is included in a list published by the Authority for that purpose.

Date of notification in the *Gazette*: 8 December 2016