

**Electricity Industry Participation Code Amendment
(Scarcity Pricing) 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 19^A day of December 2016

Dr Thomas Brent Layton
Chairperson
Electricity Authority

Certified in order for signature:

Andrew Springett
Senior Legal Counsel
Electricity Authority

Tony Dellow
Partner
Buddle Findlay

19 December 2016

16 December 2016

Contents

1	Title	1
2	Commencement	2
3	Code amended	2
4	Schedule 8.3, Technical Code B, clause 5 amended	2
5	Clause 13.135A amended (Notice of scarcity pricing situation)	2
6	Clause 13.135B amended (Methodology to prepare interim prices and interim reserve prices if scarcity pricing situation exists)	2
7	Clause 13.144 amended (Pricing manager to give notice of infeasibility situation, metering situation, high spring washer price situation, or shortage situation)	2
8	Schedule 13.3A, clause 1 amended	3
9	Schedule 13.3A, clause 2 amended	3

Amendment

1 Title

This is the Electricity Industry Participation Code Amendment (Scarcity Pricing) 2016.

2 Commencement

This amendment comes into force on 19 January 2017.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Schedule 8.3, Technical Code B, clause 5 amended

In Schedule 8.3, Technical Code B, clause 5(2)(d), replace "**trading periods**" with "start time and end time of the situation".

5 Clause 13.135A amended (Notice of scarcity pricing situation)

(1) After clause 13.135A(2), insert:

"(2A) The **pricing manager** must determine whether a **scarcity pricing situation** exists in the relevant **trading period** only after the **pricing manager** has—

"(a) calculated **interim prices** for the 336 **trading periods** before the relevant **trading period**; and

"(b) if an **infeasibility situation** caused by a shortage of **instantaneous reserve** existed in any of the 336 **trading periods** before the relevant **trading period**, either—

"(i) recalculated **interim prices** for that **trading period** in accordance with clause 13.166A; or

"(ii) calculated **interim prices** for that **trading period** in accordance with clause 13.164(b)."

(2) After clause 13.135A(5), insert:

"(6) If the **pricing manager** determines that a **scarcity pricing situation** does not exist, the **pricing manager** must **publish** notice of its determination."

6 Clause 13.135B amended (Methodology to prepare interim prices and interim reserve prices if scarcity pricing situation exists)

(1) In clause 13.135B(b)(ii), replace "2.5" with "4".

(2) After clause 13.135B(b)(ii), insert as subclauses (2) and (3):

"(2) Despite subclause (1), subclause (3) applies if a **scarcity pricing situation** exists in a **trading period**, and there is a change to—

"(a) **interim prices** or **interim reserve prices** calculated and **published** under subclause (1) for the **trading period**; or

"(b) **interim prices** or **interim reserve prices published** for any of the 336 **trading periods** before the **trading period**.

"(3) If this subclause applies, the **pricing manager** must—

"(a) recalculate **interim prices** and **interim reserve prices** in the affected **island** or **islands** for the **trading period** in which the **scarcity pricing situation** exists, in accordance with the methodology set out in Schedule 13.3A; and

"(b) **publish** the recalculated **interim prices** and **interim reserve prices** no later than 4 hours after the change to **interim prices** or **interim reserve prices**."

7 Clause 13.144 amended (Pricing manager to give notice of infeasibility situation, metering situation, high spring washer price situation, or shortage situation)

(1) In clause 13.144(1), delete ", no later than 0900 hours on the day that the **pricing manager** receives the **input information** or notice,".

- (2) After clause 13.144(1), insert:
 "(1A) For the purposes of subclauses (1)(b) and (1)(d), a **trading period** affected by a **shortage situation** is a **trading period** in respect of which a **shortage situation** was in effect at the start of the **trading period**."
- (3) After clause 13.144(2), insert:
 "(3) Subject to subclause (4), the **pricing manager** must **publish** notice of an **infeasibility situation, metering situation, high spring washer price situation, or shortage situation** under subclause (1)(a) no later than 0900 hours on the day that the **pricing manager** receives the relevant **input information** or notice.
 "(4) If a **shortage situation** exists at the same time as a **provisional price situation**, the **pricing manager** must **publish** notice of the **shortage situation** as soon as possible after the **pricing manager** resolves—
 "(a) the **provisional price situation**; and
 "(b) any subsequent **provisional price situation** that arises from resolving the **provisional price situation**.
 "(5) Despite subclause (4), if the **pricing manager** cannot resolve a **provisional price situation** that exists at the same time as a **shortage situation**, the **pricing manager** must **publish** notice of the **shortage situation**—
 "(a) after the **pricing manager** has **published** notice under clause 13.164(a) in relation to the **trading periods** affected by the unresolved **provisional price situation**; but
 "(b) before the **pricing manager** publishes **interim prices** under clause 13.164(b) for each **trading period** affected by the unresolved **provisional price situation**."

8 Schedule 13.3A, clause 1 amended

In Schedule 13.3A, clause 1(2), definition of "P_g", replace "**interim price**" with "initial **interim price**".

9 Schedule 13.3A, clause 2 amended

In Schedule 13.3A, clause 2(2), definition of "P_g", replace "**interim price**" with "initial **interim price**".

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 19 January 2017.

The amendment amends the scarcity pricing regime in Parts 8 and 13 of the Code to resolve six issues that would impede the regime's ability to operate in a correct and predictable way.

Date of notification in the *Gazette*: 22 December 2016