

Code Review Programme 2017

Decision and reasons paper

September 2017



Contents

1	Introduction	2
	Purpose of this paper	2
	The Authority has consulted on an omnibus Code amendment	2
	The Authority received 14 submissions on its consultation paper	2
2	The Authority's decision	3
	The Authority has decided to amend the Code	3
	The Code amendments include several refinements to the proposals the Authority consulted on	4
	The Code amendments include a number of new amendments under section 39(3) of the Act	4
	The Code amendments also accommodate other amendments that came into force after the Authority published the consultation paper	5
	The Authority has withdrawn the proposal relating to reasonableness requirements and is still considering submissions on the proposal to change how Transpower makes grid information available	6
	The Authority has prepared a summary of submissions and responses	6
3	The decision promotes the efficient operation of the electricity industry	7
	The decision is not expected to materially affect competition and reliability	7
	The benefits from making the amendments exceed the costs	7
	Appendix A: Decision table	8
	Appendix B: Drafting schedule	56

1 Introduction

Purpose of this paper

1.1 This paper sets out:

- (a) the decision of the Electricity Authority (Authority) to amend the Electricity Industry Participation Code 2010 (Code) to make a number of improvements to the Code
- (b) the reasons for the decision, including the Authority's decision to either amend some of the proposed improvements consulted on, or to not proceed with some of them.

The Authority has consulted on an omnibus Code amendment

1.2 The Authority's statutory objective is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.¹

1.3 On 18 October 2016 the Authority released its consultation paper, *Code Review Programme 2016* (consultation paper), proposing a number of improvements to the Code as one omnibus Code amendment.²

1.4 The objective of the omnibus Code amendment was primarily to promote the efficient operation of the electricity industry for the long-term benefit of consumers. The Authority identified the Code amendments proposed in the consultation paper either in the course of the Authority's work or as the result of suggestions received through the Authority's Code amendment proposal process.

1.5 For the most part, each proposed amendment addressed a discrete issue. Accordingly, the amendments did not (in general) relate to each other. Rather, each proposed amendment typically represented a change to the Code that would be beneficial to make, but which did not warrant the resources required for its own consultation process. The Authority decided to progress the amendments together on this basis.

1.6 Of the 15 amendments proposed in the consultation paper, 10 required consultation. The Authority was satisfied that the remaining five amendments were technical and non-controversial under section 39(3)(a) of the Electricity Industry Act 2010 (Act), and therefore did not require consultation. In each case this was because the proposed amendment was a technical drafting change, and would either have no impact on current industry practice, or would not change any participant's obligations. Though not required to do so, the Authority included these amendments in the consultation paper to alert participants to the Authority's intention of making them.

The Authority received 14 submissions on its consultation paper

1.7 The Authority received a submission on its consultation paper from 14 parties:

- City Financial Investment Company (New Zealand) Limited
- Contact Energy Limited

¹ This is the Authority's statutory objective under section 15 of the Act.

² The consultation paper is available at: <http://www.ea.govt.nz/development/work-programme/operational-efficiencies/code-review-programme/consultations/#c16208>.

This decision and reasons paper is titled *Code Review Programme 2017* because the Code amendments that the Authority has decided to make from the consultation paper will come into effect in 2017 (rather than 2016).

- Counties Power Limited
- Counties Power Consumer Trust
- Electricity Networks Association
- Energy Trusts of New Zealand
- Genesis Energy Limited
- Mercury Limited
- Meridian Energy Limited
- Pioneer Energy Limited
- Powerco Limited
- Transpower New Zealand Limited
- Trustpower Limited
- Vector Limited.

1.8 These submissions are available from the Authority's website at <http://www.ea.govt.nz/development/work-programme/operational-efficiencies/code-review-programme/consultations/#c16208>.

2 The Authority's decision

The Authority has decided to amend the Code

2.1 After considering the submissions on the consultation paper, the Authority has decided to amend the Code as set out in the decision table at Appendix A of this paper. For each Code amendment the Authority consulted on, the table sets out in separate columns:

- (a) *Reference*: the reference to the proposed Code amendment in the consultation paper (e.g. "2016-01: Clarifying the use of the term 'rules'")
- (b) *Problem definition*: the problem definition that the proposed Code amendment sought to address
- (c) *Proposed Code amendment*: the proposed amendment in the consultation paper³
- (d) *Decision*: the Authority's decision to:
 - (i) amend the Code as proposed in the consultation paper;
 - (ii) refine the proposed amendment; or
 - (iii) not proceed with the proposed amendment.

2.2 The Authority's decision to amend the Code includes making a number of minor post-consultation changes to the Code amendments the Authority consulted on. These changes fall into four categories, which are outlined in greater detail under the subheadings below.

³ Due to size constraints, the decision table at Appendix A of this paper does not set out the drafting proposed in the consultation paper for the larger Code amendments (proposals 2016-07 to 2016-15). The drafting for these amendments is instead set out in the drafting schedule at Appendix B of this paper, which includes any post-consultation refinements the Authority has decided to make to the amendments. The original drafting proposed for these larger amendments can be viewed in Appendix C of the consultation paper.

The Code amendments include several refinements to the proposals the Authority consulted on

- 2.3 As a consequence of submissions and further internal analysis, the Authority has made several refinements to a number of the proposals the Authority consulted on. These refinements:
- (a) are minor and largely relate to the drafting of the proposed amendments
 - (b) are changes or additions that are consequential to, but consistent with, the proposals the Authority consulted on
 - (c) do not materially change the intended effect or purpose of the amendments consulted on.
- 2.4 The *Decision* column of the table at Appendix A outlines the main refinements the Authority has made to the amendments since consulting.
- 2.5 The drafting schedule at Appendix B of this paper provides a single set of drafting comprising the amendments the Authority has decided to make in this Code Review Programme, including post-consultation changes. For ease of reference, the Code amendments are underlined or ~~struck-through~~ in the drafting schedule.

The Code amendments include a number of new amendments under section 39(3) of the Act

- 2.6 The Authority's decision to amend the Code includes a number of discrete Code amendments under section 39(3) of the Act⁴ that were not included in the consultation paper.
- 2.7 Similar to several of the proposals included in the consultation paper, these amendments are largely cosmetic, and include correcting typographical errors, updating cross-references, and making other drafting changes that simplify or clarify, but do not change, the effect of the relevant Code provisions. The Authority considers that making these amendments will promote the efficient operation of the electricity industry for the long-term benefit of consumers. These amendments include:
- (a) removing the wording "for the time being in effect" from clauses 7.4(1), 9.3(1), 12.26(1), 12.34(1), 12.110(1), and 12.150(1). Each of these clauses incorporates by reference a particular document into the Code. The wording above is unnecessary and incorrect because, under clause 2(3)(a) of Schedule 1 of the Act, material incorporated by reference by a particular Code provision is the material as it exists at the time the relevant Code provision is published
 - (b) adding a new clause 8.54G(3) for consistency with existing related Code provisions
 - (c) redrafting clauses 10.28 to 10.33 to clarify:

⁴ Under section 39(3) of the Act, the Authority may make a Code amendment without preparing a regulatory statement, and consulting on the proposed amendment and regulatory statement, if the Authority is satisfied on reasonable grounds that:

- (a) the nature of the amendment is technical and non-controversial; or
- (b) there is widespread support for the amendment among the people likely to be affected by it; or
- (c) there has been adequate prior consultation (for instance, by or through an advisory group) so that all relevant views have been considered.

- (i) industry participants' obligations when connecting or temporarily electrically connecting:
 - A) points of connection to the grid (clause 10.29 and new clause 10.29A)
 - B) network supply points (NSPs) that are not points of connection to the grid (clause 10.30 and new clause 10.30A)
 - C) ICPs that are not NSPs (clause 10.31 and new clause 10.31A)
- (ii) reconciliation participants' obligations when temporarily electrically connecting or electrically connecting a point of connection (clause 10.33 and new clause 10.33A)

Redrafting clauses 10.28 to 10.33 in this manner:

- (i) removes the duplication of subject matter between these clauses by revoking clause 10.28 and shifting the obligations in it to:
 - A) clauses 10.29, 10.30 and 10.31, which deal with connection
 - B) new clauses 10.29A, 10.30A and 10.31A, which deal with temporary electrical connection
 - (ii) makes it easier for participants to understand their obligations in relation to connecting, temporarily electrically connecting, and electrically connecting points of connection
- (d) clarifying the wording of clause 9 of Schedule 11.2 to more clearly state the obligation in this provision
- (e) replacing the incorrect cross-reference in clause 15.17(d) "notified in accordance with clause 15.16" with the correct cross-reference: "it receives in accordance with clause 24 of Schedule 11.1"
- (f) replacing the reference in clause 37 of Schedule 15.5 to "settlement period" with the defined term "**reconciliation period**". The term "settlement period" is an outdated term from the Electricity Governance Rules 2003 that has the same meaning here as "**reconciliation period**", but is not used elsewhere in the Code.

2.8 All of these changes, including the examples above, are technical and non-controversial under section 39(3)(a) of the Act because they clarify or simplify the relevant Code provisions, but do not alter the effects of the relevant provisions.

2.9 Consistent with section 39(1)(a) of the Act, the amendments the Authority has decided to make under section 39(3) of the Act that were not included in the consultation paper were publicised on the Authority's website in August 2017. For ease of reference, they are also **highlighted** in the drafting schedule at Appendix B of this paper.

The Code amendments also accommodate other amendments that came into force after the Authority published the consultation paper

2.10 The following Code amendments came into force after the Authority published the consultation paper, and amended or added Code provisions relative to the amendments proposed in the consultation paper:

- (a) the Electricity Industry Participation Code Amendment (Generation Fault Ride Through) 2016 came into force on 24 November 2016 and amended Parts 1 and 8

- (b) the Electricity Industry Participation Code Amendment (Distributed Generation) 2016 came into force on 9 January 2017 and amended Parts 6 and 17
 - (c) the Electricity Industry Participation Code Amendment (Scarcity Pricing) 2016 came into force on 19 January 2017 and amended Parts 8 and 13
 - (d) the Electricity Industry Participation Code Amendment (Extended Reserve) 2016 came into force on 19 January 2017 and amended Parts 8, 12, 14 and 15
 - (e) the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 came into force on 1 June 2017 and amended Parts 1, 10, 11, 15, 16A and 17 (Audit amendment)
 - (f) the Electricity Industry Participation Code Amendment (Shortened Gate Closure and Revised Bid and Offer Provisions) 2017 came into force on 29 June 2017 and amended Parts 1 and 13.
- 2.11 The Authority's decision to amend the Code as outlined in this paper includes making minor post-consultation changes to the Code to accommodate some of the amendments listed above. This ensures consistency and compatibility between the amendments proposed in the consultation paper and the Code as it currently appears, after incorporating the amendments listed above, which came into force after the consultation paper was published. An example of one of these changes is replacing references in the new Part 16A (created by the Audit amendment) to the defined term "**publicise**" with the defined term "**publish**". Replacing these references is necessary for consistency with the Authority's decision to revoke the defined term "**publicise**" as proposed in the consultation paper.⁵

The Authority has withdrawn the proposal relating to reasonableness requirements and is still considering submissions on the proposal to change how Transpower makes grid information available

- 2.12 As outlined in the relevant parts of the *Decision* column of the table at Appendix A, the Authority has decided:
- (a) to withdraw and proceed no further with the consultation paper's proposal to remove Code references to the Authority acting reasonably (2016-05)
 - (b) that points raised in submissions on the consultation paper's proposal to change how Transpower makes grid information available (2016-09) require further consideration.

The Authority has prepared a summary of submissions and responses

- 2.13 In deciding how to proceed with the proposals it consulted on, the Authority considered all of the points made in submissions.
- 2.14 The Authority has prepared a paper with the Authority's responses to each of the points made by submitters. This is available from the Authority's website at <http://www.ea.govt.nz/development/work-programme/operational-efficiencies/code-review-programme/consultations/#c16208>.

⁵ At pg. 76 of the consultation paper.

3 The decision promotes the efficient operation of the electricity industry

The decision promotes the efficient operation of the electricity industry

- 3.1 After considering submissions, the Authority considers that the amendments:
- (a) will promote the efficient operation of the electricity industry for the long-term benefit of consumers (thereby promoting the Authority's statutory objective):
 - (b) are preferable to the status quo and alternatives considered.
- 3.2 Amendments made as a result of the Code Review Programme 2016 will improve the operational efficiency of New Zealand's electricity industry by reducing the cost for participants to transact in the industry. The amendments are therefore necessary or desirable under section 32(1) of the Act.
- 3.3 The Authority has considered alternative means of achieving the objectives of the amendments proposed in the consultation paper, including remaining with the current arrangements. The Authority considers that the amendments best give effect to the Authority's statutory objective and the requirements in section 32(1) of the Act relating to the content of the Code.

The decision is not expected to materially affect competition and reliability

- 3.4 The Authority does not expect that amendments made as a result of the Code Review Programme 2016 will materially promote competition and/or affect the reliability of consumers' electricity supply (the first and second limbs of the Authority's statutory objective).

The benefits from making the amendments exceed the costs

- 3.5 The primary economic benefit described in the consultation paper's regulatory statements is a reduction in transaction costs across the industry, which is a productive efficiency benefit. The costs for the Authority and participants are largely either zero or negligible, as in many cases the amendments are removing unnecessary obligations or aligning the Code with industry practice.
- 3.6 The Authority has assessed these expected economic benefits against the costs of the amendments made as a result of the Code Review Programme 2016 (including the technical and non-controversial changes) and expects that its decision to make these amendments will deliver a net economic benefit.
- 3.7 The Authority considers that, measured over the next decade, the economic benefits will be larger than the costs.

Appendix A: Decision table

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
2016-01: Clarifying the use of the term 'rules'	The Code defines 'Rules' to mean the Electricity Governance Rules 2003. But in a few places the word 'rules' is used to mean something other than the EGRs. It could be confusing to use the same term to mean a number of different things. It is also preferable and best drafting practice to ensure that, where possible, defined terms are used only in accordance with their defined meaning.	<p>6.3 Distributors must make information publicly available</p> <p>(1) The purpose of this clause is to require each distributor to make certain information publicly available to enable the approval of distributed generation under Schedule 6.1.</p> <p>(2) Each distributor must make publicly available, free of charge, from its office and Internet site,—</p> <p>...</p> <p>(d) a statement of the policies, rules, or conditions <u>under circumstances in</u> which distributed generation will be, or may be, curtailed or interrupted from time to time in order to ensure that the distributor's other connection and operation standards are met.</p> <p>...</p> <p>10.2 Authority's and market administrator's discretion and powers</p> <p>(1) A clause in this Part that gives the Authority or market administrator a discretion or power—</p> <p>(a) confers an absolute discretion, subject to the Authority or the market administrator, as the case may be,—</p> <p>(i) taking into account any specific requirements set out in the clause; and</p> <p>(ii) observing the rules<u>requirements</u> of natural justice...</p> <p>...</p> <p style="text-align: center;">Schedule 12.4</p>	As proposed, except that in clause 10.2(1)(a)(ii), instead of replacing "rules" with "requirements", the Authority has decided to replace "rules" with "principles". The Authority agrees with the point raised in submissions that the term "principles of natural justice" is more commonly used in legislation than "requirements of natural justice".

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>5 Identification of Nodes and Links as Connection or Interconnection</p> <p>Nodes and links are identified as connection nodes or connection links or interconnection nodes or interconnection links according to the following rules:</p> <p>...</p> <p>35 Transmission Alternatives</p> <p>(4) If a transmission alternative service substitutes for both connection assets and interconnection assets, the allocation of the costs of the transmission alternative service as between connection assets and interconnection assets <u>must be calculated in accordance with</u> is made according to the rules set out in clause 25(2) for shared connection assets at an interconnection node.</p> <p>...</p> <p>Cross heading above clause 13.135</p> <p><i>Rules governing the Preparation of provisional, interim, and final prices</i></p> <p>...</p> <p style="text-align: center;">Schedule 13.5</p> <p style="text-align: center;">Requirements for FTR allocation plan</p> <p><u>2 Requirements for FTR auction design</u></p> <p>...</p> <p>(3) The FTR allocation plan must include FTR auction procedures <u>rules</u>.</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
2016-02: Removing Part 6 and Part 9 exceptions	<p>Section 34 of the Act required the initial Code to include, among other things, a consolidation of enactments that included:</p> <ul style="list-style-type: none"> • Part 2 of the Electricity Governance Regulations 2003 (included as Part 3 of the Code); • the Electricity Governance (Connection of Distributed Generation) Regulations 2007 (included as Part 6 of the Code); and • the Electricity Governance (Security of Supply) Regulations 2008 (included as Part 9 of the Code). <p>Section 34 of the Act also required the initial Code to include only those changes to the text of the enactments that were necessary or reasonably required to ensure that the Code—</p> <ul style="list-style-type: none"> • was consistent with the Act, the regulations, and any amendments made to other enactments by the Act; and • was accurate and coherent; and • addressed any transitional issues. <p>These restrictions on amending the enactments that comprised the initial Code were a transitional provision. The restrictions were meant to minimise any changes to the enactments made during the drafting of the Code and prior to the Authority coming into existence.</p> <p>The requirements meant various clauses in Part 3 of the initial Code could not require market operation service providers (MOSPs) to meet certain obligations in Parts 6</p>	<p>Amend the Code as follows:</p> <p>3.2 Functions, rights, powers, and obligations of market operation service providers</p> <p>A market operation service provider has the functions, rights, powers, and obligations set out in relation to that market operation service provider under this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act.</p> <p>3.4 Terms of market operation service provider agreements</p> <p>(1) The remuneration of a market operation service provider is as agreed between the Authority and the market operation service provider.</p> <p>(2) The Authority and the market operation service provider may agree on any other terms and conditions, not inconsistent with the functions, rights, powers, and obligations of that market operation service provider under this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act.</p> <p>3.11 Disclosure to Authority</p> <p>Each market operation service provider is entitled to disclose to the Authority all information received by it from any person as part of its provision of services under this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act.</p> <p>3.13 Self-review must be carried out by market operation service providers</p>	As proposed.

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>and 9 of the Code. That restriction appears in exceptions to clauses 3.2, 3.4, 3.11, 3.13, 3.14, 3.15 and 3.17.</p> <p>The exceptions affect MOSPs' obligations to self-review under clauses 3.13 and 3.14 and to arrange an audit of their software under clause 3.17. The exceptions also affect MOSPs' entitlement to disclose information to the Authority under clause 3.11, and the ability of the Authority to review MOSPs' performance under clause 3.15.</p> <p>The Authority considers that removing the exceptions in Part 3 will better promote the efficient operation of the electricity industry.</p>	<p>(1) Each market operation service provider must conduct, on a monthly basis, a self-review of its performance.</p> <p>(2) The review must concentrate on the market operation service provider's compliance with—</p> <p>(a) its obligations under this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act; and</p> <p>(b) the operation of this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act; and</p> <p>(c) any performance standards agreed between the market operation service provider and the Authority; and</p> <p>(d) the provisions of the market operation service provider agreement.</p> <p>3.14 Market operation service providers must report to Authority</p> <p>(1) Each market operation service provider must, within 10 working days after the end of each calendar month, provide a written report to the Authority on the results of the review carried out under clause 3.13.</p> <p>(2) The report must contain details of—</p> <p>(a) any circumstances identified by the market operation service provider in which it has failed, or may have failed, to comply with its obligations under this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act; and</p> <p>(b) any event or series of events that, in the market operation service provider's view, highlight an area where a change to this Code may need to be</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>considered; and</p> <p>(c) any other matters that the Authority, in its reasonable discretion, considers appropriate and asks the market operation service provider, in writing within a reasonable time before the report is provided, to report on.</p> <p>3.15 Review of market operation service providers</p> <p>(1) At the end of each financial year, the Authority may review the manner in which each market operation service provider has performed its duties and obligations under this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act.</p> <p>(2) The review must concentrate on the market operation service provider's compliance with—</p> <p>(a) its obligations under this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act; and</p> <p>(b) the operation of this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act; and</p> <p>(c) any performance standards agreed between the market operation service provider and the Authority; and</p> <p>(d) the provisions of the market operation service provider agreement.</p> <p>3.17 Market operation service provider must arrange audit of software</p> <p>(1) Unless otherwise agreed by the Authority in writing, each market operation service provider must arrange and pay</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>for a suitably qualified independent person approved by the Authority to carry out—</p> <p>(a) before any software is first used by the market operation service provider in connection with this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the Act, an audit of all software and software specifications to be used by the market operation service provider; and</p> <p>(b) an annual audit of all software used by the market operation service provider, within 1 month after 1 March in each year; and</p> <p>(c) an audit of any changes to the software or the software specification, before it is used by the market operation service provider.</p> <p>(2) A market operation service provider must ensure that the person carrying out an audit under subclause (1) provides a report to the Authority as to—</p> <p>(a) the performance (including likely future performance) of all of the software in accordance with the relevant software specification; and</p> <p>(b) any other matters that the Authority requires.</p>	
2016-03: Simplifying the requirements for certification and declaration	<p>The Code includes a number of provisions that require participants to either certify, or provide a declaration, to the Authority that certain matters are true.</p> <p>Specifically:</p> <ul style="list-style-type: none"> clause 9.29 requires that each retailer must provide the Authority with a <u>statutory declaration</u> that the retailer's customer compensation scheme complies with Subpart 4 of Part 9, and that the retailer has provided 	<p><u>Clause 9.29</u></p> <p>9.29 Each retailer must provide <u>certification statutory declaration</u></p> <p>(1) Each retailer must provide the Authority with a declaration <u>certify to the Authority</u> confirming that—</p> <p>(a) its <u>the retailer's customer compensation scheme</u> complies with this subpart; and</p>	As proposed, except for minor drafting refinements.

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>compensation to its qualifying customers to the extent required by the subpart</p> <ul style="list-style-type: none"> • clause 12.35 provides that if consultation on a proposed transmission agreement is required, the parties to the transmission agreement must <u>certify</u> in writing to the Authority that they have consulted with affected end use customers; • clause 12.99 requires Transpower to ensure that an auditor provides a report to the Authority that <u>certifies</u> matters in relation to Transpower's application of the transmission pricing methodology • clause 12.128 provides that if consultation on the application of Part 12 in respect of specified interconnection circuit branches, the HVDC link, shunt assets, or interconnection assets is required, Transpower and the relevant designated transmission customer must <u>certify</u> to the Authority that they have consulted with all potentially affected end use customers, and that there are no material unresolved issues affecting the interests of those customers • clause 13.230 provides that each participant who has submitted information to the information system under clause 13.225 (which relates to information about options contracts, contracts for difference, fixed-price physical supply contracts, and risk management contracts) must <u>provide a certificate in the form of a declaration</u> to the Authority to verify that the information submitted was correct • clause 13.236F provides that a participant that has 	<p>(b) it the retailer has provided compensation to its qualifying customers, to the extent required by this subpart.</p> <p>(2) The <u>certification declaration</u> provided under subclause (1) must be—</p> <p>(a) a statutory declaration; and</p> <p>(b) in the form specified by the Authority; and</p> <p>(c) signed and dated by <u>a director of the retailer and either</u>—</p> <p>(i) 2 directors <u>another director</u> of the retailer; or</p> <p>(ii) the retailer's chief financial officer, or a person holding an equivalent position; or</p> <p>(iii) the retailer's chief executive officer, or a person holding an equivalent position.</p> <p>(3) A retailer must provide <u>certifications declarations</u> as follows:</p> <p>(a) within 7 months of the end of a public conservation period:</p> <p>(b) subject to subclause (4), within 1 month of receiving a request to do so by the Authority.</p> <p>(4) The Authority must not request a declaration under subclause (3)(b) before 1 October 2011.</p> <p><u>Clause 12.35</u></p> <p>12.35 Increased service levels and reliability</p> <p>(1) This clause applies if—</p> <p>(a) a proposed transmission agreement is not consistent in all material respects with the benchmark agreement</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>provided a spot price risk disclosure statement to the Authority must <u>provide a certificate</u> to the Authority verifying certain matters in respect of the statement.</p> <p>The intent of each of the above requirements is to require the relevant participant to affirm that certain matters are true. However, the requirements imposed on participants under the clauses are different.</p> <p>In particular:</p> <ul style="list-style-type: none"> • clause 9.29 requires a statutory declaration • clause 13.320 requires a certificate in the form of a declaration • clause 13.236F requires a certification • clauses 12.35, 12.99 and 12.128 each require the relevant participant to certify matters • clauses 9.29, 13.230, and 13.236F specify how the declaration/certification must be made (ie the form of the declaration/certification and who must sign it), whereas clauses 12.35, 12.99 and 12.128 do not specify any such requirements • clauses 9.29 and 13.230 provide that a declaration/certification must be given by two directors or the chief financial officer (or equivalent) or the chief executive officer (or equivalent), whereas clause 13.236F provides that a declaration/certification must be given by one director and either another director, the chief financial officer (or equivalent), or the chief financial officer (or equivalent). <p>The Authority wishes to amend the clauses so that where it</p>	<p>because it increases the service levels above those that would apply if the benchmark agreement applied in accordance with clauses 12.10 or 12.13; or</p> <p>(b) subject to clause 12.39, a proposed transmission agreement or other agreement between Transpower and a designated transmission customer increases the level of reliability above the grid reliability standards for a particular grid injection point or grid exit point.</p> <p>(2) If this clause applies, the parties <u>to the proposed transmission agreement</u> must certify <u>confirm</u> in writing to the Authority that they have consulted with affected end use customers in relation to the proposed service levels or the proposed increase in reliability, and any resulting price implications, and that there are no material unresolved issues affecting the interests of those end use customers.</p> <p><u>Clause 12.128</u></p> <p>...</p> <p>(2) An agreement between Transpower and a designated transmission customer under this clause may not exclude the application of clause 12.118(1)(h) and must be conditional in all respects on—</p> <p>(a) obtaining agreement from all other potentially affected designated transmission customers that this Part does not apply to the specified interconnection circuit branches, the HVDC link, shunt assets or interconnection assets, or the designated transmission customer; and</p> <p>(b) Transpower and the designated transmission customer certifying <u>confirming in writing</u> to the</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>is sufficiently important for a participant to affirm that information is correct, the participant must provide a certification. The Authority considers there is little real difference between requiring two senior officers of a participant to certify matters, and requiring that those officers make a statutory declaration. Both require the officers to turn their minds to their accountability for making sure that the information is accurate.</p> <p>However, the Authority also considers that the process should be administratively efficient for participants. To this end it has removed the requirement for a statutory declaration, which may necessitate having to visit a solicitor, Justice of the Peace or other person authorised to witness a declaration under the Oaths and Declaration Act 1957. The Authority considers that this should give flexibility as to arrangements for signing.</p> <p>The Authority also proposes to amend the clauses where certification is required to provide that the certification must be given in the form specified by the Authority, and by two people – either two directors, a director and the chief executive (or equivalent), or a director and the chief financial officer (or equivalent).</p> <p>If the nature of the information in question is such that less formality is required, the Authority proposes to amend the clauses to provide that the relevant participants are required to confirm in writing that the information is correct, rather than certify the correctness of the information.</p> <p>The Authority considers that no change is required to clause 12.99, because an auditor's report needs to include the certification required by that clause and it not necessary</p>	<p>Authority that they have consulted with all potentially affected end use customers on this Part not applying to the specified interconnection branches, circuit branches, the HVDC link, shunt assets or interconnection assets or the designated transmission customer, and that there are no material unresolved issues affecting the interests of those end use customers.</p> <p>(3) Transpower must notify the Authority as soon as practicable in the event that Transpower enters into an agreement with a designated transmission customer under this clause.</p> <p>Clause 13.230</p> <p>13.230 Certification of information</p> <p>(1) Each participant who has submitted information to the information system in accordance with clause 13.225 in a particular year must provide, within 3 months of the end of the year, a certificate certify to the Authority verifying that the information submitted was correct.</p> <p>(2) The certificate certification provided under subclause (1) must be—</p> <p>(a) in the form of a statutory declaration; and</p> <p>(b) in the form specified by the Authority; and</p> <p>(c) signed and dated by <u>a director of the participant</u> and either—</p> <p>(i) 2 directors <u>another director</u> of the participant; or</p> <p>(ii) the <u>participant's</u> chief financial officer, or person holding an equivalent position, of the participant;</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	to specify the manner of the certification.	<p style="text-align: center;">or</p> <p style="text-align: center;">(iii) the participant's chief executive officer, or person holding an equivalent position, of the participant.</p> <p><u>Clause 13.236F</u></p> <p>13.236F Certification of spot price risk disclosure statement</p> <p>(1) A disclosing participant who has submitted a spot price risk disclosure statement in accordance with this subpart must provide a certificate <u>certify</u> to the Authority—</p> <p>(a) verifying that the board of the disclosing participant has considered</p> <p style="padding-left: 20px;">(i) every spot price risk disclosure statement submitted under this subpart by the disclosing participant in the period to which the certificate relates; and</p> <p style="padding-left: 20px;">(ii) the projected change in net cash flows from operating activities of the disclosing participant as a result of applying the stress test or stress tests that relate to each period to which each spot price risk disclosure statement relates; and</p> <p>(b) certifying that the disclosing participant has provided to each of the disclosing participant's customers who, in the period to which the certificate <u>certification</u> relates, has entered into or renewed a contract with the disclosing participant that results in any electricity supplied to the customer being determined directly by reference to the final price at a GXP, information to</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>enable the customer to consider the outcomes of applying the stress test or stress tests to the customer.</p> <p>(2) Each certificate <u>certification</u> must be submitted as follows:</p> <p>(a) in the case of the first certificate <u>certification</u> submitted by a disclosing participant, no later than the end of the fourth quarter following the quarter in which the first spot price risk disclosure statement is submitted by that disclosing participant (in which case the certificate <u>certification</u> must relate to every spot price risk disclosure statement made by the disclosing participant in the preceding quarters):</p> <p>(b) in the case of every subsequent certificate <u>certification</u>, no later than the end of the fifth quarter following the quarter in which the last certificate <u>certification</u> was submitted (in which case the certificate <u>certification</u> must relate to every spot price risk disclosure statement made by the disclosing participant since the last certificate <u>certification</u> was submitted).</p> <p>(3) The certificate—A <u>certification provided under subclause (2)</u> must be—</p> <p>(a) in the form specified by the Authority; and</p> <p>(b) signed and dated by a director of the disclosing participant and either— <u>1 of the following:</u></p> <p>(i) another director of the disclosing participant; or;</p> <p>(ii) the disclosing participant's chief executive officer, or person holding an equivalent position; of the disclosing participant; or;</p> <p>(iii) the disclosing participant's chief financial officer,</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p style="text-align: center;">or person holding an equivalent position, of the disclosing participant.</p> <p>13.236H Authority may require independent audit of spot price risk disclosure statement or certificate</p> <p>(1) The Authority may, in its discretion, on the recommendation of the person appointed to receive and analyse spot price risk disclosure statements or on its own motion, require an audit of 1 or more of the following:</p> <p>(a) a spot price risk disclosure statement;</p> <p>(b) part of a spot price risk disclosure statement;</p> <p>(c) the information set out in the <u>certification</u> given certificate submitted under clause 13.236F.</p> <p>...</p> <p>(7) A disclosing participant subject to an audit under this clause must, on request from the auditor, provide the auditor with such information as the auditor reasonably requires in order to audit the spot price risk disclosure statement or the information set out in the <u>certification</u> given certificate submitted under clause 13.236F (as the case may be).</p> <p>...</p> <p>(9) The disclosing participant must ensure that the auditor produces an audit report on the spot price risk disclosure statement or the information set out in the <u>certification</u> given certificate submitted under clause 13.236F (as the case may be) and submits the audit report to the Authority.</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>(10) Before the audit report is submitted to the Authority, any failure of the spot price risk disclosure statement or the information set out in the certification given certificate submitted under clause 13.236F (as the case may be) to comply with this subpart must be referred back to the disclosing participant for comment.</p> <p>13.236I Payment of auditor's costs</p> <p>(1) If an audit establishes, to the Authority's reasonable satisfaction, that a disclosing participant's spot price risk disclosure statement or the information set out in the certification given certificate submitted under clause 13.236F (as the case may be) has not complied with this subpart (whether or not the Authority appoints an investigator to investigate the alleged breach), the disclosing participant must pay the auditor's costs.</p> <p>...</p> <p>(3) If an audit establishes to the Authority's reasonable satisfaction that a disclosing participant's spot price risk disclosure statement or the information set out in the certification given certificate submitted under clause 13.236F (as the case may be) has complied with this subpart, the Authority must pay the auditor's costs.</p>	
2016-04: Removing the definition of 'assumed value of co-	The defined term ' assumed co-efficient of variation ' means 'the value of co-efficient of variation that is set by the market administrator for the purpose of calculating the	<p>Part 1</p> <p>1.1 Interpretation</p> <p>(1) In this Code, unless the context otherwise requires,—</p>	As proposed.

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
efficient'	<p>preliminary sample size'.</p> <p>This definition is incorrect. The assumed co-efficient of variation is set in clause 2 of Appendix 2 of Schedule 15.5 of the Code, rather than being set by the market administrator. Therefore, a Code amendment would be required if a new assumed co-efficient of variation were desired.</p> <p>The Authority also notes that this defined term is used only twice in the Code. Both references are in clause 2 of Appendix 2 of Schedule 15.5. This clause describes how the size of a preliminary sample is to be determined for the purpose of developing a profile under the Code.</p> <p>The Authority considers that removing this definition and inserting its meaning in the above clause would improve the readability of the Code.</p>	<p>...</p> <p>assumed co-efficient of variation means the value of co-efficient of variation that is set by the market administrator for the purpose of calculating the preliminary sample size</p> <p>Schedule 15.5</p> <p>Profile administration</p> <p>Appendix 2</p> <p>Determining statistically sampled profiles</p> <p>...</p> <p>2 Preliminary sample</p> <p>...</p> <p>(4) In the above formula—</p> <p>N is the size of the profile population</p> <p>α is the confidence level</p> <p>z_{α} is the value of the standard normal distribution which gives α probability outside the tails</p> <p>C_A is the assumed value of co-efficient of variation of the unit cost</p> <p>r is the relative standard error of the unit cost.</p> <p>(5) The following parameter values are to be used:</p> <p>Assumed Value of co-efficient of variation (C_A): 0.1</p> <p>Relative standard error (r): 0.05</p> <p>Confidence level (α): 0.99</p> <p>...</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
2016-05: Removing reference to the Authority acting reasonably	<p>Various clauses in the Code require the Authority to act reasonably.</p> <p>As a Crown entity, the Authority is required to act in accordance with administrative law principles when exercising its powers and functions under the Code. These principles include a requirement to act reasonably.</p> <p>Therefore, provisions in the Code that require the Authority to act reasonably are redundant, and the Authority considers that they can be deleted.</p> <p><i>Provisions that require the Authority to publish information within a 'reasonable period of time'</i></p> <p>Various clauses in the Code require the Authority to publish information within a 'reasonable period of time'.</p> <p>The Authority considers that the administrative law requirement to act reasonably covers the requirement to publish information or documents within a reasonable period of time. In addition, the Authority is under an administrative law obligation to carry out its functions without unreasonable delay.</p> <p>Therefore, references to the Authority carrying out its functions 'within a reasonable period of time' can be deleted.</p> <p><i>Provisions that require the Authority to make 'reasonable endeavours'</i></p> <p>Various clauses in the Code require the Authority to make 'reasonable endeavours'.</p> <p>The Authority considers that the term 'reasonable endeavours' is not appropriate to the Authority. In contract</p>	<p>(1) Interpretation</p> <p>undesirable trading situation means any situation—</p> <p>(a) that threatens, or may threaten, confidence in, or the integrity of, the wholesale market; and</p> <p>(b) that, in the reasonable opinion of the Authority, cannot satisfactorily be resolved</p> <p>3.14 Market operation service providers must report to Authority</p> <p>...</p> <p>(2) The report must contain details of—</p> <p>...</p> <p>(c) any other matters that the Authority, in its reasonable discretion, considers appropriate</p> <p>7.3 Functions of the system operator in relation to security of supply and emergency management</p> <p>...</p> <p>(6) If the system operator makes a departure under subclause (5), the system operator must provide a report to the Authority setting out the circumstances of the EMP departure situation and the actions taken to deal with it. The Authority must publish the report within a reasonable time of its receipt.</p> <p>7.11 Review of performance of the system operator</p> <p>...</p>	<p>Having considered submissions, the Authority has decided to withdraw and proceed no further with this Code amendment.</p> <p>The Authority is under a duty to act reasonably as a matter of administrative law. While this duty arguably removes any need for Code provisions that repeat the duty, the Authority acknowledges that in some instances, such Code provisions may establish a more demanding duty than would otherwise apply under administrative law.</p> <p>The Authority also acknowledges that retaining Code provisions that expressly require the Authority to act reasonably may give participants greater comfort and certainty as to the scope of the Authority's statutory powers.</p> <p>The Authority likewise considers:</p> <ul style="list-style-type: none"> • there could be value in giving participants certainty that a reasonableness test applies in certain circumstances • it worthwhile retaining the references to "reasonable" in relation to particular timeframes in the Code.

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>law, the term imposes an obligation to act unless doing so would not be in the relevant person's commercial interest. As the Authority is a Crown entity, the reference to 'reasonable endeavours' does not make sense and the Authority proposes to delete it.</p>	<p>(2) The self review must contain such information as the Authority may reasonably require from time to time...</p> <p>8.14 Departure from policy statement</p> <p>...</p> <p>(3) The Authority must publicise the report within a reasonable time after receiving it.</p> <p>8.47 Departure from procurement plan</p> <p>...</p> <p>(3) The Authority must publicise the report within a reasonable time after receiving it.</p> <p>8.63 Decision of the Rulings Panel</p> <p>...</p> <p>(4) The Authority must publish the Rulings Panel's decision as soon as reasonably practicable.</p> <p>9.33 Payment of auditor's costs</p> <p>(1) If an audit establishes, to the Authority's reasonable satisfaction...</p> <p>(3) If an audit establishes to the Authority's reasonable satisfaction...</p> <p>10.8 Requirements for information to be recorded, given, produced, or received</p> <p>...</p> <p>(3) The Authority must act reasonably when determining the</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>requirements referred to in subclause 1.</p> <p>10.15 Security of metering data</p> <p>(1) This clause applies to—</p> <p style="padding-left: 40px;">(a) a participant who has the right to collect, obtain, use, or store metering data; and</p> <p style="padding-left: 40px;"><u>(b) the Authority.</u></p> <p>(2) A person to whom this clause applies must take security measures, as are reasonable in the circumstances, to protect metering data against loss or unauthorised access, use, modification or disclosure.</p> <p>10.16 Metering data exchange timing and formats</p> <p>(1) A participant (other than a market operation service provider) must, if it is under an obligation to provide metering data under this Part, provide metering data to the relevant person—</p> <p style="padding-left: 40px;">(a) in the absence of any timeframe specified in this Code, within a reasonable timeframe notified by the Authority</p> <p style="padding-left: 40px;">...</p> <p>(2) The Authority must provide reasonable notice of any changes to the format notified under subclause (1)(b).</p> <p style="padding-left: 40px;">...</p> <p>Schedule 10.2 clause 4 Scope of audits</p> <p>An audit must address such matters as the Authority reasonably requires, having regard to the reasons for which the Authority considers that the audit is required, and any matters that arise during the audit.</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>Schedule 10.2 clause 10 Payment of auditor’s costs,</p> <p>(1) If an audit establishes, to the Authority’s reasonable satisfaction,...</p> <p>(2) If an audit establishes, to the Authority’s reasonable satisfaction,...</p> <p>Schedule 10.3, clause 1(2)(b) Applications for approval and renewal of approval</p> <p>(2) An applicant must—</p> <p>...</p> <p>(b) provide promptly any other information or documentation the Authority may reasonably request.</p> <p>Schedule 10.7, clause 41 Certification stickers</p> <p>(2) An ATH attaching a metering installation certification sticker must ensure that it shows—</p> <p>....</p> <p>(f) any other information that the Authority may, from time to time, notify giving reasonable notice.</p> <p>Schedule 10.7, clause 45 Category 1 metering installation inspection requirements</p> <p>(3) A metering equipment provider must, before it carries out inspections under subclause (1)(b),—</p> <p>...</p> <p>(b) provide promptly any other information or documentation the Authority may reasonably request.</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>12.15 Transmission agreements to be provided to the Authority and published</p> <p>...</p> <p>(3) The Authority must publish all transmission agreements between Transpower and designated transmission customers within a reasonable time of their receipt.</p> <p>12.54 Obligations to provide information</p> <p>(1) Each participant must provide information reasonably required by the Authority for the purposes of this subpart and respond to requests from the Authority under this subpart promptly and accurately.</p> <p>...</p> <p>(4) Subject to the Official Information Act 1982, the Authority may, at its discretion, or on the application of an affected party, withhold publication of the confidential aspects of the information provided by a participant to the Authority if the Authority reasonably considers that there is good reason for withholding it.</p> <p>13.7B Authority may request system operator to report on accuracy of forecasts of non-dispatch-capable load at conforming GXPs</p> <p>(2) A request—</p> <p>...</p> <p>(b) must specify a reasonable date by which the system operator must provide the report.</p> <p>13.27B Authority to determine conforming and non-conforming</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>GXPs if requested</p> <p>(1) Subclause (4) applies if—</p> <p style="padding-left: 40px;">(a) a purchaser or the system operator makes a request under clause 13.27H; and</p> <p style="padding-left: 40px;">(b) the Authority decides there are valid grounds to consider the request.</p> <p>(2) The Authority must decide whether to proceed with the request within a reasonable time after receiving the request.</p> <p>13.27D System operator to provide advice within reasonable time</p> <p>The system operator must provide the advice requested under clause 13.27C(1)(b) within a reasonable time specified by the Authority.</p> <p>13.179 Timing for resolution of pricing error claim process</p> <p>The pricing manager and the Authority must make reasonable endeavours to ensure that, by 1400 hours on the 2nd business day after the relevant pricing error was claimed, but at least 2 hours after the pricing manager publishes the notice under clause 13.176, the pricing manager—</p> <p style="padding-left: 40px;">(a) republishes interim prices and interim reserve prices in accordance with clause 13.177(1)(c); or</p> <p style="padding-left: 40px;">(b) publishes final prices and final reserve prices in accordance with clause 13.177(2).</p> <p>13.232 Payment of costs relating to audits</p> <p>(1) If an audit establishes, to the reasonable satisfaction of the Authority,...</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>(3) If an audit establishes to the reasonable satisfaction of the Authority...</p> <p>13.236I Payment of auditor's costs</p> <p>(1) If an audit establishes, to the Authority's reasonable satisfaction,...</p> <p>(3) If an audit establishes to the Authority's reasonable satisfaction that a disclosing...</p> <p>13.255 Authority may direct FTR manager to suspend allocation of FTRs</p> <p>The Authority may direct the FTR manager to suspend the allocation of FTRs if there is any situation that—</p> <p>...</p> <p>(b) in the reasonable opinion of the Authority, cannot satisfactorily be resolved by any other mechanism available under this Code.</p> <p>Schedule 13.4, clause 9</p> <p>(1) The Authority must keep a register of all current approvals granted under the Schedule available for public inspection free of charge during normal office hours at the offices of the Authority, and on the Authority's website at all reasonable times.</p> <p style="text-align: center;">Schedule 13.4</p> <p>5 Authority may require extra information</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
		<p>The Authority may require the provision of additional information at any stage during the application process and, if the Authority's requirements are reasonable, the applicant must provide that information to the Authority.</p> <p style="text-align: center;">Schedule 13.7</p> <p>4 Data for most recent 12 months unavailable</p> <p>(1) If the data required under clauses 1 to 3 is not available for the most recent 12 consecutive months, the Authority must use reasonable endeavours to make a determination in accordance with the methodology set out in this Schedule using the data it has available.</p> <p>(2) If the available data is insufficient to enable the Authority to make a determination in accordance with subclause (1), the Authority must make a determination by—</p> <p style="padding-left: 40px;">(a) using all available data; and</p> <p style="padding-left: 40px;">(b) using its own reasonable expectations of the future activities at the GXP; and</p> <p style="padding-left: 40px;">(c) taking into account, to the extent practicable, the methodology set out in clauses 1 to 3.</p> <p style="text-align: center;">Schedule 13.8</p> <p>12 Authority to keep register of all current approvals</p> <p>(2) The Authority must keep the register available for public inspection free of charge—</p> <p>...</p> <p style="padding-left: 40px;">(b) on its website, at all reasonable times.</p> <p style="text-align: center;">Schedule 15.1</p> <p>4 Obtaining certification</p>	

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons										
		<p>(2) The reconciliation participant must promptly provide other such information as the Authority may reasonably request.</p> <p style="text-align: center;">Schedule 15.1</p> <p>12 Authority and participant requested audits</p> <p>(1) If at any time the Authority reasonably considers that a participant may not have complied with a clause in this Part or Part 11, the Authority may audit the participant or appoint an auditor to carry out an audit.</p> <p style="text-align: center;">Schedule 15.1</p> <p>13 Scope of audits</p> <p>An audit must address such matters as the Authority reasonably requires, having regard to the reasons for which the Authority considers that the audit is required under clause 12, and any matters that arise during the audit.</p>											
2016-06: Correcting the requirement to enter removal date in the registry	<p>Clause 7 of Schedule 11.4 requires metering equipment providers (MEPs) to provide the registry with information in accordance with Table 1 of Schedule 11.4. An MEP must provide information for each metering installation for which it is responsible.</p> <p>If an MEP removes a meter or a data storage device from a fully certified metering installation, the MEP is required by clause 7 of Schedule 11.4 to provide the registry with the removal date as shown in row 21 of Table 1 of Schedule 11.4.</p> <p>This is an unnecessary obligation. Each time an MEP provides information to the registry, the MEP must provide the date from which the updated information applies. This is the 'event date'. The date on which a meter or data storage</p>	<p>Table 1 of Schedule 11.4:</p> <table border="1" data-bbox="969 914 1700 1334"> <thead> <tr> <th data-bbox="969 914 1032 1070">No</th> <th data-bbox="1032 914 1160 1070">Registry term</th> <th data-bbox="1160 914 1317 1070">Description</th> <th data-bbox="1317 914 1543 1070">Fully certified metering installation</th> <th data-bbox="1543 914 1700 1070">Interim certified metering installation</th> </tr> </thead> <tbody> <tr> <td data-bbox="969 1070 1032 1334">21</td> <td data-bbox="1032 1070 1160 1334">removal date of a meter or data storage device</td> <td data-bbox="1160 1070 1317 1334">a date that a meter or data storage device is removed</td> <td data-bbox="1317 1070 1543 1334">Required <u>Optional</u> for meter or data storage device</td> <td data-bbox="1543 1070 1700 1334">Optional for meter or data storage device</td> </tr> </tbody> </table>	No	Registry term	Description	Fully certified metering installation	Interim certified metering installation	21	removal date of a meter or data storage device	a date that a meter or data storage device is removed	Required <u>Optional</u> for meter or data storage device	Optional for meter or data storage device	As proposed.
No	Registry term	Description	Fully certified metering installation	Interim certified metering installation									
21	removal date of a meter or data storage device	a date that a meter or data storage device is removed	Required <u>Optional</u> for meter or data storage device	Optional for meter or data storage device									

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>device was removed from a metering installation can be determined by looking at the event date. Requiring MEPs to provide the removal date in addition to the event date is therefore unnecessary.</p> <p>Recognising this, many MEPs do not provide the removal date.</p>		
2016-07: Reassigning market administrator functions	<p>The Authority is responsible for various market administration obligations under the Code. This responsibility arises either in its role of industry regulator or in its role of market administrator.</p> <p>Over time, the number of obligations that the Code places on the market administrator function has fallen. The two primary reasons for this fall have been as follows:</p> <ul style="list-style-type: none"> The former Electricity Commission, and then the Authority, have taken on these obligations under the role of industry regulator (eg, as occurred when the 'New Part 10' Code amendment was made in 2011). In 2007, the former Electricity Commission established the wholesale information and trading system (WITS) service provider, thereby removing this part of the market administrator function. <p>The Authority considers the current arrangements for market administration could be more closely aligned with the Authority's statutory objective. Specifically, the Authority believes moving accountability for some market administration Code obligations from the Authority to market operation services firms will promote the efficient operation of the electricity industry.</p>	Refer to the drafting schedule at Appendix C of the consultation paper.	<p>As proposed, except for several refinements, including:</p> <ul style="list-style-type: none"> consistent with the amendment to clause 13.188, replacing "market administrator" with "reconciliation manager" in the definition of "annual consumption list" under Part 1 of the Code where possible, making the wording of the proposed definitions of "registry manager" and "WITS manager" consistent with other MOSP definitions in Part 1 consistent, as set out below: <p>registry manager means the market operation service provider who is for the time being appointed as registry manager under this Code</p> <p>WITS manager means the market operation service provider person or persons who is for the time being appointed by the Authority to perform as market operation service provider role of wholesale information trading system provider <u>manager under this Code</u></p>

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
2016-08: Relocating transition provisions	<p>Part 17 of the Code contains transitional provisions, most of which relate to the transition from the arrangements that were in place immediately before the Code came into effect, to the arrangements that are in place under the Code.</p> <p>The usual practice for amendments made after the Code came into effect, if a period of transition is required, is to place the transition provisions in the particular Part of the Code affected by the amendment. For example, clauses 6.13 and 10.51 provide for a transition in relation to the changes made by Electricity Industry Participation Code Amendment (Distributed Generation) 2014 and the Electricity Industry Participation (Metering Arrangements) Code Amendment 2011 Amendment 2013 (No 2) respectively.</p> <p>There have been two exceptions to this approach: transitional provisions in relation to the Electricity Industry Participation Code Amendment (Extended Reserve) 2014, and transitional provisions in relation to the Electricity Industry Participation (Settlement and Prudential Security) Code Amendment 2013. The transitional provisions for those two amendments are in Part 17.</p> <p>The Authority considers that the two exceptions are likely to be confusing for users of the Code, and proposes to move the relevant transition provisions to Parts 8 and 14 of the Code respectively.</p>	Refer to the drafting schedule at Appendix C of the consultation paper.	<p>As proposed, except that the Authority has also moved the transitional provision (clause 17.23A), relating to the Electricity Industry Participation Code Amendment (Distributed Generation) 2016, into new clause 4 of Schedule 6.4.</p> <p>This refinement is consistent with the proposal in the consultation paper to move the transitional provisions in Part 17 relating to the Electricity Industry Participation Code Amendment (Extended Reserve) 2014 and the Electricity Industry Participation (Settlement and Prudential Security) Code Amendment 2013 into the Parts of the Code to which they relate (Parts 8 and 14 of the Code respectively).</p>
2016-09: Changing how Transpower makes grid information	<p><i>Background</i></p> <p>Currently, the Interconnection Asset Capacity and Grid Configuration is a 438 page document that includes:</p> <p>(a) a diagram showing the configuration of the national</p>	Refer to the drafting schedule at Appendix C of the consultation paper.	The Authority is still considering points made in submissions concerning this proposal and related matters.

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
available	<p>grid and the capacity of Transpower's grid assets, other than its connection assets;</p> <p>(b) a document titled 'Interconnection Branch Report', which includes text boxes that set out service measures and service levels that relate to different circuit branches, which is date stamped 1 July 2009;</p> <p>(c) a document titled 'Configuration and capacity of the HVDC link' (effective from 30 June 2009);</p> <p>(d) a document titled 'Service measures and levels for shunt assets', dated 30 June 2009;</p> <p>(e) a document titled 'Service measures and levels for HVDC shunt assets', dated 30 June 2009; and</p> <p>(f) a page headed 'Date for summer and winter periods', which refers to rule 2.4.1 and 2.4.2 and which is dated 30 June 2009.</p> <p>The grid configuration was originally a schedule to the Electricity Governance Rules. It continues in force by virtue of clause 12.106(1) of the Code. The grid configuration is incorporated by reference into the Code under clause 12.110.</p> <p><i>Processes for amending the grid configuration are not flexible enough</i></p> <p>The process for amending the grid configuration is not practical and is not flexible enough. Currently, by 30 November each year, Transpower must provide the Authority with updated information on the grid configuration document. The Authority may consult on the document and incorporate it by reference into the Code in accordance with section 32 and Schedule 1 of the Act. Because this</p>		

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>happens only once a year, and because it requires the Authority to complete some administrative steps as part of the process, it means an updated grid configuration document can be out of date by the time the Authority publishes it. Also, there is no process in the Code for Transpower to update the grid configuration document more than once a year.</p> <p>The Authority considers that a more flexible process would be appropriate, efficient, and more helpful to grid users and other parties who use or refer to information about the grid.</p> <p>The Authority proposes to amend the Code so that Transpower is responsible for publishing and updating the grid configuration. The Code would continue to require the grid configuration to contain the matters listed in clauses 12.107(4) and (5) of the Code.</p> <p>However, the Authority would not review or consult on the grid configuration and would not incorporate it by reference into the Code.</p> <p>The Authority considers that this approach would:</p> <ul style="list-style-type: none"> • reduce the administrative burden on the Authority; • reduce the administrative burden on Transpower, by enabling Transpower to undertake more frequent, but less time-consuming, updates; • make it easier for grid users and interested parties to access and review grid information, reducing the need for those parties to contact Transpower for information; • reflect the Authority's view that Transpower is the appropriate party to make decisions about updating and amending the grid configuration. 		

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p><i>Changes to grid configuration</i> Currently, clause 12.111(2) requires that Transpower keep the grid in the configuration set out in the published document. The Authority proposes that this should not change.</p> <p><i>Service levels and measures for interconnection assets</i> Currently, Transpower must make each interconnection circuit branch, interconnection transformer branch, shunt asset and the HVDC link in the grid configuration document available for use by the system operator at least at the service levels specified in the published grid configuration document.</p> <p>This provision is not practicable. As soon as Transpower changes any service level (including for example changes for winter/summer line ratings) it breaches the requirements of the clause. A better approach is to remove the link to the published grid configuration document and instead refer only to the document prepared by Transpower.</p> <p><i>Reporting on grid configuration, service levels and measures</i> Transpower is currently required to report to the Authority annually on the extent to which it complied with its obligations during the previous year. The purpose of the information that Transpower provides to the Authority about the extent to which it complied with its obligations is so that:</p> <ul style="list-style-type: none"> • grid users can monitor the capacity of interconnection assets (refer to clause 12.105 (b) of the Code) • the Authority can assess Transpower's compliance with the overarching requirement under clause 12.111 of the Code that the grid is not changed. 		

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>Transpower has indicated that it intends to provide monthly updates to interested parties regarding the grid configuration, by publication on Transpower's website.</p> <p>Accordingly, the Authority considers this should be reflected in the Code. The grid configuration document should include the information set out in clause 12.107(4) (which includes service levels and measures) for the previous month, as well as a diagram showing the current configuration of the grid.</p> <p>The Authority considers that these updates would provide adequate monitoring of the grid configuration. The Authority proposes to amend the Code to remove Transpower's reporting requirements in relation to the grid configuration (apart from the reporting of breaches, which is discussed below). The Authority would not review or consult on the grid configuration as it currently does.</p> <p><i>Breaches</i></p> <p>The Authority considers it appropriate to require Transpower to report on breaches of its requirement to publish the monthly plan described above, and the requirement to keep the grid in the configuration and at the service levels set out in the grid configuration document.</p> <p><i>Information on capacities of individual interconnection assets</i></p> <p>Clause 12.116(2)(c) states that information about the capacities of individual interconnection assets that must be published under clause 12.116(1) must be published in the form determined by the Authority as soon as reasonably practicable after the Authority has determined the form. The Authority considers that this requirement is</p>		

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	unnecessary as it is sufficient to require only that Transpower publish that information, and so can be removed from the Code.		
2016-10: Simplifying references to time	<p>The Code contains several similar terms relating to time. The Authority has identified the following terms that can be simplified or removed:</p> <ul style="list-style-type: none"> • day • business day • working day • calendar day • month • calendar month • year • calendar year • financial year • preceding year • preceding year day • qualifying date. <p>Some of these terms appear only in limited locations in the Code. Others have very similar meanings.</p> <p>The Authority considers that simplifying the Code, by reducing the number of these terms, would promote the Authority's statutory objective. Specifically, the Authority believes it would promote the efficient operation of the</p>	Refer to the drafting schedule at Appendix C of the consultation paper.	<p>As proposed, except for several refinements, including:</p> <ul style="list-style-type: none"> • the Authority has split into separate subclauses the requirement in clause 3.14 to prepare the monthly report and the deadlines for providing the report. This makes the clause easier to understand and follow • the Authority has revised the proposed amendment to clause 12.76, to leave the reference to "years" unqualified. The Authority agrees with the point raised in submissions that specifying "years" as "years ending 31 December" would prescribe an unrealistic degree of precision in the context of the 10 year forecast required under this clause. Leaving "years" unqualified would also be consistent with the approach for the 10 year forecast required under clause 12.20(e) • consistent with the purpose of this proposal, the Authority has made other drafting changes to terms relating to time that were not picked up in the consultation paper. <p>The refinements above are included in the drafting schedule in Appendix B.</p> <p>The Authority will also update relevant</p>

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>electricity industry.</p> <p>Business day, working day</p> <p>The defined term 'working day', which appears in 12 clauses in the Code, is very similar to 'business day'. The difference is that 'working day' excludes any days in the period commencing 25 December in any year and ending on 15 January in the following year. The Authority considers that having two defined terms with similar but different meanings can be confusing, particularly for new participants. The Authority considers that, except in two locations, the term 'working day' can be replaced with 'business day' with negligible costs being imposed on industry participants.</p> <p>Calendar day</p> <p>'Calendar day' is an undefined term that appears six times in the Code. There is no meaningful difference between 'calendar day' as it is used in the Code currently and the ordinary meaning of the word 'day'. Replacing 'calendar day' with 'day' in each location would improve the readability of the Code.</p> <p>Month, Calendar month</p> <p>The undefined term 'calendar month' appears in 30 clauses (and three definitions) in the Code. The Authority considers that the meaning of 'calendar month' is substantially similar to the meaning of 'month'. The readability of the Code would improve if 'month' replaced 'calendar month' where making that change would not change the meaning of the particular clause.</p>		<p>documents referenced in the Code, such as the electricity information exchange protocols (EIEPs), to make them consistent with this amendment.</p>

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>Year</p> <p>'Year' appears in the Code in both a defined manner and an undefined manner. This is confusing and makes the Code more difficult to interpret and comply with. It also means there is a risk that future code amendment may inadvertently use 'year' in the defined sense when that was not intended.</p> <p>Calendar year</p> <p>'Calendar year' is an undefined term that appears in 5 clauses of the Code. In four of the five places where it is used, the word 'calendar' is unnecessary, for example in clause 13.236A which requires disclosing participants to prepare a spot price risk disclosure statement for:</p> <p><i>'each quarter beginning 1 January, 1 April, 1 July, and 1 October in each calendar year'</i></p> <p>The Code uses 'calendar year' to distinguish it from the other defined terms like 'year' and 'financial year'. Because the other defined terms will also be replaced, changing 'calendar year' to 'year' (except in the one clause where a 'calendar year' from January to December is meant) will further simplify the Code and make it easier to understand.</p> <p>Financial year</p> <p>The defined term 'financial year' appears in only three clauses in the Code. Removing the definition and inserting its meaning in each of these three clauses would improve the readability of the Code.</p> <p>Preceding year, Preceding year day, Qualifying date</p> <p>Similarly, the defined terms 'preceding year', 'preceding</p>		

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>year day' and 'qualifying date' are each used in only two clauses of the Code. Removing the definitions and inserting the meaning of these terms in the relevant clauses would improve the readability of the Code. The Authority also considers that the current definition of the term 'qualifying date' is confusing for participants and requires amending.</p>		
<p>2016-11: Rationalising references to 'registry' and 'registry manager'</p>	<p>The Code defines both the 'registry' and the 'registry manager' as 'the person or persons for the time being appointed as the registry manager under this Code'. However, the 'registry' and the 'registry manager' are different concepts. The 'registry' is the national database maintained by the Authority that contains information about each ICP. The 'registry manager' is a MOSP appointed under the Code by the Authority.</p> <p>Currently, where the Code uses 'registry' to refer to the place where information is stored, this is correct. However, in other provisions where the term 'registry' is used, it is clear that the correct reference should be to the 'registry manager' rather than the 'registry'. For example, in clauses 11.18A and 11.20, the 'registry' is required to take some action. In these provisions, the registry manager should be responsible for carrying out the obligation.</p>	<p>Refer to the drafting schedule at Appendix C of the consultation paper.</p>	<p>As proposed, except for a number of refinements, including:</p> <ul style="list-style-type: none"> the Authority has revised the wording of clause 10.4(2) as follows: <p>(2) If a participant (participant A) incorrectly populates the registry, causing another participant (participant B) to breach an obligation under this Code, and participant B relies, in good faith, on the incorrect information published by <u>in</u> the registry, participant B has not breached its obligation.</p> <p>This change is for consistency with the wording of clause 11.32, which sets a similar requirement in Part 11 of the Code</p> <ul style="list-style-type: none"> currently, the Code defines 'registry' and 'registry manager' under one definition. Consequently, unless otherwise specified, a Code obligation to provide 'X' to the registry manager requires the relevant participant to use the <u>registry</u> to provide X. This means that under the current arrangements, there is no need to

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
			<p>explicitly require the participant to use the registry to provide X to the registry manager. An effect of creating separate definitions for 'registry' and 'registry manager' under this amendment is that, where the Code intends that a participant use the registry to provide X to the registry manager, the Code must state this explicitly for the requirement to be enforceable. Since consulting, the Authority has revised the wording of several Code provisions to preserve existing requirements that a participant use the registry to provide something to the registry manager. For example, new clause 11.19(3) provides:</p> <p>"Unless otherwise specified in this Part, information or notices that must be provided under this Part by the registry manager or to the registry manager, must be provided using the registry."</p> <p>New clause 15.35(3) provides a similar requirement to new clause 11.19(3). The intent and effect of both of these new provisions is to ensure the Code amendment preserves the current arrangements described above, while still separately defining 'registry' and 'registry manager' as proposed.</p> <p>The refinements above are included in the drafting schedule in Appendix B.</p>

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons																		
			The Authority will also update relevant documents referenced in the Code, such as the EIEPs, to make them consistent with this amendment.																		
2016-12: Simplifying terms about electricity supply	<p>The Code contains a large number of similar and related terms about:</p> <ul style="list-style-type: none"> the physical connection of an asset or electrical installation to a network (including modelling of that physical connection); or enabling electricity to flow, or preventing the flow of electricity, across the physical connection between an asset or electrical installation and a network. <p>The Authority has identified the following terms that can be grouped into these two categories. The terms that are defined in the Code are included in bold:</p> <table border="1" data-bbox="241 802 943 1388"> <thead> <tr> <th data-bbox="241 802 600 874"><i>Physical connection</i></th> <th data-bbox="600 802 943 874"><i>Enabling electricity to flow</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="241 874 600 978">commissioning</td> <td data-bbox="600 874 943 978">de-energise / de-energised / de-energisation</td> </tr> <tr> <td data-bbox="241 978 600 1058">connect / connected / connection / connecting</td> <td data-bbox="600 978 943 1058">electrically unsafe</td> </tr> <tr> <td data-bbox="241 1058 600 1161">decommission / decommissioned / decommissioning</td> <td data-bbox="600 1058 943 1161">energise / energised / energisation</td> </tr> <tr> <td data-bbox="241 1161 600 1201">disconnected</td> <td data-bbox="600 1161 943 1201">temporary energisation</td> </tr> <tr> <td data-bbox="241 1201 600 1241">directly connected</td> <td data-bbox="600 1201 943 1241">livened / livening</td> </tr> <tr> <td data-bbox="241 1241 600 1281">disestablished</td> <td data-bbox="600 1241 943 1281"></td> </tr> <tr> <td data-bbox="241 1281 600 1321">electrical connections</td> <td data-bbox="600 1281 943 1321"></td> </tr> <tr> <td data-bbox="241 1321 600 1388">electrically connecting / electrically connect /</td> <td data-bbox="600 1321 943 1388"></td> </tr> </tbody> </table>	<i>Physical connection</i>	<i>Enabling electricity to flow</i>	commissioning	de-energise / de-energised / de-energisation	connect / connected / connection / connecting	electrically unsafe	decommission / decommissioned / decommissioning	energise / energised / energisation	disconnected	temporary energisation	directly connected	livened / livening	disestablished		electrical connections		electrically connecting / electrically connect /		Refer to the drafting schedule at Appendix C of the consultation paper.	<p>As proposed, except for several refinements, including:</p> <ul style="list-style-type: none"> the Authority has replaced the undefined term "activation" in clauses 13 and 14 of Schedule 11.1 with "electrical connection" the Authority has replaced the words "electrically connected" in the definition of embedded network with the word "connected". This is to avoid an embedded network existing only while its ICPs are electrically connected. <p>The refinements above are included in the drafting schedule in Appendix B.</p> <p>The Authority will also update relevant documents referenced in the Code, such as the EIEPs, to make them consistent with this amendment.</p>
<i>Physical connection</i>	<i>Enabling electricity to flow</i>																				
commissioning	de-energise / de-energised / de-energisation																				
connect / connected / connection / connecting	electrically unsafe																				
decommission / decommissioned / decommissioning	energise / energised / energisation																				
disconnected	temporary energisation																				
directly connected	livened / livening																				
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electrical connections																					
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Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons														
	<table border="1" data-bbox="241 220 943 608"> <tr> <td data-bbox="241 220 600 260">electrically connected</td> <td data-bbox="600 220 943 260"></td> </tr> <tr> <td data-bbox="241 260 600 300">electrically isolated</td> <td data-bbox="600 260 943 300"></td> </tr> <tr> <td data-bbox="241 300 600 339">interconnect</td> <td data-bbox="600 300 943 339"></td> </tr> <tr> <td data-bbox="241 339 600 419">permanently disconnect / permanently disconnected</td> <td data-bbox="600 339 943 419"></td> </tr> <tr> <td data-bbox="241 419 600 499">re-connect / reconnecting / reconnection</td> <td data-bbox="600 419 943 499"></td> </tr> <tr> <td data-bbox="241 499 600 563">temporarily disconnect / temporarily disconnected</td> <td data-bbox="600 499 943 563"></td> </tr> <tr> <td data-bbox="241 563 600 608">temporary disconnection</td> <td data-bbox="600 563 943 608"></td> </tr> </table> <p data-bbox="241 635 943 738">Some terms are defined in the Code, or in relation to particular matters that the Code regulates, when it is not clear that a specific definition is required.</p> <p data-bbox="241 762 943 906">For example, the term 'connect' is defined only in relation to distributed generation, but 'connect' is used throughout the Code in a context that conveys the ordinary meaning of connect.</p> <p data-bbox="241 930 943 1257">Another example is the definition of 'electrically connected', which is defined only in relation to activities regulated under Parts 11 and 15 of the Code, but again it appears that the ordinary meaning of 'connect' would convey what is meant. Further examples include the meaning of 'interconnect' in Part 6 (equivalent to the meaning of 'connect' used in other parts of the Code) and the meaning of 'disestablished' in Part 6 (equivalent to the meaning of 'decommissioned' in Part 10).</p> <p data-bbox="241 1281 943 1385">Some terms appear frequently in the Code even though the defined meaning does not apply. For example, 'disconnected' is defined to mean 'in relation to a grid</p>	electrically connected		electrically isolated		interconnect		permanently disconnect / permanently disconnected		re-connect / reconnecting / reconnection		temporarily disconnect / temporarily disconnected		temporary disconnection			
electrically connected																	
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Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>injection point, grid exit point or point of connection, that there is no load or generation at, or connected to, the grid injection point, grid exit point or point of connection in the modelling system'. Disconnected is mainly used in a context in which it means to take an action to stop the flow of electricity across the physical connection between an asset or electrical installation and a network. That usage is close to how the term 'de-energisation' is defined.</p> <p>'Commissioning' is defined in the Code to mean verifying the correct operation of metering equipment installed in a metering installation. However, 'commissioning' is also used in Parts 8, 12, 13, 14 and 15 in relation to verifying the correct operation of assets being connected to the national transmission grid.</p> <p>In Parts 8, 12 and 14 'decommissioning' is undefined, and is used to mean the permanent removal of an asset or point of connection from service. This is very similar to the defined meaning of 'decommissioning' in Part 10.</p> <p>The defined term 'temporary energisation' is an underutilised definition. The term is used in only four clauses, and it is not clear that a definition of 'temporary energisation' is required.</p> <p>Lastly, some of the terms listed above have an ordinary meaning that differs from the meaning defined in the Code. For example, 'energisation' would ordinarily be understood as meaning to make an asset or electrical installation 'live'.⁶ However, under the defined meaning of 'energisation' an asset or electrical installation <i>may or may not</i> be 'live'. This</p>		

⁶ "Live" is defined in the Electricity (Safety) Regulations 2010 to mean charged with electricity so that a difference in voltage exists to earth or between conductors.

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>could be a source of confusion for participants.</p> <p>The Authority considers that simplifying the Code, by reducing the number of these terms, would promote the Authority's statutory objective. Specifically, the Authority believes it would promote reliable supply by, and the efficient operation of, the electricity industry.</p> <p>It would also reduce the risk of participants misunderstanding similar and related terms in the Code, the Act, the Electricity Act 1992 and the Electricity (Safety) Regulations 2010. A misunderstanding might have safety implications.</p>		
2016-13/14: Amending the definitions of 'publish' and 'information system'	<p>Because the two proposals to change the definitions of 'publish' and 'information system' are closely related, the Authority has set out its decision on both proposals together under this entry in the table.</p> <p>The problem definition for each of the proposals is set out as follows.</p> <p><u>Amending the definition of 'information system'</u></p> <p><i>Background</i></p> <p>Various clauses in the Code require participants to convey information using the 'information system'. The information system is defined in the Code as the 'system or systems required for the conveyance of information between persons in accordance with this Code as may be approved from time to time by the Authority'.</p> <p>The Authority has approved a number of systems for conveying information for the purposes of the definition. The systems are listed in a document entitled 'Information System Definition', which is available on the Authority's</p>	<p>Refer to the drafting schedule at Appendix C of the consultation paper. Because the proposals to change the definitions of 'publish' and 'information system' are closely related, the consultation paper's drafting schedule shows the drafting changes for both proposals under a single set of drafting.</p>	<p>As proposed, except for several refinements, including:</p> <ul style="list-style-type: none"> • the Authority agrees with submitters' recommendation that the Authority consult before it changes an approved system (listed in the Approved Systems Document (ASD)) for making particular information available under Part 13 of the Code. Accordingly, the Authority will consult if it proposes to change an approved system unless the Authority is satisfied, on reasonable grounds, that— <ul style="list-style-type: none"> - the nature of the amendment is technical and non-controversial; or - there is widespread support for the amendment among the

Reference	Problem definition from consultation paper	Proposed Code amendment from consultation paper	Decision and reasons
	<p>website.</p> <p>The Information System Definition document:</p> <ul style="list-style-type: none"> • lists the systems that comprise the ‘information system’ defined in the Code • lists some of the backup procedures that participants must follow if the information system is unavailable • describes how information is to be published (as defined in the Code), where the Code provides that the Authority must prescribe the manner of publication for the purpose of the definition of ‘information system’ or for the purpose of the definition of ‘publish’. <p><i>Issues</i></p> <p>The Authority considers It is difficult for participants to determine how to transmit and publish information under the Code because:</p> <ul style="list-style-type: none"> • the document that sets out the systems approved to transmit or publish information is difficult to understand • the definition of ‘publish’ is more complex than it needs to be. <p>The process of approving systems that comprise the information system is also more administratively burdensome than necessary. The number of clauses in the Code that refer to ‘information system’ or ‘publish’ means that the Information System Definition document is lengthy and administratively burdensome to keep up to date.</p> <p>Changes to the Information System Definition document (for example, as a result of a Code amendment, a system change, or the creation of a new system) require</p>		<p>people likely to be affected by it; or</p> <ul style="list-style-type: none"> - there has been adequate prior consultation (for instance, by or through an advisory group) so that all relevant views have been considered. <p>A consequence of removing the market administrator from the Code and reallocating its functions (proposal 2016-07 above) is that the WITS manager will inherit responsibility for specifying and changing backup procedures under particular Part 13 provisions (eg. clauses 13.106, 13.114, and 13.191). Each of these provisions specifies participants with whom the WITS manager must consult before changing a backup procedure. The Authority will record in the ASD which backup procedure(s) the WITS manager has specified for each of the relevant provisions</p> <ul style="list-style-type: none"> • the Authority has replaced the reference to the Authority <u>publicising</u> EIEPs with a reference to the Authority <u>prescribing</u> EIEPs (see clauses 11.32F, 12A.1, 12A.13,

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	<p>consultation with participants and approval by the Authority Board. This means the process of keeping the Information System Definition document up to date is not as flexible as it could be.</p> <p>Further, after the Authority has approved a system, that is the only system that can be used unless the document is amended. This makes it harder to introduce new technologies to convey information.</p> <p>The document is more than 50 pages long, and is not easy to understand.</p> <p>Participants tell the Authority they rely on instructions from service providers to find out what systems to use for particular purposes, rather than relying on the Information System Definition document. If that is correct, participants risk inadvertently breaching the Code.</p> <p>The systems approved by the Authority are in many cases specified as SMTP (email), 'as agreed by the parties', or by publishing information on a website. The Authority considers that those types of systems should not require specific approval from the Authority.</p> <p>In Part 13 of the Code, which deals with trading arrangements, the system that the Authority has approved for use is most often, but not exclusively, the Wholesale Information Trading System (WITS).</p> <p>The Authority considers that each clause with the term 'information system' should be amended in one of the following ways:</p> <ul style="list-style-type: none"> to refer to the way that information must be conveyed 		<p>12A.14, 12A.15, and 12A.16), which better reflects the Authority's role in setting EIEPs</p> <ul style="list-style-type: none"> the Authority has in each instance replaced the proposed requirement in several Part 13 provisions to notify "affected participants" of certain information with a requirement to make the information available to parties that request it. <p>The Authority agrees with feedback from submissions that requiring MOSPs and the grid owner to notify "affected participants" of particular information (eg, as proposed for clause 13.144(1)) is not feasible. MOSPs and the grid owner may not be able to determine which participants are affected in each instance.</p> <p>The Authority considers that a better approach is for "affected participants" to self-select, by advising the relevant MOSP of their desire to be notified of the information.</p> <p>This revised approach will reduce the administrative burden on MOSPs, while ensuring that parties</p>

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	<p>(in many cases, this will be WITS)</p> <ul style="list-style-type: none"> to state that information must be conveyed using a 'system approved by the Authority'. <p>The systems to be approved by the Authority will most likely relate to Part 13. The Authority envisages that it would separately publish a list of these approved systems.</p> <p>In practice, very few changes have been required to the systems approved to convey information in Part 13. This means that the proposal should reduce the need for changes in the future.</p> <p>In proposing this amendment, the Authority does not intend to change the systems currently used to convey information. Instead, the Authority intends to simplify the way that it prescribes and records the systems that participants must use to convey information.</p> <p><u>Amending the definition of 'publish'</u></p> <p>The Authority considers that the definition of 'publish' is unnecessarily complex.</p> <p>The Code contains several similar and related terms about publishing information, including:</p> <ul style="list-style-type: none"> publicise / publicised / publicises / publicising publicly available / publicly accessible publish / publication / published / publisher / publishes / publishing republish / republication / republished / republishes / republishing. <p>The Authority considers that simplifying the Code, by</p>		<p>who request the information will receive it</p> <ul style="list-style-type: none"> the Authority has decided to make WITS free-to-air an 'approved system'. The Authority agrees with feedback from submissions that its proposal for the pricing manager to make information available on the WITS manager's website (i.e. clause 13.141(3) and (4)), may not be feasible if the pricing manager role is carried out by someone other than the person carrying out the WITS manager role. The Authority's proposal to replace references to "publicly accessible" with "publish" is no longer feasible in relation to WITS free-to-air, for the same reason. <p>The Authority is ensuring that information continues to be made publicly accessible at no cost under clause 13.141, by requiring that the information is made available at no cost using a publicly accessible approved system (ie. WITS free-to-air)</p> <ul style="list-style-type: none"> the Authority has decided to withdraw its proposed amendment to clause 7(2) of Technical Code B

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	<p>reducing the number of these terms, would promote the Authority's statutory objective. Specifically, the Authority believes it would promote the efficient operation of the electricity industry.</p> <p><i>Definition of 'publish'</i></p> <p>As currently defined, 'publish' means—</p> <p>(a) in respect of information to be published by the Authority or a market operation service provider, to make such information available to the intended recipient through the information system; and</p> <p>(b) in respect of a document to be published under Part 9,—</p> <p>(i) to make the document available to the public, at no cost, on an internet site maintained by or on behalf of the system operator, at all reasonable times, and</p> <p>(ii) to give notice in the Gazette of the document, of the fact that it is available on the Internet at no cost, and of the Internet site address; and</p> <p>(c) in respect of all other information, to make available to the intended recipient in such manner as may be prescribed from time to time by the Authority,—</p> <p>and published, publishes, publication, publisher and publishing have corresponding meanings.</p> <p>Subclause (a) requires the Authority and MOSPs to use the information system to publish information. The information system is the system(s) approved by the Authority for the conveyance of information between persons in accordance with the Code. However, the Authority is proposing to</p>		<p>of Schedule 8.3, which would have replaced "advise" with "give written notice to". The Authority agrees with feedback from submissions that it may be important for the system operator to receive the notification under this provision more rapidly than written notice allows. Retaining the requirement to "advise" will not restrict use of a particular means of communication</p> <ul style="list-style-type: none"> • the Authority considers that requiring that confirmation under clause 13.35(2) be "in writing" is unnecessary, and will withdraw this wording ("in writing") accordingly • information is to be made available under clauses 13.61(1) and 13.65(1), and clause 13(1) of Schedule 13.3, using WITS rather than by giving written notice. The Authority agrees with submitters' feedback that WITS is the more appropriate means of making the information available • the amendment to clause 13.135A(5)(a) has been revised, to require that notice of a scarcity pricing situation must be given in writing as well as on WITS. The

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	<p>revoke that the definition of 'information system' (see proposal 2016-01). This will require a consequential change to the definition of 'publish'.</p> <p><i>Requirement to gazette changes</i></p> <p>Subclause (b)(i) of the definition of 'publish' currently applies to the following documents published by the system operator under Part 9:</p> <ul style="list-style-type: none"> • system operator rolling outage plan (SOROP) • a supply shortage declaration • a decision under clause 9.5(4) • a direction under clause 9.15 • a revocation of a supply shortage declaration. <p>The subclause requires the system operator to publish the information on its website.</p> <p>Subclause (b)(ii) requires the system operator to give notice in the <i>Gazette</i> when it publishes the information referred to in subclause (b)(i).</p> <p>The requirement to publish information in the <i>Gazette</i> originated with the former Electricity Governance (Security of Supply) Regulations 2008 when the Code came into effect. It could not be removed when the system operator took over the Electricity Commission's security of supply operational responsibilities in 2010. This was because doing so would have been inconsistent with the Act's provisions for creating the initial version of the Code. Under section 34 of the Act, the initial Part 9 of the Code could only include changes to the Security of Supply Regulations</p>		<p>Authority agrees with feedback from submissions on this point</p> <ul style="list-style-type: none"> • for consistency with the other reference in the proposed drafting for clause 13.227(1), the Authority will amend the recipient of the verification notice under this clause from the "information system" to "the WITS manager". <p>The refinements above are included in the drafting schedule in Appendix B.</p>

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	<p>necessary or reasonably required to ensure the Code was:</p> <ul style="list-style-type: none"> • consistent with the Act, the regulations, and any amendments made to other enactments by the Act; and • accurate and coherent; and • addressed any transitional issues. <p>The Authority considers that publication in the <i>Gazette</i> is of little or no value to participants, and imposes unnecessary costs on the system operator. The relevant <i>Gazette</i> notices simply advise participants that the system operator has published the information on its website. Unless participants subscribe to a print copy of the <i>Gazette</i>, they would need to go to the www.gazette.govt.nz website. It would be more efficient for participants to instead go directly to the www.systemoperator.co.nz website.</p> <p><i>Authority to prescribe how information is published</i></p> <p>Subclause (c) of the definition of ‘publish’ requires the Authority to prescribe how participants must make information available that is not covered by the two preceding subclauses.</p> <p>What the Authority has ‘prescribed’ is listed in the Information System Definition document. The prescribed means by which information provided under subclause (c) is to be made available relates only to Parts 12 and 13 of the Code. For Part 12, the Authority has prescribed that the participant must publish the relevant information on its website. For Part 13, the Authority has prescribed that the participant must publish the information using either email or facsimile. The Authority considers that it is an</p>		

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	<p>unnecessary cost for the Authority to approve that information should be published on a website, or published using either email or facsimile. A lower cost approach would be for the relevant clauses in the Code to specify the form of publication.</p> <p><i>Definition of 'publicise'</i></p> <p>'Publicise' means to make available to the public, at no cost, on the Authority's website at all reasonable times and in any other manner the Authority may decide. This is similar to, but not exactly the same as, the definition of the word 'publicise' in the Act.</p> <p>Section 34 of the Interpretation Act 1999 provides that a term or expression used in an instrument made under an enactment has the same meaning as it has in the enactment under which it is made. It is unhelpful and potentially confusing to use a word in the Code that is also used in the Act but with a different meaning.</p> <p>'Publicise' is generally used in the Code when referring to information that the Authority must make available, to avoid the complicated definition of 'publish'. Simplifying the definition of 'publish' would avoid the need for a separate defined term.</p> <p><i>Definition of 'publicly available'</i></p> <p>'Publicly available' is not defined in the Code but is defined in the Act, where it means to make information available at no cost on a publicly available internet site and at the head office of the person required to make the information available, and to make copies available for purchase at a reasonable cost.</p>		

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	<p>As noted above, section 34 of the Interpretation Act provides that a term or expression used in an instrument made under an enactment has the same meaning as it has in the enactment under which it is made. 'Publicly available' in the Code, therefore, has the same meaning as in the Act.</p> <p>For the purposes of the Code, it is generally not necessary that information be made available at a head office, or for copies to be available for purchase. The intent of using the term 'publicly available' has been that information be published on a website.</p> <p>There is one exception to this general approach. Clause 6.3(2) of the Code requires a distributor to make certain information 'publicly available, free of charge, from its offices and Internet site'. This obligation was carried over to the Code in 2010 from the Electricity Governance (Connection of Distributed Generation) Regulations 2007. The Authority proposes that the obligation under clause 6.3(2) of the Code for a distributor to make the information available at its offices should remain. This maintains the policy inherent in the regulations.</p> <p><i>Definition of 'publicly accessible'</i></p> <p>'Publicly accessible' is not defined in the Code. However, there are a number of clauses in Part 13 that require some participants to place information on a publicly accessible website.</p> <p>As the new definition of publish will require information to be placed on a participant's website or another website specified in the Code, the Authority considers that references to 'publicly accessible' can be replaced with</p>		

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	<p>'publish'.</p> <p><i>Definition of 'republish'</i></p> <p>'Republish' means 'to publish again following a recalculation using revised data' and 'republished' and 'republication' have corresponding meanings. The Code contains five references to the defined term 'republish'. All five references relate to the republication of interim and final prices.</p> <p>Elsewhere in the Code the words 'recalculate and publish' are used instead of 'republish' (see clauses 12.100 and 13.166A). This alternative wording more accurately describes what the pricing manager does. The pricing manager does not 'republish' a price if the new price was created after the original price was published. The pricing manager instead publishes a recalculated or revised price.</p>		
2016-15: Simplifying the meaning of 'notify'	<p>In the Code, to 'notify' means to inform a person that information has been published:</p> <p><i>Notify means to notify the persons referred in the relevant clause by way of letter, email or facsimile, to a contact person and address provided by that person, that the information referred to in that clause has been published.</i></p> <p>'Notify' is currently used in three different ways in the Code:</p> <ul style="list-style-type: none"> • where the relevant clause also requires the notifying participant to publish information • where the requirement to 'notify' <i>implies</i> the requirement to publish (that is, there is no separate requirement to publish) • where there is no intention to impose an obligation to publish. 	Refer to the drafting schedule at Appendix C of the consultation paper.	<p>As proposed, except that the Authority has also replaced references to 'notify' (and 'notified' and 'notification') in Schedules 11.2—11.4 with “give written notice to” (where written notice is necessary) or “advise” (where notice does not have to be in writing), as appropriate.</p> <p>The consultation paper did not include these amendments to Schedules 11.2—11.4. However, the Authority considers that the amendments:</p> <ul style="list-style-type: none"> • are necessary for consistency across the Code as a whole (removing all references to 'notify') • in each case do not alter the actual means by which information is

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	<p>The Authority considers that it should be clear from the Code when parties are required to notify in writing and when they are required to publish information. These obligations should be express and not just implied.</p> <p>The Authority also considers that it is unhelpful to give ordinary words like 'notify' a defined meaning. This can lead to a word acquiring a sense that was not intended.</p> <p>The proposed changes would promote the efficient operation of the electricity industry by making it easier for participants to understand their Code obligations.</p> <p><i>Removing restrictions on the form of written notification</i></p> <p>The defined term 'notify' requires written notification by letter, email or facsimile. The definition unnecessarily restricts the means by which parties provide written notice to each other. Letters and facsimiles are now the exception rather than the norm.</p> <p>Making the means by which participants give written notice to each other less prescriptive would allow them to use other electronic methods and to adopt new technologies.</p> <p>This would not require all participants to adopt all technologies in order to be sure they could receive all notices sent. Just as participants are not required to change the way they notify information, participants would not also not compelled to adopt a new technology in order to receive notifications.</p> <p>The Authority believes that simplifying the Code would promote the efficient operation of the electricity industry because participants could more easily understand their obligations.</p>		<p>conveyed under these Schedules.</p> <p>The refinements above are included in the drafting schedule in Appendix B.</p>

Appendix B: Drafting schedule