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6 March 2018

John Rampton
General Manager Market Design
Electricity Authority

By email: submissions@ea.govt.nz

Dear John

Code Review Program 2018

We appreciate the opportunity to submit on the Authority's *Code Review Program 2018*, published on 16 January 2018.

We have responded to the following code change proposals:

- Change 2018-3. The System Operator agrees with the change.
- Changes 2018-5, 11, 15, 19 and 20: we respond in the Appendix.

Criteria for *technical and non-controversial*, and source of proposal

In our previous submission in response to the code change proposals¹, we proposed two process changes to support and improve transparency:

- publishing criteria for determining whether a Code change is technical and non-controversial, and
- identifying the source of the Code change.

We appreciate the Authority's consideration of each of our process proposals.² We address each response in turn below.

Technical and non-controversial changes

In response to our proposal that the Authority publish criteria for determining whether a Code change is technical and non-controversial, the Authority stated:

the Authority noted that for several of the proposals it was satisfied that the nature of the proposed amendment was technical and non-controversial under section 39(3)(a) of the Act because the proposed amendment would have no impact on current practice and would not change any participant's obligations. Rather the proposed amendment would improve the clarity of the Code.

¹Transpower submission Code review programme [2015](#) and [2016](#)

² Code review program 2017 [Summary of submissions with responses](#)

The Authority's response doesn't address the question of whether publishing criteria would support transparency and industry understanding. The Authority instead provided some examples of what may be technical and non-controversial, based on its experience with the Code review process at the time. Other criteria for what may be technical and non-controversial could also be surfaced.

We consider our proposal is consistent with the approach taken by the Authority with its Foundation Documents. The Authority has documented its interpretation of the Statutory Objective and the criteria to determine whether to make Code changes. The interpretation of, and criteria for, technical and non-contentious changes could also be documented. Doing so would provide transparency for both the Authority and participants.

Identifying the source for the proposal

In response to our proposal to identify the source of Code amendment proposals, the Authority stated that it:

does not consider that identifying the party that originally proposed the relevant Code amendment being consulted on would add context or elicit more informed submissions.

We disagree. Identifying the proponent would:

- bring contextual value reflecting the specific expertise or partisan interest from which the proposal arose; and
- allow participants to know which proposals are a result of the Authority's monitoring and compliance activities.

We do not see any issue in identifying the party that proposed the Code amendment. It is difficult to see what reason the Authority would have for withholding this information if it was requested under the Official Information Act, so we see no reason for the Authority to withhold the identity of the proponent of Code amendments as a matter of course.

We consider being transparent about the proponent for rule change reflects good regulatory practice and is due process for other regulators, for example OFGEM and AEMC.³

Please contact me if you have any questions about this submission.

Yours sincerely



Micky Cave
Senior Regulatory Analyst

³ For example: OFGEM Decision on Code modification proposal [CMP 261 raised by SSE](#), and AEMC (Australian Energy Market Commission) [Rule change projects](#)

Appendix A: Specific code amendment comment

Table 1

Reference number for amendment you are submitting on:	2018 - 05
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
While we agree with the intent to remove unnecessary obligations, we do not agree that all the obligations the Authority proposes to remove are unnecessary, or that they can be classified as technical and non-controversial (see response to Question 2).	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
No. The drafting removes obligations for written notice to the System Operator when a block dispatch agreement is reached, and when a block dispatch is changed. However, the provision 13.60 (2) only applies to the block dispatch agreement being reached for the first time, and not for subsequent changes. As there is no existing requirement to reach agreement to change the block dispatch agreement, removing the written notice obligation means a generator could change its block-dispatch but the System Operator would have no notice of the change, with potential risk for security of supply.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
Yes. We propose the following re-draft: 13.60 (2) If an agreement for block dispatch, <u>or a change in block dispatch</u> , has been reached the following procedures apply:	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes.	

Table 2 2018 - 11

Reference number for amendment you are submitting on:	2018 - 11
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Clause 2 - we are unsure of what problem has been defined. Clause 8 - we agree with the problem definition but the solution requires redrafting.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Clause 2	

No, we do not agree with the proposed solution. We consider the proposal does not clearly describes that trader choice is being removed or the expected outcome. By inserting *any and* removing *or*, all information must be provided for Category 1 and 2 installations that have both types of data. We consider retaining choice for the traders will be more efficient. The intent for choice appears to be still desired by the words “for which the reconciliation participant wants to submit...”

Clause 8

No, we do not agree with the proposed solution.

1. Clause 8 (1) The insertion “reconciliation participant” creates specificity of the obligation on the reconciliation participant to provide submission information. The consequence is that the insertion inadvertently removes existing scope for an agent to prepare the submission information on behalf of the participant.
2. Clause 8 (3) is a process applying to submission information (not volume information). The submission information is created from the volume information set under a) – f).

Question 3: Do you have any comments on the Authority's proposed Code drafting?

We propose drafting as follows:

Clause 8

- Change heading to read “Process to create submission information”
- 8 (1) and (2): Remove insertion “*reconciliation participant*”, or add words “or its agent” after *reconciliation participant*.
- For 8 (3): Reinstate word “submission information” under 8 (3).

Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?

Clause 2: No. See our response to Question 2 above

Clause 8: Yes. See our response to Question 3 above.

Table 3 2018 - 15

Reference number for amendment you are submitting on:	2018 - 15
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Yes, in principle, but not as drafted. The insertion “the relevant reconciliation participant...” creates specificity of the obligation on the reconciliation participant to provide submission information. The consequence is that the	

insertion inadvertently removes existing scope for an agent to prepare the submission information on behalf of the participant.
Question 3: Do you have any comments on the Authority's proposed Code drafting?
Yes, we propose the words "or its agent" are inserted after the words reconciliation participant, or redraft so that the reconciliation participant has the obligation to ensure the process is done, rather than being the party that must do it.
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?
Yes, subject to redrafting as above.

Table 4 2018-19

Reference number for amendment you are submitting on:	2018 – 19
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
Yes.	
Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.	
Yes, in principle, but not as drafted. For clause 4 (2), the insertion creates specificity of the obligation on the reconciliation participant to provide submission information. The consequence is that the insertion inadvertently removes existing scope for an agent to prepare the submission information on behalf of the participant.	
Question 3: Do you have any comments on the Authority's proposed Code drafting?	
Yes, we propose the words "or its agent" are inserted after the words reconciliation participant, or redraft so that the reconciliation participant has the obligation to ensure the process is done, rather than being the party that must do it.	
Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?	
Yes	

Table 5 2018 - 20

Reference number for amendment you are submitting on:	2018 - 20
Question 1: Do you agree with the Authority's problem definition? If not, please provide comments.	
No, we raise two issues. Issue 1. The existing practice is efficient because no response by an MEP means that the MEP does not want to be responsible for the ICP.	

Under the change, new costs would be imposed on the MEP because it would have to monitor the registry to see whether it has been nominated by a trader. Currently the MEP does not need to monitor the registry.

If a nomination is in error (for example our discovery, during a registry clean up, that Transpower was confused with Trustpower) then Transpower would be in breach if it did not positively respond.

Issue 2. The new drafting at sub clause 2A assumes that a trader must have an arrangement with the MEP before entering the MEP on the registry. However, it is possible that an MEP has the relationship with the connecting party.

We consider the new drafting should not inadvertently limit possible arrangements for who arranges for meter installation.

Question 2: Do you agree with the Authority's proposed solution? If not, please provide comments.

No.

Question 3: Do you have any comments on the Authority's proposed Code drafting?

Yes.

- Schedule 11.4 Clause 1 (b): reinstate the "may" in "may, if it intends to decline responsibility..."
- New clause 2A: Redraft to not restrict who can request the MEP installs the meter.

Question 4: Do you agree with the objectives of the proposed amendment? If not, why not?

No.

- For the nomination process, the existing practice of no response by an MEP already provides the same outcome and should be retained. The obligation for the nominating party to monitor whether an MEP has responded should also be retained.
- For meter installations, the new drafting at 2A inadvertently restricts arrangements for who can request the installation.