

Code Review Programme 2018

Decision

2 October 2018



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1 The Authority has decided to make a number of improvements to the Code

- 1.1 The Electricity Authority (Authority) has decided to amend the Electricity Industry Participation Code 2010 (Code) to make a number of improvements to the Code.
- 1.2 These improvements stem from the Code Review Programme 2018 – a set of 23 proposed ‘omnibus’ changes to the Code, which we consulted on in the first quarter of 2018.¹ Most of the Code amendment proposals addressed a discrete issue, but in some places, changes intersected or overlapped.
- 1.3 Table 1 lists our decision for each of the Code amendment proposals consulted on, including the date the Code amendment comes into force. There are three implementation dates: 1 November 2018, 1 February 2019, and 1 August 2019.

Table 1: Code Review Programme 2018 decisions

| Reference number | Topic | Decision | Date Code amendment comes into force |
|------------------|--|---|--------------------------------------|
| 2018-01 | Clarifying requirement to update registry metering records | Implement the proposal without change | 1 November 2018 |
| 2018-02 | Timeframe for distributors to give written notice of ICP decommissioning | Implement the proposal without change | 1 November 2018 |
| 2018-03 | Clarifying the scope of an appeal under clause 8.36 | Implement the proposal without change | 1 November 2018 |
| 2018-04 | Clarifying when losing trader must respond to switch move request | Implement an amended form of the proposal | 1 November 2018 |
| 2018-05 | Block dispatch agreement notification | Implement the proposal without change | 1 November 2018 |
| 2018-06 | Amending or rescinding an approved shorter post-default exit period | Implement an amended form of the proposal | 1 November 2018 |
| 2018-07 | Clarifying Code requirements for ICP information relating to chargeable capacity | Implement an amended form of the proposal | 1 February 2019 |

¹ Electricity Authority, 16 January 2018, Code Review Programme 2018, available on our website at www.ea.govt.nz/dmsdocument/22953.

| Reference number | Topic | Decision | Date Code amendment comes into force |
|------------------|---|---|--------------------------------------|
| 2018-08 | Amending the timeframe for the clearing manager to calculate constrained off/on amounts | Implement an amended form of the proposal | 1 November 2018 |
| 2018-09 | Calculation of switching event dates | Implement an amended form of the proposal | 1 November 2018 |
| 2018-10 | Requirement to have an arrangement with a customer or embedded generator at an ICP before commencing the switch process | Implement the proposal without change | 1 November 2018 |
| 2018-11 | Providing submission information to the reconciliation manager | Implement an amended form of the proposal | 1 November 2018 |
| 2018-12 | Removing repeated obligations to report Code breaches and to publish these reports | Implement an amended form of the proposal | 1 November 2018 |
| 2018-13 | Timeframe for completing switch event meter reading disputes | Implement the proposal without change | 1 February 2019 |
| 2018-14 | Clarifying requirement for distributors to give written notice of change to network supply point identifier | Implement an amended form of the proposal | 1 August 2019 |
| 2018-15 | Clarifying clauses 19, 21, and 22 of Schedule 15.2 | Implement an amended form of the proposal | 1 November 2018 |
| 2018-16 | Switching ICPs with category 3 or higher metering installations that have advanced metering infrastructure (AMI) components | Implement an amended form of the proposal | 1 February 2019 |
| 2018-17 | Removing the defined term "customer" from Part 1 | Implement an amended form of the proposal | 1 November 2018 |
| 2018-18 | Update to security forms under Schedules 14A.2 to 14A. | Implement an amended form of the proposal | 1 November 2018 |

| Reference number | Topic | Decision | Date Code amendment comes into force |
|------------------|---|--|--------------------------------------|
| 2018-19 | Making volume information permanent | Implement the proposal without change | 1 February 2019 |
| 2018-20 | Shorter timeframes for gaining metering equipment provider (MEP) to receive and provide notifications | Not to implement the proposal, but instead to undertake further work | Not applicable as proposal withdrawn |
| 2018-21 | Decommissioning a metering installation | Implement the proposal without change | 1 November 2018 |
| 2018-22 | Clarifying when a reconciliation participant may connect or electrically connect certain points of connection | Implement an amended form of the proposal | 1 November 2018 |
| 2018-23 | Editorial corrections to the Code | Implement an amended form of the proposal | 1 November 2018 |

Source: Electricity Authority

- 1.4 The primary economic benefit of our decisions is a reduction in transaction costs across the industry, which is a productive efficiency benefit. In addition, by improving the clarity and operation of the Code, we expect our decisions may also deliver dynamic efficiency benefits. A clear, predictable and up-to-date set of industry rules is good regulatory practice, and can facilitate increased participation in the electricity markets. This in turn might be expected to facilitate all three limbs of our statutory objective, and provide both static and dynamic efficiency benefits to the economy, for the long term benefit of consumers.²

We considered 16 submissions before making our decisions

- 1.5 We received 16 submissions on the consultation paper. We carefully considered each of these submissions before making our decisions. Table 2 lists the parties that made submissions.

² Static economic efficiency benefits can be broken down into allocative and productive efficiency benefits. Allocative efficiency is achieved when the marginal value consumers place on a product or service equals the cost of producing that product/service, so that the total of individuals' welfare in the economy is maximised. Productive efficiency is achieved when products and services that consumers desire are produced at minimum cost to the economy. That is, the costs of production equal the minimum amount necessary to produce the output. A productive efficiency loss results if the costs of production are higher than this, because the additional resources used could instead be deployed productively elsewhere in the economy. Dynamic efficiency is achieved by firms having appropriate (efficient) incentives to innovate and invest in new products and services over time. This increases their productivity, including through developing new processes and business models, and lowers the relative cost of products and services over time.

Table 2: List of submitters

| Submitter | Category |
|--------------------------------|--|
| Contact Energy Limited | Electricity generator and retailer |
| Genesis Energy Limited | Electricity generator and retailer |
| Mercury Energy Limited | Electricity generator and retailer |
| Meridian Energy Limited | Electricity generator and retailer |
| Metrix Limited | Metering equipment provider |
| Network Tasman | Electricity distributor |
| Network Waitaki | Electricity distributor |
| Nova Energy Limited | Electricity generator and retailer |
| NZX Limited | Market operation service provider (MOSP) |
| Orion NZ Limited | Electricity distributor |
| Powerco Limited | Electricity distributor |
| Powernet Limited | Electricity distributor |
| Transpower NZ Limited | Grid owner and system operator |
| Unison Networks Limited | Electricity distributor |
| Vector Limited | Electricity distributor |
| Wellington Electricity Limited | Electricity distributor |

1.6 All submissions, and a summary of submissions, are available on our website at <http://www.ea.govt.nz/development/work-programme/operational-efficiencies/code-review-programme/consultations/>.

1.7 We found the submissions on the consultation paper of great assistance in our consideration of the matters that were consulted on. We thank submitters for their input.

The remainder of this paper gives the reasons for our decisions

1.8 The remainder of this paper describes each of our decisions and sets out the reasons for them. This includes our responses to key issues raised in submissions.

2 Proposal 2018-01: Clarifying requirement to update registry metering records

We have decided to implement the proposal without change

- 2.1 We have decided to amend clause 3 of Schedule 11.4 of the Code to clearly state that, where an MEP has an arrangement with a trader at an ICP that is not also an NSP, the MEP must advise the registry manager of the registry metering records, or any change to the registry metering records, for all metering installations for which the MEP is responsible at that ICP.
- 2.2 This is the proposal we consulted on.
- 2.3 The consultation process did not raise any issues with the proposal.

The amendment will contribute primarily to the efficient operation of the electricity industry

- 2.4 The Code amendment will promote the efficient operation of the electricity industry. Clarifying the requirements under clause 3 of Schedule 11.4 in the manner decided will help facilitate accurate registry metering records. This in turn will facilitate accurate reconciliation, and accurate invoicing of traders and customers.
- 2.5 To a smaller degree, the Code amendment may also promote competition in the electricity industry. This is because facilitating accurate registry metering records better enables traders to undertake customer switching in a timely manner.
- 2.6 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 2.7 The Code amendment is as follows:

Schedule 11.4

...

3 Metering equipment provider to advise registry manager of changes to registry metering records

Alf a metering equipment provider has an arrangement with a trader at an ICP that is not also an NSP, the metering equipment provider must advise the registry manager of the registry metering records, or any change to the registry metering records, for ~~ae~~each metering installation for which it is responsible at the ICP, no later than 10 business days following:

- (a) the **electrical connection** of the metering installation at the an ICP that is not also an NSP:
- (b) any subsequent change ~~in any matter covered by~~ to the metering installation's metering records.

3 Proposal 2018-02: Timeframe for distributors to give written notice of ICP decommissioning

We have decided to implement the proposal without change

- 3.1 We have decided to amend clause 8 of Schedule 11.1 of the Code to require a distributor to give the registry manager written notice of having decommissioned an ICP by the later of:
- (a) three business days after the registry manager has advised the distributor that an ICP is ready for decommissioning
 - (b) three business days after the distributor has decommissioned the ICP.³
- 3.2 This is the proposal we consulted on.

We have decided against making a change suggested by a submitter

Submitter's view

- 3.3 In its submission, Powernet suggested changing the proposal to make the timeframe for giving written notice to the registry manager 8 business days rather than 3 business days. Powernet did not see the urgency implied by a 3 business day timeframe, because the ICP being decommissioned would not affect reconciliation, since the ICP would already be inactive.

Our decision

- 3.4 We consider the current timeframe of 3 business days is sufficient time for a distributor to give written notice to the registry manager of a decommissioned ICP. This timeframe, which also applies to the decommissioning of NSPs, has been in existence for almost 20 years—since the registry was first commissioned in 1999.
- 3.5 We agree that an ICP being decommissioned does not affect reconciliation. However, we note that clause 8 of Schedule 11.1 does not set a maximum timeframe for a distributor to decommission an ICP. The clause sets a maximum timeframe for giving written notice to the registry manager of the ICP being decommissioned. The proposed clause clearly says the 3 business day timeframe for advising the registry manager is the later of:
- (a) the registry manager advising the distributor that an ICP is ready for decommissioning
 - (b) the distributor decommissioning an ICP.
- 3.6 A distributor would not breach clause 8 of Schedule 11.1 simply because the distributor took more than 3 business days to decommission an ICP.

The amendment will promote the efficient operation of the electricity industry

- 3.7 The Code amendment will promote the efficient operation of the electricity industry by:

³ This second scenario is to accommodate instances where an ICP is ready for decommissioning for some time before the distributor decommissions it.

- (a) making a distributor's timeframe for giving the registry manager notice of an ICP's decommissioning compatible with the timeframe a trader has to give the registry manager notice of making the ICP inactive
- (b) removing unnecessary compliance costs for distributors in reporting breaches of clause 8 of Schedule 11.1, and for the Authority in processing such breaches.

3.8 The Code amendment will come into force on 1 November 2018.

The Code amendment

3.9 The Code amendment is as follows:

Schedule 11.1

...

8 Distributors to change ICP information provided to registry manager

- (1) If information about an **ICP** provided to the **registry manager** in accordance with clause 7 changes, the **distributor** in whose **network** the **ICP** is located must give written notice to the **registry manager** of the change.
- (2) The **distributor** must give the notice—
 - (a) in the case of a change to the information referred to in clause 7(1)(b) (other than a change that is the result of the **commissioning** or **decommissioning** of an **NSP**), no later than 8 **business days** after the change takes effect; ~~and;~~
 - (ab) in the case of **decommissioning** an **ICP**, by the later of—
 - (i) 3 **business days** after the **registry manager** has advised the **distributor** under clause 11.29 that the **ICP** is ready to be **decommissioned**; and
 - (ii) 3 **business days** after the **distributor** has **decommissioned** the **ICP**;
 - (b) in every other case, no later than 3 **business days** after the change takes effect.

...

4 Proposal 2018-03: Clarifying the scope of an appeal under clause 8.36

We have decided to implement the proposal without change

- 4.1 We have decided to remove the wording “or an asset owner” from clause 8.36(1) of the Code. This is to align it with clause 8.36(2) to (5), which refers only to a decision made by the system operator.
- 4.2 This is the proposal we consulted on.
- 4.3 The consultation process did not raise any issues with the proposal.

The amendment will promote the efficient operation of the electricity industry

- 4.4 The Code amendment will promote the efficient operation of the electricity industry, by making it easier for participants to understand and follow clause 8.36(1) of the Code.
- 4.5 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 4.6 The Code amendment is as follows:

8.36 Appeal against decisions

- (1) A **participant** may **appeal** a decision of the **system operator** ~~or an asset owner~~ in relation to an application for **dispensation** or **equivalence** arrangements on the grounds set out in subclause (3).

...

5 Proposal 2018-04: Clarifying when losing trader must respond to switch move request

We have decided to implement an amended form of the proposal

- 5.1 We have decided to amend clause 10(2) of Schedule 11.3 of the Code so that:
- (a) if a losing trader determines a different event date to that proposed by the gaining trader for a switch move request, then
 - (b) the losing trader must complete the switch within 10 business days of receiving notice of the switch request from the registry manager.
- 5.2 This decision differs from the proposal we consulted on. Under the proposal, the losing trader had to complete the switch within five business days of receiving the switch request from the registry manager.

We have decided to revise the proposal following submitters' feedback

Submitters' views

- 5.3 In its submission, Mercury Energy did not agree with the five business day timeframe in the proposal. Mercury Energy said the Authority's suggestion that this timeframe was consistent with the clause's policy intent was inconsistent with the wording of clause 10(1)(b) of Schedule 11.3. Under clause 10(1)(b) of Schedule 11.3, a losing trader that determines an event date for a switch must ensure the event date is no later than 10 business days after the trader receives the switch request notice.
- 5.4 Mercury Energy submitted that the 10 business day timeframe allows the losing trader adequate time to initiate investigation and make an informed decision about determining a different event date to that initially proposed. Mercury Energy believed that reducing the timeframe for completing a switch in these circumstances to five business days could create lot of rework later, in terms of:
- (a) reading amendments;
 - (b) any metering issues; or
 - (c) rectifying the background work.
- 5.5 Genesis Energy submitted that the proposal would place the losing trader in breach of the Code if the losing trader completed the switch on an event date that was between five and 10 business days after receipt of the notice of switch request.

Our decision

- 5.6 We have decided to amend the proposal to require a losing trader, if determining a switch event date, to complete the switch within 10 business days of receiving the switch request notice.
- 5.7 In this way, the Code provides for the losing trader to always be able to use a validated meter reading to complete the switch. This ability did not exist under the proposal. If a losing trader determined an event date that was 6-10 business days after receipt of the switch request notice, the losing trader would have had to use an estimated reading.

- 5.8 This is because the Code requires a losing trader to provide the registry manager with a switch event meter reading as at the event date for the switch.⁴ This requirement means a switch can only be completed prior to the switch event date if the switch is based on an estimated reading. Therefore, under the proposal:
- (a) if a losing trader determined an event date that was 10 business days after the trader received a switch request notice, then
 - (b) the trader would have had to complete the switch within five business days, using an estimate of what the meter reading was going to be on the 10th business day.
- 5.9 Our decision reflects our preference for validated meter readings to be used in the ICP switching process, provided this does not cause material delays in the switching process or other inefficient outcomes for consumers.

We have decided against making an additional change suggested by a submitter

Submitter's view

- 5.10 In its submission, Genesis Energy identified an additional issue to that which we consulted on. Clause 9(2) of Schedule 11.3 permits a gaining trader to request an event date in the future. This has the effect of forcing the losing trader into a situation where, upon completing the switch, it is in breach of:
- (a) clause 10(1)(a) of Schedule 11.3 if the event date is more than five business days in the future
 - (b) clause 10(1)(b) if the event date is more than 10 business days in the future.
- 5.11 Genesis Energy submitted that, currently, the only defence is to withdraw the switch and, if accepted, have the gaining trader reprocess the switch request closer to the event date. Genesis Energy considers this to be an inefficient outcome.
- 5.12 Genesis Energy proposed that this issue, and the problem we consulted on, could be addressed by amending clause 10(1) of Schedule 11.3, with no change required to clause 10(2) of Schedule 11.3. Under Genesis Energy's proposed amendment, a losing trader would need to act in response to a switch request notice no later than five business days after the later of either:
- (a) receiving the switch notice; or
 - (b) the event date.

Our decision

- 5.13 We have decided to consider the issue about clause 9(2) of Schedule 11.3 that Genesis Energy raised in its submission as part of our switch process review. The amendment proposed by Genesis Energy requires further investigation and consultation with affected parties. As the switch process review will be reviewing this area of the Code, and the consultation paper is still being developed, this is the most efficient manner to progress the issues Genesis Energy has raised.

⁴ Refer to clauses 10 and 11 of Schedule 11.3.

We have decided to proceed with the proposal despite some feedback saying we should wait

Submitters' views

- 5.14 Contact Energy submitted that the Code amendment should be referred to the Switch Technical Group, which is considering changes to the switching process and timeframes that may make this amendment redundant. Implementing this change as a minor Code amendment has the potential to require traders to change switching processes and systems. Contact Energy's preference was for the Switch Technical Group to assess the problem, identify the most practical solution and implement a single Code and system change (if required), as opposed to potentially changing systems and processes twice.
- 5.15 Genesis Energy suggested that all switching-related proposed changes should be removed from this omnibus of Code changes, and be dealt with alongside outcomes of Switch Technical Group.

Our decision

- 5.16 We have decided to proceed with the amended proposal, rather than wait for our switch process review to conclude. Having reviewed submissions, we believe that implementing the amended proposal aligns the Code with current industry practice and therefore would not impose costs on participants.

The amendment will promote the efficient operation of, and competition in, the electricity industry

- 5.17 The Code amendment will promote the efficient operation of the electricity industry by clarifying participants' obligations under the Code, thereby making it easier for participants to comply with the Code.
- 5.18 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 5.19 The Code amendment is as follows:

Schedule 11.3

...

10 Losing trader response to switch move request

- (1) After receiving notice of a switch request from the **registry manager** under clause 22(a), the **trader** that is recorded in the **registry** as being responsible for the **ICP** (the "losing **trader**") must, no later than **5 business days** after receiving the notice,—
- (a) if the losing **trader** accepts the **event date** proposed by the gaining **trader**, complete the switch by providing to the **registry manager**—
- (i) *[Revoked]*
- (ia) confirmation of the **event date**; and
- (ib) a valid switch response code approved by the **Authority**; and
- (ii) final information in accordance with clause 11; or

- (b) if the losing **trader** does not accept the **event date** proposed by the gaining **trader**, acknowledge the switch request to the **registry manager** and determine a different **event date** that —
 - (i) is not earlier than the gaining **trader's** proposed **event date**; and
 - (ii) is no later than 10 **business days** after the date the losing **trader** receives the notice: or
 - (c) request that the switch be withdrawn in accordance with clause 17.
- (2) If the losing **trader** determines a different **event date** under subclause (1)(b), the losing **trader** must, no later than 10 **business days** after receiving the notice referred to in subclause (1), also complete the switch by providing to the **registry manager** the information described in subclause (1)(a), but in that case the **event date** is the **event date** determined by the losing **trader**.

...

6 Proposal 2018-05: Block dispatch agreement notification

We have decided to implement the proposal without change

- 6.1 We have decided to amend clause 13.60(2)(a) and (3) of the Code to remove the requirement for a generator to give written notice to the system operator when:
- (a) the generator reaches a block dispatch agreement with the system operator; or
 - (b) there is a change to an existing block dispatch agreement.
- 6.2 This is the proposal we consulted on.

We have decided against making a change suggested by a submitter

Submitter's view

- 6.3 In its submission, Transpower expressed a concern with removing the obligation on a generator to provide written notice to the system operator of a change to a block dispatch agreement. Transpower said this would mean that a generator could change its block dispatch agreement without the system operator knowing, which would have a potential risk for security of supply. Transpower noted that clause 13.60(2) only applied to a block dispatch agreement being reached for the first time, and not to subsequent changes.

Our decision

- 6.4 We consider Transpower misinterpreted clause 13.60 when preparing its submission. Clause 13.60(2) does not apply to changes to a block dispatch agreement because clause 13.60(3) does.
- 6.5 To be contractually effective, a change to an agreement must be agreed by both parties. In this context, a change to a block dispatch agreement must be agreed by the generator and the system operator. Subclause (3) requires a generator to give notice of a change to a block dispatch agreement. However, as the system operator is one of the parties to the agreement, there is no need for the generator to then advise the system operator of the change.

The amendment will promote the efficient operation of the electricity industry

- 6.6 The Code amendment will promote the efficient operation of the electricity industry by removing an unnecessary, and hence inefficient, activity for generators that have entered into a block dispatch agreement with the system operator.
- 6.7 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 6.8 The Code amendment is as follows:

13.60 Block dispatch may occur

- (1) A **generator** and the **system operator** may agree to treat a group of **generating stations** as a **block dispatch group**.

- (2) If an agreement for block dispatch has been reached, the following procedures apply:
- (a) the **generator** must give written notice to the ~~the system operator~~ and the **clearing manager** of the agreement, at least 5 **business days** before the agreement takes effect, specifying—
...
- (3) The **generator** must give written notice to the ~~the system operator~~ and the **clearing manager** of any change to an agreement for **block dispatch** made under this clause or clause 13.61 at least 5 **business days** before the change takes effect.

7 Proposal 2018-06: Amending or rescinding an approved shorter post-default exit period

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

7.1 We have decided to amend clause 14A.22 of the Code to:

- (a) require a participant with a shorter post-default exit period to advise the Authority immediately if the participant's circumstances change such that the criteria against which the Authority approved a shorter period may no longer be met
- (b) require the clearing manager to advise the Authority immediately if the clearing manager becomes aware that the circumstances of a participant for whom the Authority has approved a shorter post-default exit period have changed such that the criteria against which the Authority approved a shorter period may no longer be met
- (c) provide that, if the Authority considers there has been a change in the circumstances of a participant for whom it has approved a shorter post-default exit period, the Authority may:
 - (i) amend the participant's post-default exit period; or
 - (ii) rescind its approval of a shorter post-default exit period
- (d) provide that if the Authority amends or rescinds its approval of a participant's shorter post-default exit period under clause 14A.22(4), the Authority must:
 - (i) give the participant at least 1 month's notice in writing before the rescission or amendment comes into effect
 - (ii) advise the participant of the reasons for rescinding or amending the approval
- (e) change the wording in clause 14A.22(4) from "elected by the participant" to "requested by the participant", to reflect that approving the shorter period is at the Authority's discretion.

7.2 This is the proposal we consulted on.

7.3 Although we have not changed the proposal, we have revised the proposed Code drafting that we consulted on. This is to remove some duplicated text in clause 14A.22(8).

We have decided against making a change suggested by a submitter

Submitter's view

7.4 In its submission, Meridian Energy preferred our alternative to the proposal—which was for the Authority to approve shorter post-default exit periods for fixed terms, rather than approving them for indefinite terms.

7.5 Meridian Energy noted our proposal relied on the goodwill and understanding of participants to advise us immediately of a change in their circumstances. Meridian Energy did not think participants would have appropriate incentives to monitor and promptly report on changes under the proposal, particularly if a participant were at risk of

default, which was when real harm might occur. Therefore, requiring participants to regularly re-apply for a shorter post-default exit period would be better than the proposal at reducing the risk of a shortfall in prudential security.

- 7.6 Meridian Energy doubted the cost for a participant to reapply for a shorter post-default exit period would be significant, because the majority of work on the application would have been done in the first iteration. Meridian Energy also felt that an increase in costs on participants seeking the benefits of a shorter post-default exit period was reasonable.

Our decision

- 7.7 We believe the alternative we identified (fixed-term approvals) would not materially reduce the risk of a shortfall in prudential security, compared with the proposal. Putting in place a fixed term for a shorter post-default exit period is unlikely to improve a participant's incentive to promptly advise us of a change in their circumstances, in accordance with the Code. This incentive is more likely to be affected by the consequences of not promptly advising us (eg, compliance enforcement action by the Authority).
- 7.8 Introducing fixed terms for shorter post-default exit periods should help participants focus on whether their circumstances have changed since their last application. However, it is still up to the participant whether or not to advise us of any change in circumstances, just as it is up to the participant to advise us of their circumstances in good faith when first applying for a shorter post-default exit period.
- 7.9 We remain of the view that the alternative's main benefit would be helping to keep the post-default exit period in a more prominent position in the participant's consciousness. However, we believe a lower cost means of achieving this benefit will be for us to regularly communicate with participants, reminding them of their obligations under clause 14A.22. We intend to do this annually.

The amendment will promote the efficient operation of the electricity industry

- 7.10 The Code amendment will promote the efficient operation of the electricity industry by reducing the risk of a shortfall in prudential security provided by purchasers in the wholesale electricity market.
- 7.11 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 7.12 The Code amendment is as follows:

14A.22 Clearing manager to keep register of specified time periods

...

- (4) The post-default exit period for a **participant** is as follows, unless the **Authority** has approved a shorter period requested ~~elect~~ by the **participant**:
- (a) for a **retailer**, 18 **trading days**;
 - (b) for a **direct purchaser**, 7 **trading days**;
 - (c) for a **participant** that is not a **retailer** or a **direct purchaser**, 7 **trading days**.

...

- (8) If the **Authority** has approved a shorter post-default exit period for a **participant**—
- (a) the **participant** must immediately advise the **Authority** if the **participant's** circumstances change such that the criteria against which the **Authority** approved the shorter post-default exit period may no longer be met:
 - (b) the **clearing manager** must immediately advise the **Authority** if the **clearing manager** becomes aware that the **participant's** circumstances have changed such that the criteria against which the **Authority** approved the shorter post-default exit period may no longer be met:
 - (c) if the **Authority** considers the **participant's** circumstances have changed such that the criteria against which the **Authority** approved the **participant** having a shorter post-default exit period are no longer met, the **Authority** may—
 - (i) amend the **participant's** post-default exit period; or
 - (ii) rescind its approval of the shorter post-default exit period for the **participant**.
- (9) If the **Authority** amends or rescinds its approval of a **participant's** shorter post-default exit period, the **Authority** must—
- (a) give the **participant** at least 1 month's notice in writing before the amendment or the rescission comes into effect; and
 - (b) advise the **participant** of the reasons for amending or rescinding the approval.

8 Proposal 2018-07: Clarifying Code requirements for ICP information relating to chargeable capacity

We have decided to implement an amended form of the proposal

- 8.1 We have decided to amend clause 7(1)(h) of Schedule 11.1 of the Code:
- (a) to clarify that a distributor must leave the chargeable capacity field empty only if the chargeable capacity at an ICP is calculated from metering information collected for a *billing period*⁵
 - (b) to clarify how the distributor should populate the registry if the capacity of an ICP has more than one value that does not vary from month to month.
- 8.2 This is the proposal we consulted on, with the addition of the clarification in 8.1(b) above.

We have decided to revise the proposal following submitters' feedback

Submitters' view

- 8.3 Several distributors that submitted on this proposal noted it did not enable a distributor to include more than one value for the capacity of an ICP.⁶ The proposal retained the assumption, inherent in clause 7(1)(h) of Schedule 11.1, that a price category code assigned to an ICP by a distributor requires only a single value for the capacity of the ICP. Network Tasman, Network Waitaki, and Orion NZ noted this assumption is incorrect.

Our decision

- 8.4 We have amended the proposal we consulted on, to address the situation when an ICP has more than one capacity value. Under the revised Code amendment, a distributor must insert in the free-form text field associated with the distributor installation details for the price category code in the registry:
- (a) a chargeable capacity of "POA"; or
 - (b) the list of chargeable capacities.
- 8.5 We agree with submitters that some ICPs have multiple values that do not vary month by month, which the distributor uses when calculating the ICP's capacity charge. Currently, a distributor must communicate to a trader any values that are additional to the single value in the registry. The lack of visibility of these additional values in the registry increases the cost faced by a trader seeking to win the right to supply the customer at the ICP. This is an impediment to competition, which might be expected to become more prevalent as distribution pricing evolves.
- 8.6 There is also a potential conflict between clause 7(1)(h) of Schedule 11.1 only allowing distributors to add single capacity values, and the obligation in clause 11.2 of the Code to take all practicable steps to ensure that information provided under Part 11 is complete, accurate, and not likely to mislead or deceive. In situations where an ICP has

⁵ Adopting the Code terminology for a calendar month.

⁶ See the submissions of Network Tasman, Network Waitaki and Orion NZ.

multiple capacity values, the Code is currently unclear how the distributor should add those values to the registry.

8.7 We have decided to make this Code amendment as a short-term measure. However, we plan to investigate this further, possibly with a view to changing the registry's functionality to more efficiently enable:

- (a) distributors to provide multiple chargeable capacities for ICPs in the registry
- (b) traders to obtain this more complex capacity information from the registry.

The amendment will promote the efficient operation of, and competition in, the electricity industry

8.8 The Code amendment will promote the efficient operation of, and competition in, the electricity industry. It will do this by:

- (a) clarifying clause 7(1)(h)(ii) of Schedule 11.1, which means distributors will populate chargeable capacity values in the registry according to the policy intent of that clause
- (b) reducing the number of billing errors resulting from traders misinterpreting empty chargeable capacity fields in the registry
- (c) reducing the cost that some traders face in gaining customers.

8.9 The Code amendment will come into force on 1 February 2019.

The Code amendment

8.10 The Code amendment is as follows:

Schedule 11.1

...

7 Distributors to provide ICP information to registry manager

(1) A **distributor** must, for each **ICP** on the **distributor's network**, provide the following information to the **registry manager**:

...

- (g) the **price category** code assigned to the **ICP**, which may be a placeholder **price category** code only if the **distributor** is unable to assign the actual **price category** code because the capacity or **volume information** required to assign the actual **price category** code cannot be determined before **electricity** is traded at the **ICP**:
- (h) if the **price category** code assigned under paragraph (g) requires a one or more values for the capacity of the **ICP**, the **chargeable capacity** of the **ICP**, as follows:
 - (i) if the **chargeable capacity** cannot be determined before **electricity** is traded at the **ICP**, a placeholder **chargeable capacity**:
 - (ii) if the capacity value or values can be determined for a billing period from the metering information collected for that billing period, no **chargeable capacity**:

(iia) if there is more than one capacity value at the **ICP**, and one or more, but not all, of those capacity values can be determined for a **billing period** from the **metering information** collected for that **billing period**—

(A) no capacity value recorded in the **registry** field for the **chargeable capacity**; and

(B) either the term "POA" or all other capacity values, recorded in the **registry** field in which the **distributor** installation details are also recorded:

(iib) if there is more than one capacity value at the **ICP**, and none of those capacity vales can be determined for a **billing period** from the **metering information** collected for that **billing period**—

(A) the annual capacity value recorded in the **registry** field for the **chargeable capacity**; and

(B) either the term "POA" or all other capacity values, recorded in the **registry** field in which the **distributor** installation details are also recorded:

(iii) in any other case, the actual **chargeable capacity**:

...

9 Proposal 2018-08: Amending the timeframe for the clearing manager to calculate constrained off/on amounts

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 9.1 We have decided to amend the Code so that, if the clearing manager receives the required input information late, the clearing manager must calculate and make available constrained off amounts and constrained on amounts by 1600 hours on the business day after the clearing manager receives the information.
- 9.2 This is the proposal we consulted on, but with minor drafting changes.
- 9.3 The consultation process did not raise any issues with the proposal.

The amendment will promote the efficient operation of the electricity industry

- 9.4 The Code amendment will promote the efficient operation of the electricity industry, by avoiding situations where the Code imposes unnecessary compliance costs on the clearing manager and the Authority, in particular.
- 9.5 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 9.6 The Code amendment is as follows:

13.197 Timeframe for calculating ~~Calculation of~~ constrained off amounts

~~By 1600 hours on the 8th business day of e~~Each billing period, the clearing manager must calculate **constrained off amounts** for the previous **billing period** in accordance with clauses 13.194 to 13.196 by the later of—

- (a) 1600 hours on the 8th business day of the billing period after the previous billing period; and
- (b) 1600 hours on the 1st business day after the clearing manager receives the information required to calculate constrained off amounts.

13.206 Timeframe for calculating constrained on amounts

Each billing period, ~~t~~The clearing manager must calculate **constrained on amounts** for the previous **billing period** in accordance with clauses 13.204 and 13.205 by the later of—

- (a) ~~by~~ 1600 hours on the 8th **business day** of each the billing period ~~for~~ after the previous **billing period** ~~in accordance with clauses 13.204 and 13.205; or~~ and
- (b) 1600 hours on the 1st business day after the clearing manager receives the information required to calculate constrained on amounts.
- ~~(b) if final prices for any trading period in the relevant billing period are delayed and only made available on WITS later than 1600 hours on the 6th business day of the month following the relevant billing period; 1 business day after all final prices for the billing period are made available on WITS.~~

10 Proposal 2018-09: Calculation of switching event dates

We have decided to implement an amended form of the proposal

- 10.1 We have decided to amend clause 4 of Schedule 11.3 of the Code:
- (a) so that the qualification in clause 4(2) applies only to subclause (1)(b)
 - (b) so that clause 4(2) refers to the event date for an “ICP” rather than the event date for a “customer”
 - (c) to clarify that, under clause 4(2), the event date is established when the losing trader receives the switch notice from the registry manager
 - (d) to make it optional for the losing trader to disregard the event date for an ICP referred to in clause 4(2).
- 10.2 This represents the policy intent of the proposal we consulted on, with two changes:
- (a) the clarification described in paragraph 10.1(c) above
 - (b) the change described in paragraph 10.1(d) above, ie making it optional (rather than mandatory) for a trader to disregard the event date it establishes for an ICP for which, at the event date, the losing trader was responsible for less than two months.
- 10.3 We have therefore revised the proposed Code drafting that we consulted on, to ensure it aligns with the proposal's revised policy intent.

We have decided to revise the proposal following submitters' feedback

Submitter's view

- 10.4 Genesis Energy disagreed with our proposed clarification of when the two-month timeframe applies under clause 4(2) of Schedule 11.3. Genesis Energy submitted that the two-month timeframe currently applies from the date the losing trader receives the switch notice from the registry manager, since this is when the event date for an ICP switch is established.
- 10.5 Genesis Energy noted that our proposal would shorten the effective length of the two-month timeframe, thereby capturing ICPs that would be excluded under the current Code. Genesis Energy also noted that the proposal would require traders to create additional complex looping logic in their billing systems to fully comply; the cost of which would far outweigh any benefit realised for the customer or electricity industry.

Our decision

- 10.6 We agree with Genesis Energy that the two-month timeframe should commence from the date on which the losing trader receives the switch notice from the registry manager. The timeframes in clause 4(1) of Schedule 11.3 commence from the date of the switch notice. We have revised clause 4(2) of Schedule 11.3 accordingly. This will remove any need for additional complex looping logic in traders' billing systems.
- 10.7 Genesis Energy's submission caused us to reflect on the fact that the obligation under clause 4(2) of Schedule 11.3 is intended to be for the benefit of traders. The obligation

exists so that traders are not disadvantaged by including in the calculation event dates for ICPs for which the losing trader has been responsible for less than two months.

- 10.8 When clause 4(2) of Schedule 11.3 was originally written, the meter readings for many ICPs were scheduled to occur every two months, or longer. This meant a switch was often not based on a scheduled read. It was not uncommon for a trader to need five business days to obtain a meter reading or determine a reasonable estimate. With the penetration of AMI approaching 80% of ICPs, the need for clause 4(2) of Schedule 11.3 has diminished.
- 10.9 Amending the Code obligation to make it optional allows traders to not build this functionality into their systems—either at the initial system build for new entrant retailers, or at a system change for existing traders. This will reduce the cost and complexity of traders' systems.

We have decided to proceed with the proposal despite some feedback saying we should wait

Submitter's view

- 10.10 Contact Energy submitted that the Code amendment should be referred to the Switch Technical Group, which is considering changes to the switching process and timeframes that may make this amendment redundant. Contact Energy's preference was for the Switch Technical Group to assess the problem, identify the most practical solution and implement a single Code amendment and system change (if required). In Contact Energy's view, this would be preferable to implementing this change now, with the potential for traders to end up changing switching processes and systems twice, as a result of a further change arising from the Switch Technical Group's work.

Our decision

- 10.11 We have decided to proceed with the proposal, rather than wait for our switch process review to conclude. This review, being undertaken in collaboration with the Switch Technical Group, is currently not considering any changes to the switching process that would affect this proposal.

The amendment will promote the efficient operation of the electricity industry

- 10.12 The Code amendment will promote the efficient operation of the electricity industry by making it easier for participants to understand and meet their Code obligations, which reduces their costs of transacting in the electricity market.
- 10.13 The proposed amendment may also have a positive effect on competition, by mandating a maximum switching timeframe for ICPs. Any such effect is expected to be small, since traders already comply with the intended 10-business day timeframe.
- 10.14 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 10.15 The Code amendment is as follows:

Schedule 11.3

...

4 Event dates

- (1) The losing **trader** must establish **event dates** so that—
 - (a) no **event date** is more than 10 **business days** after the date on which the losing **trader** receives notice from the **registry manager** in accordance with clause 22(a); and
 - (b) in any 12 month period at least 50% of the **event dates** established by the losing **trader** are no more than 5 **business days** after the date on which the losing **trader** receives notice from the **registry manager** in accordance with clause 22(a).
- (2) ~~When establishing an **event date** under this clause~~ For the purpose of determining whether it complies with subclause (1)(b), the losing **trader** must may disregard every **event date** it has established by the losing **trader** for a an ICP for which **customer** who, when at the time that the losing **trader** received notice from the **registry manager** under clause 22(a) **event date** is established, has been a **customer** of the losing **trader** had been responsible for less than 2 months.

11 Proposal 2018-10: Requirement to have an arrangement with a customer or embedded generator at an ICP before commencing the switch process

We have decided to implement the proposal without change

- 11.1 We have decided to amend Schedule 11.3 of the Code so that it clearly states that:
- (a) a trader must have an arrangement with a customer or embedded generator at an ICP before the trader commences switching the ICP
 - (b) a trader must use one of the three processes prescribed in Schedule 11.3 for switching ICPs.
- 11.2 This is the proposal we consulted on.

We have decided against making changes suggested by submitters

Submitter's view

- 11.3 In its submission, Meridian Energy disagreed with the problem definition for this proposal. Meridian Energy was unsure of the evidence we have that this problem is real and therefore that the Code amendments are required.
- 11.4 Meridian Energy submitted that in law and in practice there is no way for a trader to switch an ICP without an arrangement with a customer or an embedded generator at the ICP. The Fair Trading Act 1986 explicitly prohibits the assertion by a trader that they have a right to payment for unsolicited goods or services. Furthermore, the behaviour would likely be considered conduct that is liable to mislead or deceive under the Fair Trading Act and therefore would not likely be a valid contract.
- 11.5 Meridian Energy submitted that mandating the switching processes in Schedule 11.3, while having no practical impact on consumers, would create an inefficient compliance burden. Meridian Energy pointed to our comment in the consultation paper that “practically speaking, a trader would have difficulty trying to switch an ICP using a process other than those prescribed in Schedule 11.3.”
- 11.6 Meridian Energy considered the proposed Code change would mean that every time an ICP is switched in error, it would be a Code breach. Errors occur as a result of confusion about the address or ICP for a property, generally as a result of poorly addressed ICPs in the registry. Treating such errors as Code breaches would raise non-compliance flags in audits. Meridian Energy would not consider this an efficient outcome given the limited ability for traders to influence the root cause of the registry errors and therefore become compliant.
- 11.7 Meridian Energy considered that the status quo fulfils the proposal's objectives, and achieves the same outcome as the proposal, without introducing an inefficient compliance burden that would be of no benefit to consumers.

Our decision

- 11.8 We have decided to proceed with the proposal. The problem is real. The Code amendment proposal stemmed from an alleged breach of the Code that we processed.

Without the Code amendment, a trader cannot be compelled to reverse an erroneous switch.

- 11.9 We consider that even if the Fair Trading Act assists to address the problem, it is preferable to have all specific requirements relating to electricity switching in one place—ie in the Code. The Code amendment and the Fair Trading Act are consistent, and sit neatly together. Making the Code amendment also enables the Code enforcement process to be used.
- 11.10 We consider that clarifying the requirement for traders to use the switching processes in Schedule 11.3 of the Code will not create an inefficient compliance burden. A trader will only breach the Code under this amendment if the trader switches an ICP without using one of the three switching processes. Meridian Energy’s example of a trader switching an ICP in error would, in the first instance, be a breach of the requirement to have an arrangement with a customer or embedded generator. It would not breach the requirement to use the switching processes in Schedule 11.3.

We have decided to proceed with the proposal despite some feedback saying we should wait

Submitter’s view

- 11.11 Genesis Energy suggested that all switching-related proposed Code changes should be removed from this omnibus Code change, and instead be dealt with alongside outcomes of the Switch Technical Group’s work.

Our decision

- 11.12 We have decided to proceed with the proposal, rather than wait for our switch process review to conclude. This review, being undertaken in collaboration with the Switch Technical Group, is not considering any changes to the switching process that would affect this proposal.

The amendment will promote the efficient operation of the electricity industry

- 11.13 The Code amendment will promote the efficient operation of the electricity industry by reducing the possibility of a trader creating unnecessary costs in the switching process by:
- (a) commencing an ICP switch without having an arrangement with a customer or embedded generator at the ICP
 - (b) commencing an ICP switch using a process other than one of those specified in Schedule 11.3.
- 11.14 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 11.15 The Code amendment is as follows:

Schedule 11.3

...

1A Application Overview of Schedule

- (1)** This Schedule prescribes 3 processes for switching **ICPs** as follows:

- (a) a standard switch process that applies in the circumstances described in clause 1(1):
- (b) a switch move process that applies in the circumstances described in clause 8(1):
- (c) a gaining **trader** switch process that applies in the circumstances described in clause 13(1).

(2) If a **trader** proposes switching an **ICP**, the **trader** must use one of the switch processes set out in this Schedule.

1 Standard switch process for ICPs

- (1) A standard switch process applies only when a **trader** (the “gaining **trader**”) has an arrangement with a **customer** or **embedded generator** to commence trading **electricity** with the **customer** or **embedded generator** at, or to otherwise assume responsibility under clause 11.18(1) for, an **ICP** at which another **trader** (the “losing **trader**”) trades **electricity**, and the gaining **trader** switch process under clauses 13 to 16 does not apply.

...

8 Switch move process for ICPs

- (1) A switch move process applies only when a **trader** (the “gaining **trader**”) has an arrangement with a **customer** or **embedded generator** to commence trading **electricity** with the **customer** or **embedded generator** at, or to otherwise assume responsibility under clause 11.18(1) for, an **ICP** for which no **trader** has an agreement to trade **electricity** and the gaining **trader** switch process under clauses 13 to 16 does not apply.

...

13 Gaining trader switch processes

- (1) A gaining **trader** switch process applies only when a **trader** (the “gaining **trader**”) has an arrangement with a **customer** or **embedded generator** to—
 - (a) trade **electricity** through—
 - (i) a **half-hour metering installation** (not being a **category 1 metering installation** or a **category 2 metering installation**) at an **ICP** with a submission type of **half hour** in the **registry** and an AMI flag of “N” at which another **trader** (the “losing **trader**”) trades **electricity** through a **half-hour metering installation** with the same submission type and AMI flag; or
 - (ii) a **half-hour metering installation** at an **ICP** with a submission type of **half hour** in the **registry** and an AMI flag of “N” at which another **trader** (the “losing **trader**”) trades **electricity** through a non **half-hour metering installation** with the **customer** or **embedded generator** with a submission type of non **half hour** in the **registry** and an AMI flag of “N”; or
 - (iii) a non **half-hour metering installation** at an **ICP** at which another **trader** (the “losing **trader**”) trades **electricity** through a **half-hour**

metering installation with an AMI flag of “N” with the **customer** or **embedded generator**; or

- (b) assume responsibility under clause 11.18(1) for an **ICP** described in paragraph (a).

...

12 Proposal 2018-11: Providing submission information to the reconciliation manager

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

12.1 We have decided to amend clause 2 and clause 8 of Schedule 15.3 of the Code as follows:

- (a) to clarify in clause 2 that submission information prepared by a reconciliation participant:
 - (i) must comprise all volume information for an ICP
 - (ii) must comprise half hour volume information for each metering installation that is category 3 or higher
 - (iii) must not comprise half hour volume information for metering installations that are non-half hour metered
 - (iv) must comprise non-half hour volume information for category 1 metering installations or category 2 metering installations that are non-half hour metered
 - (v) may comprise half hour volume information for category 1 metering installations or category 2 metering installations that are half hour metered
 - (vi) may comprise a combination of half hour volume information and non-half hour volume information for category 1 metering installations or category 2 metering installations that are:
 - (A) half hour metered; or
 - (B) half hour metered and non-half hour metered
- (b) to describe in clause 8 the submission information to be provided to the reconciliation manager in terms of aggregated volume information
- (c) to clarify in clause 8 that a reconciliation participant must provide the reconciliation manager with submission information for an ICP aggregated by:
 - (i) trading period for half hour metering installations at the ICP for which the reconciliation participant wants to submit half hour submission information
 - (ii) consumption period, or day, for:
 - (A) any non-half hour metering installations or unmetered load at the ICP
 - (B) any half hour metering installations at the ICP for which the reconciliation participant wants to submit non-half hour submission information.
- (d) to recognise, in clauses 2 and 8, that reconciliation participants may use a profile approved by the Authority when preparing or providing submission information to the reconciliation manager.

12.2 This represents the policy intent of the proposal we consulted on, with the addition of the change noted in paragraph (d) above, which allows for greater flexibility.

We have decided to revise the Code drafting following submitters' feedback

- 12.3 Although we have not changed the proposal, we have revised the proposed Code drafting that we consulted on. This is to ensure it aligns with the proposal's policy intent.

Submitter's view

- 12.4 Contact Energy expressed its concern that the proposal did not clarify that unmetered load at ICPs with metering installations of category 3 or higher should be included in submission information as non-half hour volume information.

Our decision

- 12.5 We consider this concern is addressed by the revisions we have made to clause 2(1)(a) of Schedule 15.3. When revised clause 2(1)(a) of Schedule 15.3 is read with clause 2(1)(c) of Schedule 15.3, we believe it is clear that any unmetered load at ICPs with metering installations of category 3 or higher should be included in submission information as non-half hour volume information.

Submitters' view

- 12.6 Nova Energy and Transpower submitted that, by amending clause 2(1)(b) of Schedule 15.3 in the manner set out in the proposal, we would remove the ability for a reconciliation participant to choose the type of volume information it submitted to the reconciliation manager.
- 12.7 Nova Energy interpreted the old clause as permitting a reconciliation participant to choose whether to provide half hour or non-half hour volume information for ICPs that had half hour and non-half hour category 1 or category 2 metering installations. Implicit in this interpretation was that the clause required a reconciliation participant to submit all volume information at an ICP to the reconciliation manager.

Our decision

- 12.8 We have revised the Code amendment to clarify that a reconciliation participant still has the discretion to submit half-hour metered volumes as non-half hour volume information.
- 12.9 We interpreted the clause as inadvertently requiring a reconciliation participant to submit only one type of volume information for an ICP, thus enabling the reconciliation participant to choose to not submit either half hour volume information or non-half hour volume information, when an ICP had both half hour and non-half hour category 1 or category 2 metering installations. We note that some participants currently choose to submit both types of volume information for these ICPs even though they are not required to.
- 12.10 We wanted to ensure that a reconciliation participant must submit volume information for all metered volumes at an ICP with a category 1 or a category 2 metering installation. The proposal achieved this. We considered the proposal also retained a reconciliation participant's discretion to submit half-hour metered volumes as non-half hour volume information. However, submissions indicated this was not sufficiently clear, and so we have clarified this in the final Code amendment.

Submitter's view

- 12.11 Nova Energy submitted it was unclear from the proposed Code amendments whether the proposal precluded reconciliation participants having the option to submit non-half hour data to the reconciliation manager for a site that had half hour metering. Genesis

Energy also submitted that the draft Code appeared to compel reconciliation participants to submit all half hour metering volume information at the trading period level.

Our decision

- 12.12 We agree the draft Code we consulted on did not fully reflect the proposal's policy intent. We have amended the Code to clarify that clause 8 of Schedule 15.3 requires a reconciliation participant to provide the reconciliation manager with submission information aggregated by:
- (a) trading period for half hour metering installations at the ICP for which the reconciliation participant wants to submit half hour submission information
 - (b) consumption period, or day, for:
 - (i) any non-half hour metering installations or unmetered load at the ICP
 - (ii) any half hour metering installations at the ICP for which the reconciliation participant wants to submit non half hour submission information.

We have decided to make no changes to the proposal in response to some feedback

Submitter's view

- 12.13 Transpower submitted that inserting "reconciliation participant" in the proposed new clause 8(1) of Schedule 15.3 inadvertently removed the scope for an agent to prepare the submission information on behalf of the reconciliation participant. Transpower requested that we amend the proposed wording by either:
- (a) removing the words "reconciliation participant"; or
 - (b) adding the words "or its agent" after the words "reconciliation participant".

Our decision

- 12.14 We have not made this change. Clause 15.34 of the Code provides that a reconciliation participant who has obligations under this Part may discharge those obligations by way of an agent. This clause also specifies that the reconciliation participant retains accountability for the obligation even if it is performed by an agent. Because clause 15.34 applies to all obligations in Part 15 of the Code, there is no need to add "or its agent" in this clause.

The amendment will promote the efficient operation of the electricity industry

- 12.15 The Code amendment will promote the efficient operation of the electricity industry by:
- (a) improving the accuracy of submission information through the capture of each ICP's half hour and non-half hour metering information, which leads to more accurate reconciliation and more accurate invoicing of participants and consumers
 - (b) making it easier for participants to understand and meet their Code obligations, which reduces their costs of transacting in the electricity market.
- 12.16 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 12.17 The Code amendment is as follows:

Schedule 15.3

...

2 Reconciliation participants to prepare information

- (1) If a **reconciliation participant** is required to prepare **submission information** for an **NSP** for the relevant **consumption period** in accordance with this Code, the **submission information** for each ICP about which information is provided under clause 11.7(2)— must comprise the following:
- (aa) must comprise all **volume information** for the ICP:
 - (a) must comprise **half hour volume information** for the total metered quantity of **electricity** for each ICP provided under clause 11.7(2) for which there is a category 3 or higher **metering installation**:
 - (ab) must not comprise **half hour volume information** for a **non half-hour metering installation**:
 - (ac) must comprise either **half hour volume information** or **non half hour volume information** for the total metered quantity of **electricity** for each **metering installation** that—
 - (i) is a **category 1 metering installation** or **category 2 metering installation**; and
 - (ii) is a **half-hour metering installation**:
 - (ad) must comprise **non half hour volume information** calculated under clauses 4 to 6 (as applicable) for the total metered quantity of **electricity** for each **metering installation** that—
 - (i) is a **category 1 metering installation** or **category 2 metering installation**; and
 - (ii) contains only **non half-hour metering**:
 - (ae) if a **metering installation** is a **category 1 metering installation** or **category 2 metering installation**, and the **metering installation** contains **half-hour metering** and **non half-hour metering**, may comprise—
 - (i) a combination of—
 - (A) **half hour volume information** for the **half-hour metering**; and
 - (B) **non half hour volume information** calculated under clauses 4 to 6 (as applicable) for the **non half-hour metering**; or
 - (ii) **non half hour volume information** for the total metered quantity of **electricity** for the **metering installation**:
 - (b) ~~for each ICP about which information is provided under clause 11.7(2) for which each there is a **category 1 metering installation** or **category 2 metering installation**~~—
 - (i) ~~**half hour volume information** for the ICP; or~~
 - (ii) ~~**non half hour volume information** calculated under clauses 4 to 6 (as applicable) for the ICP:~~

- (c) must include unmetered load quantities for each **ICP** that has **unmetered load** associated with it, which must be derived from the quantity recorded in the **registry** against the relevant **ICP** and the number of days in the period, the **distributed unmetered load** database, or other sources of relevant information.

(1A) However, a reconciliation participant need not comply with subclause (1)(a) to (ae) if—

- (a) the reconciliation participant is using a profile approved in accordance with Schedule 15.5; and
- (b) the approved profile allows the reconciliation participant to prepare submission information that does not comply with subclause (1)(a) to (ae); and
- (c) the reconciliation participant complies with the submission information requirements set out in the approved profile.

...

(3) A ~~reconciliation participant~~ must, ~~to~~ create submission information for a point of connection for which it is responsible, a reconciliation participant must apply to the ~~raw meter data~~ obtained use volume information from each metering installation at the point of connection.

(4) For the purposes of subclause (3), the reconciliation participant must calculate the volume information by applying to the raw meter data obtained from each metering installation—

- (a) for each ICP, the compensation factor recorded in the registry for the metering installation; or
- (b) for each NSP, the compensation factor recorded in the metering installation's most recent certification report.

...

8 Provision of submission information to reconciliation manager

(1) For each metering installation for which it is responsible that is category 3 or higher, a reconciliation participant must provide half hour submission information to the reconciliation manager.

(2) For each half-hour metering installation for which it is responsible that is a category 1 metering installation or category 2 metering installation, a reconciliation participant must provide to the reconciliation manager—

- (a) half hour submission information; or
- (b) non half hour submission information; or
- (c) a combination of half hour submission information and non half hour submission information if—
 - (i) the half-hour metering installation contains a combination of half-hour metering and non half-hour metering; and
 - (ii) clause 2(1)(ae) of this Schedule 15.3 applies.

- (3) For each non **half-hour metering installation** for which it is responsible, a **reconciliation participant** must provide non **half hour submission information** to the **reconciliation manager**.
- (4) However, a **reconciliation participant** need not comply with subclause (2) and subclause (3) if—
- (a) the **reconciliation participant** is using a **profile** approved in accordance with clause Schedule 15.5; and
 - (b) the approved **profile** allows the **reconciliation participant** to provide **half hour submission information** from a non **half-hour metering installation**; and
 - (c) the **reconciliation participant** provides **submission information** that complies with the requirements set out in the approved **profile**.
- (5) For any **unmetered load** at an **ICP** for which it is responsible, regardless of the category of any **metering installation** at the **ICP**, a **reconciliation participant** must provide non **half hour submission information** to the **reconciliation manager** unless—
- (a) the **Authority** has approved a **profile** for the **unmetered load** that allows the reconciliation participant to provide **half hour submission information** to the **reconciliation manager** for the **unmetered load**; and
 - (b) the **reconciliation participant** provides **half hour submission information** in accordance with the **profile**.
- (6) The **half hour submission information** that a ~~Each~~ **reconciliation participant** submits under subclause (1), subclause (2), or subclause (4) must ~~be~~ provide **submission-volume** information to the ~~reconciliation manager~~ aggregated to the following levels:
- (a) **NSP** code:
 - (b) **reconciliation type**:
 - (c) **profile**:
 - (d) **loss category** code:
 - (e) flow direction:
 - (f) dedicated **NSP**:
 - (g) **trading period** for ~~half hour metered ICPs~~ and **consumption period** or day for all other **ICPs**.
- (7) The non **half hour submission information** that a **reconciliation participant** submits under subclause (2), subclause (3), and subclause (5) must be **volume information** aggregated to the following levels:
- (a) **NSP** code:
 - (b) **reconciliation type**:
 - (c) **profile**:
 - (d) **loss category** code:
 - (e) flow direction:

(f) dedicated **NSP**:

(g) **consumption period** or day.

13 Proposal 2018-12: Removing repeated obligations to report Code breaches and to publish these reports

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 13.1 We have decided to amend the Code to address the following issues with the compliance reporting arrangements in the Code:
- (a) there is some duplication in the compliance reporting obligations on the pricing manager, clearing manager, and reconciliation manager
 - (b) the obligation on the Authority to publish alleged breaches by the pricing manager, clearing manager, and reconciliation manager appears to be unnecessary.
- 13.2 To address these issues, we are:
- (a) inserting a new clause 3.14A into the Code, to require MOSPs to self-report to the Authority any alleged Code breaches as soon as practicable after becoming aware of them
 - (b) amending clauses 13.149 and 13.150 to:
 - (i) require the pricing manager to give written notice to the Authority under clauses 13.149(2)(a) and 13.150(2)(a) of any provisional price situation (thereby removing the need for clauses 13.149(2)(c), 13.150(2)(c), and 13.213(1)(a))
 - (ii) revoke clauses 13.149(2)(c) and 13.150(2)(c)
 - (c) amending clause 13.215 to remove the reference to the pricing manager's report provided under clause 13.214
 - (d) amending clause 14.68 to:
 - (i) remove the clearing manager's Code breach reporting requirements under clause 14.68(3)(a) to (d), which largely duplicate the requirements of the existing clause 3.14 (and the proposed new clause 3.14A)
 - (ii) shift the requirement under clause 14.68(3)(c)(iii) to report on delays in advising a participant of an amount owing under clause 14.18 (which clause 3.14 does not duplicate) to new clause 14.68(3)(f)
 - (e) amending clause 15.31 to remove the reference to the reconciliation manager's report provided under clause 15.30
 - (f) revoking clauses 13.213, 13.214, 14.69, 14.70, 15.30 and 15.33.
- 13.3 This is the proposal we consulted on, with the clarification in paragraph 13.2(c), and the addition of revoking clause 14.70.
- 13.4 The consultation process did not raise any issues with the proposal.
- 13.5 Although we have not changed the proposal, we have revised the proposed Code drafting that we consulted on. This is to ensure it aligns with the proposal's policy intent. In reviewing the draft Code for the proposal, we realised we needed to make a consequential amendment to clause 13.215. This amendment is equivalent to the amendment to clause 15.31 that we consulted on. We also realised that we should

revoke clause 14.70, as it only applies in relation to clause 14.69, which we are also revoking.

The amendment will promote the efficient operation of the electricity industry

- 13.6 The Code amendment will promote the efficient operation of the electricity industry. Streamlining the process for the pricing manager, clearing manager and reconciliation manager to report alleged breaches of the Code to the Authority will reduce their operational costs as well as those of the Authority.
- 13.7 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 13.8 The Code amendment is as follows:

3.14A Market operation service providers to self-report breaches to Authority

(1) If a **market operation service provider** believes on reasonable grounds that it has breached a provision of this Code, the **market operation service provider** must report the alleged breach to the **Authority** in writing as soon as practicable after the **market operation service provider** becomes aware of the alleged breach.

(2) The written report must specify—

(a) the provision of this Code allegedly breached; and

(b) the date and time the alleged breach occurred; and

(c) the circumstances relating to the alleged breach, including any **participants** the **market operation service provider** believes the alleged breach may have affected.

...

13.149 Pricing manager to make provisional prices and provisional reserve prices available if revised data and notice not given regarding provisional price pricing situation arising on business day

(1) This clause applies if—

(a) a notice of a **provisional price situation** is given on a business day; and

(b) a **participant** that is listed in clause 13.147(1)—

(i) does not comply with the timeframes specified in clause 13.146(3); or

(ii) does not comply with the timeframes specified in clause 13.147(3).

(2) If this clause applies, the **pricing manager** must—

(a) by 1200 hours on that day, give to the **system operator**, relevant **grid owner**, **the Authority**, and any persons that request notice, written notice of the **provisional price situation** and each **trading period** affected; and

(b) by 1200 hours on that day, make **provisional prices** and **provisional reserve prices** available on **WITS**; and

~~(c) by 0900 hours on the following day, inform the **Authority** of the **provisional price situation** in the daily report submitted under clause 13.213.~~

13.150 Pricing manager to make provisional prices and provisional reserve prices available if revised data and notice not given regarding provisional price situation arising on day other than business day

- (1) This clause applies if—
 - (a) a notice of a **provisional price situation** is given on a day other than a **business day**; and
 - (b) a **participant** that is listed in clause 13.147(1)—
 - (i) does not comply with the timeframes specified in clause 13.146(3); or
 - (ii) does not comply with the timeframes specified in clause 13.147(3).
- (2) If this clause applies, the **pricing manager** must—
 - (a) by 1000 hours on the day that the notice of a **provisional price situation** was given, give to the **system operator**, relevant **grid owner**, the Authority, and any persons that request notice, written notice of the **provisional price situation** and each **trading period** affected; and
 - (b) by 1000 hours on that day, make **provisional prices** and **provisional reserve prices** available on **WITS**; and
 - (c) ~~by 0900 hours on the following day inform the Authority of the provisional price situation in the daily report submitted under clause 13.213.~~

...

13.213 Daily reports

- (1) ~~On each trading day the pricing manager must provide the Authority with a written report for the trading periods beginning at 0700 hours on the previous trading day and ending with the trading period beginning at 0630 hours on the trading day the report is due to be given, specifying—~~
 - (a) ~~any provisional prices made available on WITS; and~~
 - (b) ~~any pricing errors claimed; and~~
 - (c) ~~any situation where the pricing manager believes, on reasonable grounds, that it or another participant has breached this Code.~~
- (2) ~~In relation to each alleged breach the report must give details of—~~
 - (a) ~~occasions when prices were or will be made available on WITS late and whether the delay was caused by the pricing manager; and~~
 - (b) ~~the time at which the alleged breach took place; and~~
 - (c) ~~the nature of the alleged breach, including details of the person alleged to be in breach and any generator or purchaser believed to be affected by the alleged breach; and~~
 - (d) ~~the reason for the alleged breach, if the pricing manager is aware of the reason.~~

13.214 Authority to publish pricing manager reports

- (1) ~~By the 15th business day of each calendar month, the Authority must publish the sections of the reports of the pricing manager given in the previous calendar~~

~~month under clause 13.213 that relate to any alleged breaches of this Code by the pricing manager.~~

(2) *[Revoked]*.

13.215 Generators and purchasers have right to information concerning pricing manager's action

- (1) A **generator** or a **purchaser** may, by giving written notice to the **pricing manager**, request further information ~~relating related to—~~
 - (a) ~~any alleged breach of this Code situation set out in a~~ by the pricing manager's:
 - (b) ~~report published under clause 13.214 that any alleged breach of this Part by a participant, if the alleged breach has materially affected the generator or purchaser requesting the information.~~
- (2) In such cases, the **pricing manager** must provide the requested information to that **generator** or **purchaser** except that such information must not include any information that is confidential in respect of any other person.

...

14.68 Monthly divergence reports to be prepared by clearing manager

- (1) The **clearing manager** must report to the **Authority** in writing under this clause.
- (2) The **clearing manager** must give the report to the **Authority**—
 - (a) on the 10th **business day** of each calendar month; or
 - (b) if exceptional circumstances prevent the **clearing manager** from providing the report by that day, as soon as reasonably practicable after that day.
- (3) The report must include—
 - (a) ~~information on any situations where the clearing manager believes, on reasonable grounds, that the clearing manager, or another participant, has breached this Code in the previous calendar month; and~~
 - (b) ~~the date and time at which each alleged breach took place; and~~
 - (c) ~~the nature of each alleged breach, including—~~
 - (i) ~~details of the person alleged to be in breach; and~~
 - (ii) ~~any participants believed to be affected by the alleged breach; and~~
 - (iii) ~~in the case of a delay in advising a participant of an amount owing under clause 14.18, the part of the process that was delayed; and~~
 - (d) ~~the reason for the alleged breach occurring if the clearing manager is aware of the reason; and~~
 - (e) situations in which information about an amount owing was or will be issued late and whether or not the delay was caused by the **clearing manager**; and
 - (f) if there is a delay in the clearing manager advising a participant of an amount owing under clause 14.18, the part of the process that was delayed.

~~14.69 Authority to publish clearing manager reports~~

- ~~(1) By the 15th **business day** of each calendar month, the **Authority** must **publish** the sections of the report, received in the previous calendar month from the **clearing manager** in accordance with clause 14.68, that relate to any breaches of this Code by the **clearing manager**.~~

~~14.70 Right to information concerning clearing manager's action~~

- ~~(1) A **participant** may, by notice in writing to the **clearing manager**, request further information related to a situation set out in a **clearing manager's** report **published** under clause 14.69 that has materially affected that person.~~
- ~~(2) The **clearing manager** must provide the requested information to that person, but the information provided must not include any information that is confidential in respect of any other person.~~

...

~~15.30 Alleged Code breaches reported by the reconciliation manager~~

- ~~(1) As soon as possible and by no later than 1300 hours on the 2nd **business day** after the **reconciliation manager** provided **reconciliation information** for a **consumption period** in accordance with clauses 15.21 and 15.22, the **reconciliation manager** must provide a written report to the **Authority** detailing the number and details of any alleged breach of this Code that the **reconciliation manager** is aware of.~~
- ~~(2) The report must include the matters set out below, and information about any situations when the **reconciliation manager** allegedly breached this Code, or, in the opinion of the **reconciliation manager**, a **reconciliation participant** allegedly breached this Code:~~
- ~~(a) the time and, if appropriate, the **consumption period**, during which the alleged breach took place;~~
- ~~(b) the nature of the alleged breach, including, in the case of late **submission information** or information in a form that compromises the **reconciliation information**, the **reconciliation participant** allegedly responsible for the information;~~
- ~~(c) the reason for the alleged breach including, in the case of late **submission information** or information in a form that compromises the **reconciliation information**, the reason for the delay or the inadequate form, if the **reconciliation manager** is aware of the reason.~~

~~15.31 Right to information concerning reconciliation manager's actions~~

- ~~(1) A **reconciliation participant** may, by giving written notice in writing to the **reconciliation manager**, request further information related to _____~~
- ~~(a) any situation set out in alleged breach of this Code by the **reconciliation manager's**;~~
- ~~(b) report provided in accordance with clause 15.30 that any alleged breach of this Part by a **reconciliation participant**, if the alleged breach has materially affected the **reconciliation participant** requesting the information.~~

- (2) The **reconciliation manager** must, no later than 10 **business days** after receiving such a request, provide the requested information to the **reconciliation participant**, provided that the information does not include any information that is confidential in respect of any other person.

...

~~15.33 The Authority publishes reports~~

~~By 1630 hours on the 2nd **business day** following the day on which the **Authority** receives the report of the **reconciliation manager** in accordance with clause 15.30, the **Authority** must **publish** the sections of the report that relate to an alleged breach of this Code by the **reconciliation manager** (if any).~~

14 Proposal 2018-13: Timeframe for completing switch event meter reading disputes

We have decided to implement the proposal without change

- 14.1 We have decided to amend the Code to state that the four-month timeframe for disputing a switch event meter reading starts from the date the registry manager gives the gaining trader information about the switch completion under clause 22(d) of Schedule 11.3.
- 14.2 This Code amendment ensures the current four-month timeframe does not shorten, or disappear entirely, if a switch event date is back-dated to correct an error in the registry metering records.
- 14.3 This is the proposal we consulted on.

We have decided to make no changes to the proposal in response to some feedback

Submitter's view

- 14.4 In its submission, Contact Energy considered the proposed Code amendment to be sensible. However, Contact Energy thinks that changes outside the four month timeframe should be allowed under the Code, so long as both traders agreed. This was particularly applicable for switch event meter reading errors that resulted in significant financial and reconciliation impacts.
- 14.5 Contact Energy proposed the Code should allow traders to submit switch event meter reading changes outside of the four month timeframe in exceptional circumstances. Exceptional circumstances would include where the change is taking place due to one of the following reasons:
 - (a) there is a significant financial impact to a customer if the switch event meter reading is not changed; or
 - (b) there is a significant impact on the reconciliation process.

Our decision

- 14.6 We have decided to make no changes to the proposal in response to Contact Energy's submission point. We note the issue that Contact Energy has raised, but we consider it is sufficiently material as to require consultation with interested parties.
- 14.7 We have included this matter in the work we are doing with the Switch Technical Group as part of the switch process review.

We have decided to proceed with the proposal despite some feedback saying we should wait

Submitter's view

- 14.8 In its submission, Genesis Energy suggested that all switching-related proposed Code changes should be removed from this omnibus of Code changes, and be dealt with alongside outcomes from the work of the Switch Technical Group.

Our decision

- 14.9 We have decided to proceed with the proposal, rather than wait for the end of our switch process review, being undertaken in collaboration with the Switch Technical Group.
- 14.10 We expect traders' system change costs to be minimal—changing any current validation that uses the event date to instead use the file receipt date. Should we subsequently decide to amend the Code to address the issue that Contact Energy has raised, any such corrections outside the four month window would use a manual process. Therefore, no further system changes would be required.

The amendment will promote the efficient operation of the electricity industry and possibly competition

- 14.11 The Code amendment will promote the efficient operation of the electricity industry by giving effect to the underlying policy intent of clauses 6A and 12 of Schedule 11.3, which is to ensure that a gaining trader has four months to dispute and correct a switch event meter reading, even if the switch is backdated. This enables more accurate reconciliation and invoicing of participants and consumers.
- 14.12 The Code amendment will come into force on 1 February 2019.

The Code amendment

- 14.13 The Code amendment is as follows:

Schedule 11.3

...

6A Gaining trader disputes reading

- (1) If a gaining **trader** disputes a **switch event meter reading** under clause 6(1)(b), the gaining **trader** must, no later than 4 months after the registry manager gives the gaining trader written notice under clause 22(d) of having received information about the switch completion event date, provide to the losing **trader** a revised **switch event meter reading** supported by 2 **validated meter readings**.

...

12 Gaining trader may change switch event meter reading

...

- (3) If the gaining **trader** disputes a **switch event meter reading** under subclause (2)(b), the gaining **trader** must, no later than 4 months after the registry manager gives the gaining trader written notice under clause 22(d) of having received information about the switch completion actual event date, provide to the losing **trader** a changed **validated meter reading** or a **permanent estimate** supported by 2 **validated meter readings**, and the losing **trader** must either—
- (a) no later than 5 **business days** after receiving the **switch event meter reading** from the gaining **trader**, the losing **trader**, if it does not accept the **switch event meter reading**, must advise the gaining **trader** (giving all relevant details), and the losing **trader** and the gaining **trader** must use reasonable endeavours to resolve the dispute in accordance with the disputes procedure contained in clause 15.29 (with all necessary amendments); or

- (b) if the losing **trader** advises its acceptance of the **switch event meter reading** received from the gaining **trader**, or does not provide any response, the losing **trader** must use the **switch event meter reading** supplied by the gaining **trader**.

15 Proposal 2018-14: Clarifying requirement for distributors to give written notice of change to network supply point identifier

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 15.1 We have decided to amend clause 8 of Schedule 11.1:
- (a) to make it clear that distributors must always give written notice to the registry manager of the actual date of a change to an ICP's NSP identifier
 - (b) to clarify that the actual date of a change to an ICP's NSP identifier is the effective date of the change
 - (c) to further simplify clause 8(3) and (4) by converting the timeframes that currently use "days" to "business days".
- 15.2 This is the proposal we consulted on, with the clarification in 15.1(b).
- 15.3 Although we have not changed the proposal, we have revised the proposed Code drafting that we consulted on. This is to ensure it aligns with the proposal's policy intent. In reviewing the draft Code for the proposal, we realised we needed to make a consequential amendment to clause 8(4) of Schedule 11.1. This amendment clarifies that the actual date of a change to an ICP's NSP identifier is the effective date of the change.

We have decided against making changes suggested by submitters

Submitter's view

- 15.4 In its submission, Orion NZ expressed concern that moving calendar days to business days in clause 8(3) and (4) of Schedule 11.1 would make it difficult for distributors to implement changes to existing software coding they may have in place to monitor the existing 14 day window. Moving to business days would introduce a number of exceptions due to statutory and anniversary holidays that were difficult to code for.

Our decision

- 15.5 We note Orion NZ did not identify this as a problem for itself, but rather a potential problem for other distributors. We note that no distributors submitted that this was an implementation problem they would face. We also note a distributor's systems monitoring the 14 calendar day timeframe would also have had to monitor the eight business day timeframe in clause 8(2) of Schedule 11.1. We consider this more complex than monitoring only business day timeframes.
- 15.6 Therefore, we see no reason to continue using a combination of calendar days and business days in the same clause of the Code.
- 15.7 A distributor using a system that relied on calendar days could set the time period in the system to be 17 calendar days, to ensure the distributor did not breach the 13 business day timeframe.

Submitter's view

- 15.8 In its submission, Unison said it believed the Authority should retain the 18 business day timeframe,⁷ rather than reduce the timeframe to 13 business days. Unison did not give a reason for its view. However, it did note we suggested this timeframe in correspondence with Unison following its proposal to amend this clause in 2015.

Our decision

- 15.9 Before the amendment, a distributor had in fact 14-18 business days to advise the registry manager of a change to an ICP's NSP identifier, if the change was initially thought to be temporary in nature but then became permanent. The range in business days stemmed from 14 calendar days equating to 6-10 business days, depending on statutory holidays.⁸
- 15.10 Having considered submissions, we remain of the view that 13 business days is an appropriate timeframe to replace the timeframe of 14 calendar days plus eight business days. Distributors have, over the years, demonstrated their ability to update an ICP's NSP identifier within 14 business days. A 13 business day timeframe is more intuitive than 14 business days, because it typically gives a distributor three business days to update an ICP's NSP identifier once two calendar weeks have passed for confirming the change was not temporary. The three business days requirement aligns with the timeframe distributors are used to meeting for updating information under clause 8 of Schedule 11.1.

Submitters' view

- 15.11 In their submissions, Orion NZ and Unison each put forward alternative Code drafting proposals. Both submitters considered their respective Code drafting to be superior to the proposal's Code drafting, because theirs reduced the clause's complexity.

Our decision

- 15.12 We always aim to reduce complexity in the drafting of the Code. Amongst other things, this makes the Code more user-friendly and reduces compliance costs for industry participants.
- 15.13 However, we are careful to ensure that simplicity of drafting does not inadvertently alter the policy intent of the clause(s) in question.
- 15.14 Unfortunately, both Orion NZ's and Unison's drafting proposals would materially alter the policy intent of clause 8 of Schedule 11.1 in a manner that was not consulted on.
- 15.15 Orion NZ's proposed drafting would have meant distributors had three business days, instead of eight business days, to provide written notice to the registry manager of a change to an ICP's NSP identifier. When it was first put in place, the eight business day timeframe was chosen because distributors said they needed this much time to map electricity flows from NSPs to ICPs. Reducing the time for distributors to do this by five business days, per Orion NZ's proposal, would have been a material change that required further consultation.

⁷ It appears Unison has calculated the 18 business day timeframe by adding the eight business day timeframe in clause 8(2) of Schedule 11.1 to the 14 calendar day timeframe in clause 8(3)-(4) of Schedule 11.1.

⁸ Over the Christmas / New Year period, there are reasonably often three business days over an 11 calendar day period.

- 15.16 Orion NZ's proposed drafting change would also have removed the three business day timeframe for a distributor to advise the registry manager of a change to an ICP's NSP identifier that resulted from the commissioning or decommissioning of an NSP. The proposed drafting would not have replaced the three business days with another timeframe.
- 15.17 Unison's proposed drafting would have meant distributors had 18 business days to provide written notice to the registry manager in respect of all changes to an ICP's NSP identifier. This would have been a material change from eight business days for changes known to be permanent from the outset, and three business days for changes resulting from the commissioning or decommissioning of an NSP. The materiality of the change would also have required further consultation with interested parties.

The amendment will promote the efficient operation of the electricity industry

- 15.18 The Code amendment will promote the efficient operation of the electricity industry by:
- (a) making it easier for distributors to understand and meet their Code obligations, which reduces their costs of transacting in the electricity market
 - (b) improving the accuracy of ICP information in the registry.
- 15.19 The Code amendment will come into force on 1 August 2019.

The Code amendment

- 15.20 The Code amendment is as follows:

Schedule 11.1

...

8 Distributors to change ICP information provided to registry manager

- (1) If information about an **ICP** provided to the **registry manager** in accordance with clause 7 changes, the **distributor** in whose **network** the **ICP** is located must give written notice to the **registry manager** of the change.
- (2) The **distributor** must give the notice—
 - (a) in the case of a change to the information referred to in clause 7(1)(b) (other than a change that is the result of the **commissioning** or **decommissioning** of an **NSP**), no later than 8 **business days** after the change takes effect; and
 - (b) in every other case, no later than 3 **business days** after the change takes effect.
- (3) A **distributor** is not required to give written notice ~~if of a change of~~ information provided in accordance with clause 7(1)(b) changes, if the change is and applies for less than ~~14 days~~ 10 business days.
- (4) ~~If a change of information provided in accordance with~~ under clause 7(1)(b) is changes, and applies for ~~more than 14 days~~ 10 business days or more, the distributor must —
 - (a) give the notice under subclause (12) no later than 13 business days ~~applies as if the change had taken effect on the 15th day after the change takes effect; and~~

(b) include in the notice the date the change occurred as the effective date for the change.

16 Proposal 2018-15: Clarifying clauses 19, 21, and 22 of Schedule 15.2

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 16.1 We have decided to amend the Code to:
- (a) clarify the intent of clause 19 of Schedule 15.2 (including that the obligations shifted from clause 22(1) and (2) of Schedule 15.2 apply to reconciliation participants)
 - (b) shift clause 22(1) and (2) of Schedule 15.2 to new clause 19(4) and (5) of Schedule 15.2
 - (c) clarify the meaning of clause 21(4)(c) of Schedule 15.2
 - (d) revoke clause 22 of Schedule 15.2.
- 16.2 This is the proposal we consulted on, with minor drafting changes for clarity.

We have decided to make no changes to the proposal in response to some feedback

Submitter's view

- 16.3 Contact Energy recommended the proposal be extended to cover half hour readings/interval data under clause 17 of Schedule 15.2; in particular, the estimation/revision of interval data up to a permanent estimate reading such as a switch loss estimate.

Our decision

- 16.4 The Authority has decided the Code amendment addresses this submission point—ie, the Code amendment applies to half hour meter readings and the use of estimates to revise the original meter reading.
- 16.5 However, while considering the submitter's point, we noticed that clauses 16 and 17 of Schedule 15.2 need revising, to remove some duplication. Both clauses apply to electronic non half hour meter readings and estimates. We will add this matter to a future Code Review Programme.

Submitter's view

- 16.6 Transpower submitted that using the words “the relevant reconciliation participant...” in the revised Code inadvertently removed the scope for an agent to prepare the submission information on behalf of the reconciliation participant. Transpower requested that we amend the proposed Code by either:
- (a) adding the words “or its agent” after the words “reconciliation participant”, or
 - (b) revising the Code amendment so that the “reconciliation participant” had the obligation to ensure the process was done, rather than being the party that must do the activity.

Our decision

- 16.7 We have not made this change. Clause 15.34 of the Code provides that a reconciliation participant who has obligations under Part 15 may discharge those obligations by way of

an agent. This clause also specifies that the reconciliation participant retains accountability for the obligation even if it is performed by an agent. Because clause 15.34 applies to all obligations in part 15 of the Code, there is no need to add "or its agent" in this clause.

The amendment will promote the efficient operation of the electricity industry

16.8 The Code amendment will promote the efficient operation of the electricity industry, by simplifying the Code and making it easier for reconciliation participants to understand their obligations.

16.9 The Code amendment comes into force on 1 November 2018.

The Code amendment

16.10 The Code amendment is as follows:

Schedule 15.2

...

19 Correction of meter readings

- (1) If a reconciliation participant detects errors ~~are detected during the while validating validation of non half hour meter readings, the reconciliation participant must~~ 1 of the following must be undertaken:
- (a) ~~confirmation of the original meter reading by carrying out another meter reading;~~ and
 - (b) ~~if the second meter reading confirms that the original meter reading is erroneous, replacement of the original meter reading with the second by another meter reading (even if the replacement second meter reading may be is at a different date);~~ and
- (1Ae) ~~if a reconciliation participant detects errors while validating non half hour meter readings, but the reconciliation participant cannot confirm the original meter reading or replace it with cannot be confirmed or replaced by a meter reading from another interrogation, the reconciliation participant must~~
- (a) ~~an estimated reading may be substituted if the original meter reading with an estimated reading that is marked as an estimate;~~ and
 - (b) ~~it is subsequently replaced the estimated reading in accordance with clause 4(2).~~
- (2) If a reconciliation participant detects ~~errors are detected during the while validating validation of half-hour meter readings, the reconciliation participant must correct the meter readings must be corrected as follows:~~
- (a) ~~if the relevant metering installation has a check meter or data storage device is installed at the metering installation, substitute the original meter reading with data from the check meter or data storage device may be substituted;~~ or
 - (b) ~~in the absence of any if the relevant metering installation does not have a check meter or data storage device, data may be substituted substitute the original meter reading with data from another period if provided~~ —

- (i) the total of all substituted intervals matches the total consumption recorded on a **meter**, if available; and
 - (ii) the **reconciliation participant** considers the pattern of consumption is considered to be materially similar to the period in error.
- (3) A **reconciliation participant** may use **Error compensation and loss compensation** may be carried out as part of the process of determining accurate data. Whatever methodology is used, the **reconciliation participant** must document the compensation process must be documented and must comply with audit trail requirements set out in this Code.
- (4) In correcting a **meter reading** in accordance with this clause, a **reconciliation participant** must not overwrite the **raw meter data**. If the **raw meter data** and the **meter readings** are the same, the **reconciliation participant** must use the processing or data correction application to—
- (a) make an automatic secure backup of the affected data; and
 - (b) archive the affected data.
- (5) If a **reconciliation participant** corrects or alters data under this clause, the **reconciliation participant** must generate and archive a journal that contains the following information:
- (a) the date of the correction or alteration; and
 - (b) the time of the correction or alteration; and
 - (c) the operator identifier for the person within the **reconciliation participant** who made the correction or alteration; and
 - (d) the **half hour meter reading** data or the non **half hour meter reading** data corrected or altered, and the total difference in volume of such corrected or altered data; and
 - (e) the technique used to arrive at the corrected data; and
 - (f) the reason for the correction or alteration.

...

21 Audit trails

- (1) Each **reconciliation participant** must ensure that a complete audit trail exists for all data gathering, validation and processing functions of the **reconciliation participant**.
- (2) The audit trail must—
 - (a) include details of information—
 - (i) provided to and received from the **registry manager**; and
 - (ii) provided to and received from the **reconciliation manager**; and
 - (iii) provided and received from other **reconciliation participants** and their agents; and
 - (b) cover all **raw meter data** and any changes to the **raw meter data** archived under clause 18.

- (3) Logs of communications and processing activities must form part of the audit trail, including if automated processes are in operation.
- (4) Logs must be printed and filed as hard copy or maintained as data files, in a secure form, along with other archived information, and must include (at a minimum) the following:
 - (a) an activity identifier; and
 - (b) the date and time of the activity; and
 - (c) the operator identifier for the person within the **reconciliation participant** who performed the activity.
- (5) A **reconciliation participant** must collect all relevant data used by the **reconciliation participant** to determine **profile** data, including external control equipment operation logs, and archive that data in accordance with clause 18.

22 Correction of meter readings

- ~~(1) In correcting a **meter reading** in accordance with clause 19, the **raw meter data** must not be overwritten. If the **raw meter data** and the **meter readings** are the same, an automatic secure backup of the affected data must be made and archived by the processing or data correction application.~~
- ~~(2) If data is corrected or altered, the **reconciliation participant** correcting or altering the data must generate and archive a journal that contains the following information:
 - ~~(a) the date of the correction or alteration:~~
 - ~~(b) the time of the correction or alteration:~~
 - ~~(c) the operator identifier of the **reconciliation participant**:~~
 - ~~(d) the **half-hour meter reading** data or the non **half-hour meter reading** data corrected or altered, and the total difference in volume of such corrected or altered data:~~
 - ~~(e) the technique used to arrive at the corrected data:~~
 - ~~(f) the reason for the correction or alteration.~~~~

17 Proposal 2018-16: Switching ICPs with category 3 or higher metering installations that have advanced metering infrastructure (AMI) components

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

17.1 We have decided to amend the Code:

- (a) so the gaining trader switch process in clauses 13 to 16 of Schedule 11.3 applies to all ICPs with a metering installation of category 3 or higher, regardless of whether the metering installation has AMI components
- (b) to clarify the drafting of clause 13(1)(a) and (b) of Schedule 11.3.

17.2 Apart from adding a clarification to a cross-reference in clause 13(1)(b), this is the proposal we consulted on.

We have decided against making a change suggested by a submitter

Submitter's view

17.3 In its submission, Contact Energy disagreed with the problem definition for this proposal. Contact Energy believed that category 3 or higher current transformer (CT) metered installations do not qualify as AMI if they can be interrogated by a back office data collection platform that reads AMI whole current meters. To support this view, Contact Energy pointed to:

- (a) the Code not requiring a switch read for ICPs with a category 3 or higher CT metered installation
- (b) a CT meter being unable to perform any smart services usually expected of an AMI device, such as remote disconnection/reconnection or remote load limiting.

17.4 Contact Energy believed the same outcome achieved under the proposal could be achieved by applying a validation within the registry, to explicitly prevent the AMI flag being applied to category 3 or higher CT metered installations.

Our decision

17.5 We have decided to proceed with the proposal. We believe Contact Energy may have misunderstood the problem definition. We are not saying that a category 3 or higher metering installation with one or more AMI components is an AMI metering installation. We are saying that a category 3 or higher metering installation with one or more AMI components can be switched using the same automated process that is used for switching category 3 or higher metering installations with no AMI components.

We have decided to proceed with the proposal despite some feedback saying we should wait

Submitters' views

17.6 Contact Energy submitted this Code amendment should be referred to the Switch Technical Group, which is considering changes to the switching process and timeframes

that may make this amendment redundant. Contact Energy believed that implementing this change now would have the potential to require traders to change switching processes and systems twice, as a result of any further changes arising from the Switch Technical Group's work.

- 17.7 Contact Energy's preference was for the Switch Technical Group to assess the problem, identify the most practical solution, and implement a single Code and system change (if required). This would avoid systems and processes potentially being changed twice in short succession.
- 17.8 In its submission, Genesis Energy suggested we should remove all switching-related proposed Code changes from this omnibus Code change, and instead deal with them alongside outcomes from the work of the Switch Technical Group. Genesis Energy submitted that, while this change would address a current inefficiency, it did so on the assumption that the gaining trader switch process will only ever be used for ICPs with category 3 or higher metering installations. Genesis Energy believed it is not unforeseeable that, in certain circumstances, a half-hour trading participant switching in an ICP from a non-half hour participant may wish to supply the switch read as they have faster access to more accurate data.

Our decision

- 17.9 We have decided to proceed with the proposal, rather than wait for the end of our switch process review, being undertaken in collaboration with the Switch Technical Group.
- 17.10 The proposal requires no change to traders' systems or processes. This change means traders and the registry manager no longer have to engage in manual workarounds to switch ICPs with metering installations of category 3 or higher that have one or more AMI components.
- 17.11 We note the Switch Technical Group is reviewing whether the gaining trader switch process will only ever be used for ICPs with category 3 or higher metering installations. However, the change to the registry required by this change will still be beneficial, even if the standard switch process were also to be used for ICPs with category 3 or higher metering installations. Also, in the meantime, it removes a barrier to efficient switching of these ICPs.

The amendment will promote the efficient operation of the electricity industry and possibly competition

- 17.12 The Code amendment will promote the efficient operation of the electricity industry by removing the need for a gaining trader and the registry manager to undertake a manual process each time a trader switches an ICP with a category 3 or higher metering installation with AMI components.
- 17.13 The Code amendment may promote competition in the provision of metering and related services, by encouraging greater uptake of AMI components in metering installations that are category 3 or higher.
- 17.14 The Code amendment will come into force on 1 February 2019.

The Code amendment

- 17.15 The Code amendment is as follows:

Schedule 11.3

...

13 Gaining trader switch processes

- (1) A gaining **trader** switch process applies when a **trader** (the “gaining trader”) has an arrangement with a **customer** or **embedded generator** to—
- (a) trade **electricity** through with the **customer** or **embedded generator** at an **ICP** at which another **trader** (the “losing trader”) trades **electricity** with the **customer** or **embedded generator**, and one of subparagraphs (i) to (iii) applies—
- (i) at the **ICP**, the gaining **trader** will trade **electricity** through a **half-hour metering installation** that is ~~(not being a category 3 or higher category 4 metering installation or a category 2 metering installation)~~ at an **ICP** with a submission type of **half hour** in the **registry** and an AMI flag of “N” at which another **trader** (the “losing trader”) trades **electricity** through a **half-hour metering installation** with the same submission type and AMI flag; or
- (ii) at the **ICP**—
- (A) the gaining **trader** will trade **electricity** through a **half-hour metering installation**, at an ~~and in the **registry** the **ICP** with~~ will have a submission type of **half hour** in the **registry** and an AMI flag of “N”; and
- (B) ~~at which another **trader** (the “losing trader”) trades **electricity** through a non **half-hour metering installation**, with the **customer** or **embedded generator** with~~ and in the **registry** the **ICP** has a submission type of non **half hour** in the **registry** and an AMI flag of “N”; or
- (iii) at the **ICP**—
- (A) the gaining **trader** will trade **electricity** through a non **half-hour metering installation**, at an ~~and the **ICP** will~~ have a submission type of non **half hour** in the **registry**; and
- (B) ~~at which another **trader** (the “losing trader”) trades **electricity** through a **half-hour metering installation**, and in the **registry** the **ICP** has a submission type of **half hour** and~~ with an AMI flag of “N” with the **customer** or **embedded generator**; or
- (b) assume responsibility under clause 11.18(1) for an **ICP** described in subparagraph (a)(i), (a)(ii), or (a)(iii).

...

18 Proposal 2018-17: Removing the defined term “customer” from Part 1

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 18.1 We have decided to remove the defined term “customer” from Part 1 of the Code and to let it take its ordinary meaning throughout the Code, except in Schedule 12.4.
- 18.2 We consider it appropriate to retain the defined meaning of “customer” in Schedule 12.4, since any changes to this meaning are more appropriately considered as part of our review of transmission pricing.
- 18.3 This is the proposal we consulted on, with minor drafting changes, including to ensure that ‘customer’ refers to a customer of the retailer.

Submitter’s view

- 18.4 In its submission, Mercury Energy suggested the Code drafting in the proposal be clarified so that each use of the undefined term “customer” expressly refer to the party with whom the customer has a relationship.

Our decision

- 18.5 After considering Mercury Energy’s submission, we have reviewed each clause containing the term “customer” and, where necessary, revised the proposal’s Code drafting to clarify instances where the term “customer” is referring to a customer of a retailer. Not all references to “customer” required this clarification, either because:
 - (a) this meaning was already obvious (eg, the reference to “customer” in the definition of “electricity supplied”); or
 - (b) this meaning was not intended (eg, references to “customer” in the switching provisions, including switch saving protection, and in the trader default provisions).
- 18.6 We have also clarified which participants are intended to be captured by the words “dispatch customer” in the definition of “loss of communications”—namely:
 - (a) generators
 - (b) ancillary service agents
 - (c) extended reserve providers
 - (d) dispatchable load purchasers.

We have decided to make no changes to the proposal in response to some feedback

Submitter’s view

- 18.7 Contact Energy submitted that it did not agree with the proposal’s problem definition, and that the proposed solution resolved an incorrect definition of the problem. Contact Energy considered the definition of “customer” in Part 1 of the Code was relevant and correct, although the defined meaning of “customer” was mistakenly used in the definition of “distributed unmetered load” in Part 1.

18.8 Contact Energy considered the real problem was the confusion that arose where the word “customer” was written in bold and not in bold. This made it difficult for some people to understand when to use the defined term and when to use the common English term (ie, “electricity customer”).

Our decision

18.9 We have decided to make no changes to the proposal in response to Contact Energy’s submission on the problem definition. We believe the consultation paper clearly stated that the primary problem with the use of the term “customer” in the Code was that it was unnecessarily confusing. The reasons given for this were:

- (a) the term “customer” was defined twice in the Code – in Part 1 and in Schedule 12.4 (the Transmission Pricing Methodology)
- (b) the term was also used in some places in the Code without any intention that either of these definitions applied – ie, the ordinary meaning of the term “customer” was to apply.

18.10 The problem definition gave an example of the confusion caused by the way “customer” was used in the Code—pointing to the incorrect use of the defined meaning of “customer” in the definition of “distributed unmetered load”.

18.11 We note Contact Energy agreed with the objective of the proposed Code amendment and our conclusion that it had a net benefit. Contact Energy also agreed the proposed Code amendment was preferable to other options, and had no comments on the proposed Code drafting.

Submitter’s view

18.12 Genesis Energy also submitted that it did not agree with the proposal’s problem definition. It considered the definition of “customer” was a useful interpretation tool, which worked to effectively limit the scope of the defined term from its ordinary meaning. Genesis Energy noted it relied on the definition of “customer” in its interpretation of the Code, and that the definition was an essential part of the framework of the Code.

18.13 Genesis Energy proposed that, instead of deleting the definition of “customer”, it should be amended to read:

A person who has a supply of electricity available for consumption from a retailer, and includes a person who has applied to receive a supply of electricity.

18.14 Genesis Energy considered that the amended definition could include wording making it clear to a reader of the Code that the definition of “customer” in Part 1 did not apply to Schedule 12.4.

Our decision

18.15 We have decided to make no changes to the proposal in response to Genesis Energy’s submission. We did not believe the definition of “customer” in Part 1 of the Code was an essential part of the framework of the Code. The meaning of “customer” in Part 1 is, in substance, the same as the definition from the Oxford Dictionary, which Genesis Energy referred to in its submission—“a person who buys goods or services from a shop or business”.

18.16 In making this Code amendment, we confirmed that each Code provision that relies on the term “customer” referring to someone at a specific ICP clearly stated this. No drafting changes were necessary, which further highlighted that the (Part 1) defined meaning of

“customer” added no interpretative value to the ordinary meaning of “customer” in each of these clauses. We also checked whether each Code provision that included the term “customer” needed to be clarified to show the customer was an electricity customer. We clarified this point in five clauses – four clauses in Schedule 11.3 and one clause in Part 14. These changes were shown in the consultation paper.

Submitter’s view

- 18.17 In its submission, Mercury Energy suggested it might be worthwhile introducing a definition for the term “end use customer”, which is used in Part 12 of the Code.

Our decision

- 18.18 We have decided it was unnecessary to do as Mercury Energy suggested. The ordinary meaning is sufficiently clear in the context within which it is used in Part 12—being a customer that uses electricity. We considered replacing “end use customer” with “consumer”, but decided that this could, in some instances, broaden the relevant obligation under Part 12. This would have been contrary to an underlying premise of the proposal, which was to keep participants’ obligations unchanged.
- 18.19 As discussed in paragraph 18.5, following consultation we also reviewed each clause containing the term “customer” and, where necessary, clarified that “customer” refers to a customer of a retailer.

Submitter’s view

- 18.20 Orion NZ submitted that it was uncertain whether the removal of the definition of “customer” from Part 1 of the Code might result in a broadening of the meaning of “customer” to include electricity customers who buy and sell electricity from traders (ie, not just from retailers). Orion NZ queried whether the term “embedded generator” needed to be mentioned alongside “customer” in various clauses in the Code, if the ordinary meaning of customer included sellers of electricity. Orion NZ thought there may be an opportunity to further simplify the Code if this was the case.

Our decision

- 18.21 We have decided to make no changes to the proposal in response to Orion NZ’s submission. An embedded generator is not a “customer” in the ordinary meaning of the word, since an embedded generator is selling electricity, rather than buying it.

The amendment will promote the efficient operation of the electricity industry

- 18.22 The Code amendment will promote the efficient operation of the electricity industry by improving the clarity and readability of the Code, making it easier for participants to understand and meet their obligations.
- 18.23 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 18.24 The Code amendment is as follows:

Part 1

customer means a person who purchases, or has agreed to purchase, **electricity** from a **retailer** at a specific **ICP**

distributed unmetered load means **unmetered load** with a single **profile** supplied across more than 1 **point of connection** to either 1 ~~a single customer~~ customer of a **retailer** or to 1 **direct purchaser** ~~across more than 1 **point of connection**~~

electricity supplied means, for any particular period, the information relating to the quantities of **electricity** supplied by **retailers** across **points of connection** to **consumers**, sourced directly from the **retailer's** financial records, including quantities—

- (a) that are metered or unmetered; and
- (b) supplied through normal customer ~~customer~~ supply and billing arrangements; and

...

ICP means an installation control point being 1 of the following:

- (a) a **point of connection** at which a ~~customer~~ the **electrical installation** installation for a **retailer's** customer is connected to a **network** other than the **grid**:

...

loss of communication means a sustained disruption of communications between the **system operator** and 1 or more ~~dispatch customers~~ **generators, ancillary service agents, extended reserve providers, or dispatchable load purchasers** such that operation of the **grid** is affected or is likely to be affected

1.3 Special definition of “related”

For the purposes of this Code a person (the “first person”) is deemed to be related to another person (the “second person”) if the first person is related to the second person by reason of any domestic or **business** relationship (other than because the second person is a customer ~~customer~~ of the first person), such that the first person can reasonably be expected to have influence over the second person’s judgment in trading or investment matters, or to be consulted by the second person before any such judgment is formed, and if the first person is deemed to be so connected, the second person is also deemed to be related to the first person. No person is deemed to be related to any other person if either person is a shareholding minister as that term is defined in section 2 of the State-Owned Enterprises Act 1986 or any other New Zealand legislation, provided that person is acting in his or her capacity as a shareholding minister.

Part 9

9.20 Retailer must have customer compensation scheme

...

- (3) A **retailer's customer compensation scheme** may cover a ~~customer~~ customer of the **retailer** who is not a **qualifying customer**.

9.21 Qualifying customers

- (1) A **retailer's qualifying customer** is a person who, as at the end of the last day of a **public conservation period**,—

- (a) is a ~~customer~~**customer** of the **retailer**; and

...

9.28 Publishing description of additional customer compensation schemes

A **retailer** who has 1 or more **additional customer compensation schemes** must—

- (a) **publish** and keep **published** a description of its **additional customer compensation schemes**; and
- (b) on request from a ~~customer~~**one of the retailer's customers**, provide a written description of the **additional customer compensation schemes**.

Part 11

11.1 Contents of this Part

This Part—

...

- (b) prescribes a process for switching **ICPs** ~~customers~~ and ~~embedded generators~~ between **traders**; and

11.15 Process for customer or embedded generator switching

- (1) This clause applies if a **trader** (“the gaining **trader**”) has an arrangement with a ~~customer~~**customer** or **embedded generator** to—
 - (a) commence trading **electricity** with the ~~customer~~**customer** or **embedded generator** at an **ICP** at which another **trader** (“the losing **trader**”) trades **electricity** with the ~~customer~~**customer** or **embedded generator**; or
 - (b) assume responsibility under clause 11.18(1) for such an **ICP**.

...

11.15AB Switch saving protection

...

- (2) If the protected **trader** enters into an arrangement with a ~~customer~~**customer** of another **trader** (the “losing **trader**”) to commence trading **electricity** with the ~~customer~~**customer**, the losing **trader** must comply with subclause (4).
- (3) If a **trader** enters into an arrangement with a ~~customer~~**customer** of a protected **trader** to commence trading **electricity** with the ~~customer~~**customer**, the protected **trader** must comply with subclause (4).
- (4) A losing **trader** referred to in subclause (2) or a protected **trader** referred to in subclause (3) must not, by any means, initiate contact with the ~~customer~~**customer** to attempt to persuade the ~~customer~~**customer** to terminate the arrangement referred to in subclause (2) or subclause (3) (as the case may be) during the period specified in subclause (5), including by—
 - (a) making a counter-offer to the ~~customer~~**customer**; or
 - (b) offering an enticement to the ~~customer~~**customer**.

...

11.15AC Trader may communicate with customers for certain purposes

Clause 11.15AB(4) does not prohibit a **trader** from—

- (a) contacting a customer ~~customer~~ to advise the customer ~~customer~~ of any termination fees that the customer ~~customer~~ is required to pay as a result of the customer ~~customer~~ ceasing to trade with the **trader**; or
- (b) contacting a customer ~~customer~~ regarding administrative matters, including—
 - (i) any fees the customer ~~customer~~ owes the **trader**;
 - (ii) the customer's ~~customer's~~ final meter reading;
 - (iii) how the **trader** will return any keys it holds on the customer's ~~customer's~~ behalf;
 - (iv) the effect of the customer ~~customer~~ ceasing to buy **electricity** from the **trader** on other contracts between the customer ~~customer~~ and the **trader**, for example, for the supply of gas; or
- (c) providing a factual response to a question asked by a customer ~~customer~~; or
- (d) making a counter-offer or offering an enticement to a customer ~~customer~~ who has invited the **trader** to attempt to persuade the customer ~~customer~~ to terminate the arrangement referred to in clause 11.15AB(2) or (3); or
- (e) offering an enticement to a customer ~~customer~~ as part of a general marketing campaign.

11.15B Trader contracts with customers to permit assignment by Authority

- (1) Each **trader** must at all times ensure that the terms of each contract under which a customer ~~customer~~ of the **trader** purchases **electricity** from the **trader** permit—

...

- (b) the terms of the assigned contract to be amended on such an assignment to—
 - (i) the standard terms that the recipient **trader** would normally have offered to the customer ~~customer~~ immediately before the **event of default** occurred; or
 - (ii) such other terms that are more advantageous to the customer ~~customer~~ than the standard terms, as the recipient **trader** and the **Authority** agree; and
- (c) the terms of the assigned contract to be amended on such an assignment to include a minimum term in respect of which the customer ~~customer~~ must pay an amount for cancelling the contract before the expiry of the minimum term; and
- (d) the **trader** to provide information about the customer ~~customer~~ to the **Authority** and for the **Authority** to provide the information to another **trader** if required under Schedule 11.5; and

...

11.16 Trader to ensure arrangements for line function services and metering

Before providing the **registry manager** with information in accordance with clause 11.7(2) or clause 11.18(4), a **trader** must—

- (a) ensure that it, or its ~~customer~~ **customer**, has made any necessary arrangements for the provision of **line function services** in relation to the **ICP**; and

...

11.31 Customer and embedded generator queries

- (1) If a **trader** receives a request from a ~~customer~~ **customer** of the **trader** or a person authorised by a ~~customer~~ **customer** of the **trader** for the ~~customer's~~ **customer's ICP identifier**, the **trader** must provide that information no later than 3 **business days** after receiving the request.
- (2) If a **distributor** receives a request from a ~~customer~~ **customer** or **embedded generator** whose **ICP** is connected to the **distributor's network** for the ~~customer's~~ **customer** or **embedded generator's ICP identifier**, or a person authorised by such a ~~customer~~ **customer** or **embedded generator**, the **distributor** must provide that information no later than 3 **business days** after receiving the request.

Schedule 11.1

7 Distributors to provide ICP information to registry manager

- (1) A **distributor** must, for each **ICP** on the **distributor's network**, provide the following information to the **registry manager**:

...

- (j) the **participant identifier** of the first **trader** who has entered into an arrangement with a ~~customer~~ **customer** or an **embedded generator** to sell or purchase **electricity** at the **ICP** (only if the information is provided by the first **trader**):

...

9 Traders to provide ICP information to registry manager

- (1) Each **trader** must provide the following information to the **registry manager** for each **ICP** for which it is recorded in the **registry** as having responsibility:

...

- (k) except as provided in subclause (1A), the relevant business classification code applicable to the ~~customer~~ **customer** at the **ICP**, in accordance with business classification codes **published** by the **Authority**.

...

17 "Active" status

...

- (2) Before an **ICP** is given the "Active" status, the **trader** must ensure that—

- (a) the **ICP** has only 1 ~~customer, embedded generator, or direct purchaser,~~ or customer of a retailer; and

...

Schedule 11.3

1 Standard switch process for ICPs

- (1) A standard switch process applies when a **trader** (the "gaining **trader**") has an arrangement with a customer ~~customer~~ or **embedded generator** to commence trading **electricity** with the customer ~~customer~~ or **embedded generator** at, or to otherwise assume responsibility under clause 11.18(1) for, an **ICP** at which another **trader** (the "losing **trader**") trades **electricity**, and the gaining **trader** switch process under clauses 13 to 16 does not apply.

...

- (2) If subpart 2 of Part 4A of the Fair Trading Act 1986 applies to an arrangement described in subclause (1),—
- (a) the gaining **trader** must identify the period within which the customer ~~customer~~ or **embedded generator** may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986; and

...

2 Gaining trader advises registry manager of standard switch request

- (1) For each **ICP** to which a switch relates, the gaining **trader** must advise the **registry manager** of the switch no later than 2 **business days** after the arrangement to trade electricity with the customer ~~customer~~ or the embedded generator comes into effect.

...

6 Traders must use same reading

...

- (2) Despite subclause (1), subclause (3) applies if—
- ...
- (b) the gaining **trader** will trade **electricity** at the **ICP** through a **metering installation** with a submission type of **half hour** in the **registry**, as a result of the gaining **trader's** arrangement to trade electricity with the customer ~~customer~~ or the embedded generator; and

...

8 Switch move process for ICPs

- (1) A switch move process applies when a **trader** (the "gaining **trader**") has an arrangement with a customer ~~customer~~ or **embedded generator** to commence trading **electricity** with the customer ~~customer~~ or **embedded generator** at, or to otherwise assume responsibility under clause 11.18(1) for, an **ICP** for which no **trader** has an agreement to trade **electricity** and the gaining **trader** switch process under clauses 13 to 16 does not apply.
- (1A) This clause and clauses 9 to 12 apply to a switch move process.
- (2) If subpart 2 of Part 4A of the Fair Trading Act 1986 applies to an arrangement described in subclause (1)—

- (a) the gaining **trader** must identify the period within which the customer ~~**customer**~~ or **embedded generator** may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986; and

...

9 Gaining trader informs registry manager of switch request

- (1) For each **ICP** to which a switch relates, the gaining **trader** must advise the **registry manager** of the switch request no later than 2 **business days** after the arrangement to trade electricity with the customer ~~**customer**~~ or the embedded generator comes into effect.

...

12 Gaining trader may change switch event meter reading

...

- (2A) Despite subclauses (1) and (2), subclause (2B) applies if—

...

- (b) the gaining **trader** will trade **electricity** at the **ICP** through a **metering installation** with a submission type of **half hour** in the **registry**, as a result of the gaining **trader's** arrangement with the customer ~~**customer**~~ or **embedded generator**; and

...

13 Gaining trader switch processes

- (1) A gaining **trader** switch process applies when a **trader** (the "gaining **trader**") has an arrangement with a customer ~~**customer**~~ or **embedded generator** to—

- (a) trade **electricity** through—

...

- (ii) a **half-hour metering installation** at an **ICP** with a submission type of **half hour** in the **registry** and an AMI flag of "N" at which another **trader** (the "losing **trader**") trades **electricity** through a non **half-hour metering installation** with the customer ~~**customer**~~ or **embedded generator** with a submission type of non **half hour** in the **registry** and an AMI flag of "N"; or

- (iii) a non **half-hour metering installation** at an **ICP** at which another **trader** (the "losing **trader**") trades **electricity** through a **half-hour metering installation** with an AMI flag of "N" with the customer ~~**customer**~~ or **embedded generator**; or

- (b) assume responsibility under clause 11.18(1) for an **ICP** described in paragraph (a).

...

- (2) If subpart 2 of Part 4A of the Fair Trading Act 1986 applies to an arrangement described in subclause (1)—

- (a) the gaining **trader** must identify the period within which the customer **customer** or **embedded generator** may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986; and
- (b) for the purpose of this Schedule, the arrangement is deemed to come into effect on the day after the expiry of the period.

14 Gaining trader informs registry manager of switch request

- (1) For each **ICP** to which a switch relates, the gaining **trader** must advise the **registry manager** of the switch request no later than **3 business days** after the arrangement to trade electricity with the customer **customer** or the embedded generator comes into effect.

...

Schedule 11.5

2 Notice to trader who has committed event of default

- (1) If the **Authority** is satisfied that a **trader** ("defaulting **trader**") has committed an **event of default** under paragraph (a) or (b) or (f) or (h) of clause 14.41 the **Authority** must give written notice to the defaulting **trader** that—
 - (a) the defaulting **trader** must—
 - (i) remedy the **event of default**; or
 - (ii) assign its rights and obligations under every contract under which a customer **customer** of the defaulting **trader** purchases **electricity** from the defaulting **trader** to another **trader**, and assign to another **trader** all **ICPs** for which the defaulting **trader** is recorded in the **registry** as being responsible; and

...

- (2) The **Authority** may give written notice to the defaulting **trader** requiring the defaulting **trader** to provide to the **Authority**, within a time specified by the **Authority**, information about the defaulting **trader's** customers **customers**.

...

3 Authority may require distributor and registry manager to provide information

- (1) The **Authority** may, by notice in writing to a **distributor** on whose **network** a defaulting **trader** trades **electricity**, require the **distributor** to provide to the **Authority** the information about the defaulting **trader's** customers **customers** specified in the notice (if the **distributor** holds the information), within the period specified in the notice.

...

4 Failure by defaulting trader to remedy event of default

- (1) This clause applies if—
 - (a) 7 days have elapsed since the **Authority** gave notice to the defaulting **trader** under clause 2(1); and
 - (b) the **Authority** considers that—

- (i) the defaulting **trader** has not remedied the **event of default** or, in the case of an **event of default** under clause 14.41(b) in respect of which there is an unresolved invoice dispute under clause 14.25, has not reached an agreement with the **Authority** to resolve the **event of default**; and
 - (ii) the defaulting **trader** still has 1 or more contracts under which a customer ~~customer~~ of the defaulting **trader** purchases **electricity** from the defaulting **trader** or is still recorded in the **registry** as being responsible for 1 or more **ICPs**.
- (2) The **Authority** must—
- (a) give written notice to the defaulting **trader** that the **Authority** considers that this clause applies; and
 - (b) attempt to advise customers ~~customers~~ of the defaulting **trader** that—
 - (i) the defaulting **trader** has committed an **event of default**; and
 - (ii) the customer ~~customer~~ should enter into a contract for the purchase of electricity with another **trader** by the date that is 14 days after the day on which the **Authority** gave written notice to the defaulting **trader** under clause 2(1); and.
 - (iii) if the customer ~~customer~~ fails to enter into a contract with another **trader** by that date, the **Authority** may assign the defaulting **trader's** rights and obligations under the customer's ~~customer's~~ contract with the defaulting **trader** to another **trader** under clause 5.

...

5 Authority may assign contracts and ICPs

- (1) This clause applies if, by the end of the 17th day after the defaulting **trader** was given notice under clause 2(1),—
- ...
- (b) the defaulting **trader** continues to have 1 or more contracts under which a customer ~~customer~~ of the defaulting **trader** purchases **electricity** from the defaulting **trader** or the defaulting **trader** is still recorded in the **registry** as being responsible for 1 or more **ICPs**.
- (2) The **Authority** may—
- (a) exercise its right under a contract under which a customer ~~customer~~ purchases **electricity** from the defaulting **trader** to assign the rights and obligations of the defaulting **trader** under the contract to a recipient **trader** in accordance with the contract; and
- ...

6 Authority must provide information to recipient trader

If the **Authority** exercises its right to assign rights and obligations or an **ICP** under clause 5(2), the **Authority** must provide the following information to each recipient **trader**:

- (a) the number of ~~customer~~ **customer** contracts (to the extent that the **Authority** has the information) and **ICPs** assigned to the **trader**; and
- (b) any information that the **Authority** holds about the ~~customers~~ **customers** and **ICPs** assigned to the **trader**.

8 Terms of assigned contract

- (1) If the **Authority** exercises its right to assign rights and obligations under clause 5(2), the **Authority** must attempt to advise the ~~customer~~ **customer** that the terms of the contract may be amended on assignment.
- (2) The recipient **trader** must use reasonable endeavours to advise the ~~customer~~ **customer** of those terms.

Part 12

12.43 Net benefits test

...

- (8) The estimate of **expected unserved energy** in MWh multiplied by the value per MWh of that **expected unserved energy** under subclause (1) must be based on—

...

- (b) if Transpower and a **designated transmission customer** cannot agree on the amount and value of the **expected unserved energy** under paragraph (a), the **value of expected unserved energy** in clause 4 of Schedule 12.2 and **Transpower's** estimate of the **expected unserved energy** in respect of each affected **designated transmission customer** and end use ~~customer~~ **customer**.

12.117 Permanent removal of interconnection assets from service or permanent grid reconfiguration

...

- (9) The estimate of **expected unserved energy** in MWh multiplied by the value per MWh of that **expected unserved energy** under subclause (2) must be based on the **value of expected unserved energy** in clause 4 of Schedule 12.2 and **Transpower's** estimate of the **expected unserved energy** in respect of each affected **designated transmission customer** and end use ~~customer~~ **customer**.

...

12.141 Consideration of the likely effects of planned outages

...

- (3) ...
 - (d) the estimate of **expected unserved energy** in MWh multiplied by the value per MWh of that **expected unserved energy** under subclause (2) must—
 - (i) in the case of **connection assets**, be based on—
 - ...
 - (B) if **Transpower** and a **designated transmission customer** cannot agree on the amount and value of the **expected unserved energy**

under subparagraph (A), the **value of expected unserved energy** in clause 4 of Schedule 12.2 and **Transpower's** estimate of the **expected unserved energy** in respect of each affected **designated transmission customer** and end use customer customer; and

(ii) in the case of **interconnection assets**, be based on—

...

(B) **Transpower's** estimate of the **expected unserved energy** in respect of each affected **designated transmission customer** and end use customer customer.

...

Part 14

14.41 Definition of an event of default

(1) Each of the following events constitutes an **event of default**:

...

(h) termination of a **trader's use-of-system agreement** with a **distributor** because of a **serious financial breach** if—

(i) the **trader** continues to have a customer customer or customers customers purchasing electricity from the trader on the **distributor's local network** or **embedded network**; and

...

Part 14A

14A.17 Participants subject to prudential requirements must provide information to clearing manager

...

(3) Each **participant** that is required to comply with prudential requirements under this Part must provide the following information to the **clearing manager** immediately upon the **participant** becoming aware of the situation:

(a) if the **participant** is a **purchaser**, any significant change to that **purchaser's business**, including a merger or acquisition, loss or gain of a customer customer, or sale or purchase of assets, that could significantly affect the quantity of **electricity** purchased or generated by the **participant** in its capacity as a **purchaser** or **generator**:

...

19 Proposal 2018-18: Update to security forms under Schedules 14A.2 to 14A.5

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

19.1 We have decided to amend the forms under Schedules 14A.2 to 14A.5 to make them more user-friendly and administratively efficient.

Submitters' view

19.2 In their submissions, Genesis Energy and NZX suggested some improvements to the Code drafting in the proposal.

Our decision

19.3 After considering these submissions, we have revised the proposal's Code drafting:

(a) to insert examples of certain events that could otherwise affect, discharge or diminish the guarantee in Schedule 14A.2, to make the document easier to understand

(b) to make several minor clarifications or typographical edits.

19.4 NZX, for Energy Clearing House Limited, sought comment from ANZ, BNZ and Westpac on the changes to the Bank Guarantee and Letter of Credit. The three banks agree with the changes. The banks have confirmed that banks still use SWIFT numbers.

Submitter's view

19.5 Genesis Energy submitted that it did not agree with our view that the proposal was technical and non-controversial.

Our decision

19.6 We disagree with Genesis Energy's view. The Code changes proposed in the consultation paper are technical and non-controversial because they will not change the purpose or effect of the obligations, or level of security, in the current forms in Schedules 14A.2 to 14A.5.

19.7 As noted above, NZX, for Energy Clearing House Limited, sought comment from ANZ, BNZ and Westpac on the changes to the Bank Guarantee and Letter of Credit. The banks have confirmed the existing documents do not lose their enforceability as a result of the changes.

The amendment will promote the efficient operation of the electricity industry

19.8 The Code amendment will promote the efficient operation of the electricity industry by making the security forms under Schedules 14A.2 to 14A.5 easier to understand and use, which reduces participants' transaction costs in putting security arrangements in place under the Code.

19.9 The Code amendment will come into force on 1 November 2018.

The Code amendment

19.10 The Code amendment is as follows:

Schedule 14A.2 Guarantee

To: [Clearing manager] (the "Clearing Manager")
[address]

Attention: [name]

Dear Sir/Madam

1. [Bank] ("the "Bank") refers to each and every obligation pursuant to the ~~Electricity Industry Participation Code 2010 ("the Code")~~ of [Participant] ("the "Principal") to pay amounts the Principal, now or at any time, owes to, and is invoiced by, ~~you the~~ Clearing Manager (whether as principal or agent) together with default interest, if any, in relation to such amounts ("the "Obligations") ~~pursuant to under the Electricity Industry Participation Code 2010 (the "Code").~~
2. The Bank unconditionally guarantees to pay the payment to you Clearing Manager ~~on demand~~ of an amount specified in each such demand provided that—

[(a) ~~the aggregate Bank's liability of the Bank under this guarantee will not exceed \$[insert amount determined from time to time by the clearing manager calculated in accordance with clause 14A.5 of the Code]~~ (the "Maximum Amount"); and]

[Note: Bank to elect either this paragraph or the following paragraph].

[(a) ~~the aggregate Bank's liability of the Bank under this guarantee in respect of which this guarantee is in effect will not exceed the Maximum Amount as defined below—~~

- (i) The sum of the amounts calculated for all trading periods to which this guarantee applies in any period to which a demand under this guarantee relates in accordance with the following formula:

$$A*B$$

where

A is [X] MWh

B is the final price for the trading period at the [specify] [grid injection point/grid exit point/reference point]; and

- (ii) For the purposes of ~~subparagraph paragraph 2(a)(i)~~, this guarantee applies to every trading period within any period to which a demand under this guarantee relates as follows:

A. From the {"Starting Date", being} the later of—

1. the start of the period; and

2. ~~[DATEdate]~~; and
- B. Until the "Final Date", being the earlier of—
 1. the end of the period; and
 2. the Final Date as notified to the ~~clearing manager~~Clearing Manager under paragraph 2(a)(iii); and
 3. ~~[DATEdate]~~; and
- (ii) ~~Notwithstanding~~Despite anything in this guarantee or in the Code, the Bank may give the ~~clearing manager~~Clearing Manager notice of the Final Date for the purposes of paragraph 2(a)(ii)B. The Final Date is the later of the date specified in the notice or ~~2-two~~ business days after the date on which the ~~clearing manager~~Clearing Manager receives the notice; and]
- (b) ~~Your~~the Clearing Manager's demand is made in writing and is signed by or purported to be signed by an authorised signatory; and
- (c) a certificate signed by or purported to be signed by yourthe Clearing Manager's authorised signatory and certifying that the Principal has failed, in whole or in part, to fulfil the Obligations accompanies ~~your~~the demand, ~~which such~~ certificate will be conclusive proof of such failure.
3. ~~This~~The Bank's liability under this guarantee will not be affected, discharged, or diminished by any act ~~or,~~ omission, or matter, which ~~would~~, but for this provision, ~~have exonerated~~would have affected, discharged, or diminished a guarantor's liability, but would not have affected ~~or,~~ discharged, or diminished the Bank's liability had it been a principal debtor, including:
 - (a) the insolvency, liquidation, or dissolution of the Principal or any other person, the appointment of any receiver, manager, inspector, trustee, statutory manager, or other similar person in respect of the Principal or any other person, or any change in the Principal's status, function, control, or ownership; and
 - (b) any of the Obligations, or the obligations of any person under any security or guarantee held in relation to any of the Obligations, being or becoming in whole or in part void, voidable, defective, illegal, invalid, or unenforceable in any respect or ranking after any other security; and
 - (c) any time, credit or other indulgence or other concession being granted or agreed to be granted by the Clearing Manager to, or any composition or other arrangement made with or accepted from, the Principal in respect of any of the Obligations or the obligations of any person under any security or guarantee held in relation to the same; and
 - (d) any variation of the terms of any of the Obligations or of any security or guarantee (including under this guarantee) held in relation to the same; and
 - (e) any failure to realise or fully realise the value of, or any release, discharge, exchange, or substitution of, any security or guarantee held in relation to any of the Obligations; and

- (f) any failure (whether intentional or not) to take, fully take or perfect any security now or in the future agreed to be taken by the Clearing Manager in relation to any of the Obligations; and
 - (g) any other act, event or omission that, but for this clause 3, would or might operate or discharge, impair, or otherwise affect any of the obligations of the Guarantor under this guarantee or any of the rights, powers, or remedies conferred upon the Clearing Manager by the rules or by law.
4. Subject to paragraph 5 below, this guarantee will continue in force until the date at which the Principal ~~has ceased~~ ceases to be bound by the Code and has discharged its obligations to ~~you~~ the Clearing Manager under the Code, at which time ~~you~~ the Clearing Manager will return this guarantee to the Bank.
5. Despite anything else in this guarantee, the Bank may at any time pay ~~you~~ the Clearing Manager the Maximum Amount less any amount or amounts the Bank may previously have paid under this guarantee or such lesser sum as ~~you~~ the Clearing Manager may require. Upon payment of that sum, ~~the liability of the Bank under this guarantee will cease~~ shall be cancelled and determine the Bank shall have no further liability.

[Note: Bank to elect either this paragraph or the following paragraph as a method of cancellation.]

- 5. Despite anything else in this guarantee, the Bank may cancel this guarantee ~~as to subsequent liability by giving ninety (90) days' notice in writing to [clearing manager]; however~~ the Clearing Manager. Following cancellation of this guarantee, the Bank will remain remains liable with respect to the for any Obligations that relate to the period prior to incurred before the effective date of the ninety (90) days' notice cancellation, but shall not be liable for any Obligations incurred after that date.
- 6. This guarantee may be assigned by ~~you~~ the Clearing Manager without the Bank's consent. It will bind the successors and assigns of the Bank, ~~as well as any entity with which the Bank may amalgamate.~~
- 7. This guarantee is governed by ~~and interpreted in all respects in accordance with~~ New Zealand law and the parties irrevocably submit to the non-exclusive jurisdiction of the courts of New Zealand.

[insert execution block for Bank]

EXECUTED for and on behalf _____)
of [BANK] _____)
by its Attorneys _____)
.....)
[Print Names] _____) Signature(s)

.....
in the presence of:

.....
Signature

.....
Full Name

.....
Address

.....
Occupation

.....
Signature(s)

Schedule 14A.3
Deed of guarantee and indemnity

DATED

BY

1. [Guarantor] (the "Guarantor")

IN FAVOUR OF

2. [Clearing manager] (the "Beneficiary")

1. Guarantee and indemnity

1.1 ~~4.~~The Guarantor—

- (a) unconditionally and irrevocably guarantees to the Beneficiary the due performance and observance by [Participant] ("the "Debtor") of each ~~and every~~ obligation the Debtor may now or ~~hereafter in the future~~ have to the Beneficiary to pay amounts it owes to, and is invoiced by, the Beneficiary (whether as principal or agent) together with default interest, if any, in relation to such amounts ("the "Obligations") ~~pursuant to under~~ the Electricity Industry Participation Code 2010 ("the "Code") ~~and promises to pay to the Beneficiary on demand all amounts now or hereafter owing, due or payable by the Debtor to the Beneficiary in respect of the Obligations; and~~
- (b) ~~agrees as a primary obligation to indemnify~~ indemnifies the Beneficiary ~~from time to time on demand from and against~~ any loss incurred by the Beneficiary as a result of any failure by the Debtor to fulfil the Obligations. This indemnity shall apply to any of the Obligations ~~being void, voidable (or unenforceable for any reason, whether or not known to the Beneficiary, the any amount of such loss being the amount that the Beneficiary which, if recoverable, would otherwise have been entitled to recover from the Debtor. 2. This Deed formed part of the Obligations) which is to not or may not be security in respect of each enforceable, recoverable, or recovered for any reason; and~~

~~(c) shall pay the Obligations (and every one of the Obligations but, nevertheless, the any other amounts owing under this Deed) on demand.~~

1.2 ~~The~~ total amount payable by the Guarantor under this Deed must not exceed the aggregate of ~~£[insert amount determined from time to time by the clearing manager calculated in accordance with clause 14A.5 of the Code]~~ (the "Maximum Amount") and any sums payable under clauses ~~1(3)~~ and 9 of this Deed.

1.3 ~~3-~~If any moneys payable by the Guarantor under this Deed are not paid on demand, the Guarantor must pay to the Beneficiary interest on such unpaid moneys (both before and after ~~judgement~~ judgment) at the rate determined in accordance with clause ~~1(4)~~ of this Deed from the date of demand to the date of their actual receipt by the Beneficiary calculated on a daily basis and capitalised as the Beneficiary will determine.

1.4 ~~4-~~The ~~rate at which interest must~~ rate will be calculated is the aggregate of 5% per annum plus the then prevailing settlement bid rate for 90 day bills displayed on Reuters Screen BKBM at 10:45am on the date of demand or, if for any reason that rate is not displayed, the rate determined by the Beneficiary to be the nearest practicable equivalent.

2. **Preservation of rights**

2.1 ~~4-~~The obligations of the Guarantor and the rights, powers and remedies conferred on the Beneficiary under this Deed are in addition to, and not in substitution for, any other security or guarantee that the Beneficiary may at any time hold in respect of the Obligations ~~or any of them~~ and may be enforced without the Beneficiary first having recourse to any such security and without the Beneficiary first taking steps or proceedings against the Debtor.

2.2 ~~2-~~ Neither the obligations of the Guarantor under this Deed nor The Guarantor's liability and the rights, powers, and remedies conferred in respect of the Guarantor upon on the Beneficiary by under this Deed or by law may will not be affected, discharged, impaired or diminished by (and the Guarantor waives notice of) any act, omission or matter which, but for this clause 2.2, would have affected, discharged or diminished the Guarantor's liability to the Beneficiary or the Beneficiary's rights, powers and remedies with respect to the Guarantor or would have otherwise affected by anything that might operate to discharge, impair, or otherwise affect the same, provided a defence to the Guarantor (in each case, in whole or in part), including—

- (a) the insolvency, liquidation, or dissolution of the Debtor or any other person, the appointment of any receiver, manager, ~~receiver and manager~~, inspector, trustee, statutory manager, or other similar person in respect of the Debtor or any other person, or any change in the Debtor's status, function, control, or ownership; and
- (b) any of the Obligations, or the obligations of any person under any security or guarantee held in relation to any of the Obligations, being or becoming in whole or in part void, voidable, defective, illegal, invalid, or unenforceable in any respect or ranking after any other security; and
- (c) any time, credit or other indulgence or other concession being granted or agreed to be granted by the Beneficiary to, or any composition or other arrangement made with or accepted from, the Debtor in respect of any of the

Obligations or the obligations of any person under any security or guarantee held in relation to the same; and

- (d) any variation of the terms of any of the Obligations or of any security or guarantee (including under this guarantee Deed) held in relation to the same; and
- (e) any failure to realise or fully realise the value of, or any release, discharge, exchange, or substitution of, any security or guarantee held in relation to any of the Obligations; and
- (f) any failure (whether intentional or not) to take, fully take or perfect any security now or ~~hereafter~~ in the future agreed to be taken by the Beneficiary in relation to any of the Obligations; and
- (g) any other act, event or omission that, but for this clause 2(2), would or might operate or discharge, impair, or otherwise affect any of the obligations of the Guarantor under this Deed or any of the rights, powers, or remedies conferred upon the Beneficiary by the rules or by law.

2.3 ~~3-~~ If any payment to the Beneficiary under this Deed is avoided by law, the Guarantor's obligation to ~~have made such~~ make the payment will ~~be deemed not to have been~~ be affected or, discharged, or diminished, and the Guarantor must on demand indemnify the Beneficiary against all costs sustained or incurred by the Beneficiary as a result of it being required for any reason to refund all or part of any amount received or recovered by it in respect of such payment and must in any event pay to the Beneficiary on demand the amount so refunded by it. The Beneficiary and the Guarantor will, in any such case, be deemed to be restored to the position in which each would have been and will be entitled to exercise the rights they respectively would have had if that payment had not been made.

~~4. The Beneficiary is not obliged before exercising any of the rights, powers, or remedies conferred upon it in respect of the Guarantor by law to make any demand on the Debtor, take any action or obtain judgement in any court against the Debtor, make or file any claim or prove in any liquidation of the Debtor, or enforce or seek to enforce any security or guarantee taken in respect of the Obligations.~~

2.4 ~~5-~~ After a demand has been made by the Beneficiary under this Deed, and so long as the Guarantor is under any actual or contingent liability under this Deed, the Guarantor must not—

- (a) exercise in respect of any amount paid by the Guarantor under this Deed any right of subrogation or any other right or remedy that the Guarantor may have in respect of such amount paid; or
- (b) except with the Beneficiary's consent in writing, claim or receive payment of any other moneys for the time being due to the Guarantor by the Debtor or exercise any other right or remedy that the Guarantor may have in respect of the same; or
- (c) unless so required by the Beneficiary, prove in the liquidation of the Debtor in competition with the Beneficiary for any moneys owing to the Guarantor by the Debtor on any account.

Any moneys obtained by the Guarantor from the Debtor with such consent or as so required or in breach of this clause must, in each case, be held by the Guarantor

upon trust to pay such moneys to the Beneficiary in or towards discharge of the Guarantor's obligations under this Deed.

2.5 ~~6~~-Any moneys received by the Beneficiary that may be applied in or towards discharge of any of the obligations of the Guarantor under this Deed must be regarded as a payment in gross so that, in the event of the liquidation of the Guarantor, the Beneficiary may prove in the liquidation for the whole of such moneys.

3. **Representations and warranties**

The Guarantor represents that—

- (a) it is duly incorporated and validly existing under the laws of ~~[New Zealand]~~ the jurisdiction in which it was incorporated, capable of suing and being sued and has the power to enter into and perform this Deed, and has taken all necessary corporate action to authorise it to enter into, execute, deliver, and perform its obligations under this Deed; and
- (b) its entry into, execution, delivery, and performance of this Deed will not contravene any law or regulation to which the Guarantor is subject or any provision of its constitutional documents and all things (including the obtaining of consents) requisite for such entry, execution, delivery, and performance have been taken, fulfilled, and done, and are in full force and effect; and
- (c) no obligation of the Guarantor under this Deed is secured by, and the execution, delivery and performance of this Deed will not result in the existence of, or oblige it to create, any mortgage, charge, pledge, lien or other encumbrance over any of its present or future revenues or assets; and
- (d) the execution, delivery of and performance of the Guarantor's obligations under this Deed will not cause the Guarantor to be in breach of or in default under any agreement binding on the Guarantor or any of its assets and no material litigation or administrative proceeding before, ~~by or of~~ any court or governmental authority is pending or (so far as the Guarantor knows) threatened against the Guarantor or any of its assets which, if decided against the Guarantor, would have a material adverse effect on the ability of the Guarantor to meet any or all of the obligations ~~hereunder~~ in this Deed.

4. **Payments**

All payments to be made by the Guarantor to the Beneficiary under this Deed must be made without set-off or counterclaim and without any deduction or withholding. If the Guarantor is obliged by law to make any deduction or withholding from any such payment, the amount due from the Guarantor in respect of such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Beneficiary receives a net amount equal to the amount the ~~Bank~~ Beneficiary would have received had no such deduction or withholding been required to be made.

5. **Continuing security**

This Deed will be a continuing security to the Beneficiary in respect of each ~~and every one of the Obligations~~ Obligation and must not be (or be construed so as to be) discharged by any intermediate discharge or payment of or on account of the

Obligations or any settlement of accounts between the Beneficiary and the Debtor or anyone else.

6. **TerminationCancellation**

~~[4-Despite anything else in this Deed, the Guarantor may at any time pay to you the Beneficiary the Maximum Amount less any amount or amounts the Guarantor may previously have paid under this Deed or such lesser sum as you the Beneficiary may require. Upon payment of that sum, the liability of this Guarantee shall be cancelled and the Guarantor under this Deed will cease and determine shall have no further liability.]~~

[Note: Guarantor to elect either this clause or the following clause as a method of cancellation.]

~~[1-Despite anything else in this Deed the The Guarantor may cancel this Deed as to subsequent liability by giving ninety (90) days' notice in writing to [Clearing manager]; however the Beneficiary. Following cancellation of this Guarantee, the Guarantor will remain remains liable with respect to the for any Obligations that relate to the period prior to incurred before the effective date of the ninety (90) days' notice cancellation but shall not be liable for any Obligations incurred after that date.]~~

7. **Assignment**

This Deed may be assigned by the Beneficiary without the Guarantor's consent. It will bind the successors and assigns of the Guarantor, ~~as well as any entity with which the Guarantor may amalgamate.~~

8. **Notices**

8.1 ~~4-~~Any demand ~~to be made~~ on the Guarantor by the Beneficiary under this Deed ~~may must~~ be made in writing and delivered to the ~~address set out below registered~~ office of the Guarantor or to any other address in New Zealand from time to time notified under clause 8(2). ~~The Guarantor's address, as at the date of this Deed is: [address] by the Guarantor to the Beneficiary in writing.~~

8.2 ~~2-~~The Guarantor must immediately notify the Beneficiary of any change in the above address.

9. **Costs and expenses**

The Guarantor ~~must on demand indemnify and hold harmless~~ indemnifies the Beneficiary ~~from and against~~ for all costs and expenses (including legal fees and any taxes or duties) incurred by the Beneficiary in the enforcement and protection of its rights under this Deed.

10. **Governing law**

This Deed is governed by, ~~and construed in accordance with~~ New Zealand law, and the Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of New Zealand.

[insert execution block for Guarantor]

~~EXECUTED for and on behalf~~ _____)

of [Guarantor] _____)

in the presence of: _____)

.....

.....

Director _____ Director/Secretary

.....

Signature

.....

Full Name

.....

Address

.....

Occupation

~~Note I: If two directors sign, no witness is necessary. If a director and secretary sign, both signatories are to be witnessed. If the director and secretary are not signing together, a separate witness will be necessary for each signature.~~

~~Note II: If the Guarantor is incorporated outside of New Zealand, insert an appropriate execution clause for the country of incorporation.~~

Schedule 14A.4

Letter of credit

To: [Clearing manager] (the "Clearing Manager")
(to be advised through [Bank], SWIFT: [Code])
[address]

Attention: [name]

Dear Sir/Madam

IRREVOCABLE TRANSFERABLE STANDBY LETTER OF CREDIT NO. [number]
DATED [date]

We, [Bank] ("the "Bank") issue ~~our~~ in favour of the Clearing Manager this irrevocable transferable standby letter of credit ("the "Letter of Credit") as follows:

~~IRREVOCABLE TRANSFERABLE STANDBY LETTER OF CREDIT NO. [number]~~
~~DATED [date]~~

The Account Party: [Participant] ("the "Account Party")

~~Beneficiary: [Clearing manager] ("the Beneficiary");~~ The Clearing Manager (the "Beneficiary")

Issued in Connection With: ~~Each and every obligation ("the Obligations")~~ of the Account Party to pay the amounts it, now or at any time, owes to, and is invoiced by, the Beneficiary (whether as principal or agent) together with default interest, if any, in relation to such amounts (the "Obligations") under the Electricity Industry Participation Code 2010 ("the "Code").

Maximum Amount: ~~[\$[insert amount]]~~ (the "Maximum Amount").

Expiry: This Letter of Credit expires on the earliest of—

- (a) the date at which the Account Party has ceased to be bound by the Code and has discharged its obligations to the Beneficiary under the Code; or
- (b) the date of satisfaction of this Letter of Credit in accordance with its terms; or
- {(c) [the date on which the Bank makes payment to the Beneficiary of the Maximum Amount either at its sole discretion or following demand by the Beneficiary under this Letter of Credit in accordance with its terms,];

[Note: Bank to elect either this clause or the following clause as a method of cancellation.]

- {(c) [~~ninety (90) days after notice in writing of cancellation of this Letter of Credit as to subsequent liability has been given to [Clearing manager]; however, by the Bank will remain to the Clearing Manager, provided that the Bank remains liable with respect to the for any Obligations that relate to the period prior to incurred before the effective date of cancellation but shall not be liable for any Obligations incurred after that date,](the ninety (90) days' notice)~~("Expiry Date").

Payable at: [Sight or by demand using SWIFT]

Available at: [address]

By ~~Drafts-demand~~ on: The Bank.

Enfaced: Drawn under [Bank] Irrevocable Transferable Standby Letter of Credit No. [number] dated [date].

Returnable to: The Bank upon expiry.

The proceeds of this Letter of Credit are transferable by the Beneficiary. A claim may be made under this Letter of Credit by delivering to the address at which this Letter of Credit is expressed to be available, by no later than [time] New Zealand time on or before the Expiry Date, a draft drawn on the Bank (enfaced as specified above) accompanied by—

- (a) this Letter of Credit; and
- (b) a ~~Certificate purported to be~~ certificate signed by an authorised signatory of the Beneficiary in the following form:

To [Bank] [date]

[Clearing manager] of [address] ("the "Beneficiary") hereby makes claim under the [Bank] Irrevocable Transferable Standby Letter of Credit No. [number] ("the "Letter of Credit"). Words and expressions defined in the Letter of Credit will have the same meaning in this Certificate.

[Participant] ("the "Account Party") has failed, in whole or in part, to fulfil the Obligations.

As at the date of this Certificate, the amount owed to the Beneficiary by the Account Party in respect of the Obligations is the sum of \$[amount outstanding].

Accordingly, the Beneficiary is entitled to claim and requests payment by [date] of the amount of \$[amount claimed] to be credited to:

Bank: [Beneficiary's bank]

Account number [Beneficiary's trust account number]

Bank's SWIFT Code [Bank's SWIFT Code].

The signatory or signatories is/are authorised by the Beneficiary to make the statements in this Certificate on behalf of the Beneficiary.

Signed.....

Authorised Signatory

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce Publication No. -600 [and the Supplement to the Uniform Customs and Practice for Documentary Credits for Electronic Presentation 2007], except as otherwise provided in this Letter of Credit. Subject to that, this Letter of Credit will be governed by, ~~and construed in accordance with, the laws of New Zealand law,~~ and the parties irrevocably submit to the non-exclusive jurisdiction of the courts of New Zealand.

The Bank ~~engages~~ agrees with the Beneficiary that drafts drawn under, and in compliance with, this Letter of Credit and, ~~in aggregate,~~ up to the Maximum Amount will be paid on presentation in the manner provided in this Letter of Credit.

[insert execution clause for Bank]

EXECUTED for and on behalf _____)

of [BANK] _____)
by its Attorneys _____)
.....)
[Print Names] _____) Signature(s)

.....
in the presence of:

.....
Signature

.....
Full Name

.....
Address

.....
Occupation

Schedule 14A.5

Surety bond

To: [Clearing manager] (the "Clearing Manager")
[address]

From: [Surety] (the "Surety")
[address]

Bond Number: [number]

~~We, [Participant] as Principal, and [name of Surety], as Surety, are held and firmly bound to [Clearing manager], a corporation organised and existing under the laws of New Zealand, its successors and assigns, in the amount of [amount in words] New Zealand dollars (NZ\$), lawful money of New Zealand for the payment of which the Principal and Surety, their heirs, executors, administrators, successors and assigns are jointly and severally bound.~~

RECITALS

1. ~~[Participant] (the "Principal") has obligations (the "Obligations") pursuant to under the Electricity Industry Participation Code 2010 (the "Code") to pay the [Clearing manager] Manager amounts invoiced to it the Principal by the [Clearing manager] Manager ("Obligations").~~

2. ~~The On written demand by the Clearing Manager, the Surety agrees to deliver payment pay to the [Clearing manager] of Manager any outstanding amounts invoiced to the Principal, (together with any default interest payable in respect of those invoiced amounts) forthwith upon receipt of written demand for payment issued by a purported authorised representative of [Clearing manager]. Such written demands demand must be delivered to the Surety at its above address and certify that the Principal has failed, in whole or in part, to fulfil the Obligations.~~
3. ~~The Surety is Surety's total liability under this Bond shall not liable for a larger exceed \$[insert maximum amount] ("Maximum Amount"), in the aggregate, than the amount of this Bond.~~
4. ~~[The Surety may at any time pay to the [Clearing manager] Manager the amount of this Bond Maximum Amount less any amount or amounts the Surety may previously have paid under this Bond or such lesser sum as the [Clearing manager] Manager may require. Upon payment of that sum, the liability of the Surety under this Bond will cease be cancelled and determine the Surety shall have no further liability.]~~

[Note: Surety to elect either this proviso or the following proviso as a method of cancellation.]

4. ~~[This Bond may be cancelled by the The Surety as to subsequent liability may cancel this Bond by giving ninety (90) days' written notice in writing to [the Clearing manager]. However Manager. Following cancellation of this Bond, the Surety remains liable with respect to the Principal's for any Obligations that relate to the period prior to incurred before the effective date of the ninety (90) days' notice cancellation but shall not be liable for any Obligations incurred after that date.]~~
5. This Bond is not affected, discharged, or diminished by any act or omission that would, but for this provision, have exonerated released a surety but would not have affected or, discharged, or diminished the Surety's liability had it been a principal debtor.

~~This Bond is governed by, and interpreted according to, the laws of New Zealand, and the Principal and the Surety agree to submit to the non-exclusive jurisdiction of the courts of New Zealand.~~

6. This Bond may be transferred or assigned by the [Clearing manager] Manager without the Surety's consent.
7. Upon cancellation, the Bond will be returned to the Surety.

EXECUTION CLAUSE

8. This Bond is governed by New Zealand law, and the Surety agrees to submit to the non-exclusive jurisdiction of the courts of New Zealand.

[insert execution clause for Surety]

20 Proposal 2018-19: Making volume information permanent

We have decided to implement the proposal without change

20.1 We have decided to amend the Code, to:

- (a) amend the definition of “permanent estimate” in Part 1 to permit, in certain circumstances, a reconciliation participant to replace volume information created using estimated readings with volume information created using the reconciliation participant’s best estimates of validated meter readings
- (b) amend the definition of “historical estimate” in Part 1 to clarify that an historical estimate includes volume information that is the difference between a validated meter reading and a permanent estimate
- (c) clarify the drafting of clause 4 of Schedule 15.2, without altering participants’ obligations.

20.2 This is the proposal we consulted on.

We have decided to make no changes to the proposal in response to some feedback

Submitter’s view

20.3 In its submission, Contact Energy asked if we had considered allowing both gaining and losing traders at an ICP to pause the switch process, to require a customer to provide access to the meter. This would be to enable an actual meter read to be retrieved, which would in turn enable the switch to be completed.

Our decision

20.4 We have decided to make no changes to the proposal in response to Contact Energy’s submission point. We note the issue that Contact Energy has raised, but we consider it is sufficiently material as to require further consultation with interested parties.

20.5 We have included this matter in the work we are doing with the Switch Technical Group as part of our switch process review.

Submitter’s view

20.6 Genesis Energy submitted there is an advantage in knowing what level of volume (albeit very small) in the month 14 revision cycle is based on estimation. The proposed amendment to the definition of “permanent estimate” would remove this transparency.

Our decision

20.7 We have decided to make no changes to the proposal in response to Genesis Energy’s submission point. Genesis Energy should be able to readily obtain from its systems the volume of electricity in its month 14 submissions that is not based on two meter reads.

20.8 We note no other submitters said the proposal would remove this benefit.

Submitter's view

- 20.9 In its submission, Genesis Energy said there would be no benefit under the proposal from increased accuracy of metered quantities. This is because the proposed changes reflect current (industry) practice.

Our decision

- 20.10 We have decided to make no changes to the proposal in response to Genesis Energy's submission point. We understand the Code amendment reflects current practice for a number of reconciliation participants. We agree the amendment does not make the allocation of metered electricity quantities to traders more accurate, if the amendment reflects current practice for all reconciliation participants. However, the amendment still facilitates accurate allocation of metered quantities to traders.
- 20.11 We note that, if the amendment does indeed reflect current industry practice:
- (a) the costs we identified in the proposal will not arise
 - (b) there remains a small net benefit from avoided compliance costs.

Submitter's view

- 20.12 Genesis Energy submitted that the proposal did not seem to consider altering the requirement for 100% of meter reads to be noted as permanent estimates at the month 14 revision cycle.

Our decision

- 20.13 We have decided to make no changes to the proposal in response to Genesis Energy's submission point. The proposal's scope was limited to supporting reconciliation participants to meet an existing Code obligation, by permitting permanent estimates to be created when two validated meter reads are not available. Genesis Energy raised a significant policy question, which extended beyond the scope of the proposal.
- 20.14 We will liaise with Genesis Energy over whether they wish to propose a Code change that would permit submission information at the final revision cycle to be based on forward estimates.

Submitter's view

- 20.15 Transpower submitted that inserting "reconciliation participant" in clause 4(2) of Schedule 15.2 inadvertently removed the scope for an agent to prepare the submission information on behalf of the reconciliation participant. Transpower requested that we amend the proposed clause 4 of Schedule 15.2 by either:
- (a) adding the words "or its agent" after the words "reconciliation participant"; or
 - (b) redrafting the clause so that the reconciliation participant has the obligation to ensure the process is done, rather than being the party that must do it.

Our decision

- 20.16 We have not made this change. Clause 15.34 of the Code provides that a reconciliation participant who has obligations under this Part may discharge those obligations by way of an agent. This clause also specifies that the reconciliation participant retains accountability for the obligation even if it is performed by an agent. Because clause 15.34 applies to all obligations in Part 15 of the Code, there is no need to add "or its agent" in this clause.

The amendment will promote the efficient operation of the electricity industry

- 20.17 The Code amendment will promote the efficient operation of the electricity industry by reducing unnecessary compliance costs on reconciliation participants. It will also facilitate accurate allocation of metered quantities of electricity to traders under the reconciliation process.
- 20.18 The Code amendment will come into force on 1 February 2019.

The Code amendment

- 20.19 The Code amendment is as follows:

Part 1 Preliminary provisions

...

historical estimate means, in relation to non **half hour** metered **ICPs**, **volume information** (in kWh), apportioned to part or full **consumption periods** after having the **seasonal adjustment shape**, or any other **profile** that has, from time to time, been approved by the **Authority** for this purpose, applied, being 1 of the following:

- (a) the difference between 2 **validated** actual **meter readings**;
- (b) the difference between 2 **permanent estimates**;
- (c) any relevant **unmetered load**;
- (d) the difference between a **validated meter reading** and a **permanent estimate**

...

permanent estimate means—

- (a) a value sourced from an **estimated reading** that has passed the validation process in clauses 16 and 17 of Schedule 15.2 and has been calculated from **validated meter readings**; or
- (b) if, despite using reasonable endeavours, a **reconciliation participant** cannot replace **volume information** created using **estimated readings** with **volume information** created using **validated meter readings** by the month 14 revision cycle, a value created by the **reconciliation participant** using its best estimates of **validated meter readings**

...

Schedule 15.2 Collection of volume information

...

4 Permanence for the purposes of reconciliation

- (1) Only **volume information** created using **validated meter readings**, or if such values are unavailable, **permanent estimates**, has permanence within the reconciliation processes (unless subsequently found to be in error).
- (2) The relevant **reconciliation participant** must, at the earliest opportunity, and no later than the month 14 revision cycle, replace ~~V~~**volume information** created using **estimated readings** must be replaced at the earliest opportunity by the relevant ~~reconciliation participant~~ with **volume information** that has been

created using **validated meter readings** or **permanent estimates** by no later than the month 14 revision cycle.

- (3) A **permanent estimate** may be used in place of a **validated meter reading** only if a **reconciliation participant** ~~if~~, despite having used reasonable endeavours for at least 12 months, a **reconciliation participant** has been unable to obtain a **validated meter reading**, the **reconciliation participant** must replace **volume information** created using an **estimated reading** with **volume information** created using a **permanent estimate** in place of a **validated meter reading**.

21 Proposal 2018-20: Shorter timeframes for gaining MEP to receive and provide notifications

We have decided not to proceed with implementing the proposal

21.1 We have decided not to proceed with implementing any form of the proposal we consulted on, the main elements of which were as follows:

- (a) To require traders to provide the registry manager with the participant identifier of the MEP at an ICP on or before the day the trader asks the MEP to install metering components, or a metering installation, at the ICP.
- (b) To reduce, from 10 business days to 5 business days, the timeframe for a gaining MEP to advise the registry manager that the gaining MEP accepts responsibility for each metering installation for an ICP.
- (c) To require a gaining MEP to have an arrangement with a trader rather than to enter into an arrangement with a trader, which would accommodate situations where:
 - (i) the gaining MEP already has an arrangement with the trader
 - (ii) the gaining MEP does not yet have an arrangement with the trader.
- (d) To require an MEP to advise the registry manager, in the prescribed form, if the MEP declines to accept responsibility for each metering installation at an ICP (the wording of clause 1(b) of Schedule 11.4 means that this is currently only optional).
- (e) To change the registry's functionality, to enable an MEP to update an ICP's metering records once a trader advises the registry manager that the trader wants the MEP to be responsible for each metering installation at the ICP. The registry would revoke the MEP's ability to update the ICP's metering records if the MEP subsequently declined to be the MEP for each metering installation at the ICP.

Submitters raised issues we wish to consider alongside those we consulted on

21.2 Submitters raised a number of issues that are related to the issues set out in the consultation paper, including, but not limited to, the following:

- (a) under clauses 2 and 3 of Schedule 11.4, the period for an MEP to advise the registry manager of metering records is materially longer than the ICP switching timeframes
- (b) traders' inability to advise the registry manager of the nominated MEP at a new connection, because the distributor has not updated the ICP status to "Ready" in the registry (though it is ready at site)
- (c) whether an MEP should be permitted to populate metering information in the registry prior to the trader advising the registry manager of the MEP
- (d) when an MEP should take responsibility for a metering installation – eg, the event date of their first metering event sent to the registry versus the transfer date of the MN⁹ notification

⁹ MEP responsibility notice.

- (e) the extent to which MEPs must have arrangements with traders – eg, at points of connection to the grid.
- 21.3 Submitters' points may lead to further Code amendments. Staff expect any such Code changes will be sufficiently material to require the Authority to consult with interested parties.
- 21.4 There would be a risk in proceeding with the Code changes proposed in the consultation paper before considering Code changes to address submitters' points—the additional Code changes might amend the changes proposed in the consultation paper.

We believe a single project to implement any measures is preferable to two projects

- 21.5 We believe a single project implementing any measures to address the overall set of issues will have a benefit over two separate projects. This benefit will be in the form of lower implementation costs.
- 21.6 We believe this benefit will be greater than the costs some participants will continue incurring in the meantime, as a result of the issues identified in the consultation paper not being addressed now.

We intend to consider this matter in the 2019 Code Review Programme

- 21.7 We consider there may be significant efficiency gains possible for the electricity industry in the areas discussed in the proposal and submissions on the proposal. Therefore, we intend to assign a high priority to considering these issues.

22 Proposal 2018-21: Decommissioning a metering installation

We have decided to implement the proposal without change

22.1 We have decided to amend the Code, to address several shortcomings in the drafting of clause 11.18B(3), as follows:

- (a) move existing clause 11.18B(3) to new clause 10.23A, since decommissioning a metering installation is a matter more appropriately addressed in Part 10 (Metering), than in Part 11 (Registry information management)
- (b) in the new clause 10.23A, explicitly note that an MEP is not to arrange for a final interrogation of a metering installation at an ICP if the ICP is being decommissioned—this is instead the responsibility of the trader at the ICP, in accordance with clause 11.18(3)
- (c) include in the new clause 10.23A an obligation on the MEP responsible for decommissioning the metering installation to advise the participant responsible for interrogating the metering installation of when the decommissioning will occur.

22.2 This is the proposal we consulted on.

We have decided to make no changes to the proposal in response to some feedback

Submitter's view

22.3 In its submission, Mercury Energy expressed concern about how part of the proposal would work in practice. Mercury Energy believed it may not be practicable for the MEP decommissioning a metering installation to advise the participant responsible for interrogating that metering installation of when the decommissioning was occurring. Mercury Energy said this was because MEPs do not have a direct relationship with consumers and it is the consumer who mostly initiates the decommissioning of a metering installation.

22.4 Mercury Energy supported the proposed drafting change, but suggested we reconsider:

- (a) if it is always practical for MEPs to advise responsible participants of the decommissioning taking place
- (b) how this notification process would work, given that consumers will initiate the decommissioning but do not have a relationship with the MEP.

Our decision

22.5 We have decided not to amend the proposal in response to Mercury Energy's submission. If a consumer requests that a metering installation at an ICP be decommissioned, they should do so by advising their retailer, since this is the party the consumer has the contractual relationship with in respect of the metering installation. The retailer will, in turn, advise the MEP who is responsible for decommissioning the metering installation of the requested decommissioning.¹⁰ The MEP will then be able to

¹⁰ If the retailer does not have the contractual relationship with the MEP, the retailer will do this via the trader that does.

advise other participants of when a decommissioning is to occur. This will include advising the participant who is doing the final interrogation.¹¹

Submitter's view

- 22.6 In its submission, Nova Energy stated that, in all cases, no metering installation shall be decommissioned until the MEP confirms the following:
- (a) meter removal
 - (b) de-energisation
 - (c) final interrogation, and provides the final interrogation to the trader.

Our decision

- 22.7 We disagree that the MEP decommissioning a metering installation must also be the party undertaking the final interrogation of the metering installation. Clause 11.18(3) of the Code requires the trader to arrange for the final interrogation of the metering installation.

The amendment will promote the efficient operation of the electricity industry

- 22.8 The Code amendment will promote the efficient operation of the electricity industry. The Code amendment will make it easier for participants—particularly MEPs and traders—to understand their respective Code obligations in relation to decommissioning metering installations.
- 22.9 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 22.10 The Code amendment is as follows:

10.23A Decommissioning of metering installation at ICP

- (1) If a metering installation at an ICP is to be decommissioned, but the ICP is not being decommissioned, the metering equipment provider that is responsible for decommissioning the metering installation must,—
- (a) if the metering equipment provider is responsible for interrogating the metering installation—
 - (i) arrange for a final interrogation to take place before the metering installation is decommissioned; and
 - (ii) provide the raw meter data from the interrogation to the trader that is recorded in the registry as being responsible for the ICP; or
 - (b) if another participant is responsible for interrogating the metering installation, advise the other participant not less than 3 business days before the decommissioning—
 - (i) of the date and time of the decommissioning; and
 - (ii) that the participant must carry out a final interrogation.

¹¹ The trader at the ICP or another MEP.

(2) To avoid doubt, if a **metering installation** at an **ICP** is to be **decommissioned** because the **ICP** is being **decommissioned**—

(a) the **metering equipment provider** is not responsible for arranging a final **interrogation** of the **metering installation**; and

(b) the **trader** that is recorded in the **registry** as being responsible for the **ICP** must arrange for a final **interrogation** of the **metering installation** under clause 11.18(3).

11.18B Metering equipment provider responsibility for metering installation for ICP

....

~~(3) If an **ICP** is to be **decommissioned**, the **metering equipment provider** who is responsible for each **metering installation** for the **ICP** must, —~~

~~(a) if the **trader** is responsible for the **interrogation** of the **metering installation**, prior to the **decommissioning**, advise the **trader**, not less than **3 business days** prior to the **decommissioning**, that the **trader** must, when the status of the **ICP** is changed to inactive in accordance with clause 19 of Schedule 11.1, as part of the **decommissioning** of the **ICP**, carry out a final **interrogation**; or~~

~~(b) if the **metering equipment provider** is responsible for the **interrogation** of the **metering installation**, when the status of the **ICP** is changed to inactive in accordance with clause 19 of Schedule 11.1, as part of the **decommissioning** of the **ICP**, arrange for a final **interrogation** to take place and provide the **raw meter data** to the **trader** who is recorded in the **registry** as being responsible for the **ICP**.~~

23 Proposal 2018-22: Clarifying when a reconciliation participant may connect or electrically connect certain points of connection

We have decided to implement an amended form of the proposal

23.1 We have decided to insert a new clause 10.31B into the Code, and amend clauses 10.31, 10.31A, 10.33 and 10.33A of the Code, as follows:

- (a) Amend clause 10.31 to clarify that a distributor can connect an ICP where there is only shared unmetered load at the ICP if the distributor:
 - (i) has advised all traders that are to be assigned the unmetered load
 - (ii) followed the process set out in clause 11.14 of the Code.
- (b) Amend clause 10.31A to permit a distributor to temporarily electrically connect an ICP with only shared unmetered load, provided:
 - (i) the ICP is not an NSP
 - (ii) the distributor has advised all traders that are to be assigned the unmetered load of the distributor's intention to temporarily electrically connect the ICP, unless advising all such traders would impose a material cost on the distributor for, in the distributor's reasonable opinion, no material benefit to any of the traders.
- (c) Insert a new clause 10.31B that permits a distributor to electrically connect an ICP with only shared unmetered load, provided:
 - (i) the ICP is not an NSP
 - (ii) the distributor has advised all traders that are to be assigned the unmetered load of the distributor's intention to electrically connect the ICP, unless:
 - (A) the distributor is doing so following a maintenance outage
 - (B) advising all traders that are to be assigned the unmetered load would impose a material cost on the distributor for, in the distributor's reasonable opinion, no material benefit to any of the traders.
- (d) Amend clauses 10.33 and 10.33A so that references to "ICP" become references to "ICP that is not an NSP".
- (e) Amend clauses 10.33 and 10.33A to clarify that a trader may temporarily electrically connect (or electrically connect) an NSP, or authorise the temporary electrical connection (or electrical connection) of an NSP, if:
 - (i) for an NSP that is a point of connection to the grid, the grid owner has given its approval
 - (ii) for an NSP that is not a point of connection to the grid, the relevant distributor has given its approval.
- (f) Amend clause 10.33A to clarify that the requirements of subclause (2) are further to the requirements of subclause (1).

- 23.2 This represents the policy intent of the proposal we consulted on, with one change—permitting a distributor not to advise all relevant traders, in certain limited circumstances, of the temporary electrical connection, or electrical connection, of an ICP with only unmetered load.
- 23.3 In addition to this policy refinement, we have revised the proposed Code that we consulted on:
- (a) to ensure it aligns with the proposal's policy intent—refer to the amendment to clause 10.31(2)(b)
 - (b) to make it clearer when the Code is referring to a distributor temporarily electrically connecting or electrically connecting an ICP—refer to the new clauses 10.31A and 10.31B
 - (c) to make it clearer that the requirements of clause 10.33A(2) are further to the requirements of clause 10.33A(1).

We have decided to revise the proposal following submitters' feedback

Submitter's view

- 23.4 Contact Energy expressed its concern that the proposal allowed for load to be connected without a trader agreeing to, or requesting, the connection. This would often mean the trader had no agreement with the customer for this unmetered load portion of the customer's electricity supply. Contact Energy recommended a distributor should not be able to connect any new shared unmetered load unless all affected traders agreed, thereby accepting their affected ICPs would be responsible for the shared unmetered load.

Our decision

- 23.5 We agree the draft Code we consulted on did not fully reflect the proposal's policy intent, which was that, when connecting an ICP with shared unmetered load, a distributor had to follow the process of advising traders set out in clause 11.14. We have revised clause 10.31(2)(b), to clarify this policy intent.

Submitter's view

- 23.6 In its submission, Orion NZ queried whether the proposal's intent was to require distributors to advise traders of the temporary electrical connection / electrical connection of unmetered load as a result of maintenance activity and emergency. Orion NZ did not believe the benefit to a trader from being notified of the reconnection of shared unmetered load following repairs would necessarily outweigh the cost to a distributor of implementing the necessary notification processes. Orion NZ gave the example of a light that was shared unmetered load and which was compromised at night by a car accident.

Our decision

- 23.7 We agree with Orion NZ's concern about the proposal imposing unnecessary transaction costs on distributors reconnecting shared unmetered load following a maintenance outage. Therefore, we have amended the Code to provide for a distributor to reconnect an ICP where there is only shared unmetered load without advising all traders that are assigned the unmetered load at the ICP, if:

- (a) the reconnection follows a maintenance outage
- (b) advising all of the traders would impose a material cost on the distributor for no material benefit to any of the traders.

The amendment will promote the efficient operation of the electricity industry

23.8 The Code amendment will promote the efficient operation of the electricity industry by:

- (a) making it easier for participants to understand their obligations in relation to the connection, temporary electrical connection, and electrical connection of ICPs and NSPs
- (b) lessening the risk of unaccounted for electricity caused by participants electrically connecting ICPs without appropriate authorisation.

23.9 The proposed Code amendment is also expected to promote the reliable supply of electricity by reducing the possibility of an inadvertent supply failure caused by a participant not fully understanding its Code obligations.

23.10 The Code amendment will come into force on 1 November 2018.

The Code amendment

23.11 The Code amendment is as follows:

10.31 When distributor may connect ICP that is not NSP

- (1) Only a **distributor** may, on its network, connect an **ICP** that is not an **NSP**.
- (2) Despite subclause (1), a **distributor** must not connect an **ICP** that is not an **NSP** unless—
 - (a) the trader trading at the ICP has requested the connection; or
 - (b) in the following circumstances:
 - (i) there is only **shared unmetered load** at the **ICP**; and
 - (ii) in accordance with clause 11.14, the **distributor** has—
 - (A) assigned the **shared unmetered load**; and
 - (B) advised each **trader**, that is responsible under clause 11.18(1) for the **ICPs** across which the **unmetered load** is shared, of that assignment.

10.31A When distributor may temporarily electrically connect ICP that is not NSP

- (1) Subject to clause 10.33, only a **distributor** may, on its network, temporarily **electrically connect** an **ICP** that is not an **NSP**.
- (2) A **distributor** may only temporarily **electrically connect** an **ICP** that is not an **NSP**—
 - (a) if a **metering equipment provider** requests that the **distributor** temporarily **electrically connect** the **ICP** for the purposes of—
 - (a) **certifying a metering installation** at the **ICP**; or
 - (b) **maintaining, repairing, testing, or commissioning a metering installation** at the **ICP**; or

- (b) in the following circumstances:
 - (i) there is only **shared unmetered load** at the **ICP**; and
 - (ii) in accordance with clause 11.14, the **distributor** has—
 - (A) assigned the **shared unmetered load**; and
 - (B) advised each **trader**, that is responsible under clause 11.18(1) for the **ICPs** across which the **unmetered load** is shared, of that assignment; and
 - (iii) the **distributor** has advised those **traders** of the **distributor's** intention to temporarily **electrically connect** the **ICP**.
- (3) Despite subclause (2)(a), the **metering equipment provider** must not request that a **distributor** temporarily **electrically connect** an **ICP** that is not an **NSP** unless—
 - (a) the **trader** responsible for the **ICP** has authorised the **metering equipment provider** to do so; and
 - (b) the **metering equipment provider** has an arrangement with that **trader** to provide **metering** services.
- (4) Despite subclause (2)(b), the **distributor** need not advise the **traders** of the **distributor's** intention to temporarily **electrically connect** the **ICP** if—
 - (a) advising all **traders** would impose a material cost on the **distributor**; and
 - (b) in the **distributor's** reasonable opinion, advising the **traders** would not result in any material benefit to any of the **traders**.

10.31B When distributor may electrically connect ICP that is not NSP

- (1) A **distributor** may **electrically connect** an **ICP** that is not an **NSP** only if—
 - (a) there is only **shared unmetered load** at the **ICP**; and
 - (b) in accordance with clause 11.14, the **distributor** has—
 - (i) assigned the **shared unmetered load**; and
 - (ii) advised each all **trader**, that is responsible under clause 11.18(1) for the **ICPs** across which the **unmetered load** is shared, of that assignment; and
 - (c) the **distributor** has advised those **traders** of the **distributor's** intention to **electrically connect** the **ICP**.
- (2) Despite subclause (1)(b), the **distributor** need not advise the **traders** of the **distributor's** intention to **electrically connect** the **ICP** if—
 - (a) the **distributor** is doing so following a maintenance outage; and
 - (b) advising all **traders** would impose a material cost on the **distributor**; and
 - (c) in the **distributor's** reasonable opinion, advising the **traders** would not result in any material benefit to any of the **traders**.

10.33 When reconciliation participant may temporarily electrically connect point of connection

- (1) A **reconciliation participant** may temporarily **electrically connect** a **point of connection**, or authorise a **metering equipment provider** to temporarily **electrically connect** a **point of connection** under subclause (2), only if,—
- (aa) for an **NSP** that is a **point of connection** to the **grid**, the **grid owner** has approved—
- (i) the **reconciliation participant** temporarily **electrically connecting** the **point of connection**; or
- (ii) the **reconciliation participant** authorising the temporary **electrical connection** of the **point of connection**;
- (ab) for an **NSP** that is not a **point of connection** to the **grid**, the **distributor** that gave notice to the **reconciliation manager** under clause 25 of Schedule 11.1 has approved—
- (i) the **reconciliation participant** temporarily **electrically connecting** the **point of connection**; or
- (ii) the **reconciliation participant** authorising the temporary **electrical connection** of the **point of connection**;
- (a) for a **point of connection** that is an **ICP**, but which is not an **NSP**,—
- (i) the **reconciliation participant** is recorded in the **registry** as the **trader** being responsible for the **ICP**; and
- (b)(ii) if the **ICP** has metered load, 1 or more **certified metering installations** are in place at the **ICP** in accordance with this Part; and
- (c)(iii) in the case of an **ICP** that has not previously been **electrically connected**, the owner of the **network** to which the **point of connection** is connected has given written approval of the temporary **electrical connection**.
- (2) A **reconciliation participant** described in subclause (1)~~(a)~~ may authorise a **metering equipment provider**, with which the **reconciliation participant** has an arrangement, to request the temporary **electrical connection** of a **point of connection** only for the purposes of—
- (a) **certifying a metering installation** at the **point of connection**; or
- (b) maintaining, repairing, testing, or **commissioning** a **metering installation** at the **point of connection**.

10.33A When reconciliation participant may electrically connect point of connection

- (1) A **reconciliation participant** may **electrically connect** a **point of connection**, or authorise the **electrical connection** of a **point of connection**, only if,—
- (aa) for an **NSP** that is a **point of connection** to the **grid**, the **grid owner** has approved—
- (i) the **reconciliation participant** **electrically connecting** the **point of connection**; or

- (ii) the **reconciliation participant** authorising the **electrical connection** of the **point of connection**:
 - (ab) for an **NSP** that is not a **point of connection** to the **grid**, the **distributor** that gave notice to the **reconciliation manager** under clause 25 of Schedule 11.1 has approved—
 - (i) the **reconciliation participant** electrically connecting the **point of connection**; or
 - (ii) the **reconciliation participant** authorising the **electrical connection** of the **point of connection**:
 - (a) for a **point of connection** that is an **ICP**, but which is not an **NSP**,—
 - (i) the **reconciliation participant** is recorded in the **registry** as the **trader** being responsible for the **ICP**; and
 - ~~(b)~~(ii) if the **ICP** has metered load, 1 or more **certified metering installations** are in place at the **ICP** in accordance with this Part; and
 - ~~(c)~~(iii) in the case of an **ICP** that has not previously been **electrically connected**, the owner of the **network** to which the **point of connection** is connected has given written approval of the **electrical connection**.
- (2) Further to subclause (1), a **A-reconciliation participant** described in subclause (1)(a)(i)—
 - (a) may authorise the **electrical connection** of an **ICP** if—
 - (i) a **metering installation** is in place at the **ICP**; and
 - (ii) the **metering installation** is operational but not **certified**; and
 - (iii) the **reconciliation participant** arranges for the **certification** of the **metering installation** to be completed within 5 **business days** of the **ICP** being **electrically connected**:
 - (b) may **electrically connect** an **ICP** if the **point of connection** is solely for **unmetered load**.
- (3) A **reconciliation participant** must not authorise the **electrical connection** of a **point of connection** in any of the following circumstances —
 - (a) a **distributor** has **electrically disconnected** the **point of connection** for safety reasons, and has not subsequently approved the **electrical connection** of the **point of connection**:
 - (b) **electrically connecting** the **point of connection** would breach the Electricity (Safety) Regulations 2010.
- (4) No **participant** may **electrically connect** a **point of connection**, or authorise the **electrical connection** of a **point of connection**, other than—
 - (a) a **reconciliation participant** in the circumstances described in subclauses (1), (2), or (3);
 - (b) a **distributor** in the circumstances described in clause 10.31B(1).

24 Proposal 2018-23: Editorial corrections to the Code

We have decided to implement an amended form of the proposal

- 24.1 We have decided to amend the Code to correct a number of typographical errors including outdated cross-references, incorrect headings, terms that are in bold but should not be, and other minor drafting errors.
- 24.2 The consultation process did not raise any issues with the proposal.
- 24.3 This is the proposal we consulted on, but with the clarification of the proposed wording in clause 11.27 'Reports to Authority' (as detailed in paragraph 24.7 below).
- 24.4 Although we have not changed the intent of the proposal, we have revised the proposed Code drafting that we consulted on. The amendment to clause 11.27 clarifies that the event reporting required by the registry manager is derived from participant activity, or the lack of activity, in the registry.

The amendment will contribute primarily to the efficient operation of the electricity industry

- 24.5 The Code amendment will promote the efficient operation of the electricity industry. It will do this by correcting typographical errors in the Code, which makes it easier for participants to understand and meet their obligations under the Code.
- 24.6 The Code amendment will come into force on 1 November 2018.

The Code amendment

- 24.7 The Code amendment is as follows:

Part 1

sub-block dispatch groups means that a grouping of **generating stations** or **generating units** within a **block dispatch group** into subgroups to take account of any **block security constraints** ~~notified by~~ of which the system operator gives notice in accordance with clauses 13.61(1) and 13.73(1)(j)

sub-station dispatch group means a grouping of **generating units** or **generating stations** within a **station dispatch group** into subgroups to take account of any **station security constraints** ~~notified by~~ of which the system operator gives notice in accordance with clauses 13.65(1) and 13.75(1)(g)

submission expiry date means—

- (a) in the case of a submission on a **draft policy statement**, the date ~~notified by~~ the **Authority** advises in accordance with clause 8.12(2); and
- (b) in the case of a submission on a **draft procurement plan**, the date ~~notified by~~ the **Authority** advises in accordance with clause 8.44(2); and
- (c) in the case of a submission on the **transmission agreement** structure, the date ~~notified by~~ the **Authority** advises in accordance with clause 12.6(3); and
- (d) in the case of a submission on the draft **benchmark agreement**, the date ~~notified by~~ the **Authority** advises in accordance with clause 12.32(2); and

- (e) in the case of a submission on the draft **grid reliability standards**, the date ~~notified~~ **published** by the **Authority** in accordance with clause 12.61(3); and
- (f) in the case of a submission on the issues paper, the date ~~notified~~ **published** by the **Authority** in accordance with clause 12.82(1); and
- (g) in the case of a submission on the proposed **transmission pricing methodology**, the date ~~notified~~ **published** by the **Authority** in accordance with clause 12.92(2)

Part 6

Schedule 6.1

6 30 business days to negotiate connection contract if distributed generator ~~notifies~~ gives notice of intention to proceed

- (1) If a **distributed generator** whose application under clause 2 is approved gives notice to a **distributor** under clause 5, the **distributor** and the **distributed generator** have **30 business days**, starting on the date on which the **distributor** receives the notice, during which they must, in good faith, attempt to negotiate a connection contract.

15 Distributed generator must make final application

- (1) A **distributed generator** that makes an **initial application** to a **distributor** must make a **final application**, no later than 12 months after receiving information under clauses 12 and 13, if the **distributed generator** wishes to proceed with the application, unless—
 - (a) the **distributor** and the **distributed generator** agree that a **final application** is not required; and
 - (b) there are no persons to whom ~~notification is required~~ **the distributor must give written notice** under clause 16 at the time that the **distributor** and **distributed generator** agree that a **final application** is not required.

21 30 business days to negotiate connection contract if distributed generator ~~notifies~~ gives notice of intention to proceed

- (1) If a **distributed generator** whose **final application** is approved gives notice to a **distributor** under clause 20(1), the **distributor** and the **distributed generator** have **30 business days**, starting on the date on which the **distributor** receives the notice, during which they must, in good faith, attempt to negotiate a connection contract.

28 Distributors must keep records

A **distributor** must maintain records of each application and ~~notification notice~~ received under this Schedule and the resulting outcomes, including records of how long it took to approve or decline the application, and justification for these outcomes, for a minimum of 60 months after the day on which the application was approved or declined.

Part 7

7.5 Approval of draft security of supply forecasting and information policy and emergency management policy

...

- (7) When the **Authority publishes** the changes that the **Authority** wishes the **system operator** to make to the relevant draft policy under subclause (6), the **Authority** must ~~notify~~ advise the **system operator** and interested parties of the date by which submissions on the changes must be received by the **Authority**.
- (8) Each submission on the changes to the draft policy must be made in writing to the **Authority** and be received on or before the date ~~specified by the Authority~~ advises under subclause (7). The **Authority** must provide a copy of each submission received to the **system operator** and must **publish** the submissions.

Part 8

8.25 Other asset owner performance obligations and technical standards

...

- (5) If the **system operator** reasonably considers it necessary to assist the **system operator** in planning to comply, and complying, with the **principal performance obligations** and achieving the **dispatch objective**, the **system operator**—

...

- (b) must ~~notify~~ advise the **embedded generator** of its requirement at least 20 **business days** in advance of the requirement coming into effect.

8.28 Responsibility for compliance

...

- (2) If the **system operator** advises an **asset owner** ~~receives notification~~ under clause 8.27(3), ~~it~~ the **asset owner** must co-operate with the **system operator** and use reasonable endeavours to restore compliance as soon as practicable.

8.36 Appeal against decisions

- (1) A **participant** may ~~appeal~~ appeal a decision of the **system operator** or an **asset owner** in relation to an application for **dispensation** or **equivalence arrangements** on the grounds set out in subclause (3).

...

8.54 Other provisions relating to alternative ancillary service arrangements

...

- (2) An **asset owner** who obtains an authorisation of an **alternative ancillary service arrangement** must comply with its obligations under the arrangement. If the **system operator** advises an **asset owner** ~~receives notification~~ under subclause (1), ~~it~~ the **asset owner** must co-operate with the **system operator** and must immediately use reasonable endeavours to restore compliance as soon as possible.

8.60 System operator must investigate causer of under-frequency event

- (1) The **system operator** must promptly ~~notify~~ advise the **Authority**, every **generator**, **grid owner** and any other **participant** substantially affected by an **under-frequency event**, that an **under-frequency event** has occurred.

...

Schedule 8.3, Technical Code C

8 ~~Notification~~ Notice of planned outages of primary means of communication

Each **asset owner** must give written notice to the **system operator** of any planned outage of a primary means of communication described in clauses 4(1), 5(1) or (2), and 6(1) or (2).

Part 9

9.20 Retailer must have customer compensation scheme

...

- (2) Each of a **retailer's qualifying customers** must be covered by the **retailer's default customer compensation scheme**, unless the **retailer's qualifying customer** has elected to be covered by 1 of the **retailer's additional customer compensation ~~scheme~~ schemes** (if any) in accordance with clause 9.27.

Part 10

10.8 Requirements for information to be recorded, given, produced, or received

...

- (2) ~~Part 3 of the Electronic Transactions Act 2002~~ Subpart 3 of Part 4 of the Contract and Commercial Law Act 2017 does not, because of section 44(2)(a) ~~218(2)(a)~~ of that Act, apply to this Part.

10.13 Electricity conveyed

- (1) A **participant** must use the quantity of **electricity** measured by a **metering installation** for a **point of connection** as the **raw meter data** for the quantity of **electricity** conveyed through the **point of connection**.
 - (2) Subclause (1) does not apply to **electricity** that is—
 - (a) estimated in accordance with this Code; or
 - (b) supplied by an **embedded generator** who has given notice to the reconciliation manager ~~a notification~~ under clause 15.13.
- ...
- (4) Despite subclause (3), a **metering equipment provider** is not required to measure **electricity** conveyed through a **point of connection** if the **electricity** is—
 - (a) **unmetered load**; or
 - (b) supplied by an **embedded generator** who has given notice to the reconciliation manager ~~a notification~~ under clause 15.13.

10.16 Metering data exchange timing and formats

- (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 the **metering data** to the relevant person—
 - (a) in the absence of any timeframe specified in this Code, within a reasonable timeframe specified ~~notified~~ by the **Authority**; and
 - (b) in the format the Authority specifies ~~notified~~ to **participants** from time to time by ~~the Authority~~.
- (2) The **Authority** must provide reasonable notice of any changes to the format the Authority specifies ~~notified~~ under subclause (1)(b).
` ...
- (4) Despite subclause (3), the **participant** must be able to comply with any format requirements ~~notified by the Authority specifies~~ the Authority specifies under subclause (1)(b), within 1 **business day** of ceasing to have an arrangement with the recipient under subclause (3).
...

Schedule 10.3

7 ~~Notification~~ Notice of cancellation, expiry, or revision of scope of ATH approval

- (1) The Authority must give written notice to all **metering equipment providers** if—
...

Schedule 10.6

8 **Electronic interrogation of metering installation**

...

- (6) The **metering equipment provider** must, when **interrogating a metering installation**, ensure that all **raw meter data** downloaded as part of the **interrogation**, and used for submitting information for the purposes of Part 15, is archived—
...
 - (b) in a form that cannot be modified without an ~~audit~~ audit trail being created; and
...
- (7) A **metering equipment provider** must, when **interrogating a metering installation**,—
...
 - (c) ensure that the **interrogation** log forms part of the **interrogation** ~~audit~~ audit trail and contains the following as a minimum:
 - (i) the date of **interrogation**; and
 - (ii) the time of commencement of **interrogation**; and

- (iii) the operator of the **interrogation** system identification (where available); and
 - (iv) the unique identifier of the **data storage device** being **interrogated**; and
 - (v) any clock errors outside the range specified in Table 1 of subclause (5); and
 - (vi) the method of **interrogation**; and
 - (vii) the identifier of the reading device used for **interrogation** (if applicable).
- ...

Schedule 10.7

19 Modification of metering installations

...

- (3B) ~~In setting a~~A procedure under subclause (3A)(b)(ii), a **metering equipment provider** must ensure that, within 10 **business days** of the replacement occurring, the person carrying out the replacement provides the ~~notification notice~~ and **metering records** for the replaced **control device** and the replacement **control device** to—

...

41 Certification stickers

...

- (2) An **ATH** attaching a **metering installation certification sticker** must ensure that it shows—

...

- (f) any other information that the **Authority** may, from time to time, **notify** specify by giving reasonable notice.

Part 11

11.1 Contents of this Part

This Part—

- (a) provides for the management of information in the **registry**; and
- (b) prescribes a process for switching **ICPs customers** and ~~embedded generators~~ between **traders**; and

...

11.8 Provision of and changes to ICP information and NSP information by participants

...

- (2) The **participant** specified in clause 25(3) of Schedule 11.1 must give the ~~notification notice~~ required by clause 25(1) of Schedule 11.1.

...

- (5) If a **network** owner acquires all or part of an existing **network**, the **network** owner must give the ~~notification-notice~~ required by clause 29 of Schedule 11.1.

11.14 Process for maintaining shared unmetered load

...

- (3) A **trader** who receives ~~notification-written notice~~ under subclause (2) must give written notice to the **distributor** if it wishes to add an **ICP** to or omit an **ICP** from the **ICPs** across which the **unmetered load** is shared.
- (4) A **distributor** who receives ~~notification-written notice~~ under subclause (3) must give written notice to the **registry manager** and each **trader** responsible for any of the **ICPs** across which the **unmetered load** is shared of the addition or omission of the **ICP**.
- (5) If a **distributor** becomes aware of a change to the capacity of an **ICP** across which the **unmetered load** is shared or that an **ICP** across which the **unmetered load** is shared is **decommissioned**, it must give written notice to all **traders** who receive ~~notification-written notice~~ under subclause (2) of the change or **decommissioning** as soon as practicable after the change or **decommissioning**.
- (6) A **trader** who receives ~~notification-written notice~~ under subclause (5) must, as soon as practicable after receiving the ~~notification-notice~~, adjust the **unmetered load** information for each **ICP** for which it is responsible, so that the **unmetered load** is shared equally across each of those **ICPs**.

11.15B Trader contracts with customers to permit assignment by Authority

...

- (2) The terms specified in subclause (1) must—
- (a) be expressed to be for the benefit of the **Authority** for the purposes of subpart 1 of Part 2 of the Contract and Commercial Law Act 2017~~the Contracts (Privity) Act 1982~~; and
- (b) not be able to be amended without the consent of the **Authority**.

11.22 Registry manager must maintain register of information

...

- (2) The **registry manager** must ensure that a complete ~~audit-audit~~ trail exists for all information received by it in accordance with this Code.

11.23 Reports from registry manager

By 1600 hours on the 6th **business day** of each **reconciliation period**, the **registry manager** must **publish** a report containing the following information:

- (a) the number of **ICPs** ~~notified to~~ in the **registry manager** and contained on its ~~register~~ at the end of the immediately preceding **consumption period**:

...

11.25 Reports to clearing manager, system operator or reconciliation manager

...

- (5) The person who requested the report may vary any of the details set out in the request, by giving ~~notification-notice~~ to the **registry manager** of the relevant

details in writing by no later than 5 **business days** before the last day of the month before the 1st month for which the person requests the variation.

11.27 Reports to Authority

By 1600 hours on the 1st **business day** of each calendar month, the **registry manager** must deliver to the **Authority** a report summarising the number of events— ~~that have not been notified to the **registry manager**,~~

(a) that a **participant** has not notified to the **registry manager** within the timeframes specified in this Part; and

(b) of which ~~it~~ the **registry manager** is aware, despite the **participant** not having notified the **registry manager** within the timeframes specified in this Part.

Schedule 11.1

4 Authority may grant dispensation

The **Authority** may, by ~~notification in writing giving written notice,~~ grant a dispensation from the requirements of clause 3 for an **ICP** that cannot be **electrically disconnected** without **electrically disconnecting** another **ICP**.

Schedule 11.4

1 Metering equipment provider receives notice for ICP identifier

(1) Within 10 **business days** of being advised by the **registry manager** under clause 11.18A, a **gaining metering equipment provider**,—

...

(b) may, if it intends to decline responsibility for each **metering installation** for the ~~ICP~~ **ICP**, advise the **registry manager** in the **prescribed form** that it declines to accept responsibility for each **metering installation** for the **ICP**.

6 Correction of errors in registry

...

(3) If the **metering equipment provider** finds a discrepancy between the information obtained under subclause (1) and its own records, the **metering equipment provider** must, within 5 **business days** of becoming aware of the discrepancy,—

...

(b) advise the **registry manager** of any necessary changes to the **registry manager** ~~metering records~~.

Part 12

12.6 Review of structure for transmission agreements

...

(3) When the **Authority** publishes its proposed structure, the **Authority** must ~~notify~~ advise **registered participants** of the date by which submissions on the proposed structure are to be received by the **Authority**. The date must be no earlier than 15 **business days** from the date of publication of the proposed structure.

12.22 Authority may initially approve proposed Connection Code or refer back to Transpower

...

- (2) **Transpower** may, no later than 20 **business days** (or such longer period as the **Authority** may allow) after the **Authority** ~~notifies~~advises **Transpower** of its decision under subclause (1), consider the **Authority's** concerns and resubmit its proposed **Connection Code** and accompanying explanation and **statement of proposal** for consideration by the **Authority**.

12.32 Authority must consult on draft benchmark agreement

...

- (2) When the **Authority** publishes a draft **benchmark agreement**, the **Authority** must ~~notify~~advise **registered participants** of the date (which must not be earlier than 15 **business days** after the date of publication of the draft **benchmark agreement**) by which submissions on the draft **benchmark agreement** must be received by the **Authority**.

12.40 Replacement and enhancement of shared connection assets

- (1) If 2 or more **designated transmission customers** are connected to a **point of connection** and **Transpower** has ~~notified~~advised those **designated transmission customers**, in accordance with the provisions of a **transmission agreement** between **Transpower** and each of the **designated transmission customers**, that a **grid reliability report** published by **Transpower** in accordance with clause 12.76 sets out that the power system is not reasonably expected to meet the **N-1 criterion** at all times over the next 5 years because of a **connection asset** related to that **point of connection**, **Transpower** must—
 - (a) as soon as practicable after ~~notifying~~advising the **designated transmission customers**, investigate whether the **connection asset** meets the **grid reliability standards**; and

...

- (2) **Transpower** and the **designated transmission customers** ~~notified~~advised under subclause (1) must attempt in good faith, within 6 months of the date on which **Transpower** makes its proposals to the **designated transmission customers** under subclause 1(b), or such longer period as the **Authority** may allow, to reach an agreement for an investment or other solution that will have the effect of—

...

12.71 Investment contracts

Transpower may enter into an **investment contract** with implications for **grid reliability standards** only if—

...

- (b) **Transpower** ~~notifies~~advises the **Authority** of the proposed **investment contract**.

Schedule 12.4

34 Adjustments to AMD, AMI, HAMI, SIMI and RCPD and calculation of customer charges

...

(3) If Transpower—

- (a) is ~~notified~~advised that **South Island generation** at a **connection location** has been permanently de-rated (including decommissioning) to a specified aggregate rate capacity (“maximum de-rated capacity”); and

...

(4) If not less than 6 months before the start of a **pricing year**, Transpower—

- (a) is ~~notified~~advised that the **oftake** and/or **injection** capacity of a **customer’s assets** at a **connection location** has been permanently de-rated (including decommissioning); and

...

(12) Transpower must adjust a **customer's AMD, AMI, HAMI, SIMI, or RCPD** at a **connection location** to minimise the impact of **reverse flow** at the **connection location** if—

...

- (b) within 20 **business days** after the **reverse flow** commences at the **connection location**, the **customer** has ~~notified~~advised Transpower that there is **reverse flow** at the **connection location**; and

...

40 Independent Review

- (1) The **customer** may, within 60 days of being ~~notified~~advised of Transpower’s decision to offer a prudent discount agreement or that no discount will be provided, request a review by an **independent expert** of any or all of the assessments undertaken by Transpower for the purposes of that decision.

Part 13

13.34 Changes may be made within 1 hour before trading period

...

- (2) If a **grid owner** has sent revised information to the **system operator** under subclause (1) later than 15 minutes before the relevant **trading period**, the **grid owner** must also immediately ~~notify~~advise the **system operator** of the revised information by telephone or by such other mechanism as may be agreed from time to time in writing between **grid owners** and the **system operator**.

13.35 System operator to confirm receipt of grid owner information

...

- (2) The **system operator** must immediately confirm to each **grid owner** receipt of all information received from that **grid owner** under clauses 13.29 to 13.36~~5~~. The confirmation must also contain a record of the time of receipt.

13.60 Block dispatch may occur

...

- (3) The **generator** must give written notice to the **system operator** and the **clearing manager** of any change to an agreement for ~~block dispatch~~ **block dispatch** made under this clause or clause 13.61 at least 5 **business days** before the change takes effect.

13.61 System operator to give notice of block security constraints

...

- (2) If a notice has been sent in accordance with subclause (1), the notice remains valid until the earliest of—

...

- (d) receipt of an instruction from the **system operator** in accordance with clause 13.75(1)(f) for the same **block dispatch group** for the applicable **trading period**, and such instruction remains valid for the **trading periods** specified in that instruction.

...

13.65 System operator to give notice of station security constraints

...

- (2) If a notice has been sent in accordance with subclause (1), the notice remains valid until the earliest of—

...

- (d) receipt of an instruction from the **system operator** in accordance with clause 13.75(1)(g) for the same **station dispatch group** for the applicable **trading period**, and the instruction remains valid for the **trading periods** specified in the instruction.

13.194 Clearing manager to calculate constrained off amounts

...

- (2) For the purposes of clauses 13.192 to 13.201, dispatched quantity must be calculated taking into account—

...

- (b) for an **offer**, the ramp rate applying to that **constrained off situation** that is specified in the **offer** submitted by that **generator**, or—
 - (i) for a **block dispatch group** or a **station dispatch group**; or
 - (ii) for **generating units**, if the **clearing manager** requires the dispatched quantity to be determined on a **grid injection point** basis—

the fastest of the ramp rates applying to that **constrained off situation** that are specified in the **offers** submitted by the **generator** in that **block dispatch group**, that **station dispatch group** or those **generation generating units electrically connected** to the relevant **grid injection point** (as the case may be); and

...

13.202 Constrained on situations may occur

(1) Subject to subclause (2), a **constrained on situation** occurs when—

...

- (c) an **ancillary service agent** is given a **dispatch instruction** by the **system operator** and the price **offered** by the **ancillary service agent** for the dispatched **instantaneous reserve** in the relevant **trading period** is higher than the final **reserve price** of the dispatched **instantaneous reserve** in the relevant **trading period**; or

Part 14

14.4 Sale by generators with point of connection to local network or embedded network

(1) This clause—

...

- (b) does not apply to a **generator** in respect of an **embedded generating station** in relation to a **point of connection** for which a ~~notification notice~~ notification notice under clause 15.14 is in force.

14.8 Hedge settlement agreement lodgement

...

(6) A **participant** must provide information under subclause (5) in a form ~~prescribed by the clearing manager~~ prescribes and notified specifies to **participants**.

Subpart 4— ~~Notification Notice~~ of amounts owing and payable

14.25 Participant may dispute amount

...

- (3) The **clearing manager** must advise all **participants** materially affected by the dispute and the **Authority** of the dispute no later than 1 **business day** after ~~the dispute is notified to the clearing manager~~ receives notice of the dispute under subclause (1).
- (4) On receiving a ~~notification advice~~ notification of a dispute that relates to **volume information** under subclause (3), the **Authority** may direct that no further action be taken in respect of the dispute.

14.27 Dispute about amount may be referred to Rulings Panel

- (1) If the dispute is not resolved within 15 **business days** after the date on which ~~the dispute was notified to the clearing manager~~ received notice of the dispute under clause 14.25(1), the disputing **participant** or the **clearing manager** may refer the dispute to the **Rulings Panel** for resolution.

...

14.28 Correction of information about amount as result of dispute

...

(2) The **reconciliation manager** must correct **volume information** as follows:

...

(b) if a revised **seasonal adjustment** shape is not required to be issued in order for the **volume information** to be corrected, each **reconciliation participant** whose **submission information** or **dispatchable load information** is required to be corrected must provide corrected **submission information** or **dispatchable load information** to the **reconciliation manager** no later than 4 **business days** after ~~being notified~~ receiving notice of the resolution of the dispute:

...

Part 14A

14A.7 Participant may change form of security

The **clearing manager** must release a **participant's** existing security when the **participant** provides a different form of security ~~notified~~ under this clause, if—

...

Part 15

15.4 Submission information to be delivered for reconciliation

(1) Each **reconciliation participant** must, by 1600 hours on the 4th **business day** of each **reconciliation period**, ensure that **submission information** has been delivered to the **reconciliation manager** for all **NSPs** for which the **reconciliation participant** is recorded in the **registry** as having ~~traded~~ **traded electricity** during the **consumption period** immediately before that **reconciliation period**, in accordance with Schedule 15.3.

15.38 Functions requiring certification

(1) Subject to clauses 2A and 2B of Schedule 15.1, a **reconciliation participant** (except an **embedded generator** selling **electricity** directly to another **reconciliation participant**) must obtain and maintain **certification** in accordance with Schedule 15.1 in order to be permitted to perform, or to have performed by way of an agent or agents, any of the following functions in compliance with this Code:

(a) maintaining **registry** information and performing ~~ICP customer and generator~~ switching (except if the maintenance of **registry** information is carried out by a **distributor** in accordance with Part 11):

...

(f) provision of **metering information** to the relevant grid owner in accordance with subpart 4 of Part 13.

...

25 Our response to other points raised in submissions

25.1 The following submitters raised issues that were not directly in response to a question asked in the consultation paper:

- (a) Meridian Energy
- (b) Transpower NZ
- (c) Unison.

25.2 This section contains our responses to these matters.

We propose to amend the Code via a separate process to address two specific issues submitters raised

Submitter's view

- 25.3 In its submission, Meridian Energy requested that the Authority amend the Code to resolve an issue with clause 15.8 of the Code.
- 25.4 The policy intent of clause 15.8 is that retailers and direct purchasers must provide aggregated "submission information" to the reconciliation manager. However, as currently drafted, clause 15.8 requires these parties to provide the quantity of aggregated "electricity supplied" to the reconciliation manager.
- 25.5 The current practice of retailers and direct purchasers is to comply with the policy intent of clause 15.8, rather than complying with its actual wording. However, auditors are identifying this practice as a breach of clause 15.8.

Our decision

- 25.6 We have prepared a draft Code amendment proposal to address this issue. We anticipate this proposal will be included in the next Code Review Programme, unless another suitable option for consulting on the proposal is identified first. We plan to release the next Code Review Programme for consultation in the 2018-19 financial year.

Submitter's view

- 25.7 In its submission, Unison noted its request for an amendment to clause 8 of Schedule 11.1, the purpose of which would be to alter the timeframe for distributors to change price category code information in the registry.

Our decision

- 25.8 We have also prepared a draft Code amendment proposal to address this issue. We also intend to include this proposal in the next Code Review Programme, unless we identify another suitable option for consulting on the proposal first.

Submitter's view

- 25.9 Unison noted in its submission that it was concerned there are ongoing amendments being made to the Code that in sum are adding complexity rather than making the Code easier to understand. Unison submitted that the Authority should consider undertaking a wider Code review with the aim of simplifying the requirements on participants.

Our decision

- 25.10 We acknowledge Unison's concern. To this end, we note our previous 'omnibus' Code amendment, the Electricity Industry Participation Code Amendment (Code Review

Programme) 2017, focused primarily on simplifying language and particular processes in the Code.¹² We also have specific projects on our work programme to look at simplifying other processes. An example is the switch process review we are undertaking in collaboration with the Switch Technical Group. In addition, our intention is that the next Code Review Programme will also focus on one or two parts of the Code and look to see how those parts could be improved overall.

- 25.11 The 2018 Code Review Programme focuses largely on resolving practical problems created by particular Code provisions that directly impede the efficient operation of the industry.¹³ We believe this will promote the efficient operation of the industry.
- 25.12 In making these changes, we have sought to make the affected clauses in the Code as easy to understand as possible. However, the complexity of the subject matter, and participants' diverse interests, often require a significant level of detail in the Code drafting.

Our approach to deciding what constitutes a technical and non-controversial Code amendment is described below

Submitter's view

- 25.13 In its submission, Transpower proposed that we document our interpretation of, and criteria for, technical and non-controversial changes to the Code.
- 25.14 Transpower considered that doing so would provide transparency for both the Authority and participants. It would also be consistent with the approach we have taken with our "Foundation Documents". These are three documents that make key strategic statements as to how we will approach our decision-making:
- (a) Interpretation of the Authority's statutory objective¹⁴
 - (b) Charter for advisory groups¹⁵
 - (c) Consultation charter.¹⁶

¹² For example, the Code Review Programme 2017 sought to simplify the Code's processes and requirements for making information available. For further reference, the Authority's decision paper on the Code Review Programme 2017 is available at: <https://www.ea.govt.nz/development/work-programme/operational-efficiencies/code-review-programme/development/decision-and-reasons-paper/>.

¹³ Refer to section 1 of the consultation paper.

¹⁴ The Interpretation of the Authority's statutory objective clarifies how the Authority interprets its statutory objective. It assists the Board to make consistent decisions and assists staff and advisory groups to develop Code amendments and market facilitation measures for the Board's consideration. This document is available at: <http://www.ea.govt.nz/dmsdocument/9494>.

¹⁵ The Act requires the Authority to make and make publicly available a charter on:

- how it will establish and interact with the advisory groups
- when and how it will consult advisory groups on material changes to the Code
- how advisory groups must operate, including provisions concerning procedure.

This document is available at: <http://www.ea.govt.nz/dmsdocument/21670>.

¹⁶ The Act requires the Authority to develop, issue and make publicly available a consultation charter. This consultation charter must include guidelines, not inconsistent with the Act, relating to the processes for:

- amending the Code
- consulting on proposed amendments to the Code.

This document is available at: <http://www.ea.govt.nz/dmsdocument/14242>.

Our decision

- 25.15 We do not consider the approach we follow in deciding what constitutes a technical and non-controversial Code amendment warrants a document equivalent to one of the foundation documents.
- 25.16 The consultation charter refers to technical and non-controversial Code amendments. It notes our standard consultation process for proposed Code amendments may not apply if the nature of the amendment is technical and non-controversial. It says editorial and minor amendments to the Code that have no substantial effect on industry participants are an example of a technical and non-controversial Code change.¹⁷

We assess each technical and non-controversial Code amendment on its merits

- 25.17 We assess each Code amendment proposal to decide whether we should consult on the proposal, or whether it comes within one of the grounds set out in section 39(3) of the Act, so that consultation is not required. As part of this assessment, we consider whether each proposal constitutes a technical and non-controversial Code amendment, based on its individual merits.
- 25.18 In our 2015, 2016, and 2017 Code Review Programme consultation papers, we decided a number of Code amendment proposals were technical and non-controversial. Our reasons included:
- (a) the proposal would have no effect on the current practice of one or more participants
 - (b) the proposal would not change the purpose or effect of an obligation on a participant
 - (c) the proposal would not change (ie, amend, revoke or add) a participant's responsibilities or obligations under the Code
 - (d) the proposal would not materially change participants' obligations under the Code
 - (e) the proposal would amend an existing minor Code obligation on a participant to align the participant's obligation in the Code with the obligation the participant is already fulfilling
 - (f) the proposal would remove from the Code a duplicated obligation on participants
 - (g) the proposal would ensure affected participants do not have to carry out an activity that is inefficient and serves no useful purpose
 - (h) the proposal would resolve a minor error in the drafting of the Code so as to avoid confusion
 - (i) the proposal would remove clauses from the Code that are now redundant
 - (j) the proposal would resolve a minor error in the drafting of the Code so as to avoid confusion and ensure alignment with related clauses in the Code.
- 25.19 These examples of technical and non-controversial Code amendment proposals are consistent with the example contained in the consultation charter. They highlight that a common reason for a Code amendment being technical and non-controversial is that participants' obligations under the Code remain unchanged under the amendment.
- 25.20 We use a similar approach for:

¹⁷ Refer to paragraph 2.10 of Part 2 of the consultation charter.

- (a) documents incorporated into the Code by reference (eg, the policy statement and the ancillary services procurement plan)¹⁸
 - (b) documents approved under the auspices of the Code (eg, the electricity information exchange protocols (EIEPs)).¹⁹
- 25.21 We consider our approach to deciding what constitutes a technical and non-controversial Code amendment is working well. It provides us with sufficient flexibility to accommodate the variety of changes to documents that we come across. A strict policy or specific regime would reduce this flexibility.

We publicise each technical and non-controversial Code amendment proposal

- 25.22 The Electricity Industry Act 2010 (Act) requires us to always publicise a draft of a proposed Code amendment.²⁰
- 25.23 Typically this occurs via our standard consultation process, as described in the consultation charter. We have a dedicated page on our website²¹ to cater for instances where we do not need to consult on a Code amendment proposal—being urgent Code amendments,²² or Code amendments where we are 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.²³
- 25.24 So, before we make what we consider to be a technical and non-controversial change to the Code, interested parties always have the opportunity to comment on our proposal.

We consider we have provided sufficient guidance to interested parties

- 25.25 We consider the description of our approach to deciding what constitutes a technical and non-controversial Code amendment described in paragraphs 25.17 to 25.24 should provide interested parties with sufficient guidance on:
- (a) What we might consider a technical and non-controversial Code amendment to look like, to assist any interested party to prepare and submit a Code amendment proposal to us
 - (b) Our statutory obligations relating to making a technical and non-controversial Code amendment.

¹⁸ Under clauses 8.12A and 8.44A of the Code the system operator may propose changes to these documents without undertaking the standard regulatory assessment, if the proposed change is technical and non-controversial.

¹⁹ Clauses 11.32F and 12A.13 provide for us to amend a published EIEP without consulting with participants, if we are satisfied the nature of the amendment is technical and non-controversial.

²⁰ This is a requirement under section 39(1)(a) of the Act. Amendments described in section 39(3) (including those that are technical and non-controversial) are only exempt from complying with the obligations in section 39(1)(b) and (c).

²¹ <https://www.ea.govt.nz/code-and-compliance/the-code/amendments/proposed-code-amendments/>

²² Refer to section 40 of the Act. However, while we are not required to publicise urgent Code amendments made under section 40, we often try to do so, at least for a short period of time.

²³ Refer to section 39(3) of the Act.

Submitter's view

- 25.26 In its submission, Transpower proposed that we identify the source of each Code amendment proposal.
- 25.27 Transpower considered this would:
- (a) bring contextual value reflecting the specific expertise or partisan interest from which the proposal arose
 - (b) allow participants to know which proposals are a result of the Authority's monitoring and compliance activities.

Our decision

- 25.28 We consider that specifying in a consultation paper the party, or parties, that initiated the proposed Code amendment, or the workstream that led to the proposed Code amendment, is unnecessary and sometimes simply impracticable.

A proposed Code amendment should be assessed on its merits

- 25.29 When we seek submissions on a Code amendment proposal, we want submitters to focus on the merits of the proposal, whether the proposal is consistent with our statutory objective, and whether it is necessary or desirable to promote any or all of the following:
- (a) competition in the electricity industry
 - (b) the reliable supply of electricity to consumers
 - (c) the efficient operation of the electricity industry
 - (d) the performance by the Authority of its functions
 - (e) any other matter specifically referred to in the Act as a matter for inclusion in the Code.
- 25.30 Including with the proposal the name of the party, or parties, that initiated the proposed Code amendment, or the workstream that led to the proposed Code amendment, has no relevance to the matters listed above.
- 25.31 A Code amendment proposal should not be assessed on the basis of the specific expertise or partisan interest of the person that generated the proposal. Nor should it be assessed on the basis of whether it came about because of the Authority's monitoring and compliance activities.

Documenting the origin of a Code amendment proposal is not always straightforward

- 25.32 Documenting the origin of a Code amendment proposal is straightforward for those proposals stemming from a person or entity completing the Code amendment proposal form on our website.²⁴
- 25.33 However, Code amendment proposals also stem from more than one party identifying an issue with the design or operation of the electricity industry and communicating this to us. They communicate with us both in written form and in oral form—eg, through phone conversations with Authority staff. A single issue can be raised with different staff members by different stakeholders. The issue may then be refined or merged with a similar or related issue. The end result is a Code amendment proposal that contains an issue representing an amalgam of issues and ideas from multiple interested parties and

²⁴ Available at <http://www.ea.govt.nz/dmsdocument/9049>.

several Authority staff. Attempting to assign someone's name to this type of Code amendment proposal could be misleading and would be administratively cumbersome.

25.34 So, while listing a proposer against a Code amendment proposal in a Code Review Programme consultation paper may sometimes be easily done, it will just as often not be easily done.

We publish a list of Code amendment proposals

25.35 To promote transparency, we already publish a list of Code amendment proposals on our website.²⁵ We list a proposer against each proposal.

25.36 However, proposals that have the Authority as the proposer may well be proposals that have come through the process described in paragraph 25.33. Listing the Authority as the proposer is simply a pragmatic option, rather than seeking to identify all of the interested parties that have liaised or worked with us to generate the proposal.

²⁵ <https://www.ea.govt.nz/code-and-compliance/the-code/amendments/amending-the-code/>