

Contact Energy Response to Code Amendment Omnibus #6: Consultation Paper

Submitter	Contact Energy
-----------	----------------

Minimum offer price exclusions for tie-breaker solutions

Questions	Comments
<p>Q2.1. Do you support the Authority's proposal to amend the Code to exclude intermittent generators from offering at \$0/MWh?</p> <p>Please explain your answer.</p>	Yes
<p>Q2.2. Do you agree the proposed amendment is preferable to the alternative options?</p> <p>If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.</p>	Yes
<p>Q2.3. Do you agree with the analysis presented in this Regulatory Statement?</p> <p>If not, why not?</p>	Yes

Materially large contracts

Questions	Comments
<p>Q3.1. Do you agree there is an issue with how the current Code recognises the benefits of new generation, most notably for wind and solar, for the purposes of determining whether an arrangement constitutes a MLC?</p> <p>If not, why not?</p>	<p>Yes we agree that there is a problem with how the Code is currently drafted.</p>
<p>Q3.2. Do you favour Option 1, Option 2, or an alternative option?</p> <p>Please explain your answer.</p>	<p>We support option 2. We consider that this is correcting an issue to better reflect the underlying policy intent to carve out new generation from the Materially Large Contracts regime.</p> <p>We also wish to highlight some definition clarifications at paragraph 3.18</p> <ul style="list-style-type: none"> <p><i>Generation Following</i> – the document describes this as a contract where “The buyer adjusts consumption to align with the generator’s output.”</p> <p>We note that generation following contracts are normally CFDs, rather than physical electricity supply. They therefore do not have to have any effect on actual consumption.</p> <p>We consider it would be more accurate to say <i>the buyer purchases hedge cover reflective of the generators output</i>.</p> <p><i>Load following</i> – Similarly load following contracts are typically CFDs so do not dictate physical supply. It is therefore not accurate to say that “the generator adjusts output to match the buyers actual demand”. A generator can have other hedges in place, or simply take spot risk rather than adjusting output.</p> <p>We consider it would be more accurate to say <i>the buyer purchases hedge cover to match the buyer’s actual demand</i>.</p>
<p>Q3.3. Do you agree that offsets claimed for new generation should be calculated</p>	<p>Yes we agree with this approach.</p>

<p>using prevailing industry standards and methodologies specific to each generation type (eg, wind, solar and geothermal)?</p> <p>If not, please explain your reasons and suggest any alternative approaches.</p>	
<p>Q3.4. Do you agree with allowing generators to choose between median generation and each point in time offsets?</p> <p>If not, please explain your reasons and suggest any alternative approaches.</p>	<p>Yes we agree with this approach.</p>
<p>Q3.5. Do you agree the proposed amendments are preferable to the alternative options?</p> <p>If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.</p>	<p>Yes</p>
<p>Q3.6. Do you agree with the analysis presented in this Regulatory Statement?</p> <p>If not, why not?</p>	<p>Yes</p>

Refining hedge disclosure obligations to increase transparency

Questions	Comments
<p>Q4.1. Do you support the Authority's proposal to require disclosure of the generating station?</p> <p>Please explain your answer.</p>	<p>Yes</p>
<p>Q4.2. Can you identify any other way to more easily identify PPAs and differentiate between these and firming contracts without defining PPAs in the Code?</p>	

<p>Q4.3. Do you agree a 10 business day timeframe for submission of information, and the same process requirements as those applying to risk management contracts, should be introduced for novel or other types of contracts?</p> <p>Please explain your answer.</p>	<p>Yes</p>
<p>Q4.4. Do you agree with the proposal to include demand response contracts in the definition of risk management contracts and require disclosure of their key terms (including price and price structure) through the hedge disclosure system?</p> <p>Please explain your reasons and any impacts you foresee.</p>	<p>We consider that further clarification is required to understand what contracts are intended to be captured by this provision. Including for multi-party contracts, financial contracts that are not tied to consumption etc.</p> <p>We are happy to discuss this further with the Authority.</p>
<p>Q4.5. Do you agree this proposal would increase confidence in published price information?</p> <p>If not, why not?</p>	<p>As currently specified we are unsure.</p>
<p>Q4.6. Do you agree the proposed amendment is preferable to the alternative options?</p> <p>If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.</p>	
<p>Q4.7. Do you agree with the analysis presented in this Regulatory Statement?</p> <p>If not, why not?</p>	

Technical and non-controversial amendments

Only complete this section if you have feedback on any of the technical and non-controversial proposed amendments. Please insert the row number at the top of each submission form.

Appendix D row number:	
Questions	Comments
Q5.1. Do you agree the issue identified by the Authority is technical and non-controversial?	
Q5.2. Do you have any feedback on the issue identified?	