

Electricity Industry Participation Code 2010

Part 6A

Separation of distribution from certain generation and retailing

Part 6A: inserted on 1 September 2022, by the Electricity Industry Amendment Act 2021.

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Schedule 6A.1

Arm's-length rules

6A.1 Purpose and outline of this Part

- (1) The purpose of this Part is to promote competition in the electricity industry by restricting relationships between a **distributor** and a generator or a **retailer**, where those relationships may not otherwise be at arm's length.
- (2) In general terms, this Part imposes rules in respect of **distributors** as follows:
 - (a) corporate separation and arm's-length rules, if a person is involved both in a **distributor** and in either or both of—
 - (i) a generator with connected generation of more than 50 **MW** of generation connected to the **distributor's** network; or
 - (ii) a **retailer** that retails more than 75 GWh per year to customers connected to the **distributor's** network:
 - (b) **distributor agreement** rules, if—
 - (i) a connected retailer retails more than 5 GWh per year to customers connected to the **distributor's** local network; or
 - (ii) a connected generator has connected generation of more than 10 **MW** of generation that is connected to any of the **distributor's** networks:
 - (c) rules preventing payments to **retailers** in respect of the transfer of retail customers:

- (d) no-discrimination rules that apply when **distributors** or **specified persons** pay dividends or rebates.
- (3) Subclause (2) is intended only as a guide to the general scheme and effect of this Part.

Compare: 2010 No 116 s 72

Clause 6A.1(1), (2), (2)(a), (2)(a)(i) and (ii), (2)(b), (2)(b)(i) and (ii), 2(c) and 2(d): amended, on 1 March 2024, by clause 10 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.1(2)(a)(i) and (2)(b)(ii): amended, on 1 June 2024, by clause 4 of the Electricity Industry Participation Code Amendment (Definition of Connected Generation) 2024.

Clause 6A.1(2)(a)(i) and 6A.1(2)(b)(ii): amended, on 1 August 2026, by clause 8 of the Electricity Industry Participation Code (Minor Amendments) Amendment 2026.

6A.2 Interpretation

In this Part and Schedule 6A.1, unless the context otherwise requires,—

arm's-length rules means the objective and rules set out in Schedule 6A.1

assets *[Revoked]*

associate has the meaning given to it by section 6A of the **Act**

business has the meaning given to it by section 5 of the **Act**

connected generation means the sum of the maximum capacity of each **generating unit** of the generator, where maximum capacity of each **generating unit** is the greatest amount for each **generating unit**, in **MW**, that is:

- (a) offered into the wholesale market as **offers** or **reserve offers**; or
- (b) gifted to the wholesale market by giving notice under clause 15.13 that the generation is not receiving payment from the **clearing manager**; or
- (c) contracted to the **system operator** as an **ancillary service**; or
- (d) for generation that is not included in any of (a), (b), or (c) above, the **nameplate capacity** of the **generating unit**

consumer *[Revoked]*

customer *[Revoked]*

director *[Revoked]*

financial year has the meaning given to it by section 6A of the **Act**

generator has the meaning given to it by section 5 of the **Act**

involved in has the meaning given to it by section 6A of the **Act**

network has the meaning given to it by section 5 of the **Act**

retailer *[Revoked]*

total capacity *[Revoked]*

Compare: 2010 No 116 s 73

Clause 6A.2 Interpretation of assets, consumer, customer, director and retailer: revoked, on 1 March 2024, by clause 11(1) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.2 Interpretation of associate, business, financial year, generator, involved in, network and total capacity: amended, on 1 March 2024, by clause 11(2) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.2 Interpretation of connected generation: inserted, on 1 June 2024, by clause 5(1) of the Electricity Industry Participation Code Amendment (Definition of Connected Generation) 2024.

Clause 6A.2 Interpretation of total capacity: revoked, on 1 June 2024, by clause 5(2) of the Electricity Industry Participation Code Amendment (Definition of Connected Generation) 2024.

Corporate separation and arm's-length rules

6A.3 Corporate separation and arm's-length rules applying to distributors and connected generators and connected retailers

- (1) Every **participant** and **specified person** who carries on the business of **distribution** must carry on that business in a different company from the company that carries on the business of a connected generator or a connected retailer.
- (2) The following persons must comply, and ensure that the person's businesses comply, with the arm's-length rules:
 - (a) every **distributor** in respect of which there is a connected generator or a connected retailer, and any other **participant** involved in that **distributor**;
 - (b) a connected generator in respect of the **distributor**, and any other **participant** involved in the connected generator;
 - (c) a connected retailer in respect of the **distributor**, and any other **participant** involved in the connected retailer;
 - (d) a **specified person** who is involved in the **distributor**, and either a connected generator or a connected retailer in respect of the **distributor**.
- (3) In this clause, unless the context otherwise requires,—
connected generator, in relation to a **distributor**, means a generator—
 - (a) that has connected generation of more than 50 **MW** of generation that is connected to any of the **distributor's** networks; and
 - (b) in respect of which the **distributor**, or any other person involved in the **distributor**, is involved
connected retailer, in relation to a **distributor**, means a **retailer**—
 - (a) that is involved in retailing more than 75 GWh of **electricity** in a financial year to customers who are connected to any of the **distributor's** networks; and
 - (b) in respect of which the **distributor**, or any other person involved in the **distributor**, is involved.

Compare: 2010 No 116 s 76

Clause 6A.3(1), (2) and (3): amended, on 1 March 2024, by clause 12 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.3(1): amended, on 1 June 2024, by clause 5(1) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.3(2): replaced, on 1 June 2024, by clause 5(2) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.3(3)(a): amended, on 1 June 2024, by clause 6 of the Electricity Industry Participation Code Amendment (Definition of Connected Generation) 2024.

Clause 6A.3(3)(a): amended, on 1 August 2026, by clause 9 of the Electricity Industry Participation Code (Minor Amendments) Amendment 2026.

Other rules

6A.4 Distributor agreements and policies

- (1) Every **distributor** in respect of which there is a connected retailer or a connected generator carrying on business in a different company or other entity to the **distributor** must—
 - (a) have a comprehensive, written **distributor agreement** that provides for the supply of **line function services** and information to the connected retailer or connected generator (as the case may be); and
 - (b) ensure that the terms of that **distributor agreement** do not discriminate in favour of one business and do not contain arrangements that include elements that the business usually omits, or omit elements that the business usually includes, in **distributor agreements with unrelated parties**; and
 - (c) operate in accordance with that **distributor agreement**; and
 - (d) **publish** that **distributor agreement** and provide it to the **Authority**.
- (2) In the case of a **distributor** in respect of which there is a **connected retailer** or a **connected generator** and the corporate separation rule under clause 6A.3 does not apply, instead of having a **distributor agreement** in accordance with subclause (1), the **distributor** must—
 - (a) maintain a comprehensive, written internal **connected generator policy** or **connected retailer policy** (as the case may be) that—
 - (i) details the supply of **line function services** and information to the connected retailer or connected generator; and
 - (ii) sets out how the **distributor** will not discriminate in favour of the connected retailer or connected generator; and
 - (iii) sets out how the **distributor** will ensure that the way it deals with the connected retailer or connected generator is on the same terms under which the **distributor** usually contracts with **unrelated parties**; and
 - (b) operate in accordance with that **connected generator policy or connected retailer policy**; and
 - (c) **publish** that **connected generator policy or connected retailer policy** and provide it to the **Authority**.
- (3) In this clause, unless the context otherwise requires,—
connected generator, in relation to a **distributor**, means a **generator**—

- (a) that has connected generation of more than 10 MW of generation that is connected to any of the **distributor's** networks; and
- (b) in respect of which the **distributor**, or any other person involved in the **distributor**, is involved

connected retailer, in relation to a **distributor**, means a **retailer**—

- (a) that is involved in retailing more than 5 GWh of **electricity** on the **distributor's** local network in a financial year to customers who are connected to that network; and
- (b) in respect of which the **distributor**, or any other person involved in the **distributor**, is involved

local network means a network operated by a **distributor** in a contiguous geographic area or areas

unrelated parties, in relation to a **distributor**, means parties that are—

- (a) connected or related only by the transaction or dealing in question; and
- (b) acting independently; and
- (c) each acting in its own best interests.

- (4) A **distributor** required to have a **distributor agreement** or a **connected generator policy** or a **connected retailer policy** under this clause must submit to the **Authority** a statement indicating whether, in the preceding calendar year,—
 - (a) the terms in the **distributor agreement** or the **connected generator policy** or the **connected retailer policy** are a true and fair view of the terms on which **line function services** and information were supplied in respect of the retailing or generating to which the agreement or the policy relates; and
 - (b) this clause was otherwise fully complied with.

Compare: 2010 No 116 s 77

Clause 6A.4 Heading: amended, on 1 March 2024, by clause 13(1) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.4 Heading: amended, on 1 September 2026, by clause 6 of the Electricity Industry Participation Code (Code Review Programme) Amendment 2026.

Clause 6A.4: replaced, on 1 September 2026, by clause 6 of the Electricity Industry Participation Code (Code Review Programme) Amendment 2026.

Clause 6A.4(1), (1)(a)(b) (c) and (d), (2), (3), (4), 4(a) and 5(b): amended, on 1 March 2024, by clause 13 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.4(1), (1)(a), (b), (c) and (d): amended, on 1 June 2024, by clause 6(1) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.4(2): amended, on 1 April 2025, by clause 5 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2025.

Clause 6A.4(3)(a): amended, on 1 June 2024, by clause 7 of the Electricity Industry Participation Code Amendment (Definition of Connected Generation) 2024.

Clause 6A.4(3)(a): amended, on 1 August 2026, by clause 10 of the Electricity Industry Participation Code (Minor Amendments) Amendment 2026.

Clause 6A.4(4) chapeau: replaced, on 1 June 2024, by clause 6(2) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.4(4A) and (4B): inserted, on 1 June 2024, by clause 6(3) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.4(5): replaced, on 1 June 2024, by clause 6(4) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

6A.5 Payments for transfer of retail customers to connected retailers prohibited

- (1) A **distributor**, and any other person listed in subclause (2), must not pay, or offer to pay, any consideration to a **retailer** in respect of the transfer to a connected retailer of any retail customers who are connected to the **distributor's** networks.
- (2) The following persons must comply with subclause (1):
 - (a) the **distributor** and any other **participant** involved in the **distributor**;
 - (b) a connected generator in respect of the **distributor** and any other **participant** involved in the connected generator;
 - (c) a connected retailer in respect of the **distributor** and any other **participant** involved in the connected retailer;
 - (d) a **specified person** who is involved in the **distributor** and either a connected generator or connected retailer in respect of the **distributor**.
- (3) To avoid doubt, subclause (1) includes a prohibition on—
 - (a) any agreement to acquire the assets or voting securities of another **retailer** (regardless of whether any, or only nominal, consideration is attributed to customers) as a result of which there is a transfer of responsibility for retailing **electricity** to customers; and
 - (b) any consideration that is directly or indirectly or in whole or in part in respect of the transfer of any of another **retailer's** customers or customer accounts.
- (4) *[Revoked]*
- (5) In this clause,—
 - agreement** has the same meaning as in clause 10 of Schedule 2 of the Act
 - connected generator** has the same meaning as in clause 6A.4
 - connected retailer** has the same meaning as in clause 6A.4.

Compare: 2010 No 116 s 78

Clause 6A.5 heading: amended, on 1 June 2024, by clause 7(1) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.5(1), (2)(a), (b) and (c), and (3)(a) and (b): amended, on 1 March 2024, by clause 14 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.5(2): replaced, on 1 June 2024, by clause 7(2) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.5(4): revoked, on 1 June 2024, by clause 7(3) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

6A.6 No discrimination when paying rebates or dividends

- (1) This clause applies if a **distributor** has a connected retailer.
- (2) Every person listed in subclause (3) must ensure that any rebates or dividends or other similar payments paid do not discriminate between—
 - (a) customers of the connected retailer; and
 - (b) customers of other **retailers** where those customers are connected to the **distributor's** networks.

- (3) The persons are—
- (a) the **distributor**, and any director of the **distributor** who is involved in the connected retailer; and
 - (b) any customer trust or community trust that is involved in the **distributor** and the connected retailer, and the trustees of that consumer trust or community trust; and
 - (c) any customer co-operative that is involved in the **distributor** and the connected retailer, and the directors of that customer co-operative.
- (4) In this clause, **connected retailer** has the same meaning as in clause 6A.4.
- (5) *[Revoked]*

Compare: 2010 No 116 s 79

Clause 6A.6(1), (2)(b), (3)(a), (b) and (c): amended, on 1 March 2024, by clause 15(1), (2) and (3) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.6(3): replaced, on 1 June 2024, by clause 8(1) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.6(5): revoked, on 1 June 2024, by clause 8(2) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Disclosure and reporting to Authority

6A.7 Disclosure of information to Authority

- (1) Each **distributor** referred to in clause 6A.4(1) (**distributor agreements**) must disclose the quantity of **electricity** sold each financial year by connected retailers to customers who are connected to its local network (within the meanings in that clause).
- (2) The disclosure must be made in a statement to the **Authority** within 2 months after the end of the financial year.
- (3) The statement provided under subclause (2) must be:
- (a) in the **prescribed form**; and
 - (b) signed and dated by a director of the **distributor** and either—
 - (i) another director of the **distributor**; or
 - (ii) the **distributor's** chief financial officer, or a person holding the equivalent position; or
 - (iii) the **distributor's** chief executive officer, or a person holding an equivalent position.
- (4) The statement provided under subclause (2) must be **published** by the **Authority** and the **distributor**.
- (5) A **distributor** must not publish or provide the **Authority** with any information under this clause that, at the time the information was disclosed, was false or misleading in a material particular.

Compare: 2010 No 116 s 88

Clause 6A.7(1), (2) (3), (4) and (5)(b): amended, on 1 March 2024, by clause 16 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.7(1) and (4): amended, on 1 June 2024, by clause 9(1) and (3), respectively, of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.7(3) and (5): replaced, on 1 June 2024, by clause 9(2) and (4), respectively, of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

6A.8 Reporting compliance with arm's-length rules

- (1) Each person referred to in clause 6A.3(2) must provide to the **Authority**, no later than 31 March in each year, a statement confirming whether the person has complied with all of the arm's-length rules during the preceding calendar year.
- (1A) The statement provided under subclause (1) must be:
 - (a) in the **prescribed form**; and
 - (b) unless subclause (1B) or (1C) applies, signed and dated by a director of the **participant** and either—
 - (i) another director of the **participant**; or
 - (ii) the **participant's** chief financial officer, or a person holding the equivalent position; or
 - (iii) the **participant's** chief executive officer, or a person holding an equivalent position.
- (1B) If the person providing the statement under subclause (1) is a natural person, the statement must be signed and dated by that person.
- (1C) If the person providing the statement under subclause (1) is a **specified person** but is not a natural person, the statement must be signed and dated by an authorised representative of that **specified person**.
- (2) Statements provided under subclause (1) must be **published** by the **Authority** and, if the person who provided the statement is a **participant**, the **participant**.
- (3) A person must not **publish** or provide the **Authority** with any information under this clause that, at the time the information was **published** or provided, was false or misleading in a material particular.

Compare: 2010 No 116 s 89

Clause 6A.8(1), (2) and (3)(b): amended, on 1 March 2024, by clause 17 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 6A.8 heading and 6A.8(1): amended, on 1 June 2024, by clause 10(1) and (2) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.8(1A), (1B) and (1C): inserted, on 1 June 2024, by clause 10(3) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 6A.8(2) and (3): replaced, on 1 June 2024, by clause 10(4) and (5) of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Part 6A dispensations

6A.9 Effect of Part 6A dispensation to specified person

- (1) *[Revoked]*
- (1A) A **Part 6A dispensation** continues in force until it is amended or revoked in accordance with subclause (6), or until it expires according to its terms.
- (2) *[Revoked]*
- (3) *[Revoked]*

- (4) *[Revoked]*
- (5) *[Revoked]*
- (6) The **Authority** may amend or revoke a **Part 6A dispensation** by issuing a notice that identifies the **specified person** subject to the **Part 6A dispensation** and gives reasons for the amendment or revocation, but only if the **Authority**—
 - (a) has given notice of the proposed amendment or revocation to the **specified person** subject to the **Part 6A dispensation** and given them a reasonable opportunity to comment; and
 - (b) in relation to an amendment, is satisfied that the amendment is necessary or desirable for the purpose of achieving the **Authority's** objectives in section 15 of the **Act**; and
 - (c) in relation to a revocation, is no longer satisfied that it is not necessary, for the purpose of achieving the **Authority's** objectives under section 15 of the **Act**, for the **specified person** to comply with this Part or the specific provisions of this Part.
- (7) The **Authority** must publish a list of all current **Part 6A dispensations**.

Clause 6A.9: inserted, on 31 August 2023, by clause 5 of the Electricity Industry Participation Code Amendment (Part 6A Dispensation for Specified Persons) 2023.

Clause 6A.9: replaced, on 1 March 2024, by clause 5 of the Electricity Industry Participation Code Amendment (Part 6A Dispensation for Specified Persons) 2024.

Clause 6A.9: replaced, on 1 September 2026, by clause 7 of the Electricity Industry Participation Code (Code Review Programme) Amendment 2026.

Schedule 6A.1

cl 6A.2

Arm's-length rules

Compare: 2010 No 116 Schedule 3

1 Objective

- (1) The objective of this schedule is to ensure that the **distributors**, connected retailers and connected generators to which clause 6A.3 applies operate at arm's-length.
- (2) Without limiting the ordinary meaning of the expression, arm's-length includes having relationships, dealings, and transactions that, if the parties were in the position described in subclause (3),—
 - (a) do not include elements that parties in that position would usually omit; and
 - (b) do not omit elements that parties in that position would usually include.
- (3) The position of the parties referred to in subclause (2) is one in which the parties are—
 - (a) connected or related only by the transaction or dealing in question; and
 - (b) acting independently; and
 - (c) each acting in their own best interests.

Clause 1(1): amended, on 1 June 2024, by clause 11 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

Clause 1(2): amended, on 1 August 2026, by clause 11 of the Electricity Industry Participation Code (Minor Amendments) Amendment 2026.

2 Interpretation

- (1) In this schedule,—

business A means a business that is required to be carried out in one company under clause 6A.3, and **business B** then refers to a business that is required to be carried out in another company under that clause

common parent, in relation to business A and business B, means a **participant** or **specified person** that is involved in both business A and business B

Clause 2(1) **common parent**: amended, on 1 June 2024, by clause 12 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

electricity trust means a community trust or a customer trust or a customer co-operative

manager has the meaning given to it by section 5 of the **Act**

Clause 2(1) **manager**: inserted, on 1 March 2024, by clause 18 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

parent, in relation to a business, means every person that is involved in the business.

- (2) In this schedule, a person is interested in a transaction if the person, or an associate of that person,—
- (a) is a party to, or will derive a material financial benefit from, the transaction; or
 - (b) has a material financial interest in a party to the transaction; or
 - (c) is a director or manager of a party to, or a person who will or may derive a material financial benefit from, the transaction; or
 - (d) is otherwise directly or indirectly materially interested in the transaction.
- (3) Where this schedule applies to business A, it applies equally to business B, and vice versa.
- (4) References to trust A and trust B have corresponding meanings and application.

Clause 2(2) chapeau: amended, on 1 August 2026, by clause 12 of the Electricity Industry Participation Code (Minor Amendments) Amendment 2026.

3 Arm's-length rules

The arm's-length rules are set out in clauses 3A to 3M.

Clause 3: substituted with clauses 3 to 3M, on 1 March 2024, by clauses 19 and 20 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

3A Duty to ensure arm's-length objective is met

Business A, business B and every parent of either business A or B (where that parent is a **participant** or **specified person** involved in both business A and business B) must take all reasonable steps to ensure that the arm's-length objective in clause 1 is met.

Clause 3A: replaced, on 1 June 2024, by clause 13 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

3B Arm's-length test

Business A, and every parent of business A (where that parent is a **participant** or **specified person** involved in both business A and business B), must not enter into a transaction in which business B, or any parent of business B, is interested if the terms of the transaction are terms that unrelated parties in the position of the parties to the transaction, each acting independently and in its own best interests, would not have agreed to.

Clause 3B: amended, on 1 June 2024, by clause 14 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

3C Duty not to prefer interests of business B

Business A, and every director or manager of business A who is also involved in business B, must not, when exercising powers or performing duties in connection with business A, act in a manner that they know or ought reasonably to know would prefer the interests of business B over the interests of business A.

Clause 3C: replaced, on 1 June 2024, by clause 15 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

3D Duty not to discriminate in favour of business B

Business A must not, in providing services or benefits, discriminate in favour of business B or the customers, suppliers, or members of business B.

3E Duty to focus on interests of right ultimate owners

Business A, and every director or manager of business A who is also involved in business B, must, when exercising powers or performing duties in connection with business A, act in the interests of the ultimate members of business A in their capacity as such, and must neither subordinate the interests of those members to the interests of the members of business B nor, to the extent that the members or ultimate beneficial members of each business overlap, take account of that fact or have regard to their dual capacity as members of business B and business A.

Clause 3E: amended, on 1 June 2024, by clause 16 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

3F Duty on parents of business A

Any parent of business A (where that parent is a **participant** or a **specified person** and involved in both business A and business B), and any director or manager of a parent of business A (where that director or manager is a **specified person** who is also involved in business B), must not, when exercising powers or performing duties in connection with business A, act in a manner that they know or ought reasonably to know would favour the interests of business B, or of the customers, suppliers, or members of business B in that capacity, over the interests of business A or the customers, suppliers, or members of business A.

Clause 3F: replaced, on 1 June 2024, by clause 17 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

3G At least 2 independent directors

At least 2 directors of business A must—

- (a) be neither a director nor a manager of business B; and
- (b) not be an associate of business B, other than by virtue of being a director of business A.

3H No cross-directors who are executive directors

A director of business A may be a director of business B, but must not—

- (a) manage business B on a day-to-day basis; or
- (b) be an associate of business B, other than by virtue of being a director of business A or business B; or
- (c) be involved in business B (other than by having material influence over business B by virtue of being a director of business B).

3I Separate management rule

- (1) This clause applies if business A is involved in—
 - (a) a generator that has connected generation of more than 50 **MW** and that is connected to any of business A's networks; or
 - (b) a **retailer** that retails more than 75 GWh of **electricity** in a financial year to customers who are connected to any of business A's networks.
- (2) A manager of business A must not—
 - (a) be a manager of business B; or
 - (b) be an associate of business B, other than by virtue of being a manager of business A; or
 - (c) be involved in the business of business B.

Clause 3I: inserted, on 1 March 2024, by clause 20 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 3I(1)(a): amended, on 1 June 2024, by clause 8 of the Electricity Industry Participation Code Amendment (Definition of Connected Generation) 2024.

Clause 3I(1)(a): amended, on 1 August 2026, by clause 13 of the Electricity Industry Participation Code (Minor Amendments) Amendment 2026.

3J Directors and managers must not be placed under certain obligations

- (1) Subject to subclause (2), no **participant** or **specified person** may place a director or manager of business A under an obligation, whether enforceable or not, to act in accordance with the directions, instructions, or wishes of business B, or any director or manager or associate of business B, or any parent of business B, and no director or manager may submit to any such obligation.
- (2) A common parent, or a cross-director or a cross-manager, of both business A and business B may place a director or manager under an obligation referred to in subclause (1) if doing so does not contravene another of the arm's-length rules.

Clause 3J(1): amended, on 1 June 2024, by clause 18 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

3K Restriction on use of information

- (1) Business A must not disclose or permit the disclosure to business B, or use or permit the use for the purposes of business B, of restricted information of business A.
- (2) An electricity trust that is a parent of business A (**trust A**), business A, and every parent of trust A (where trust A, or the parent of trust A, is a **participant** or **specified person** involved in both business A and business B) must not disclose or permit the disclosure to business B, an electricity trust that is a parent of business B (**trust B**), or any parent of trust B, or use or permit the use for the purposes of business B or trust B, of restricted information of business A or trust A.
- (3) In this clause, **restricted information** is information received or generated, and held, by business A or trust A that is connected with its business, being information that—
 - (a) is not available to the competitors or potential competitors of business B or trust B; and

- (b) if disclosed to business B or trust B, would put, or be likely to put, business B or trust B in a position of material advantage in relation to any competitor or potential competitor.
- (4) This clause does not prevent cross-directors under clause 3H from having access to normal board information.
- (5) A manager of business A who is not prohibited from being a manager of business B under clause 3I may use restricted information of both business A and business B, but only to the extent that the use does not contravene another of the arm's-length rules.

Clause 3K(2): amended, on 1 June 2024, by clause 19 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

3L Records

- (1) Every business to which this schedule applies must keep at its registered office a register of transactions entered into between business A, or any parent of business A, and business B, or any parent of business B.
- (2) Business A must, within 10 working days of entering into such transaction, enter in its register details sufficient to identify the nature and import of the transaction.

3M Practical considerations

- (1) Business A and every parent of business A (where that parent is a **participant** or **specified person**) must ensure that its practical arrangements, such as use of accommodation, equipment, and services, do not contravene this schedule.
- (2) Business A and every parent of business A (where that parent is a **participant** or **specified person**) must ensure that its selection and appointment of advisors does not prejudice compliance with clauses 3G to 3K.

Clause 3M(1) and (2): amended, on 1 June 2024, by clause 20 of the Electricity Industry Participation Code Amendment (Updating and Clarifying Part 6A Obligations) 2024.

4 Rules do not limit objective

The arm's-length rules in clauses 3A to 3M do not limit the generality of the arm's-length objective in clause 1.

Clause 4: amended, on 1 March 2024, by clause 21 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.