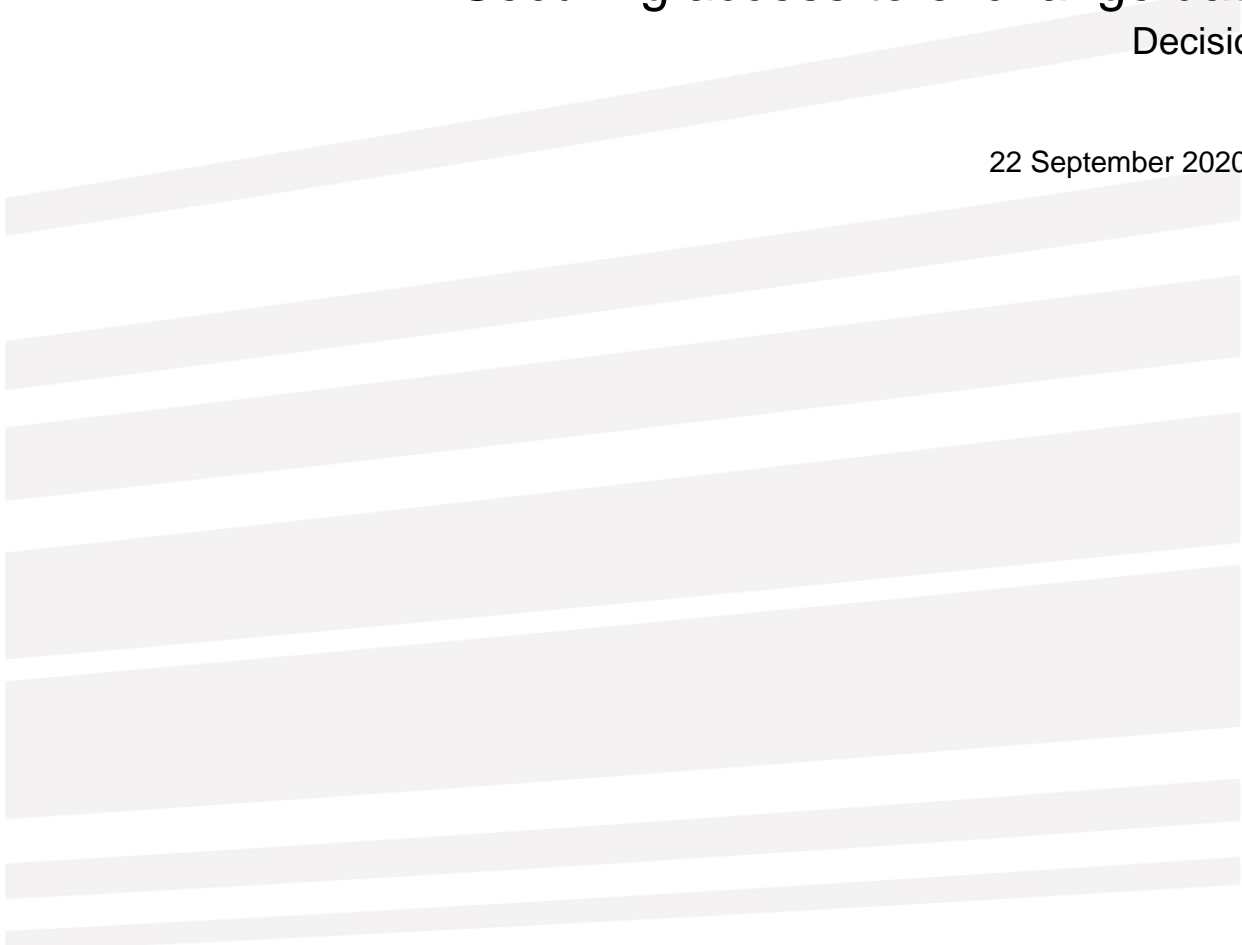


Hedge Market Enhancements

Securing access to exchange data Decision

22 September 2020



Contents

1	Decision	1
2	The Authority is seeking access to more and better data	1
3	Stakeholder submissions were generally supportive of the Authority's proposal	2
	Submitters' views and the Authority's response	2
	Scope of the data access	2
	Prescribed form of consent and arrangements with intermediaries	3
	Unintended consequences	4
	Cost benefit analysis (CBA)	4
	Data security	4
	Other comments	6
4	The Authority has decided to implement a revised proposal	7
	The Authority has revised its proposal in light of submissions received	8
	The Authority will implement the proposal as set out in the appendices	9
5	The Authority is confident its decision will be of long-term benefit to consumers	9
	The amendment promotes efficiency and competition	9
	The Authority's market monitoring function will be enhanced	9
	De-anonymised tick data will enhance market development	10
	Investigation and potential enforcement will be accelerated	10
	The benefits of the amendment are greater than the costs	10
	The amendment is consistent with statutory requirements	10
Appendix A	Code amendment	11
Appendix B	Gazette notice	13
Appendix C	Prescribed form under clause 13.236AA(2) of the Electricity Industry Participation Code 2010 (Code)	14

1 Decision

- 1.1 Following a consultation process in June and July 2020 the Authority has decided to amend the Electricity Industry Participation Code (2010) (the Code) to secure better data about participants' activity on exchange platforms (like the ASX), reduce compliance costs for industry participants, and reduce administration costs for the Authority.
- 1.2 The purpose of this decision paper is to:
- (a) reflect the Authority's consideration of, and response to, submissions the Authority received on the proposal it consulted on; and
 - (b) set out the Authority's decision in full.

2 The Authority is seeking access to more and better data

- 2.1 As part of its work on the wholesale EPR Panel recommendations the Authority has sought to gather more and better-quality data on risk management contracts to assist in its decision-making. A key part of that process has been accessing data directly from the exchange platform (ie, the ASX). Over the course of 2020 the Authority has secured access to de-anonymised tick data from the ASX on a time limited basis (expiring 3 November 2020). Losing access to this data will reduce the Authority's ability to carry

out its functions because some of the data are not obtainable from other sources and other sources of the same data are not as reliable or useful.

- 2.2 The Authority considers it would be for the long-term benefit of consumers if it secured access to participants' de-anonymised tick data on an ongoing basis. The Authority considered several ways to address this issue and its preferred option was to amend the Code. Amending the Code also provides an opportunity to:
- (a) secure access to a comprehensive set of participants' risk management contract data directly and automatically from an exchange platform; and
 - (b) once the Authority is satisfied it has secured that access, consider reducing participants' existing manual disclosure obligations.
- 2.3 The Authority consulted on this proposal during June and July 2020.¹ We have listened to the submissions received and have adapted our proposal in making this decision.

3 Stakeholder submissions were generally supportive of the Authority's proposal

- 3.1 The Authority received individual written submissions from Contact Energy, Genesis Energy, Mercury NZ, Meridian Energy, and Trustpower. The Authority also received joint written submissions from Electric Kiwi and Haast Energy, the Major Electricity Users' Group (MEUG), and a joint submission from Ecotricity NZ, Flick Electric Co, Pulse Energy and Vocus (referred to as the independent retailers).

Submitters' views and the Authority's response

- 3.2 Overall submitters were supportive of the objectives of the Authority's proposal. They agreed there were benefits of the Authority securing access to exchange traded data to enable monitoring, enforcement and Code development activities.
- 3.3 Some submitters commented on aspects of the proposal. These comments are addressed below.

Scope of the data access

- 3.4 The Authority consulted on a proposal to access:
- (a) de-anonymised ASX tick data;
 - (b) other exchange-traded hedging data comprising de-anonymised off-screen trades and open interest by participant; and
 - (c) other information or data relating to risk management contracts held by exchange platforms that the Authority is not yet aware of or that does not yet exist.
- 3.5 Genesis and Trustpower disagreed with 3.4(c). Genesis considered the Authority should consult separately on permission to access further information, as and when it became aware of a need for it, and in the meantime access should be limited to tick data, off-market trade data and open interest data. Trustpower considered the Authority hadn't provided enough evidence to demonstrate a need for this, and it could potentially open up the Authority to excessive risk regarding accidental release or misuse of data.

¹ The consultation paper and submissions are available on the Authority's website: <https://www.ea.govt.nz/development/work-programme/risk-management/hedge-market-development/consultations/#c18475>.

Contact also considered the drafting was very broad and had concerns about how it would be reflected in the form of consent.

- 3.6 Electric Kiwi & Haast and the independent retailers suggested it would be more efficient to place the obligation to give permission to the Authority directly on the exchange, rather than individual participants.
- 3.7 Electric Kiwi & Haast mentioned the rules should apply uniformly across all participants, including financial institutions. The independent retailers suggested it was important for the Authority to have access to the same data on trades between non-electricity participants.

Authority's response

- 3.8 The Authority acknowledges stakeholders' concerns regarding the proposed catch-all scope of data access and has decided to replace the catch-all provision described in 3.4(c) above with a provision targeted more narrowly at accessing market making performance data. This is described in more detail in 4.3 – 4.6 below.
- 3.9 The Authority acknowledges the suggestion that overseas entities should be made subject to the proposed obligations. The Authority is the New Zealand electricity industry regulator and can only regulate "industry participants" (as that term is defined in the Electricity Industry Act 2010 (the EI Act)) who are New Zealand persons or who are overseas persons that engage in relevant conduct in New Zealand. Having regard to this, the Authority considers the current scope of the Code amendment is most appropriate.

Prescribed form of consent and arrangements with intermediaries

- 3.10 Contact and Genesis both requested to review the prescribed form of consent the Authority proposes to use, as described in new clause 13.236AA(2). Genesis requested we consult on the prescribed form. Contact also requested the Authority issue minimum terms or a model contract regarding arrangements between participants and exchanges.
- 3.11 Electric Kiwi and Haast, and Genesis both highlighted concerns that they did not want the prescribed form to require them to provide unnecessary indemnity to the ASX.
- 3.12 Meridian requested clarification on whether the intent of the proposal is to require that arrangements with brokers be amended to ensure participants are identified when trading ASX products through a broker.

Authority's response

- 3.13 The prescribed form is attached as Appendix C.
- 3.14 The Authority considers the prescribed form balances the interests of the exchange, industry participants, as well as the long-term interests of consumers. The prescribed form is intended as a mechanism to give the Authority confidence that effective consent will always be given in accordance with the relevant Code obligation. The prescribed form does not impose material obligations in addition to those that are included in the Code amendment. Accordingly the Authority is not consulting on the prescribed form but is open to stakeholder feedback.²
- 3.15 The Code amendment requires participants to put in place arrangements with market intermediaries (including brokers) to ensure the Authority can access their de-

² Please direct any feedback to Hme.Feedback@ea.govt.nz.

anonymised exchange data. The Authority considers that industry participants are best placed to determine the arrangements between themselves and market intermediaries that are necessary to comply with the Code amendment.

Unintended consequences

- 3.16 The independent retailers consider there is value in continuing to access the exchange traded data (ie, ASX data) that is currently disclosed (and publicly available) on the hedge disclosure website. The proposal the Authority consulted on included a pathway to allow participants to stop disclosing this information if certain conditions are met, and if the Authority approves it.

Authority's response

- 3.17 The consultation paper outlined several problems with the quality of data currently disclosed to the hedge disclosure website, including that it is incomplete, inconsistently formatted, and is delayed. The Authority would be concerned if industry participants were relying on this data to make material decisions.
- 3.18 In any event, the Authority acknowledges that some participants consider there is benefit in continued access to the subset of exchange traded contract data that is currently disclosed on the hedge disclosure website. The Code amendment gives the Authority discretion as to whether this information is removed from the hedge disclosure website. The Authority will engage further with interested participants before it decides whether to do so. For the avoidance of doubt, participants must continue to meet their obligations under the hedge disclosure regime in subpart 5 of part 13 of the Code in the meantime.

Cost benefit analysis (CBA)

- 3.19 MEUG agreed with the CBA, particularly the overwhelming unquantified benefit of greater confidence in the market. Genesis agreed that compliance costs would fall if data was obtained directly from the ASX, and considered the savings would be considerably more than \$2000/year (which the Authority had estimated it at) for market-makers and more active participants.
- 3.20 Mercury agreed there was likely to be a positive net benefit to the proposal and recommended the Authority quantifies this, suggesting three more aspects to consider:
- (a) data storage costs to host the additional data;
 - (b) any incremental change in risk associated with data theft or privacy breaches; and
 - (c) quantify benefits by surveying participants using a willingness to pay metric.

Authority's response

- 3.21 The Authority has reviewed the various submissions relating to its cost benefit analysis of the proposal, and remains of the view that the proposal will have positive net benefits to consumers. Mercury's suggestion of quantifying the benefits has merit but in this instance we consider the cost of undertaking such work would not be proportionate to the additional insight gained from it.

Data security

- 3.22 Contact, Genesis and Meridian all raised concerns about data security. Contact made it clear that under no circumstances did they see it fit for this information to be released under an Official Information Act (OIA) request. Meridian wanted assurances that the

commercially sensitive, de-anonymised data that is obtained will be stored securely and access to it is limited, and was provided some assurance by the consultation paper. Genesis suggested an express confidentiality undertaking was added, and that participant de-anonymised data should not be disclosed to other participants or be derivable from Authority reports.

Authority's response

- 3.23 The Authority complies with its obligations under the OIA and will consider its application on a case-by-case basis to any information request it receives. Participants should be aware that the Authority is unable to contract out of primary legislation. The Authority's standard process is to consult with impacted parties in the course of responding to an OIA.
- 3.24 Accordingly, the Authority has decided not to add an express confidentiality undertaking to the Code amendment or prescribed form. The information we will collect under clause 13.236AA will not be treated differently to other participant data we collect. Box 1 describes the Authority's approach to data security.

BOX 1: THE AUTHORITY TAKES DATA SECURITY SERIOUSLY

As a regulator, the Authority collects and holds large amounts of sensitive data about industry participants and individuals. The Authority has systems in place to appropriately deal with the sensitive data it controls. In the case of data subscriptions from the ASX, the Authority receives data directly into its secure cloud-based storage solution.

Data collection, management, storage and presentation is managed on a platform housed on the Microsoft Azure cloud, which has been risk-assessed and approved as an all-of-government offering – Azure cloud service agreement. Data within the Authority's cloud-based storage solution is encrypted. Analysis of that data occurs within the Authority's secured environment. Access to data within the Authority is delegated to staff as required. If access is required on a wider basis (for example, Authority contractors or independent auditors) time-limited and read-only access can be granted, subject to internal approvals.

The Authority has had no reported breaches of its secure storage system and has a protocol to report breaches and near misses. All information and data the Authority holds, or has control of, is subject to the OIA. The Authority is required by law to assess each request for access to official information on its merits. There are no exceptions to this requirement. However, the Authority considers there are likely to be relevant reasons for withholding information under the OIA in the event of a request for access to sensitive information (such as de-anonymised tick data).

Other comments

3.25 Submitters had a variety of other comments which are addressed below.

Submitter comments	Authority's response
<p>Genesis suggested the Authority reviews how other regulators have made use of de-anonymised trading data and that the Authority should provide information on how it planned to assess the benefits realisation of the proposal.</p>	<p>Noted. The Authority is always open to learnings from other jurisdictions. In this case we consider the value of comparison is relatively limited due to the unique nature of the relevant aspects of our market, and the CBA has already adequately established the benefits.</p> <p>Regarding benefits realisation, the Authority continually monitors market making and other indicators of confidence and efficiency of the market on EMI.³ Please contact us if you have ideas of specific reports you would like to see.</p>
<p>Electric Kiwi & Haast mentioned the importance of enforcement including trading conduct, introducing financial reporting requirements and establishing a robust market-making scheme. They also suggested the importance of reporting on net and gross pivotal information and wholesale market concentration statistics.</p>	<p>We agree with Electric Kiwi & Haast's points. We are progressing the financial reporting and market making projects at pace. The Authority is progressing its work on financial reporting by investigating integrated retailers' internal transfer pricing. The market making project announced a high-level decision in August and is proceeding to implementation. We are placing continued focus on enforcing trading conduct rules and the Market Development Advisory Group's (MDAG) <i>Review of spot market trading conduct rules</i> project is expected to deliver its recommendations to the Authority Board by the end of this calendar year.</p> <p>We are developing EMI reports on net and gross pivotal information and wholesale market concentration statistics and hope to release these in the coming months.</p>
<p>The independent retailers mentioned market commentaries published by the Authority should be balanced and take into account the perspectives of all market participants.</p>	<p>The Authority publishes market commentary from time to time that is balanced, independent of any particular participant or participant group and in the interests of consumers. If participants consider this has not been achieved please let us know.</p>

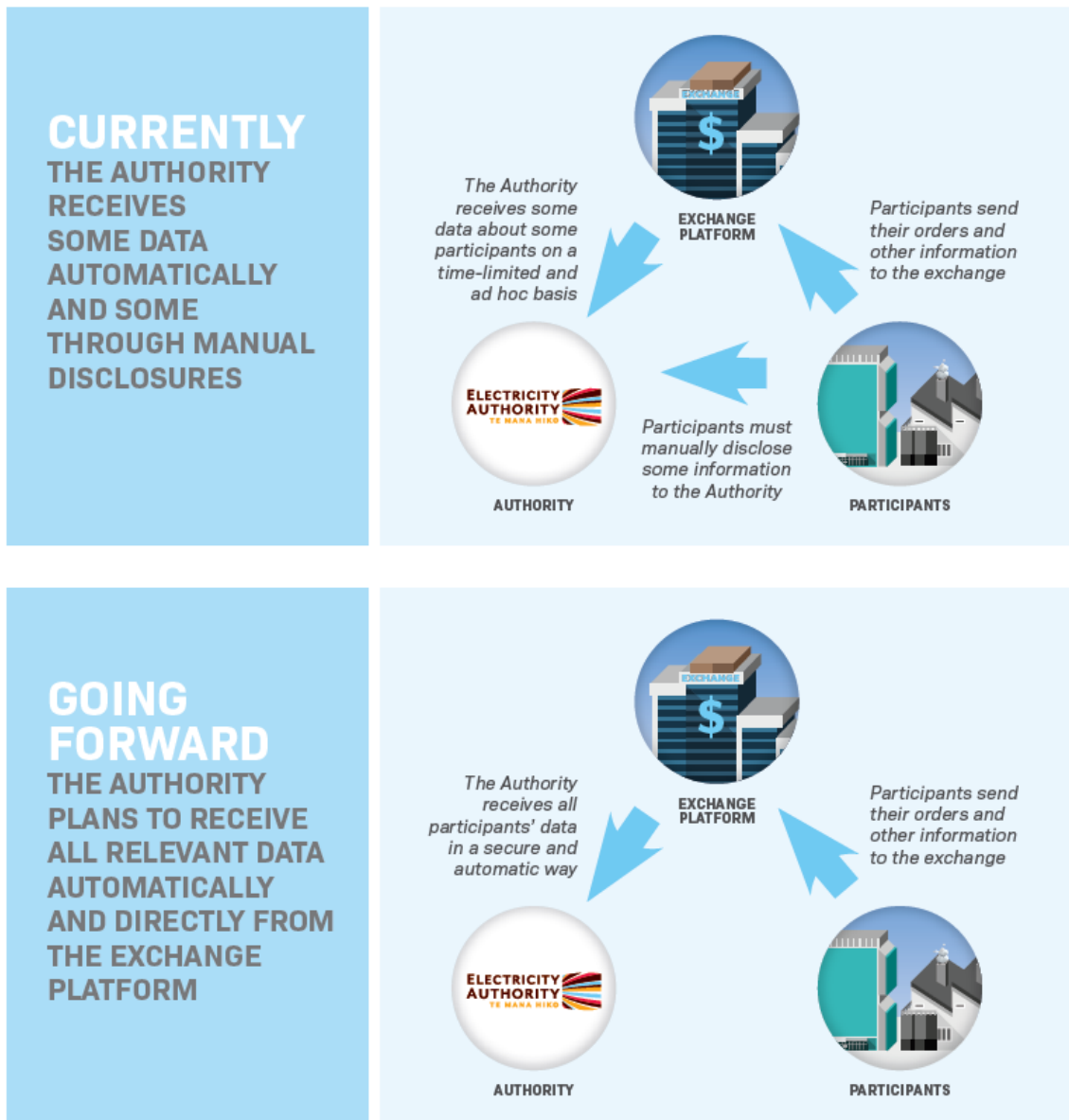
³ Refer: <https://www.emi.ea.govt.nz/>

4 The Authority has decided to implement a revised proposal

4.1 The objectives of the proposal are unchanged since consultation, and are to:

- (a) secure permanent and continuous access to all participants' de-anonymised ASX tick data;
- (b) secure access to a comprehensive suite of participants' exchange-traded hedging data (comprising de-anonymised tick data, de-anonymised off-screen trades, and open interest by participant); and
- (c) reduce participants' existing manual hedge disclosure obligations once the Authority is satisfied it is receiving their data automatically and directly from the relevant exchange platform (currently only the ASX).

Figure 1: The new arrangements will streamline data flows



The Authority has revised its proposal in light of submissions received

- 4.2 As described above, there were a number of important points raised in submissions which have influenced our final decision. The two main changes we have made are described below. We also made a couple of minor technical changes to ensure the Code achieves its purpose.

Scope of consent

- 4.3 Clause 13.236AA(2)(c) previously provided for the consent required under subclause (1) to include any other information, documents or data that the Authority may require for the specific purposes of information disclosure provided for under clause 13.217, or otherwise to carry out its functions under the EI Act as they relate to the market for exchange-traded risk management contracts. We acknowledge some submitters' concerns that this was a fairly broad requirement.
- 4.4 We have revised this obligation to refer only to data or information that we need to monitor market makers' performance. Submitters have indicated their support for the Authority having access to the data it needs to adequately monitor the performance of the market, and we see this change as being in line with that position. Clause 13.236AA(2)(a) may be relied on to collect some of the information required to monitor the performance of market makers, and the revised (2)(c) is designed as a catch-all for any other information that may arise for the purpose of monitoring such performance.
- 4.5 Drafting of clause 13.236AA(2)(c) in consultation paper:
any other information, documents or data that the **Authority** may require for the specified purposes of information disclosure provided for under clause 13.217, or otherwise to carry out its functions under the Act as they relate to the market for exchange-traded risk management contracts.
- 4.6 Final drafting of clause 13.236AA(2)(c) in Code amendment:
where the **participant** has an agreement with an exchange that imposes requirements on the **participant** in relation to the exchange's market-making scheme for **risk management contracts**, any other information, documents or data that the **Authority** may require in relation to the **participant's** performance of its obligations under that agreement.

Information disclosure

- 4.7 The consultation paper suggested if the Authority could access a comprehensive suite of participants' exchange-traded risk management data automatically and directly from an exchange it could reduce participants' existing disclosure obligations (under the hedge disclosure regime in subpart 5 of part 13 of the Code). Some participants were supportive of this, while others considered it was useful to retain the reporting to the Hedge Disclosure website. In conducting research for this paper we had found limited support for retaining the Hedge Disclosure website reporting.
- 4.8 At this stage we are making no changes to participants' hedge information disclosure requirements. If and when we become satisfied with the data we are receiving from exchanges we may review specific participants' information disclosure requirements. In this case the Authority would advise the participant in writing and may publicise any change in obligations.
- 4.9 We have revised clause 13.218(2) to clarify this, as shown in tracked changes:

Despite subclause (1), a **party** specified in that subclause ~~is not~~ may, at the Authority's discretion, not be required to submit certain information specified in clauses 13.219, 13.222 and 13.223 using an **approved system** if the **Authority** is satisfied that appropriate consent and arrangements are in place under clause 13.236AA for the **Authority** to obtain such information directly from an exchange and the **Authority** has advised that **party** in writing—

(a) that this subclause applies; and

(b) what information that **party** is not required to submit.

The Authority will implement the proposal as set out in the appendices

4.10 The details of the decision the Authority will implement are set out in the following documents:

- (a) the Code amendment is attached as Appendix A;
- (b) the Gazette notice is included as Appendix B; and
- (c) the prescribed form that must be used by participants to give consent to an exchange to comply with the new clause in the Code is set out in Appendix C. This appendix also describes the process the Authority will follow regarding updating and publishing the prescribed form.

5 The Authority is confident its decision will be of long-term benefit to consumers

The amendment promotes efficiency and competition

5.1 Access to de-anonymised tick data provides many advantages to the Authority in performing its functions under the EI Act and delivering benefits for consumers, by saving time and delivering improved data quality. This will enhance the Authority's ability to perform its market monitoring, market facilitation, and enforcement functions under the EI Act, as well as its ability to support market development, both by allowing it to do more of what it currently does, faster, and by providing opportunities for new activities.

The Authority's market monitoring function will be enhanced

5.2 Maintaining access to de-anonymised data will ensure the Authority has a continuous and uninterrupted data set. This will enhance the value of the data, which will contribute to improved analysis and decision making by the Authority. Through automated data analysis, the Authority will be able to undertake more proactive monitoring and reporting of market performance. These reports will provide greater transparency around market performance and support market confidence.

5.3 A specific example is the ability to monitor market maker performance. An automated data feed will allow the Authority to independently assess market maker performance, closer to real-time, without relying on the ASX monitoring and enforcing its market making contracts. This will allow the Authority to give greater and more timely assurances to other industry participants, thereby lifting trust and confidence in the market.

De-anonymised tick data will enhance market development

- 5.4 Exchange-traded risk management contracts are a key part of the wider electricity market, and better and more reliable data about participants' use of these contracts will further assist the Authority in the future.
- 5.5 A specific example of this is the Authority's Hedge Market Enhancement project, which is currently focussing on enhancing market making arrangements, but also has scope to review other aspects of markets for risk management contracts. Another example is the MDAG's current work to review the high standard of trading conduct provisions – which rely on an understanding of participants' position in both physical and financial markets. Data access will also contribute to better analysis in other future market development projects.

Investigation and potential enforcement will be accelerated

- 5.6 Without access to tick data, the Authority would rely on participants' (delayed) loading of trade data to the hedge disclosure website. In periods of market stress, prompt investigation is important for participants' confidence in the market. With automated and reliable data, the Authority will be able to set up automated monitoring of participants' behaviour in the market, reducing the resource needed to identify and investigate any concerning trends.

The benefits of the amendment are greater than the costs

- 5.7 In accordance with the requirements of the EI Act and the Authority's consultation charter the Authority undertook a cost benefit analysis of its proposal as part of the consultation paper.⁴ The Authority's analysis of the costs and benefits of its proposal show that it has a positive net benefit for consumers. The Authority has reviewed the various submissions relating to its cost benefit analysis of the proposal, and remains of the view that the proposal will have positive net benefits to consumers.

The amendment is consistent with statutory requirements

- 5.8 The amendment is consistent with the Authority's statutory objective and with the requirements of the Act, in particular sections 32 and 39.
- 5.9 The amendment is also consistent with the applicable Code amendment principles, which are set out in the Authority's consultation charter. The Authority considers the amendment will promote competition and efficiency of the electricity industry for the long-term benefit of consumers for the reasons set out above.

⁴ Refer Appendix A of *Hedge Market Enhancements: industry consultation on securing access to better hedging data*

Appendix A Code amendment

A.1 We have decided to amend Part 13 of the Code as set out below. Underlined text indicates new clauses.

New clauses to add to subpart 5 of Part 13

13.236AA Requirement to provide consent to exchange

- (1) Each **participant** must ensure that, before placing any bid or offer for, or entering into, an exchange-traded **risk management contract**, it has provided the consent described in clause 13.236AA(2) to the exchange through which the bid or offer will be placed or contract entered into, which consent must continue to be in effect at the time any such bid or offer is placed or contract is entered into.
- (2) The consent required under subclause (1) must be in the **prescribed form** and allow the exchange to provide any of the following de-anonymised information (including historical information) to the **Authority** at such frequency as may be required by the **Authority** from time to time:
 - (a) any information, documents or data in relation to bids or offers placed for **risk management contracts**, or in relation to such contracts entered into, by, or on behalf of, the **participant** (including in relation to buy and sell prices, trading periods, volumes and quantities):
 - (b) any information, documents or data in relation to the number of outstanding **risk management contracts** held by, or on behalf of, the **participant** at the end of each **trading day**:
 - (c) where the **participant** has an agreement with an exchange that imposes requirements on the **participant** in relation to the exchange's market-making scheme for **risk management contracts**, any other information, documents or data that the **Authority** may require in relation to the **participant's** performance of its obligations under that agreement.
- (3) Each **participant** must ensure that, immediately after providing consent in accordance with subclause (1), all necessary arrangements are in place with any agent, associate, contractor, service provider, or other person acting on behalf of, or on the instructions of, the **participant** to permit and facilitate the provision of all information described in subclause (2) by the exchange to the **Authority**.
- (4) Each **participant** must, within 5 **business days** of receiving a written request from the **Authority**, supply the **Authority** with such evidence as may be reasonably required by the **Authority** to satisfy itself that the consent and arrangements required by this clause 13.236AA are in full force and effect.
- (5) The **Authority** may issue guidelines to assist **participants** to identify the types of information the **Authority** may obtain from an exchange and the types of arrangements it expects **participants** to put in place to permit and facilitate the provision of such information.

New subclause to add to clause 13.218

13.218 Parties required to submit information

(1) The following **parties to risk management contracts** are required to submit the information specified in clauses 13.219, 13.222 and 13.223 using an **approved system**:

- (a) the **seller**, if the **seller** is a **participant**; or
- (b) the **buyer**, if the **buyer** is a **participant** and the **seller** is not a **participant**.

(2) Despite subclause (1), a **party** specified in that subclause may, at the Authority's discretion, not be required to submit certain information specified in clauses 13.219, 13.222 and 13.223 using an **approved system** if the **Authority** is satisfied that appropriate consent and arrangements are in place under clause 13.236AA for the **Authority** to obtain such information directly from an exchange and the **Authority** has advised that **party** in writing—

- (a) that this subclause applies; and
- (b) what information that **party** is not required to submit.

Appendix B Gazette notice

Notice of the Electricity Industry Participation Code Amendment (Securing Access to Exchange Data) 2020

1. Under section 38(3)(b) of the Electricity Industry Act 2010 ("Act"), and having complied with section 39 of that Act, the Electricity Authority ("Authority") gives notice of making the Electricity Industry Participation Code Amendment (Securing Access to Exchange Data) 2020 ("amendment").
3. The amendment comes into force on 29 October 2020.
4. The amendment inserts new clauses to subpart 5 of Part 13 of the Electricity Industry Participation Code 2010 ("Code") and a new subclause to clause 13.218 of the Code. The new clauses will allow the Authority to access de-anonymised data about participants from exchange platforms through which risk management contracts are traded. This will be done by imposing obligations on participants to permit each exchange platform on which they trade risk management contracts to share their de-anonymised data with the Authority and make necessary arrangements to ensure such information can be provided. The new subclause will give the Authority discretion to remove participants' existing obligation to manually disclose the same data.
5. A copy of the amendment and the Code are available on the Authority's website at: <http://www.ea.govt.nz/code-and-compliance/the-code/>
7. A copy of the amendment and the Code may also be inspected free of charge or purchased from the Electricity Authority, Level 7, Harbour Tower, 2 Hunter Street, Wellington.

Dated at Wellington this day of September 2020

Dr THOMAS BRENT LAYTON, Chair, Electricity Authority.

Appendix C Prescribed form under clause 13.236AA(2) of the Electricity Industry Participation Code 2010 (Code)

- C.1 We have developed a prescribed form of consent. All participants must use this as the mechanism to provide ASX, or any other relevant exchange, with consent to provide the Authority with the data detailed in clause 13.236AA(2).
- C.2 The prescribed form of consent will be published on the Authority's website. Participants should download the form, complete their details, and send a scanned copy on company-headed paper, signed by a duly authorised signatory, to the relevant exchange and copy the Authority (marketoperations@ea.govt.nz). Contact details for the relevant exchange will be provided on the Authority's website.
- C.3 This form may change in future. In this case the Authority will advise of any changes and participants would need to re-submit their forms.

Prescribed form under clause 13.236AA(2) of the Electricity Industry Participation Code 2010 (Code):

[Participant's letterhead]

To: [Exchange]

Cc: Electricity Authority (marketoperations@ea.govt.nz)

Consent to [Exchange] providing [participant]'s data to New Zealand Electricity Authority (the Authority)

The purpose of this consent is to meet [participant]'s obligations under clause 13.236AA of the Electricity Industry Participation Code 2010 (Code).

In particular, clause 13.236AA(1) of the Code sets out that:

*"Each **participant** must ensure that, before placing any bid or offer for, or entering into, an exchange-traded **risk management contract**, it has provided the consent described in clause 13.236AA(2) to the exchange through which the bid or offer will be placed or contract entered into, which consent must continue to be in effect at the time any such bid or offer is placed or contract is entered into."*

Clause 13.236AA(2) provides that the consent required under subclause (1) must be in the Prescribed Form. Under the Code, this means a form prescribed from time to time by the Authority.

This consent is in the Prescribed Form participants must use under clauses 13.236AA(1) and 13.236AA(2) of the Code.

Consent

In accordance with clause 13.236AA(1), [participant] consents to [Exchange] providing the following de-anonymised information (including historical information) to the Authority at such frequency as may be required by the Authority from time to time:

- a) any information, documents or data in relation to bids or offers placed for Risk Management Contracts, or in relation to such contracts entered into, by, or on behalf of, [participant] (including in relation to buy and sell prices, trading periods, volumes and quantities):
- b) any information, documents or data in relation to the number of outstanding Risk Management Contracts held by, or on behalf of, [participant] at the end of each Trading Day:
- c) where [participant] has an agreement with [Exchange] that imposes requirements on [participant] in relation to [Exchange]'s market-making scheme for Risk Management Contracts, any other information, documents or data that the Authority may require in relation to [participant]'s performance of its obligations under that agreement.

Declarations

[Participant] declares that at all times it will ensure that all necessary arrangements are in place with any agent, associate, contractor, service provider, or other person acting on behalf of, or on the instructions of, [participant], to permit and facilitate the provision of information by [Exchange] to the Authority in accordance with this consent.

[Participant]:

- a) acknowledges that the information will be provided to the Authority by [Exchange] in reliance on this consent, which acknowledgement will be repeated on each day during the operation of this consent; and
- b) will immediately advise [Exchange] in writing if a representation given in this letter ceases to be accurate.

If [Exchange] is unable to obtain relevant information from any agent, associate, contractor, service provider, or any other person acting on behalf of, or on the instructions of, [participant], the [participant] will do what is required to facilitate the provision of such information by [Exchange] to the Authority in accordance with this consent.

Capitalised terms used in this letter have the meaning given to those terms in clause 1.1 of the Code.

Yours faithfully,

SIGNED on behalf of [participant] by its duly authorised signatory:

Signature

Date

Name

Title

[*participant*] contact details:

Name

Email

Address

Phone number

Form version number: 1