



Joint briefing on information disclosure

Electricity Authority, Transpower & Gas Industry Co

03 March 2021

Agenda

Electricity Authority



Overview of new wholesale market information disclosure reporting obligations

Transpower



Update on new guidance for participants on what outages might impact the system operator's ability to meet its Principal Performance Obligations

Gas Industry Co



Update on gas information disclosure workstream



An effective information disclosure regime is a fundamental feature of a well-functioning electricity market

The Authority takes information disclosure seriously and reminds participants of the importance of complying with the relevant provisions

- Enhanced information disclosure can;
 - reduce information asymmetries between participants
 - reduce information costs
 - assist participants in making informed decisions
 - enhance confidence in the integrity of the market.
- This project primarily supports two strategic ambitions:



Trust and confidence



Thriving competition

- These projects are together working to ensure parties remain confident in wholesale market competition, and the efficiency of the prices and the forward price curve it produces



Existing provisions

- **Clause 13.2A** of the Electricity Industry Participation Code 2010 (Code) requires participants to disclose information they hold about themselves that they expect, or ought reasonably to expect, if made available to the public, will have a material impact on prices in the wholesale market.
- The rules apply to all participants, who must make this information readily available to the public, free of charge, as soon as they become aware of it.
- There are nine exclusions which participants can use to avoid disclosing information.
- Guidelines were developed to support participants to understand their obligations.

Other disclosure obligations

- Participants are required to disclose outage information to the system operator under **Schedule 8.3**, Technical Code D of the Code.
- Listed companies also face continuous disclosure obligations to publish anything that may materially impact their share price.



Review of thermal fuel disclosure

Where have we got to?

Thank you for all your engagement on the project to date

- Scope focused on the disclosure of thermal fuel information, considering Authority and stakeholder concerns stemming from the Spring 2018 situation when extended Pohokura gas supply outages caused wholesale electricity prices increases
 - Specific concern regarded a perceived or real information asymmetry between holders and users of thermal fuel information
 - Closely engaged with Gas Industry Company (Gas Industry Co)
-
- January 2020: review commenced
 - March – April: bi-laterals to understand problems
 - July 2020: consulted on four proposals
 - October 2020: consulted on updates to the Guidelines
 - November 2020: bi-laterals re disclosure platform functionality
 - January 2021: decision paper released



Key decisions

Aim:

Ensure the Code's disclosure requirements are being met

1. **Code change – mandatory quarterly reporting of disclosure activities by major participants** will ensure those participants are considerate of 13.2A obligations and provide information to facilitate monitoring and compliance

Going live 1 April 2021

2. **Update the Guidelines regarding thermal fuel disclosure**

to provide greater clarity regarding disclosure obligations and reflect recent developments

Published January 2021



Aim:

Make thermal fuel information easier to find and use

3. Raise awareness of existing disclosures via a **disclosure reference webpage** and publish education material

Webpage published October 2020
Education material coming soon

4. Create a **Disclosure Obligations Platform**

Under development



Summary of new clauses 13.2B - L

You can read the Code amendment [here](#)

Benefits

- Increased respect for electricity market information disclosure requirements
- New information to support monitoring and compliance
- Clarity around usage use of exclusions
- Increased transparency and confidence

B – contents of the quarterly disclosure report

C – explanation of description of disclosure information

D – timing of quarterly reports, requirement for certification and report on polices

E – the Authority may publish some of the information received

F – how the Authority can use the information received

G – K – the Authority can require a review by an independent person of whether a major participant has complied with clauses B – D

L – major participants must provide complete and true information



Who?

- Major participants
- The Code defines ‘major participant’ in clause 1.1 of the Code as:

major participant means—

- (a) a generator who is subject to dispatch or a generator with aggregated national generation capacity in excess of 30MW; or
- (b) an ancillary service agent providing frequency keeping or instantaneous reserve; or
- (c) a direct purchaser; or
- (d) a grid owner

Indicative list below. See **here** for more info: <https://www.ea.govt.nz/assets/dms-assets/27/List-of-major-participants-for-the-purposes-of-clauses-13.2B-L.pdf>

Alinta ENZ	Meridian Energy	NZ Wind Farms	Transpower NZ
Cold Storage Nelson Limited	New Zealand Aluminium Smelters Limited	OJI Fibre Solutions (NZ) Ltd	Trustpower
Contact Energy	Rotokawa Geothermal Limited and Tahumatua and Company LP trading as an unincorporated joint venture known as the Nga Awa Purua Joint Venture	Pacific Steel (NZ) Limited	Tuaropaki Power Company Limited
Counties Power		Pan Pac Forest Products Limited	Vector
Eastland Generation Limited		Pioneer Energy	Waipa Networks Limited
EnerNOC (also includes Pan Pac and Winstone Pulp International)	Ngawha Generation Limited	Port Otago Limited	WEL Networks
Genesis Energy	Norske Skog Tasman Limited	Pulse Energy Alliance	Wellington Electricity Lines Limited
King Country Energy Limited	Northpower	The New Zealand Refining Company Limited	Winstone Pulp International Limited
Mercury Energy	Nova Energy	Todd Generation Taranaki	

What?

Clauses 13.2B-L impose obligations on major participants to report to the Authority on how they are meeting their disclosure obligations under clause 13.2A

- Each quarter, major participants need to submit a report to the Authority describing:
 - whether the major participants has a written procedure for determining whether they hold disclosure information
 - whether or not the major participant held disclosure information
 - the disclosure information or a description of the information
 - for any information that was disclosed, where it was disclosed
 - for any information that was not disclosed, which exclusion under clause 13.2A(2) was relied on.
- The report needs to be certified by a senior member of staff that the information contained in the report is correct.



The Code allows for different information disclosure scenarios









Key



Disclosure information starts to be held

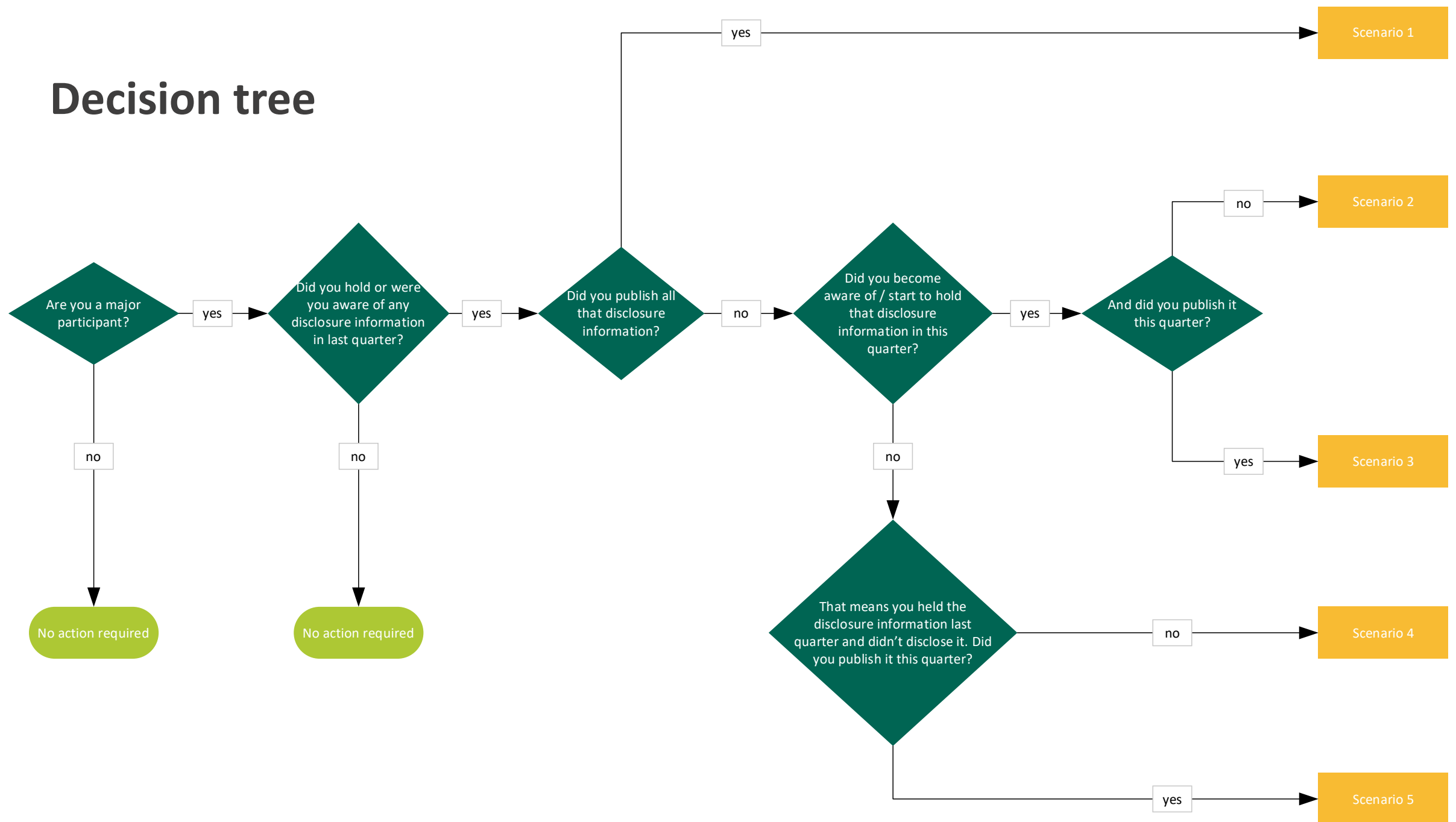


Disclosure information published

Scenario	Previous Quarter	Current Quarter	time →
1		 	
2			
3		 	
4			
5			



Decision tree



Description of disclosure information

Where participants do not publish disclosure information, they have the option to report either;

- **the disclosure information, or**
- **a description of the disclosure information**

- Typically a description of the disclosure information will include fewer details than the full disclosure information and may be more practical for participants in some situations.
- In providing the description, the participant may not need to provide the relevant underlying document(s) eg, the contract being negotiated.
- Clause 13.2C(1) requires that enough information be provided to reasonably enable the Authority to identify whether it is likely that the major participant held or continues to hold disclosure information, and held or continues to hold reasonable grounds to not make the disclosure information readily available to the public.
- The Guidance document contains some examples.



Report on policies

Along with the quarterly disclosure report, major participants need to report on whether or not they have a written policy, procedure and/or process for:

- identifying and determining whether they hold disclosure information, and
- identifying and determining whether there are grounds for not making that information readily available to the public

Sign off requirements

Anyone from the list below:

- Director
- Chief executive officer
- Chief financial officer, or
- A person holding a position equivalent to one of the positions above of the major participant



When?

- New clauses are effective from 1 April 2021
- Quarterly reports are due by the end of each month following the expiry of the quarter to which the report relates (30 April, 31 July, 31 October, 30 January)

**The first report is due by
31 July 2021**

Quarter start	Quarter end	Quarterly disclosure report due
1 January	31 March	30 April
1 April	30 June	31 July
1 July	30 September	31 October
1 October	31 December	31 January

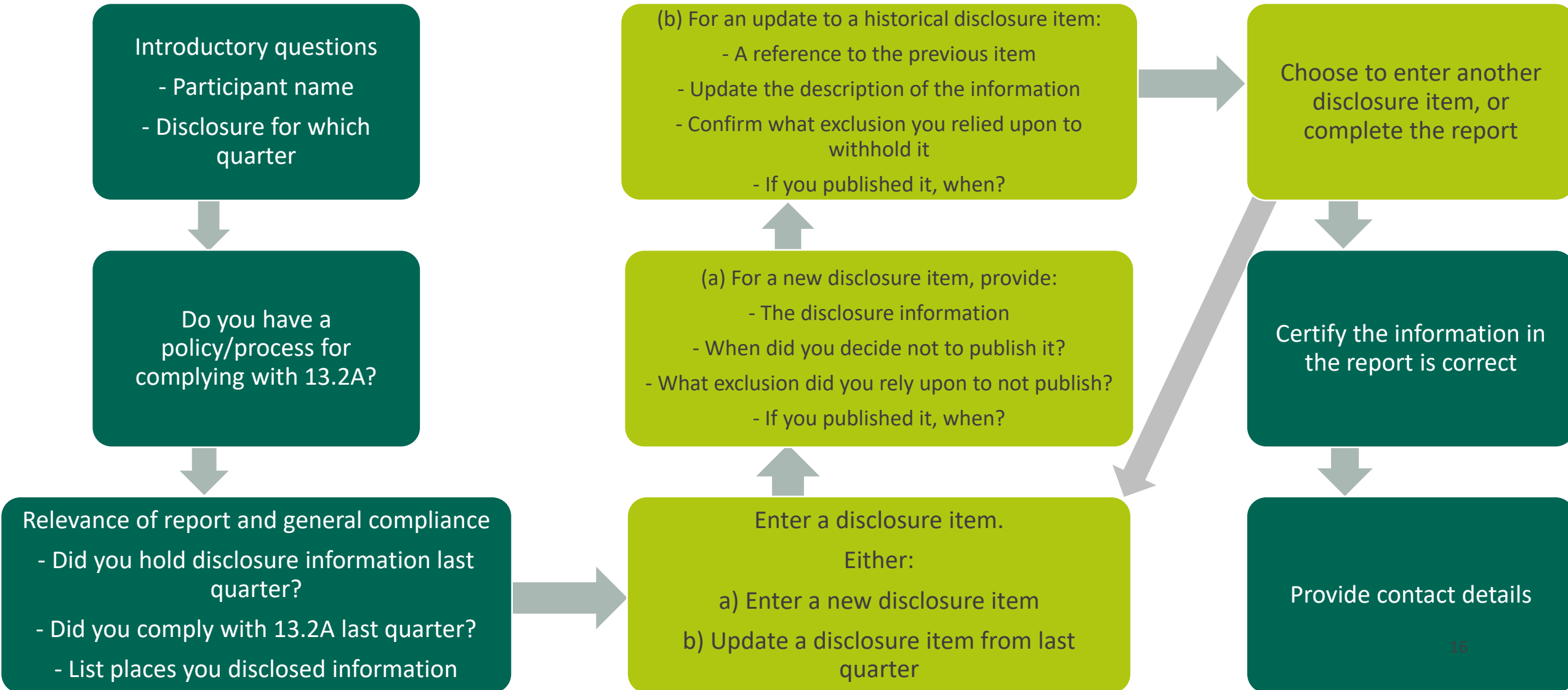


Required form

- Clause 13.2D requires participants to report in the form specified by the Authority
- We will be developing the form over the next month and will update you
- We intend to use a secure webform interface in the near term
- Disclosure Obligations Platform
 - Including functionality for participants to disclose information to the market, as well as reporting under clauses 13.2B-D
 - Limited engagement for this more advanced platform
 - Will look at developing this in future but not a current priority
 - Near term: we will rely on the web form to collect information



Draft structure of Required form



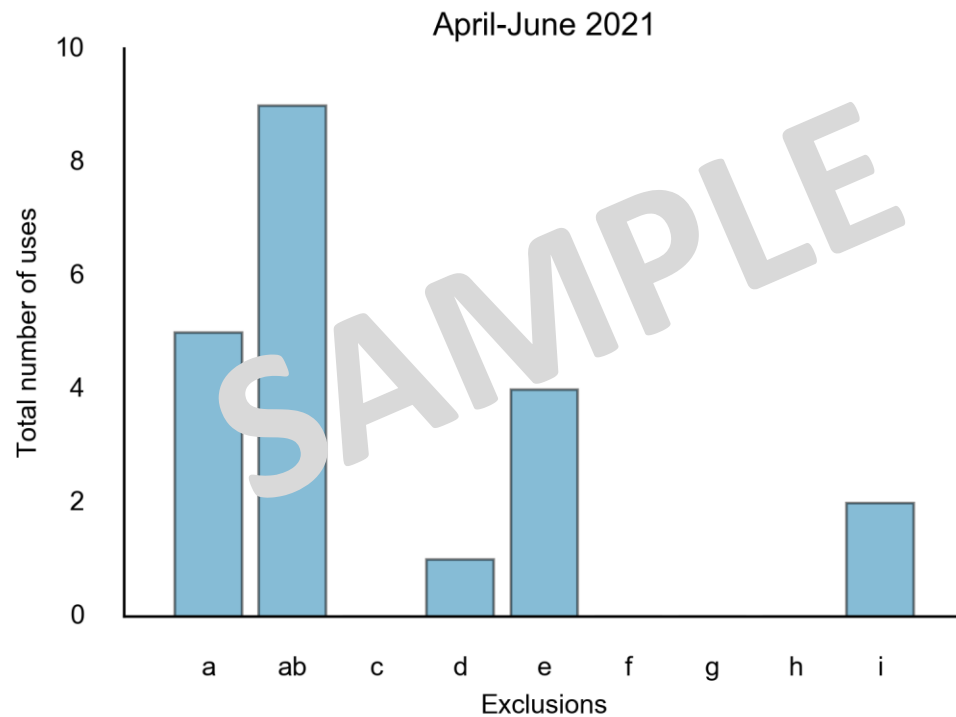
Qu	Disclosure report	
Introductory questions		
i	Participant name	Drop down from participant list
ii	Disclosure for which quarter	Drop down of list of quarters (historical, commencing from policy go live date)
Report on policies, procedures or processes		
1	Does the participant have a written policy, procedure and/or process for identifying and determining whether <ul style="list-style-type: none"> any information held by the major participant is disclosure information to which clause 13.2A(1) applies, and there are grounds under clause 13.2A(2) for not making that information readily available to the public 	Yes/ no
Determine relevance of report and general compliance		
2a	Does the participant hold or was it aware of any disclosure information to which clause 13.2A(1) applies during the quarter?	Yes/ no If no, do not need to complete next questions
2b	Please confirm the participant complied with clause 13.2A during the quarter	Yes/ no
2c	If the participant did not comply with clause 13.2A at any time during the quarter, please provide details of that non-compliance	Free text Required if answered 'no' to question 1c
2d	If you published disclosure information in the last quarter, please list all locations or methods of disclosure used by the participant during the reporting period, including webpage links	Free text
Enter a disclosure item If you held disclosure information which was not published as soon as reasonably practicable because an exclusion was relied upon, you need to enter a disclosure item . Unique ID generated each time		
3	Does the information relate to a disclosure item you reported in a previous quarter?	Yes/no If yes, go to question 5
The information does not relate to a disclosure item reported in a previous report. Enter a new disclosure item		
4a	At some point during the reporting quarter, did the information meet the definition of disclosure information (was the information about you and held by you and would the information materially influence wholesale prices if published)?	Yes/no If no: 'No need to disclose'

Draft of Required form

Qu	Disclosure report	
4b	Provide the disclosure information or a description of the disclosure information	Free text
4c	When did you decided to not make the disclosure information readily available to the public?	Date
4d	What grounds did you rely on under clause 13.2A(2) to not make the disclosure information readily available to the public?	Drop down from list of exclusions in 13.2A(2) (multi select)
4e	Did you publish the information this quarter?	Yes/no If no, end here If yes, continue
4f	When did you decide to make the disclosure information readily available to the public, as the ground in clause 13.2A(2) no longer applied?	Date
The information relates to a disclosure item reported in a previous report. Update a previous disclosure item		
5a	Provide the relevant unique ID number of the historical disclosure item	Unique ID
5b	Does it still meet the definition of disclosure information?	If no: Mark item as 'no longer disclosure information' If yes: continue
5c	Update the (description of) disclosure information	
5d	What grounds did you rely on under clause 13.2A(2) to not make the disclosure information readily available to the public?	Drop down from list of exclusions in 13.2A(2) (multi select)
5e	Did you publish the information this quarter?	Yes/no If no, end here If yes, continue
5f	When did you decide to make the disclosure information readily available to the public, as the ground in clause 13.2A(2) no longer applied?	Date
Do you want to enter another disclosure item? If yes: return to question 3 If no: continue		
Certification of quarterly reports		
6	Please confirm you consider, on reasonable grounds and to the best of your belief, that the quarterly disclosure report is complete and is a true and correct record of the matters stated in the quarterly disclosure report	Yes/ no
Signoff		

How we plan to use the information

- Aggregated, anonymised reports will be published on EMI
- First report uploaded ~ September 2021






Appendix: Different information needs to be reported depending on the disclosure scenario

Scenario	Previous Quarter	Current Quarter
1		<div>?</div> <div>✓</div>
2		<div>?</div>
3		<div>?</div> <div>✓</div>

Scenario	1	2	3
Situation	Disclosure information held in this quarter for the first time that was disclosed to the public this quarter without reliance on an exclusion at any time. (see clause 13.2B(2)(b))	Disclosure information held in this quarter for the first time, and was not disclosed this quarter (see clauses 13.2B(2)(c)(i)-(iv))	Disclosure information held in this quarter for the first time that was disclosed to the public this quarter after being withheld because an exclusion applied for a period of time (see clause 13.2B(2)(c)(v))
What to report	The means by which you made the disclosure information readily available to the public	<ul style="list-style-type: none"> Number of times disclosure information was withheld For each instance disclosure information was withheld; <ul style="list-style-type: none"> The disclosure information or a description of if That date you decided not to make the disclosure information readily available to the public The grounds you relied upon under clause 13.2A(2) not to make the disclosure information readily available to the public 	<ul style="list-style-type: none"> Scenario 2 information <i>plus</i> The date you decided to make the disclosure information readily available to the public

Appendix: Different information needs to be reported depending on the disclosure scenario

Scenario	Previous Quarter	Current Quarter
4		
5		

Scenario	4	5
Situation	Disclosure information held and not disclosed in a previous quarter because an exclusion applied, and was also not disclosed this quarter (see clause 13.2B(2)(d))	Disclosure information held and not disclosed in a previous quarter because an exclusion applied, that was disclosed this quarter (see clause 13.2B(2)(e))
What to report	<ul style="list-style-type: none"> The disclosure information or a description of it, or a reference to the previous report describing the disclosure information The grounds you relied upon under clause 13.2A(2) not to make the disclosure information readily available to the public 	<ul style="list-style-type: none"> The means by which you made the disclosure information readily available to the public The disclosure information The date you decided to make the disclosure information readily available to the public The previous quarter(s) you decided to not make the disclosure information readily available to the public





OUTAGE DISCLOSURE GUIDANCE

MARK YEOMANS
OPERATIONS PLANNING ENGINEER



TRANSPower

3RD MARCH 2021

POWERING NEW ZEALAND TODAY + TOMORROW

The background of the slide is a photograph of a dense green forest. Several power lines run diagonally across the frame from the top left towards the bottom right. On the right side, two workers wearing safety harnesses and helmets are suspended on a cable, likely performing maintenance or construction work. The lighting is bright, suggesting a sunny day, with some lens flare visible in the upper left corner.

OUTAGE DISCLOSURE GUIDANCE

**GUIDANCE FOLLOWING RECOMMENDATIONS FROM THE 2019
POCP REVIEW**

BACKGROUND

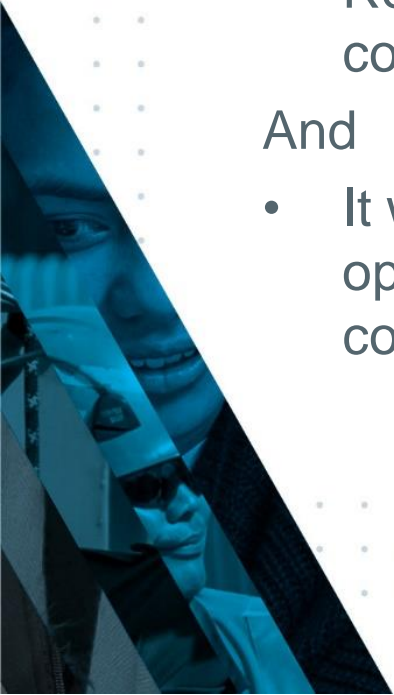
The [POCP review](#) completed in March 2020 made several observations and recommendations:

That the following should be disclosed in POCP:

- Equipment outages
- Reduction in capability due to equipment constraints, but not due to transmission constraints.

And

- It would be useful to advise what types and sizes of outages affect the system operator's ability to plan or operate within its Principal Performance Obligations. These could be a *de minimis* size, or identification of an asset's impact on the PPOs.

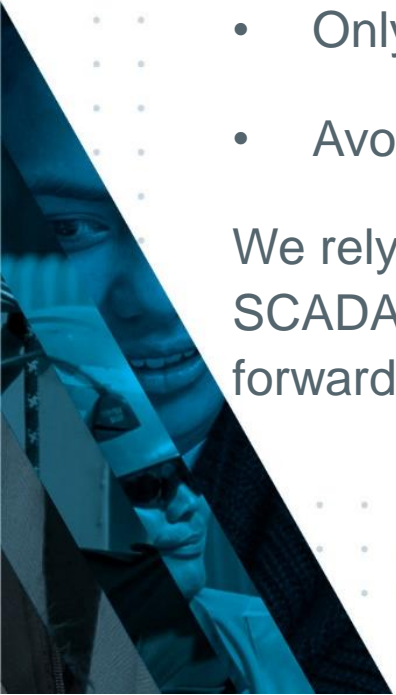


SYSTEM OPERATOR MANAGES A SECURE POWER SYSTEM

The system operator's role in managing power system security includes:

- Managing the voltage and frequency of the grid in real-time, including:
 - a) with a base case that includes all planned outages;
 - b) managing the next contingency;
 - c) relying on all ancillary services products such as IL and AUFLS.
- Only dispatching assets within their asset capability.
- Avoiding cascade failure

We rely on the accuracy of information shared in real-time (through Technical Code C; including SCADA indications and measurements) and in planning time (through Technical Code D and forward outage schedules.)



MINIMUM DISCLOSURE REQUIREMENTS

This is not an exhaustive list of outages that may impact the system operator's ability to comply with its PPOs and asset owners must comply with their obligations under Technical Code D.

The system operator has determined that the following outages may impact our ability to comply with our PPOs and therefore require disclosure:

- All grid owner outages.
- Where a generating station capacity exceeds 20MW, all outages affecting generating capacity.
- Where a controlling party of interruptible load exceeds 20MW of interruptible load capacity, outages affecting >10MW of interruptible load capacity.



MINIMUM DISCLOSURE REQUIREMENTS - CONTINUED

- Where an energy consumer exceeds 20MW of connected load at a single location, outages affecting >10MW of connected load.
- Where a asset owner is transferring >1MW of load either between GXPs or within the GXP, if the transfer is across a two pricing nodes or a normally split configuration
- Dynamic reactive power equipment, where the capability reduction exceeds 5MVAr



NOTE ON OBLIGATIONS

- There may be additional outages, beyond these minimum requirements, that may impact the system operator's ability to comply with its PPOs.
- If an asset owner is unsure if an outage may impact the ability of the system operator to comply with its PPOs, the asset owner has an obligation to contact the system operator for advice.

Outage disclosure through POCP is preferred, disclosure by any other medium is acceptable



NEXT STEPS

- The system operator will continue to identify additional outages that may impact our PPOs (further details in published advice)
- These outages will be communicated to asset owners as they are identified
- The system operator will continue to monitor and review these minimum requirements



FURTHER INFORMATION AND QUESTIONS

- Annual Outage Planning Forum
- Published Advice
 - [System Operator Response to POCP Review – Outage Disclosure Requirements](#)
 - [Attachment 1: Minimum Outage Disclosure Requirements](#)
 - [POCP Review - Outage Notification Guidance Presentation](#)

To contact Operations Planning
OPS.Planner@transpower.co.nz



Gas Industry Company – update on gas information disclosure workstream



Thanks for attending

- Encourage participants to familiarize themselves with the updated Guidelines available here:
<https://www.ea.govt.nz/operations/wholesale/information-disclosure/>
- Any questions?
- For more info please contact:
 - WMID@ea.govt.nz
 - OPS.Planner@transpower.co.nz
 - info@gasindustry.co.nz