

Electricity Industry Participation Code Amendment (Discretionary Demand Control) 2023

Under sections 38 and 40 of the Electricity Industry Act 2010, I make the following urgent amendment to the Electricity Industry Participation Code 2010.

At Wellington on the day of April 2023

Dr Nicola Lane Crauford
Chair
Electricity Authority

Certified in order for signature:

Alexandra Parker
Senior Legal Counsel
Electricity Authority

Simon Watt
Consultant
Bell Gully

April 2023

April 2023

Contents

1	Title	1
2	Commencement	2
3	Code amended	2
4	Clause 1.1 amended (Interpretation)	2
5	New clause 5A of Schedule 8.3, Technical Code B inserted 5A Request to inform the system operator of available discretionary demand	2

Amendment

1 Title

This is the Electricity Industry Participation Code Amendment (Discretionary Demand Control) 2023.

2 Commencement

This amendment comes into force on 3 May 2023.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 1.1 amended (Interpretation)

In clause 1.1(1), insert in its appropriate alphabetical order:

“**discretionary demand** means the quantity of **demand** that a **connected asset owner** estimates will be available for use by the **system operator** under a **grid emergency**. For the avoidance of doubt, the available **discretionary demand** must exclude—

- (i) **discretionary demand** a **connected asset owner** intends to use for its own network demand management purposes; and
- (ii) any **discretionary demand** offered into the **instantaneous reserves** market; and
- (iii) any **discretionary demand** bid or offered on behalf of a **dispatch-capable load station** or **dispatch notification purchaser** or **dispatch notification generator**.”

5 New clause 5A of Schedule 8.3, Technical Code B inserted

After clause 5 of Schedule 8.3, Technical Code B, insert:

“**5A Request to inform the system operator of available discretionary demand**

- (1) A **connected asset owner** must, as soon as reasonably practicable following a request by the **system operator**, inform the **system operator** of their available **discretionary demand** using a method or form agreed with the **system operator**. The **connected asset owner** must agree a method or form for providing such information with the **system operator** by 31 May 2023. Failing such agreement, the **connected asset owner** will be required to provide this information to the **system operator** by submitting **difference bids**.
- (2) For the purposes of subclauses (3) and (4), a **connected asset owner** who submits **difference bids** to the **system operator** under subclause (1) is deemed to be a **purchaser** who purchases **non-dispatch-capable load** at a **conforming GXP** for the purposes of clauses 13.7AA, 13.7AC, 13.7AD, 13.13(2), 13.15, 13.16 and 13.19A.
- (3) If the **system operator** requests information regarding available **discretionary demand** under subclause (1), a **connected asset owner** who submits **difference bids** must, as soon as reasonably practicable following a request by the **system operator**—
 - (a) submit to the **system operator** for each **trading period** notified by the **system operator** a **difference bid** that represents a reasonable estimate of the available **discretionary demand** which the **connected asset owner** can use to decrease its **demand**—

- (i) at each **conforming GXP** in the **connected asset owner's** network or at a **conforming GXP** nominated by the **system operator** and agreed with the **connected asset owner**; and
 - (ii) for the **trading period**; and
 - (iii) at a single price band of \$9000 per **MWh**; and
 - (b) following any **difference bids** submitted under paragraph (a), submit revised **difference bids** to reflect any changes in the **connected asset owner's** estimate of available **discretionary demand**, as soon as reasonably practicable following such changes.
- (4) No later than 5 **business days** following a request or requirement from the **system operator** under this **technical code** to reduce or disconnect **discretionary demand**, a **connected asset owner** who submits **difference bids** to the **system operator** must provide data as reasonably requested by the **system operator** to enable it to confirm the **connected asset owner's** compliance with subclause (3).
- (5) For the purposes of this clause 5A and the definition of **discretionary demand** in Part 1, a **connected asset owner** means a **distributor** in its capacity as the owner or operator of a **local network**, but excludes—
- (a) an **embedded generator**; and
 - (b) an owner or operator of an **embedded network**.”

Explanatory Note

This note is not part of the amendment, but is intended to indicate its general effect.

This amendment to the Electricity Industry Participation Code (“Code”) comes into force on 3 May 2023.

The amendment amends clause 1.1 and Schedule 8.3, Technical Code B of the Code to clarify the availability and use of ‘discretionary demand’. The amendments allow the system operator to request that distributors provide an indication of their available discretionary demand, including where agreed with the system operator, via submitting difference bids. This will provide the system operator greater visibility on the expected quantity of available discretionary demand that can be shed by a distributor when instructed to do so under a grid emergency.

Pursuant to section 40 of the Electricity Industry Act 2010, the Authority considers that it is necessary or desirable in the public interest that the amendment be made urgently to address risks highlighted by the system operator in relation to tight supply conditions during Winter 2023 and therefore to promote the reliable supply of electricity for consumers during Winter 2023.

More information about the amendments is available on the Electricity Authority’s website <https://www.ea.govt.nz/projects/all/managing-peak-winter-electricity-demand/consultation/driving-efficient-solutions-to-promote-consumer-interests-through-winter-2023/>
