

## 1.1 Interpretation

(1) In this Code, unless the context otherwise requires,—

**Connection Code** means the Connection Code that is ~~incorporated by reference in this Code under clause 12.26~~ included in the **default transmission agreement template** as Schedule 8

~~**benchmark default transmission agreement** means the a binding contract between Transpower and a designated transmission customer agreement for the connection to and/or use of the grid, that applies under clause 12.10 or 12.13 and which is based on the default transmission agreement template~~ is incorporated by reference in this Code under clause 12.34

**default transmission agreement template** means the template agreement set out in Schedule 12.6

**submission expiry date** means—

- (a) in the case of a submission on a **draft policy statement**, the date the **Authority** advises in accordance with clause 8.12(2); and
- (b) in the case of a submission on a draft **procurement plan**, the date the **Authority** advises in accordance with clause 8.44(2); and
- ~~(c) in the case of a submission on the **transmission agreement** structure, the date the **Authority** advises in accordance with clause 12.6(3); and~~
- ~~(d) in the case of a submission on the draft **benchmark agreement**, the date the **Authority** advises in accordance with clause 12.32(2); and~~
- (e) in the case of a submission on the draft **grid reliability standards**, the date **published** by the **Authority** in accordance with clause 12.61(3); and
- (f) in the case of a submission on the issues paper, the date **published** by the **Authority** in accordance with clause 12.82(1); and
- (g) in the case of a submission on the proposed **transmission pricing methodology**, the date published by the **Authority** in accordance with clause 12.92(2)

**transmission agreement** means an agreement for connection and/or use of the **grid** under subpart 2 of Part 12 (including, if relevant, an agreement for investment in the **grid**) and includes a default transmission agreement

## Subpart 2—Transmission agreements

### 12.4 Contents of this subpart

This subpart deals with **transmission agreements**, and provides for the following:

- (a) ~~a process for the **Authority** to determine the structure of **transmission agreements**:~~
- (b) the categories of **participants** that must enter into **transmission agreements**:
- (c) an obligation on **Transpower** and **designated transmission customers** to enter into **transmission agreements**:
- (d) matters to be included in **transmission agreements**:
- (e) ~~provisions relating to the a process for the **Authority** to determine **benchmark default transmission agreement template**, whichs that —~~

- (i) provides the basis for the negotiation of **transmission agreements**; or
- (ii) ~~provides the basis for a **default transmission agreement**; act as a default transmission agreement if **Transpower** and a **designated transmission customer** fail to execute a **transmission agreement**;~~
- (f) a process for the **Authority** to determine a **Connection Code** ~~that forms part of the **default transmission agreement template**;~~
- (g) a process for variations in **transmission agreements** from ~~the **default transmission benchmark agreement** **agreement templates**;~~
- (h) a process for resolving disputes arising from the negotiation of **transmission agreements** ~~and the failure to agree to the terms of **default transmission agreements**, and the application of the **benchmark agreement** where agreement is not otherwise reached within the required timeframe as a default **transmission agreement**;~~
- (i) existing agreements.

Compare: Electricity Governance Rules 2003 rule 1 section II part F

#### **12.5 Structure for transmission agreements**

- (1) ~~The structure for **transmission agreements** that applies at the commencement of this Code is the structure for **transmission agreements** published by the Electricity Commission under rule 2 of section II of part F of the **rules** on 21 May 2007.~~
- (2) ~~Until the **Authority** reviews the structure for **transmission agreements**, it must continue to **publish** the structure referred to in subclause (1).~~

Compare: Electricity Governance Rules 2003 rule 2.1.2 section II part F

#### **12.6 Review of structure for transmission agreements**

- (1) ~~This clause applies if the **Authority** wishes to review the structure for **transmission agreement** referred to in clause 12.5, or a structure for **transmission agreements** determined by the **Authority** under this clause.~~
- (2) ~~The **Authority** must **publish** a proposed structure for **transmission agreements**.~~
- (3) ~~When the **Authority** **publishes** its proposed structure, the **Authority** must advise **registered participants** of the date by which submissions on the proposed structure are to be received by the **Authority**. The date must be no earlier than 15 **business days** from the date of **publication** of the proposed structure.~~
- (4) ~~Each submission on the proposed structure must be made in writing to the **Authority** and received on or before the **submission expiry date**. In addition to receiving written submissions, the **Authority** may elect to hear 1 or more oral submissions.~~
- (5) ~~Within 20 **business days** after the **submission expiry date** (or such longer period as the **Authority** may allow), the **Authority** must complete its consideration of all submissions it receives and determine an appropriate **transmission agreement structure**.~~
- (6) ~~The **transmission agreement** structure determined by the **Authority** under this clause must be the structure of the **benchmark agreements** to be developed and approved by the **Authority** under clauses 12.27 to 12.34.~~

Compare: Electricity Governance Rules 2003 rules 2.1.3 to 2.1.5 section II part F  
 Clause 12.6(3): amended, on 1 November 2018, by clause 73 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2018.

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### 12.7 Categories of participants required to enter into transmission agreements

- (1) The categories of **designated transmission customers** required to enter into **transmission agreements** with **Transpower** under clause 12.8 are as specified in Schedule 12.1.
- (2) The **Authority** must record in the **register** whether a **registered participant** is a **designated transmission customer**.
- (3) Registration has no effect on a **participant's** status as a **designated transmission customer**.

Compare: Electricity Governance Rules 2003 rule 2.2 section II part F

*Transpower and designated transmission customers must enter transmission agreements*

### 12.8 Obligation to enter transmission agreements

**Transpower** and **designated transmission customers** must enter into **transmission agreements**.

Compare: Electricity Governance Rules 2003 rule 3.1.1 section II part F

### 12.9 When designated transmission customer must enter into transmission agreement

A **participant** who becomes a **designated transmission customer** must enter into a **transmission agreement** with **Transpower** within 2 months after the **participant** becomes a **designated transmission customer**.

Compare: Electricity Governance Rules 2003 rule 3.1.2.3 section II part F

### 12.10 ~~Default transmission~~**Benchmark** ~~agreements to be default transmission agreements~~

- (1) Subject to clauses 12.49 ~~and 12.50, the terms in the default transmission agreement template (other than incomplete terms) apply as a default transmission agreement as soon as a participant becomes a designated transmission customer.~~
  - (1A) ~~Subject to clause 12.49, if, at the expiry of 2 months after a participant becomes a designated transmission customer, the designated transmission customer and Transpower have not entered into a transmission agreement in accordance with clause 12.9, the benchmark agreement applies as a binding contract between the designated transmission customer and Transpower, and the designated transmission customer and Transpower must comply with the process specified in this clause.~~
- (2) If this clause applies:
  - (a) within 10 **business days** of the date that is 2 months after the **participant** became a **designated transmission customer**, the **designated transmission customer** must provide **Transpower**, at the address for service for **Transpower** registered at the New Zealand Companies Office, with—
    - (i) the **designated transmission customer's** full name; and
    - (ii) the **designated transmission customer's** physical address, postal address and electronic address to which notices under the **default transmission agreement** are to be sent; and
    - (iii) the name of the contact person of the **designated transmission customer** to whom such notices should be addressed:

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- (b) by the date 20 **business days** after the receipt of the **designated transmission customer's** details under paragraph (a), **Transpower** must provide the **designated transmission customer** with a draft **default transmission agreement** completed in accordance with the **benchmark-default transmission agreement template**, which must include the following:
- (i) the **designated transmission customer's** details as provided under paragraph (a):
  - (ii) **Transpower's** physical address, postal address and electronic address to which notices under the **default transmission agreement** are to be sent:
  - (iii) the contact person to whom notices under the **default transmission agreement** should be addressed:
  - (iv) **Transpower's** designated bank account for the purposes of receiving payments under the **default transmission agreement**:
  - (v) a draft Schedule 1, which sets out the **connection locations, points of service** and **points of connection** of the **assets** owned or operated by the **designated transmission customer** to the **grid**:
  - (vi) a draft Schedule 4 setting out, in the same form as the diagram in Schedule 4 of the **benchmark-default transmission agreement template**, the configuration of the **connection assets** in relation to each **connection location** listed in Schedule 1:
  - (vii) a draft Schedule 5 setting out proposed service levels for each **connection location** listed in Schedule 1 determined in accordance with subclause (3):
  - (viii) if applicable, a draft Schedule 6, including identifying the facilities, facilities area, and land that are to be subject to the access and occupation terms set out in the schedule and the licence charges under the schedule:
- (c) the **designated transmission customer** and **Transpower** may discuss the schedules proposed under paragraph (b)(v) to (viii), as a result of which **Transpower** may amend any of the schedules:
- (d) the **designated transmission customer** must advise **Transpower** in writing no later than 20 **business days** after receiving the draft **default transmission agreement** under paragraph (b) whether—
- (i) it accepts the schedules as proposed by **Transpower** under paragraph (b)(v) to (viii); or
  - (ii) if **Transpower** has amended any of those schedules under paragraph (c), it accepts the schedules as amended.
- (3) The service levels set out in Schedule 5 of a **default transmission agreement** must be determined on the following basis:
- (a) the capacity service levels for each **branch** must be consistent with—
    - (i) the capacities of the **branch** or component **assets** in the most recent **asset capability statement** provided by **Transpower** under clause 2(5) of **Technical Code A** of Schedule 8.3; or
    - (ii) if the relevant information is not contained in the **asset capability statement**, the **manufacturer's specification** for the component **assets**:
  - (b) the service levels for the voltage range specified in the capacity service measures for each **branch** must be consistent with,—
    - (i) for **assets** of voltages of 50kV or above,—

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- (A) the voltage ranges for the component **assets** specified in the **AOPOs**, if any; or
  - (B) the voltage range specified in any **equivalence arrangement** approved or any **dispensation** granted under clauses 8.29 to 8.31 in respect of any **asset** that does not comply with the voltage range specified in the **AOPOs**; or
  - (ii) for assets of voltages less than 50kV, the normal operating voltage of the component **assets**:
  - (c) **Transpower** must ensure that each **connection asset** is included in a **branch**:
  - (d) the availability and reliability service levels must—
    - (i) be set at a level equivalent to the average annual availability and reliability at each **point of service** subject to the **default transmission agreement** over the 5 year period (being years ending 30 June) immediately before the date that is 2 months after the **participant** became a **designated transmission customer**; or
    - (ii) if a **point of service** subject to the **default transmission agreement** has not been in existence for 5 years (being years ending 30 June) before the date referred to in subparagraph (i), reflect a reasonable estimate of the expected availability and reliability at the **point of service** having regard to the performance data available for the **point of service** and average annual availability and reliability of **assets** similar to the **connection assets** at the **connection location** at which the **point of service** is located:
  - (e) the reporting and response service levels must be consistent with **Transpower's** practices existing on the date that is 2 months after the **participant** became a **designated transmission customer**, including **Transpower's** documented policies and procedures, and must not result in changes to the management or operation of the **grid** that could materially affect **Transpower** or any other **participant** or end use customer, or require **Transpower** to materially alter the level of its normal on-going **grid** expenditure.
  - (4) If the **designated transmission customer** accepts the schedules as proposed by **Transpower** under subclause (2)(b)(v) to (viii), or as amended by **Transpower** under subclause (2)(c), the draft default transmission agreement proposed under subclause (2)(b)(v) to (viii) or as amended by **Transpower** under subclause (2)(c) (as applicable) applies as a default transmission agreement ~~applies as a binding contract between **Transpower** and the designated transmission customer~~ from the date that is 2 months after the **participant** became a **designated transmission customer**.
  - (5) If **Transpower** and a **designated transmission customer** are unable to agree on the terms of any of the schedules ~~to a default transmission agreement~~ proposed by **Transpower** under subclause (2)(b)(v) to (viii), or as amended by **Transpower** under subclause (2)(c), either party may refer the matter to the **Rulings Panel** for determination under clauses 12.45 to 12.48.
  - (6) If a dispute is referred to the **Rulings Panel**, under subclause (5)—
    - (a) the **default transmission agreement** as determined by the **Rulings Panel** in accordance with clauses 12.45 to 12.48 applies ~~as a binding agreement~~ between **Transpower** and the **designated transmission customer** from the date that is 2 months after the **participant** became a **designated transmission customer** or

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the date on which the **Rulings Panel** makes its determination or its determination is expressed to come into effect, whichever is later; and

- (b) if the **Rulings Panel** has not made a determination by the date that is 2 months after the participant became a **designated transmission customer**, the draft **default transmission agreement** ~~provided-proposed~~ under subclause (2)(b)(v) to (viii), or as amended by Transpower under subclause (2)(c), applies as a **default transmission agreement** ~~binding agreement between Transpower and the designated transmission customer~~ until the date on which the **Rulings Panel** makes its determination or the determination comes into effect.

Compare: Electricity Governance Rules 2003 rule 3.1.3 section II part F

Clause 12.10(1): amended, on 16 December 2013, by clause 5 of the Electricity Industry Participation (Revocation of Part 16) Code Amendment 2013.

Clause 12.10(2)(a)(ii) and (b)(ii): amended, on 5 October 2017, by clause 287 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### 12.11 Subsequent transmission agreements

If a ~~benchmark agreement applies as a~~ **default transmission agreement** ~~applies, the benchmark-benchmark agreement it~~ may be superseded by a subsequent **transmission agreement** entered into by **Transpower** and the **designated transmission customer**.

Compare: Electricity Governance Rules 2003 rule 3.1.4 section II part F

### 12.12 Changes to connection assets under default transmission agreements

- (1) If **Transpower** reconfigures, replaces, enhances, or permanently removes a **connection asset** from service in accordance with the provisions of a **default transmission agreement** ~~that applies under clauses 12.10 or 12.13, —~~
- (a) within 20 **business days**, to the extent necessary, **Transpower** must provide the **designated transmission customer** who is a party to that agreement with a revised Schedule 1, a revised Schedule 4, and a revised Schedule 5 for that agreement, reflecting any changes to the description of the **connection locations, points of service, or points of connection** in Schedule 1, the diagram in Schedule 4, or to the service levels specified in Schedule 5 resulting from the replacement or enhancement of the **connection asset**; and
- (b) the **designated transmission customer** and **Transpower** may discuss the revised schedules, as a result of which **Transpower** may amend any of the revised schedules; and
- (c) the **designated transmission customer** must advise **Transpower** within 20 **business days** of receiving the revised schedules under paragraph (a) whether—
- (i) it accepts the revised schedules as proposed by **Transpower** under paragraph (a); or
- (ii) if **Transpower** has amended any of those revised schedules under paragraph (b), it accepts the revised schedules as amended; and
- (d) the revised schedules apply under the **default transmission agreement** from the date that acceptance is received by **Transpower** under paragraph (c).
- (2) If the **designated transmission customer** does not accept the revised schedules under subclause (1)(c), either party may refer the matter to the **Rulings Panel** for determination under clauses 12.45 to 12.48.
- (3) If a dispute is referred to the **Rulings Panel** in accordance with subclause (2)—

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- (a) the revised schedules proposed by **Transpower** under subclause (1)(a) apply from the date on which **Transpower** provides the **designated transmission customer** with the revised schedules under subclause (1)(a) until the date on which the **Rulings Panel** makes its determination or the determination comes into effect; and
  - (b) the revised schedules as determined by the **Rulings Panel** under clauses 12.45 to 12.48 apply under the **default transmission agreement** from the date determined by the **Rulings Panel**.

Compare: Electricity Governance Rules 2003 rule 3.1.5 section II part F

### 12.13 Expiry or termination of transmission agreements

If a **transmission agreement**, or an existing written agreement to which clause 12.49 applies, expires or terminates on or after the date that is 2 months after the **participant** became a **designated transmission customer** and **Transpower** and the **designated transmission customer** do not enter into a new **transmission agreement** within 2 months of that date, the following procedure applies:

- (a) within 10 **business days**, the **designated transmission customer** must provide **Transpower**, at the address for service for **Transpower** registered at the New Zealand Companies Office, with—
  - (i) the **designated transmission customer's** full name; and
  - (ii) the **designated transmission customer's** physical address, postal address and electronic address to which notices under the **default transmission agreement** are to be sent; and
  - (iii) the name of the contact person of the **designated transmission customer** to whom such notices should be addressed:
- (b) within 20 **business days** of receipt of the **designated transmission customer's** details under paragraph (a), **Transpower** must provide the **designated transmission customer** with a draft **default transmission agreement** completed in accordance with the **benchmark default transmission agreement template**, which must include—
  - (i) the **designated transmission customer's** details as provided under paragraph (a); and
  - (ii) **Transpower's** physical address, postal address and electronic address to which notices under the **default transmission agreement** are to be sent; and
  - (iii) the contact person to whom notices under the **default transmission agreement** should be addressed; and
  - (iv) **Transpower's** designated bank account for the purposes of receiving payments under the **default transmission agreement**; and
  - (v) a draft Schedule 1, which sets out the **connection locations**, **points of service** and **points of connection** of the **assets** owned or operated by the **designated transmission customer** to the **grid**; and
  - (vi) a draft Schedule 4 setting out, in the same form as the diagram in Schedule 4 of the **benchmark default transmission agreement template**, the configuration of the **connection assets** in relation to each **connection location** listed in Schedule 1; and

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- (vii) a draft Schedule 5 setting out proposed service levels for each **connection location** listed in Schedule 1 determined in accordance with clause 12.10(3); and
- (viii) if applicable, a draft Schedule 6, including identifying the facilities, facilities area, and land that are to be subject to the access and occupation terms set out in that schedule and the licence charges under that schedule:
- (c) the **designated transmission customer** and **Transpower** may discuss the schedules proposed under paragraph (b)(v) to (viii), as a result of which **Transpower** may amend any of the schedules:
- (d) the **designated transmission customer** must advise **Transpower** in writing within 20 **business days** of receiving the draft **default transmission agreement** under paragraph (b) above whether—
  - (i) it accepts the schedules as proposed by **Transpower** under paragraph (b)(v) to (viii); or
  - (ii) if **Transpower** has amended any of those schedules under paragraph (c), it accepts the schedules as amended:
- (e) if the **designated transmission customer** accepts the schedules as proposed by **Transpower** under paragraph (b)(v) to (viii), or as amended by **Transpower** under paragraph (c), the **default transmission agreement** applies as a binding contract between **Transpower** and the **designated transmission customer**, effective from the date on which the previous **transmission agreement** or existing written agreement to which clause 12.49 applies expired or was terminated:
- (f) if **Transpower** and a **designated transmission customer** are unable to agree on the terms of any of the schedules to a **default transmission agreement** proposed by **Transpower** under paragraph (b)(v) to (viii), or as amended by **Transpower** under paragraph (c), either party may refer the matter to the **Rulings Panel** for determination under clauses 12.45 to 12.48:
- (g) if a dispute has been referred to the **Rulings Panel** in accordance with paragraph (f)—
  - (i) the draft **default transmission agreement** provided under paragraph (b) applies as a ~~default transmission agreement~~binding agreement between **Transpower** and the **designated transmission customer**, effective from the date on which the previous **transmission agreement** or existing written agreement to which clause 12.49 applies expired or was terminated, until the date on which the **Rulings Panel** makes its determination or the determination comes into effect; and
  - (ii) the ~~default transmission agreement~~ as determined by the **Rulings Panel** in accordance with clauses 12.45 to 12.48 applies ~~as a binding agreement between Transpower and the designated transmission customer~~ from the date determined by the **Rulings Panel**.

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Compare: Electricity Governance Rules 2003 rule 3.1.6 section II part F  
 Clause 12.13(a)(ii) and (b)(ii): amended, on 5 October 2017, by clause 288 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

*Content of transmission agreements*



**12.14 Transmission agreements to be consistent with ~~benchmark default transmission~~ agreements template and grid reliability standards**

Subject to clauses 12.35 to 12.38, a **transmission agreement** entered into between **Transpower** and a **designated transmission customer** under clause 12.8 must be consistent in all material respects with—

- (a) the ~~benchmark default transmission~~ agreement template; and
- (b) the **grid reliability standards**,—

as at the date the **transmission agreement** is entered into.

Compare: Electricity Governance Rules 2003 rule 3.2.1 section II part F

**12.15 Transpower to publish information about transmission agreements and provide them on request**

(1) **Transpower** must **publish** and update annually a list of all **transmission agreements** it has with **designated transmission customers** that includes, in respect of each **transmission agreement** contained in the list, the following information:

- (a) the full name of the **designated transmission customer** that is a party to the **transmission agreement**; and
- (b) the date on which the **transmission agreement** was executed; and
- (c) whether the **transmission agreement** includes any material variations from the ~~benchmark default transmission~~ agreement template; and
- (d) if the **transmission agreement** includes any material variations from the ~~benchmark default transmission~~ agreement template, a description of the variations; and
- (e) if any schedule to the **transmission agreement** has been revised in accordance with clause 12.12, the date from which the revised schedule began to apply.

(2) A person may request from **Transpower** a copy of a **transmission agreement** that **Transpower** has with a **designated transmission customer**, and **Transpower** must provide a copy to the person as soon as practicable after receiving the request.

(3) Despite subclause (2), **Transpower** may refuse to provide information from a **transmission agreement** if it considers that there would be grounds for withholding the information under the Official Information Act 1982.

Compare: Electricity Governance Rules 2003 rule 3.2.2 section II part F

Clause 12.15: substituted, on 1 February 2016, by clause 46 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2015.

*Connection Code*

**~~12.16 Connection Code~~**

~~(1) The **Connection Code** set out in schedule F2 of section II of part F of the **rules** immediately before this Code came into force, continues in force and is deemed to be the **Connection Code** that applies at the commencement of this Code, with the following amendments:~~

- ~~(a) every reference to the **rules** must be read as a reference to the Code;~~
- ~~(b) every reference to a provision of the **rules** must be read as a reference to the corresponding provision of the Code.~~

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- ~~(2) The Authority must, as soon as practicable after this Code comes into force, publish a version of the Connection Code in which the provisions of this Code that correspond to the provisions of the rules referred to in the Connection Code are shown.~~
- ~~(3) Clause 12.26 applies to the Connection Code.~~

### 12.17 Purpose of Connection Code

The purpose of the **Connection Code** is to set out the technical requirements and standards that **designated transmission customers** must meet in order to be connected to the **grid** and that **Transpower** must comply with under transmission agreements. - ~~Transpower and designated transmission customers must comply with the Connection Code under default transmission agreements that apply under clauses 12.10 and 12.13.~~

Compare: Electricity Governance Rules 2003 rule 3.3.1 section II part F  
Clause 12.17: amended, on 23 February 2015, by clause 75 of the Electricity Industry Participation Code Amendment (Distributed Generation) 2014.  
Clause 12.17: amended, on 5 October 2017, by clause 289 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### 12.18 Review of Connection Code

- (1) The **Authority** may review the **Connection Code** at any time.
- (2) Clauses 12.19 to 12.25 apply to any such review.

Compare: Electricity Governance Rules 2003 rule 3.3.10 section II part F

### 12.19 Transpower to submit Connection Code

- (1) **Transpower** must submit a proposed **Connection Code** to the **Authority** within 90 days (or such longer period as the **Authority** may allow) of receipt of a written request from the **Authority**. The **Authority** may issue such a request at any time. The proposed **Connection Code** must provide for the matters set out in clause 12.20 and give effect to the principles set out in clause 12.21.
- (2) With its proposed **Connection Code**, **Transpower** must submit to the **Authority** an explanation of the proposed **Connection Code** and a **statement of proposal** for the proposed **Connection Code**.

Compare: Electricity Governance Rules 2003 rule 3.3.2 section II part F

### 12.20 Required content of Connection Code

The **Connection Code** must provide for the following matters:

- (a) connection requirements for **designated transmission customers**;
- (b) technical requirements for **assets**, including **assets** owned by **Transpower**, and for other equipment and plant that is connected to a **local network** or an **embedded network** or that forms part of an **embedded network** or **embedded generating station** if the operation of that equipment and plant could affect the **grid assets**;
- (c) operating standards for equipment that is owned by a **designated transmission customer**, used in relation to the conveyance of **electricity**, and that is situated on land owned by **Transpower**;
- (d) information requirements to be met by **designated transmission customers** before equipment is connected to the **grid** and before changes are made to the

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equipment:

- (e) an obligation on **Transpower** to provide a 10 year forecast of the expected maximum fault level of each point of service to **designated transmission customers** set out in the **transmission agreement** between **Transpower** and each **designated transmission customer**.

Compare: Electricity Governance Rules 2003 rule 3.3.3 section II part F

Clause 20.20: amended, on 23 February 2015, by clause 75 of the Electricity Industry Participation Code Amendment (Distributed Generation) 2014.

Clause 12.20(a): amended, on 5 October 2017, by clause 290(1) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 12.20(b) and (d): amended, on 5 October 2017, by clause 290(2) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 12.20(c): amended, on 5 October 2017, by clause 290(3) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 12.20(e): amended, on 5 October 2017, by clause 290(4) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### 12.21 Principles for developing Connection Code

The **Connection Code** must give effect to the following principles:

- (a) the principles of the **benchmark default transmission agreement template** in clause 12.30;
- (b) the desirability of the **Connection Code** and Part 8 operating in an integrated and consistent manner, if possible;
- (c) the need to ensure that the **grid owner** can meet all obligations placed on it by the **system operator** for the purpose of meeting common security and power quality requirements under Part 8;
- (d) the need to ensure that the safety of all personnel is maintained;
- (e) the need to ensure that the safety and integrity of equipment is maintained.

Compare: Electricity Governance Rules 2003 rule 3.3.4 section II part F

### 12.22 Authority may initially approve proposed Connection Code or refer back to Transpower

- (1) After consideration of **Transpower's** proposed **Connection Code**, and accompanying explanation and **statement of proposal**, the **Authority** may—
  - (a) provisionally approve the proposed **Connection Code** having regard to the matters set out in clause 12.20 and the principles in clause 12.21; or
  - (b) refer the proposed **Connection Code** and accompanying explanation and **statement of proposal** back to **Transpower** if, in the **Authority's** view,—
    - (i) the proposed **Connection Code** does not contain the matters set out in clause 12.20; or
    - (ii) the proposed **Connection Code** does not adequately provide for the principles in clause 12.21; or
    - (iii) the explanation or **statement of proposal** provided with the proposed **Connection Code** in accordance with clause 12.19(2) is inadequate.
- (2) **Transpower** may, no later than 20 **business days** (or such longer period as the **Authority** may allow) after the **Authority** advises **Transpower** of its decision under subclause (1), consider the **Authority's** concerns and resubmit its proposed **Connection Code** and accompanying explanation and **statement of proposal** for consideration by the **Authority**.

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Compare: Electricity Governance Rules 2003 rule 3.3.5 section II part F  
Clause 12.22(2): amended, on 1 November 2018, by clause 74 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2018.

### 12.23 Amendment of proposed Connection Code by Authority

If the **Authority** considers that the **Connection Code** resubmitted by **Transpower** under clause 12.22(b) does not adequately provide for the matters set out in clause 12.20 or adequately give effect to the principles in clause 12.21, the **Authority** may make any amendments to the proposed **Connection Code** it considers necessary.

Compare: Electricity Governance Rules 2003 rule 3.3.6 section II part F

### 12.24 Authority must consult on proposed Connection Code

- (1) The **Authority** must **publish** the proposed **Connection Code**, either as provisionally approved by the **Authority** or as amended by the **Authority**, as soon as practicable, for consultation with any person that the **Authority** thinks is likely to be materially affected by the proposed **Connection Code**.
- (2) As well as the consultation required under subclause (1), the **Authority** may undertake any other consultation it considers necessary.

Compare: Electricity Governance Rules 2003 rules 3.3.7 and 3.3.8 section II part F

### 12.25 Decision on Connection Code

- ~~(1) When the **Authority** has completed its consultation on the proposed **Connection Code** it must consider/decide whether to incorporate/amend the **Connection Code** by reference in this Code.~~
- ~~(2) If the **Authority** decides to incorporate the **Connection Code** by reference in this Code, the **Authority** must determine a date on which the incorporation by reference takes effect and comply with Schedule 1 of the **Act** in relation to it.~~

Compare: Electricity Governance Rules 2003 rule 3.3.9 section II part F

### 12.26 Incorporation of Connection Code by reference

- ~~(1) The **Connection Code** is incorporated by reference in this Code in accordance with section 32 of the **Act**.~~
- ~~(2) Subclause (1) is subject to Schedule 1 of the **Act**, which includes a requirement that the **Authority** must give notice in the *Gazette* before an amended or substituted **Connection Code** becomes incorporated by reference in this Code.~~

Clause 12.26(1): amended, on 5 October 2017, by clause 291 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

*Benchmark-Default transmission agreements template for connection to and/or use of the grid*

### 12.27 Benchmark agreement

- ~~(1) The **benchmark agreement** set out in schedule F2 of section II of part F of the **rules** immediately before this Code came into force, continues in force and is deemed to be the **benchmark agreement** that applies at the commencement of this Code, with the following amendments:~~
  - ~~(a) every reference to the Board must be read as a reference to the **Authority**;~~
  - ~~(b) every reference to the **rules** must be read as a reference to the Code;~~
  - ~~(c) every reference to the Electricity Governance Regulations must be read as a reference to~~

the Code:

- (d) every reference to a provision of the ~~rules or the Electricity Governance Regulations~~ must be read as a reference to the corresponding provision of the Code;
- (e) the references in clause 40.2 to the value of unserved energy in schedule F4 of section III of part F of the ~~rules~~ must be read as references to the **value of expected unserved energy** in clause 4 of Schedule 12.2;
- (f) the reference in clause 40.2(f)(2) to ~~Transpower~~ asking the Board of the Electricity Commission to request ~~Transpower~~ to submit a grid upgrade plan must be read as a reference to ~~Transpower~~ asking the Commerce Commission under clause 12.44 to request ~~Transpower~~ to submit an investment proposal.
- (2) The ~~Authority~~ must, as soon as practicable after this Code comes into force, publish a version of the **benchmark agreement** in which the provisions of this Code that correspond to the provisions of the ~~rules~~ referred to in the **benchmark agreement** are shown.
- (3) Clause 12.34 applies to the **benchmark agreement**.

Clause 12.27(1)(e): amended, on 1 February 2016, by clause 47 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2015.

#### **12.28 Authority may initiate review**

- (1) Having regard to the statutory objective of the ~~Authority~~ in section 15 of the ~~Act~~ and to the principles for **benchmark agreements** set out in clause 12.30, the ~~Authority~~ may initiate a review of a **benchmark agreement** at any time. Reviews of the ~~Connection Code~~ must be carried out in accordance with clause 12.18.
- (2) A review of a **benchmark agreement** must follow the purpose, process and principles in clauses 12.29 to 12.33.

Compare: Electricity Governance Rules 2003 rule 7 section II part F

#### **12.29 Purpose of benchmark default transmission agreements template**

The purpose of the default transmission benchmark agreements template is to—

- (a) facilitate commercial arrangements between ~~Transpower~~ and **designated transmission customers** by providing a basis for negotiating **transmission agreements** required under clause 12.8 that meet the particular requirements of ~~Transpower~~ and **designated transmission customers**; and
- (b) ~~provide the basis for~~ **act as a default transmission agreements if Transpower and a designated transmission customer fail to enter into a transmission agreement by the date that is 2 months after the participant became a designated transmission customer.**

Compare: Electricity Governance Rules 2003 rule 4.1 section II part F

#### **12.30 Principles for benchmark default transmission agreements template**

The ~~A~~ default transmission benchmark agreement template should—

- (a) reflect a fair and reasonable balance between the requirements of **designated transmission customers** and the legitimate interests of ~~Transpower~~ as **asset owner**; and
- (b) reflect the interests of end use customers; and
- (c) reflect the reasonable requirements of **designated transmission customers** at the

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- grid injection points and grid exit points, and the ability of Transpower to meet those requirements; and
  - (d) reflect the differing needs of different classes of **designated transmission customers**; and
  - (e) be appropriate to the technical requirements of services provided at the **point of connection** to the **grid**, but not duplicate requirements that are more appropriately included in the **grid reliability standards**; and
  - (f) establish common standards for a common configuration based on factors such as size of connection and voltage level; and
  - (g) encourage efficient and effective processes for enforcement of obligations and dispute resolution.

Compare: Electricity Governance Rules 2003 rule 4.2 section II part F  
Clause 12.30(f): amended, on 23 February 2015, by clause 75 of the Electricity Industry Participation Code Amendment (Distributed Generation) 2014.  
Clause 12.30(f): amended, on 5 October 2017, by clause 292 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

#### 12.31 Contents of **benchmark default transmission agreements template**

- (1) **The A benchmark default transmission agreement template** must include—
  - (a) an obligation on the parties to design, construct, maintain and operate all relevant plant and equipment in accordance with—
    - (i) relevant laws; and
    - (ii) the requirements of this Code (including obligations on **designated transmission customers** to provide information to facilitate system planning, as set out in clause 12.54); and
    - (iii) **good electricity industry practice** and applicable New Zealand technical and safety standards; and
  - (b) an obligation on **designated transmission customers** to comply with **Transpower's** reasonable technical connection and safety requirements; and
  - (c) an obligation on **designated transmission customers** to pay prices calculated in accordance with the **transmission pricing methodology** approved by the **Authority** under subpart 4; and
  - (d) arbitration or mediation processes for resolving disputes; and
  - (e) service definitions, service levels, and service measures to the extent practicable for transmission services, other than the services to which the clauses in subpart 6 apply; and
  - (f) the charging of a fee by Transpower to recover its settlement residue processing costs from designated transmission customers; and
  - (g) the recovery of any negative settlement residue by Transpower from designated transmission customers.
- (2) **The A benchmark default transmission agreement template** must be consistent in all material respects with the **grid reliability standards**.

Compare: Electricity Governance Rules 2003 rule 4.3 section II part F  
Clause 12.31(1)(b): amended, on 23 February 2015, by clause 75 of the Electricity Industry Participation Code Amendment (Distributed Generation) 2014.  
Clause 12.31(1)(b): amended, on 5 October 2017, by clause 293 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### **12.32 Authority must consult on draft benchmark agreement**

- ~~(1) The Authority must publish draft benchmark agreements.~~
- ~~(2) When the Authority publishes a draft benchmark agreement, the Authority must advise registered participants of the date (which must not be earlier than 15 business days after the date of publication of the draft benchmark agreement) by which submissions on the draft benchmark agreement must be received by the Authority.~~
- ~~(3) Each submission on a draft benchmark agreement must be made in writing to the Authority and received on or before the submission expiry date. In addition to receiving written submissions, the Authority may elect to hear 1 or more oral submissions.~~

~~Compare: Electricity Governance Rules 2003 rules 4.4 and 4.5 section II part F  
Clause 12.32(2): amended, on 1 November 2018, by clause 75 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2018.~~

### **12.33 Decision on benchmark agreement**

- ~~(1) Within 20 business days after the submission expiry date (or such longer period as the Authority may allow), the Authority must complete its consideration of all submissions it receives on the draft benchmark agreement and consider whether to incorporate the draft benchmark agreement by reference as the benchmark agreement.~~
- ~~(2) If the Authority decides to incorporate the benchmark agreement by reference in this Code, the Authority must determine a date on which the incorporation by reference takes effect and comply with Schedule 1 of the Act in relation to it.~~

~~Compare: Electricity Governance Rules 2003 rule 4.6 section II part F~~

### **12.34 Incorporation of benchmark agreement by reference**

- ~~(1) The benchmark agreement is incorporated by reference in this Code in accordance with section 32 of the Act.~~
- ~~(2) Subclause (1) is subject to Schedule 1 of the Act, which includes a requirement that the Authority must give notice in the Gazette before an amended or substituted benchmark agreement becomes incorporated by reference in this Code.~~

~~Clause 12.34(1): amended, on 5 October 2017, by clause 294 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.~~

*Variations from benchmark default transmission agreements template and grid reliability standards and enhancement and removal of connection assets*

### **12.35 Increased service levels and reliability**

- (1) This clause applies if—
  - (a) a proposed **transmission agreement** is not consistent in all material respects with the **benchmark default transmission agreement template** because it increases the service levels above those ~~that would apply if the benchmark agreement applied in accordance with clauses 12.10 or 12.13 in the template~~; or
  - (b) subject to clause 12.39, a proposed **transmission agreement** or other agreement between **Transpower** and a **designated transmission customer** increases the level of reliability above the **grid reliability standards** for a particular **grid**

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**injection point or grid exit point.**

(2) If this clause applies, the parties to the proposed **transmission agreement** must confirm in writing to the **Authority** that—

- (a) they have consulted with affected end use customers in relation to—
  - (i) the proposed service levels or the proposed increase in reliability; and
  - (ii) any resulting price implications; and
- (b) there are no material unresolved issues affecting the interests of those end use customers.

Compare: Electricity Governance Rules 2003 rule 5.1 section II part F

Clause 12.35 Heading: amended, on 15 May 2014, by clause 32(a) of the Electricity Industry Participation (Minor Code Amendments) Code Amendment 2014.

Clause 12.35(1)(a): amended, on 15 May 2014, by clause 32(b) of the Electricity Industry Participation (Minor Code Amendments) Code Amendment 2014.

Clause 12.35(2): replaced, on 5 October 2017, by clause 295 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### 12.36 Decreased service levels and reliability

(1) This clause applies if—

- (a) a proposed **transmission agreement** is not consistent in all material respects with the ~~benchmark default transmission agreement template~~ because it decreases the service levels below those ~~that would apply if the benchmark agreement applied in accordance with clauses 12.10 or 12.13 in the template~~; or
- (b) subject to clause 12.39, a proposed **transmission agreement** or other agreement between **Transpower** and a **designated transmission customer** decreases the level of reliability below the **grid reliability standards** for a particular **grid injection point or grid exit point**.

(2) If this clause applies, the parties must obtain the **Authority's** approval of the proposed service levels or the lower level of reliability.

(3) The parties must satisfy the **Authority** that the **Authority** should grant an approval under subclause (2), having regard to any potential material adverse impacts of the proposed service levels or the lower level of reliability on—

- (a) current and future service levels or reliability for any affected **designated transmission customer** or end use customer; and
- (b) the price paid for transmission or distribution services, or **electricity**, by any affected **designated transmission customer** or end use customer.

Compare: Electricity Governance Rules 2003 rule 5.2 section II part F

Clause 12.36 Heading: amended, on 15 May 2014, by clause 33(a) of the Electricity Industry Participation (Minor Code Amendments) Code Amendment 2014.

Clause 12.36(1)(a): amended, on 15 May 2014, by clause 33(b) of the Electricity Industry Participation (Minor Code Amendments) Code Amendment 2014.

### 12.37 Variations that may increase or decrease reliability

If it is uncertain whether, subject to clause 12.39, a proposed **transmission agreement** or other agreement increases or decreases the service levels from those that would apply if the ~~benchmark default transmission agreement template~~ applied, or whether a proposed **transmission agreement** or other agreement increases or decreases the level of reliability above or below the **grid reliability standards**, for a particular **grid injection point or grid exit point**, the parties must obtain the **Authority's** approval described in clause 12.36(2).

Compare: Electricity Governance Rules 2003 rule 5.3 section II part F



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**12.38 Other variations from terms of ~~benchmark default transmission~~ agreements template**

- (1) This clause applies if a proposed **transmission agreement** to be entered into by **Transpower** and a **designated transmission customer** under clause 12.8 is not consistent in all material aspects with the ~~benchmark default transmission agreement~~ template, other than a situation to which clauses 12.35 to 12.37 apply.
- (2) If this clause applies, the parties must obtain the **Authority's** approval to the proposed variation from the ~~benchmark default transmission agreement~~ template. The parties to the proposed **transmission agreement** must satisfy the **Authority** that they have consulted with any affected end use customers and **designated transmission customers** in relation to the proposed variation, and there are no material unresolved issues affecting the interests of those persons.

Compare: Electricity Governance Rules 2003 rule 5.4 section II part F

[...]

*Resolutions of disputes*

**12.45 Certain disputes relating to transmission agreements may be referred to Rulings Panel**

If a dispute between **Transpower** and a **designated transmission customer** concerning—

- (a) the customer specific terms of a **transmission agreement** being negotiated between those parties; or
- (b) a requested variation of any of the terms of a **default transmission agreement** (other than a variation under clause 12.12) that applies between **Transpower** and the **designated transmission customer** in accordance with clauses 12.10 to 12.13 (including a requested variation from the services described in the **default transmission agreement**); or
- (c) the schedules proposed by **Transpower** under clauses 12.10(2)(b)(v) to (viii), or as amended by **Transpower** under clause 12.10(2)(c) for a ~~default transmission agreement~~; or
- (d) any revision to Schedule 4 or Schedule 5 of a **default transmission agreement** proposed by **Transpower** under clause 12.12; or
- (e) the schedules proposed by **Transpower** under clauses 12.13~~(4)~~(b)(v) to (viii), or as amended by **Transpower** under clause 12.13(c), on the expiry or termination of a **transmission agreement**—

is not resolved within a reasonable time, either party may refer the matter to the **Rulings Panel** for determination.

Compare: Electricity Governance Rules 2003 rule 6.1 section II part F

**12.46 Rulings Panel has discretion to determine dispute**

- (1) The **Rulings Panel** may, in its discretion, decide whether or not to undertake the determination of a dispute under clause 12.45(a) or (b).

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- (2) If the **Rulings Panel** decides not to undertake the determination of the dispute, the **Rulings Panel** must inform **Transpower** or the **designated transmission customer**—
- that the **Rulings Panel** intends to do no more in relation to the matter; and
  - of the reasons for that intention.

Compare: Electricity Governance Rules 2003 rule 6.2 section II part F

#### 12.47 Determinations by Rulings Panel

- (1) In determining a dispute under this clause, the **Rulings Panel** must take into account—
- the principles for ~~the benchmark default transmission agreements template~~ in clause 12.30; and
  - the desirability of consistent treatment of **designated transmission customers** except if special circumstances justify a departure; and
  - the potential impact of a decision on the contents of other **transmission agreements** or existing agreements as described in clauses 12.49 and 12.50.
- (2) The **Rulings Panel** must not determine disputes relating to the interpretation or enforcement of a **transmission agreement** ~~including a benchmark agreement~~.
- (3) The **Rulings Panel** must give notice to the parties of its determination, as soon as reasonably practicable.

Compare: Electricity Governance Rules 2003 rules 6.3 and 6.4 section II part F

Clause 12.47(1)(c): amended, on 16 December 2013, by clause 6 of the Electricity Industry Participation (Revocation of Part 16) Code Amendment 2013.

#### 12.48 Status of default transmission agreement while Rulings Panel determining dispute

Nothing in clauses 12.45 to 12.47 overrides the application of ~~a benchmark agreement~~ ~~as a default transmission agreement~~ under clause 12.10(1), pending a determination of the **Rulings Panel**.

Compare: Electricity Governance Rules 2003 rule 6.5 section II part F

#### *Existing agreements not affected*

#### 12.49 Existing agreements

- (1) Except as provided for by clauses ~~12.52 and~~ 12.95, this Part does not apply to or affect the rights, powers or obligations of a **participant** or **Transpower** under a written agreement entered into between that **participant** and **Transpower** for connection to and/or use of the **grid** that is—
- entered into before 29 October 2003; or
  - based on **Transpower's** standard connection contract and entered into before 28 June 2007.
- (2) The exceptions from this Part in subclause (1) ~~does~~ not apply to a right, power or obligation of a **participant** that arises because of the variation of an agreement described in subclause (1).
- (3) To avoid doubt, the posted terms and conditions of **Transpower** do not constitute a written agreement.

Compare: Electricity Governance Rules 2003 rule 8.1 section II part F

Clause 12.49(1): amended, on 23 February 2015, by clause 75 of the Electricity Industry Participation Code Amendment (Distributed Generation) 2014.

Clause 12.49(1): amended, on 5 October 2017, by clause 299 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### 12.50 Copies of other agreements to be provided to Authority

- ~~(1) If requested to do so by the Authority, Transpower or a participant must provide a copy of any written agreement for connection to and/or use of the grid that Transpower or the participant is a party to and that was entered into before 28 June 2007, including any amendments.~~
- ~~(2) The copy that is provided must be —~~
- ~~(a) a copy of the complete agreement; and~~
  - ~~(b) certified by a director or the chief executive of Transpower or the participant, to the best of the director's or chief executive's knowledge and belief, to be a true and complete copy of the agreement.~~
- ~~(3) An agreement must be published by the Authority, unless the parties establish to the satisfaction of the Authority that there is good reason for not publishing the agreement.~~

Compare: Electricity Governance Rules 2003 rule 8.2 section II part F  
Clause 12.50(1): amended, on 23 February 2015, by clause 75 of the Electricity Industry Participation Code Amendment (Distributed Generation) 2014.  
Clause 12.50(1): amended, on 5 October 2017, by clause 300 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### 12.51 Amending default transmission agreement template

- ~~(1) An amendment of the default transmission agreement template must have regard to the purpose, principles, and content of the default transmission agreement template in clause 12.29 to 12.31.~~
- ~~(2) An amendment of the Connection Code must be carried out in accordance with clause 12.18.~~
- ~~(3) For the purpose of this clause and clause 12.52 an amendment of the default transmission agreement template includes a replacement of the agreement.~~

### 12.52 Effect of amendment of default transmission agreement template on existing agreements

- ~~(1) This clause applies when the Authority amends the default transmission agreement template.~~
- ~~(2) Subject to subclause (3), all transmission agreements and agreements referred to in clause 12.49(1) are deemed to be amended to the extent necessary to make them consistent with an amendment to the default transmission agreement template, from the date of the amendment.~~
- ~~(3) Subclause (2) applies except where an amendment to the default transmission agreement template provides otherwise.~~

[...]

### 14.35A Allocation and payment of settlement residue by grid owner

- (1) Each grid owner must allocate and pay any settlement residue to its customers on a monthly basis in accordance with a methodology developed under subclause (2), or if the grid owner is Transpower, subclause (3), subject to anything to the contrary in a transmission agreement or agreement referred to in clause 12.49(1).
- (2) Each grid owner must develop a methodology for allocating settlement residue to

- 
- its customers such that the amount allocated to any customer is in proportion to that customer's share of the total charges for using the **grid owner's** part of the **grid**.
- (3) **Transpower** must develop a methodology for allocating **settlement residue** to its customers such that the amount to be allocated to any customer is calculated by-
    - (a) dividing the **settlement residue** into portions related to
      - (i) each connection asset; and
      - (ii) the interconnection assets in each modelled region under the simple Method; and
    - (b) allocating **settlement residue** related to each connection asset to the **designated transmission customers** connected to it; and
    - (c) allocating the **settlement residue** related to each modelled region under the simple method to the beneficiaries of transmission investments in the modelled region under the simple method.
  - (4) A **grid owner** may adjust any payment made under subclause (1) to correct for a previous overpayment or underpayment under that subclause.
  - (5) A payment required under subclause (1) may be met by way of a credit against any amount owed to the **grid owner** by the customer.
  - (6) **Transpower** must disclose monthly to a **distributor** the following information about any payment made to the **distributor** under subclause (1)-
    - (a) the **connection location** it relates to; and
    - (b) where applicable, whether it relates to **offtake** or **grid injection**.
  - (7) In sub clause (3)-
    - (a) "beneficiaries", "connection asset", "interconnection asset", "modelled region", "simple method" and "transmission investments" have the meanings set out in the **transmission pricing methodology**; and
    - (b) whether a **designated transmission customer** is 'connected to' a connection asset is determined under the **transmission pricing methodology**.
  - (8) This clause applies to **settlement residue** paid to a **grid owner** in respect of any **trading period** on or after 1 April 2023.