

Electricity Industry Participation Code Amendment (Industrial Co-generation Dispatch Arrangements) 2015

Under section 38 of the Electricity Industry Act 2010, and having complied with section 39 of that Act, I make the following amendments to the Electricity Industry Participation Code 2010.

At Wellington on the 16th day of February 2015



Dr Thomas Brent Layton
Chairperson
Electricity Authority

Certified in order for signature:



Andrew Springett
Senior Legal Counsel
Electricity Authority



Tony Dellow
Partner
Buddle Findlay

13 February 2015

13 February 2015

Contents

1	Title	2
2	Commencement	2
3	Code amended	2
4	Clause 1.1 amended (Interpretation)	2
5	Clause 13.1 amended (Contents of this Part)	3
6	Clause 13.3 replaced (Approval process for industrial co-generating stations)	3
	13.3 Approval process for industrial co-generating stations	3
7	Clause 13.9 amended (Information that offers must contain)	3
8	Clause 13.82 amended (Dispatch instructions to be complied with)	3
9	Clause 13.86 amended (Generators and ancillary service agents not obliged to comply with dispatch instructions below threshold)	3
10	Clause 13.136 amended (Generators to provide half-hour metering information)	4
11	Clause 13.137 amended (Unoffered and intermittent generation to provide metering information)	4
12	Clause 13.141 amended (Pricing manager to use certain input information)	4
13	Clause 13.145 amended (Grid owner to give notice that estimated data given)	4
14	Schedule 13.1, Form 1 amended	4
15	Schedule 13.1, Form 2 amended	4
16	Schedule 13.1, Form 3 amended	5

17	Schedule 13.3, clause 7 amended	5
18	Heading to Schedule 13.4 amended	5
19	Schedule 13.4, clause 1 replaced	5
20	Schedule 13.4, clause 2 replaced	5
21	Schedule 13.4, clause 4 amended	6
22	Schedule 13.4, clause 7 amended	6
23	Schedule 13.4, clause 8 replaced	6
24	Schedule 13.4, clause 9 amended	6
25	Schedule 13.4, clause 10 replaced	7
26	Schedule 13.4, clause 11 amended	7
27	Schedule 13.4, clause 12 revoked	7
28	Schedule 13.4, clause 13 amended	7
29	Schedule 13.4, clause 14 amended	7
30	New clause 17.129A inserted (Transitional provisions for co-generators)	7
	17.129A Transitional provisions for co-generators	7

Amendment

1 Title

This is the Electricity Industry Participation Code Amendment (Industrial Co-generation Dispatch Arrangements) 2015.

2 Commencement

This amendment comes into force on 27 May 2015.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 1.1 amended (Interpretation)

- (1) In clause 1.1(1), revoke the definition of **co-generator**.
- (2) In clause 1.1(1), definition of **generator**, replace "and **co-generators**" with ", **type A co-generators**, and **type B co-generators**".
- (3) In clause 1.1(1), definition of **industrial co-generating station**,—
 - (a) replace "1 or more **generating unit**" with "a **generating station** that"; and
 - (b) revoke paragraph (a); and
 - (c) in paragraph (b), replace "that is reliant" with "is reliant"; and
 - (d) in paragraph (c), delete "that"; and
 - (e) in paragraph (d)—
 - (i) delete "that"; and
 - (ii) after "under", insert "clause 8(1)(a) of".
- (4) In clause 1.1(1), definition of **metering situation**, after paragraph (a)(iv), insert:
 "(v) a **type B industrial co-generating station** with a **point of connection** to the **grid**; or".
- (5) In clause 1.1(1), insert in the appropriate alphabetical order:
 "**type A co-generator** means the owner of a **type A industrial co-generating station**, in its capacity as owner of that **industrial co-generating station**
type B co-generator means the owner of a **type B industrial co-generating station**, in its capacity as owner of that **industrial co-generating station**"

"type A industrial co-generating station means an **industrial co-generating station** approved by the **Authority** under clause 8(1)(a)(i) of Schedule 13.4

"type B industrial co-generating station means an **industrial co-generating station** approved by the **Authority** under clause 8(1)(a)(ii) of Schedule 13.4".

5 Clause 13.1 amended (Contents of this Part)

Replace clause 13.1(e) with:

"(e) **generators** may apply to the **Authority** to have 1 or more **generating units** approved as—

"(i) a **type A industrial co-generating station**; or

"(ii) a **type B industrial co-generating station**; and".

6 Clause 13.3 replaced (Approval process for industrial co-generating stations)

Replace clause 13.3 with:

"13.3 Approval process for industrial co-generating stations

A **generator** may apply to the **Authority** to have 1 or more **generating units** approved as—

"(a) a **type A industrial co-generating station** under clause 8(1)(a)(i) of Schedule 13.4; or

"(b) a **type B industrial co-generating station** under clause 8(1)(a)(ii) of Schedule 13.4."

7 Clause 13.9 amended (Information that offers must contain)

(1) In clause 13.9(a), replace "and co-generators," with ", **type A co-generators**, and **type B co-generators**,".

(2) In clause 13.9(d), replace "co-generator for an **industrial co-generating station**" with "**type A co-generator** for a **type A industrial co-generating station** or by a **type B co-generator** for a **type B industrial co-generating station**".

8 Clause 13.82 amended (Dispatch instructions to be complied with)

(1) In clause 13.82(2)(d)(ii), replace "constraint" with "**constraint**".

(2) In clause 13.82(2)(i)(iii), after "test plan", insert "; or".

(3) In clause 13.82(2), after paragraph (i), insert:

"(j) the **participant** is a **type B co-generator** and the **system operator** has not advised that there is—

"(i) a **grid emergency**; or

"(ii) a system **constraint** that directly affects the **type B co-generator**."

9 Clause 13.86 amended (Generators and ancillary service agents not obliged to comply with dispatch instructions below threshold)

(1) In clause 13.86(b), after "other than", insert "**type A**".

(2) In clause 13.86(c),—

(i) after "for", insert "**type A**"; and

(ii) replace "**generator**" with "**type A co-generator**".

- 10 Clause 13.136 amended (Generators to provide half-hour metering information)**
 Replace clause 13.136(2) with:
 "(2) To avoid doubt, subclause (1) does not apply in respect of—
 "(a) any **unoffered generation**; or
 "(b) **electricity** supplied from—
 "(i) an **intermittent generating station**; or
 "(ii) a **type B industrial co-generating station**."
- 11 Clause 13.137 amended (Unoffered and intermittent generation to provide metering information)**
 (1) Replace the heading to clause 13.137 with "**Generators to provide half-hour metering information for unoffered and intermittent generation and type B industrial co-generation**".
 (2) In clause 13.137(1)(b), after "the **grid**", insert "; and".
 (3) In clause 13.137(1), after paragraph (b), insert:
 "(c) **electricity** supplied from a **type B industrial co-generating station** with a **point of connection** to the **grid**."
- 12 Clause 13.141 amended (Pricing manager to use certain input information)**
 (1) In clause 13.141(1)(b)(i), in the formula " $L_{MA} = L_{MX} - L_{DCLS} - UIG_{EA}$ "—
 (a) before "and/or", insert ","; and
 (b) after "from a **generating station** with a **point of connection** to the **grid**", insert ", and/or a **type B industrial co-generating station** with a **point of connection** to the **grid**".
 (2) In clause 13.141(1)(c), delete ". The **pricing manager** must remove all **offers** from **intermittent generators** from this information before using it in the pricing process".
 (3) In clause 13.141, after subclause (1), insert:
 "(1AA) The **pricing manager** must remove all **offers** from the following **participants** from the information specified in subclause (1)(c) before using it in the pricing process:
 "(a) **intermittent generators**; and
 "(b) **type B co-generators**."
- 13 Clause 13.145 amended (Grid owner to give notice that estimated data given)**
 In clause 13.145(d), after "**dispatch capable load station**", insert "or a **type B industrial co-generating station**".
- 14 Schedule 13.1, Form 1 amended**
 In Schedule 13.1, Form 1, after "Date:", replace "Generator:" with "Generator Participant Identifier:".
- 15 Schedule 13.1, Form 2 amended**
 In Schedule 13.1, Form 2, after "Date:", replace "Intermittent Generator:" with "Intermittent Generator Participant Identifier:".

16 Schedule 13.1, Form 3 amended

- (1) In Schedule 13.1, in the heading to Form 3, insert "**Type A or Type B**" before "**Co-generator Offer**".
- (2) In Schedule 13.1, Form 3,—
 - (a) after "Date:", replace "Co-generator:" with "Type A/Type B Co-generator Participant Identifier:"; and
 - (b) replace "Co-generator Name:" with "Type A/Type B Co-generator Name:"; and
 - (c) replace "Co-generator Maximum Output" with "Type A/Type B Co-generator Maximum Output".

17 Schedule 13.3, clause 7 amended

Replace clause 7(a) of Schedule 13.3 with:

"(a) **offers** and **reserve offers**, excluding the following:

"(i) **offers** made by an **intermittent generator** under clause 13.6(3):

"(ii) revised **offers** made by an **intermittent generator** under clause 13.17(3):

"(iii) **offers** made by a **type B co-generator** under clause 13.6(1) or (2):

"(iv) revised **offers** made by a **type B co-generator** under clause 13.17(1) or (2); and".

18 Heading to Schedule 13.4 amended

In the heading to Schedule 13.4,—

- (a) replace "of" with "**as type A or type B**"; and
- (b) replace "**stations**" with "**station**".

19 Schedule 13.4, clause 1 replaced

In Schedule 13.4, replace clause 1 with:

"1 Generators to apply to Authority for approval

A **generator** may apply to the **Authority** to have 1 or more **generating units** approved as—

"(a) a **type A industrial co-generating station**; or

"(b) a **type B industrial co-generating station**."

20 Schedule 13.4, clause 2 replaced

In Schedule 13.4, replace clause 2 with:

"2 Application requirements

"(1) An application must—

"(a) be in writing; and

"(b) specify each **generating unit** that the applicant wants to have approved; and

"(c) include information related to any seasonal operation of each **generating unit**; and

"(d) specify whether the applicant wants each **generating unit** to be approved as a—

"(i) **type A industrial co-generating station**; or

"(ii) **type B industrial co-generating station**.

"(2) An applicant may include any supporting information that the applicant considers may assist the **Authority** with the application."

21 Schedule 13.4, clause 4 amended

- (1) In Schedule 13.4, clause 4, replace "a **generating unit**" with "an application".
- (2) In Schedule 13.4, replace clause 4(d) with:
 - "(d) whether each **generating unit** that is the subject of the application is as described in paragraphs (b) and (c) of the definition of **industrial co-generating station** set out in Part 1; and
 - "(da) the implications of each **generating unit** that is the subject of the application being approved in accordance with the applicant's preference specified under clause 2(1)(d), having regard to the obligations of **type A co-generators** and **type B co-generators**; and".

22 Schedule 13.4, clause 7 amended

- (1) In Schedule 13.4, clause 7, delete "An amendment or withdrawal must be made in writing and submitted to the **Authority** and takes effect from the date of receipt by the **Authority**."
- (2) In Schedule 13.4, clause 7, insert as subclause (2):
 - "(2) An amendment or withdrawal—
 - "(a) must be made in writing; and
 - "(b) must be submitted to the **Authority**; and
 - "(c) takes effect from the date of receipt by the **Authority**."

23 Schedule 13.4, clause 8 replaced

In Schedule 13.4, replace clause 8 with:

"8 Authority's decision

- "(1) The **Authority** must, no later than 6 months after receiving an application,—
 - "(a) approve each **generating unit** that is the subject of the application as either—
 - "(i) a **type A industrial co-generating station**; or
 - "(ii) a **type B industrial co-generating station**; or
 - "(b) decline to approve the application.
- "(2) The **Authority** must consult with an applicant before making a decision if the **Authority**—
 - "(a) proposes to approve an application for a type of **industrial co-generating station** other than the applicant's preference specified under clause 2(1)(d); or
 - "(b) proposes to decline the application.
- "(3) The **Authority** must, as soon as practicable after making a decision,—
 - "(a) advise the applicant, the **system operator**, the **grid owner**, and the **clearing manager** in writing; and
 - "(b) **publicise** its decision, including—
 - "(i) the reasons for the decision; and
 - "(ii) in the case of an application that has been approved, any conditions that have been imposed."

24 Schedule 13.4, clause 9 amended

In Schedule 13.4, replace clause 9(2) with:

- "(2) The register must state, for each approval on the register,—
 - "(a) whether the applicant's **generating units** have been approved as a **type A co-generating station** or a **type B co-generating station**; and

- "(b) the name of the **type A co-generator** or the **type B co-generator**; and
- "(c) the name of the **type A industrial co-generating station** or the **type B industrial co-generating station**; and
- "(d) the date of the approval; and
- "(e) the duration of the approval; and
- "(f) whether the approval includes any conditions and if so, a description of the conditions."

25 Schedule 13.4, clause 10 replaced

In Schedule 13.4, replace clause 10 with:

"10 Effect of approval

Approval of 1 or more **generating units** as a **type A industrial co-generating station** or a **type B industrial co-generating station** takes effect from the date specified in the approval, which may be no earlier than 10 **business days** after the date of the notice of decision **publicised** by the **Authority** under clause 8(3)."

26 Schedule 13.4, clause 11 amended

In Schedule 13.4, replace clause 11(b) and (c) with:

- "(b) requirements as to seasonal co-generation, including limitations on when the approval applies:
- "(c) requirements that a **type A co-generator** or **type B co-generator** comply with specific instructions from the **system operator** during a **grid emergency** or during a system **constraint** that directly affects the **type A co-generator** or **type B co-generator**."

27 Schedule 13.4, clause 12 revoked

Revoke clause 12 of Schedule 13.4.

28 Schedule 13.4, clause 13 amended

In Schedule 13.4, clause 13, insert as subclauses (2) and (3):

- "(2) The **Authority** may, at the request of a **type A co-generator** or a **type B co-generator**, amend an approval to change a **type A industrial co-generating station** to a **type B co-generating station**, or vice-versa.
- "(3) The **Authority** must consult with the **system operator** before amending an approval under subclause (2)."

29 Schedule 13.4, clause 14 amended

In Schedule 13.4, replace clause 14(a) and (b) with:

- "(a) give the **type A co-generator** or **type B co-generator** 3 months' notice before rescinding or amending the approval; and
- "(b) advise the **type A co-generator** or **type B co-generator** of the reasons for rescinding or amending the approval."

30 New clause 17.129A inserted (Transitional provisions for co-generators)

After clause 17.129, insert:

"17.129A Transitional provisions for co-generators

"An approval granted by the **Authority** or deemed to have been granted under Schedule

13.4 and in effect immediately before 27 May 2015 is deemed to be an approval granted by the **Authority** under clause 8(1)(a)(i) of Schedule 13.4 of 1 or more **generating units** as a **type A industrial co-generating station**."

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 2010 comes into force on 27 May 2015.

The amendment establishes two categories of co-generators, type A co-generators and type B co-generators, with different obligations associated with each. Existing co-generators will be deemed to be type A co-generators. Type A co-generators will continue to operate under the current offer, dispatch, and pricing rules. Type B co-generators will be treated in the same way as intermittent generators for dispatch and pricing purposes.

For example:

- (a) type B co-generators will not be required to comply with dispatch instructions except for security purposes:
- (b) the dispatch setpoint for type B co-generators will be based on their current output:
- (c) type B co-generator offers will be removed from the real-time dispatch schedule and replaced by administrative offers based on the actual metered output:
- (d) type B co-generator offers will also be removed from final pricing and other ex post pricing schedules and replaced by a negative load equal to their actual metered output:
- (e) type B co-generators will be required to supply metering information measuring their generation output to the pricing manager and the grid owner.

The amendment also makes a number of changes to the application process for co-generators under Schedule 13.4 to reflect the new types of co-generator.

Date of notification in the *Gazette*: 19 February 2015