

## Notice of the Electricity Industry Participation Code Amendment (Hedge Market Arrangements) 2020

1. Under section 38(3)(b) of the Electricity Industry Act 2010 ("Act"), the Electricity Authority ("Authority") gives notice of making the Electricity Industry Participation Code Amendment (Hedge Market Arrangements) 2020 ("amendment").
  2. The amendment is made urgently under section 40 of the Act.
  3. The amendment comes into force on **3 February 2020**.
  4. The amendment inserts a new subpart 5B of Part 13 into the Electricity Industry Participation Code 2010 ("Code") and new definitions into Part 1 of the Code. The new subpart describes a scheme that, if triggered into effect for one or more specified participants by the occurrence of specified events, will facilitate an active market for trading financial hedge contracts for electricity. The scheme will do so by imposing certain market making obligations on one or more of Contact Energy Limited, Genesis Energy Limited, Mercury NZ Limited and Meridian Energy Limited if their respective actions or inactions trigger the application of the scheme to them.
  5. The Authority considers that it is desirable to make the amendment urgently because:
    - a. it supports the other practical steps the Authority is taking to manage the known risks of disruption in early 2020 (in particular HVDC and gas supply outages);
    - b. the amendment will increase confidence in the market, particularly amongst small participants, that risk management tools will be available at efficient prices during the known disruptions in early 2020; and
    - c. if the current voluntary arrangements cease or reduce in the near future, recent events indicate that it is more likely they will not restart without the Authority's intervention.
  6. A copy of the amendment and the Code are available on the Authority's website at: <http://www.ea.govt.nz/code-and-compliance/the-code/>.
  7. A copy of the amendment and the Code may also be inspected free of charge or purchased from the Electricity Authority, Level 7, Harbour Tower, 2 Hunter Street, Wellington.
- Dated at Wellington this 27th day of January 2020.
- DR THOMAS BRENT LAYTON, Chair, Electricity Authority.