

Electricity Industry Participation (FTR Reconfiguration Auctions) Code Amendment 2014

Pursuant to 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 7th day of May 2014



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Certified in order for signature:



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7 May 2014

6 May 2014

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Amendment

1 Title

This is the Electricity Industry Participation (FTR Reconfiguration Auctions) Code Amendment 2014.

2 Commencement

This amendment comes into force on 1 November 2014.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 1.1 amended (Interpretation)

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

"FTR reconfiguration amount means the amount a **participant** that sells a **reconfigured FTR**—

"(a) is entitled to be paid for the **reconfigured FTR**, if the amount is positive; or

"(b) is liable to pay in respect of the **reconfigured FTR**, if the amount is negative

"FTR reconfiguration auction means an **FTR auction** that allows a holder of an **FTR** to offer for sale a portion of the **FTR** expressed in terms of all or a specified amount of the **electricity** (in MW) to which the **FTR** relates

"offered FTR means an **FTR** that has been offered into an **FTR reconfiguration auction**

"reconfigured FTR means the portion of an **FTR** that was sold at an **FTR reconfiguration auction**".

- (2) In clause 1.1(1), replace the definition of **FTR acquisition cost** with:

"FTR acquisition cost means—

"(a) the amount a **participant** must pay or be paid in respect of the acquisition of an **FTR** in an **FTR auction**; or

"(b) if an **FTR** has been assigned by the first holder of the **FTR**, the amount that becomes payable under clause 13.249(3); or

"(c) an amount described in paragraph (a) or (b) that is adjusted under clause 13.242A".

5 Clause 13.237 amended (Contents of this subpart)

In clause 13.237(c), replace "creates and allocates" with "allocates and creates".

6 Crossheading above clause 13.242 replaced

Replace the crossheading above clause 13.242 with:

"Allocation, creation and reconfiguration of FTRs".

7 Clause 13.242 amended (FTR manager must create and allocate FTRs)

Amend clause 13.242 as follows:

- (a) in the heading, replace "create and allocate" with "allocate and create":

- (b) replace subclause (1) with:
- "(1) The **FTR manager** must conduct an **FTR auction** in accordance with the **FTR allocation plan** approved under clause 13.240 to—
- "(a) allocate **FTRs**; and
- "(b) create **FTRs**; and
- "(c) reconfigure **FTRs**."

8 New clause 13.242A inserted (FTR manager to adjust offered FTR and FTR acquisition cost after FTR reconfiguration auction)

After clause 13.242, insert:

"13.242A FTR manager to adjust offered FTR and FTR acquisition cost after FTR reconfiguration auction

After each **FTR reconfiguration auction**, the **FTR manager** must—

- "(a) reduce the amount of **electricity** (in **MW**) to which each **offered FTR** relates by the amount of **electricity** (in **MW**) to which the relevant **reconfigured FTR** relates; and
- "(b) adjust the **FTR acquisition cost** of the **offered FTR** by subtracting the **FTR reconfiguration amount** of the relevant **reconfigured FTR** from the **FTR acquisition cost** of the **offered FTR**."

9 Clause 13.244 amended (Acceptance of bids in FTR auction)

Amend clause 13.244 as follows:

- (a) in the heading, after "bids", insert "and offers";
- (b) in subclause (1), after "accept a bid", insert "or an offer";
- (c) in subclause (1), after "the bid", insert "or the offer" in each place;
- (d) in subclause (2), replace "bids in the auction" with "bids or offers in the **FTR auction**".

10 Clause 13.247 amended (FTR manager must operate FTR register)

After clause 13.247(1)(d), insert:

- "(e) the reconfiguration of each **offered FTR**."

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 1 November 2014.

The amendment amends subpart 6 of Part 13 of the Code to effectively facilitate FTR reconfiguration auctions. An FTR reconfiguration auction is an FTR auction that allows a holder of an FTR to offer for sale a portion of the FTR expressed in terms of all or a specified amount of the electricity to which the FTR relates.

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