

Notice of the Electricity Industry Participation (Scarcity Pricing) Code Amendment 2011

- 1 Pursuant to section 38(3)(b) of the Electricity Industry Act 2010, the Electricity Authority (“Authority”) gives notice of the making of the Electricity Industry Participation (Scarcity Pricing) Code Amendment 2011.
- 2 The amendment comes into force on **1 June 2013**.
- 3 The amendment provides for the introduction of scarcity pricing by amending Part 1, Part 8, and Part 13 of the Electricity Industry Participation Code 2010 (“Code”). The amendment provides for:
 - (a) the system operator to notify all participants if it issues an island-wide instruction to disconnect demand;
 - (b) the pricing manager to adjust energy and reserve prices for any trading period where (a) applies in accordance with the following:
 - (i) the scaling up of all energy and reserve prices in the relevant island or islands to achieve a generation weighted average price (“GWAP”) of \$10,000/MWh if the GWAP prior to scaling is below \$10,000/MWh;
 - (ii) the scaling down of all energy and reserve prices in the relevant island or islands to achieve a GWAP of \$20,000/MWh if the GWAP prior to scaling is above \$20,000/MWh;
 - (iii) no change to energy and reserve prices in the relevant island or islands if the GWAP prior to scaling is greater than or equal to \$10,000/MWh and less than or equal to \$20,000/MWh;
 - (iv) no payment for constrained-on situations in an island or islands in which prices have been adjusted in accordance with 3(b)(ii);
 - (v) no adjustment to prices and reserve prices if:
 - (A) the pricing manager determines that a shortage was not island-wide or nationwide based on final pricing inputs; or
 - (B) the average of the GWAPs over the previous 336 trading periods for the relevant island or islands exceeds \$1,000 per MWh;
 - (c) the pricing manager to limit final prices following the resolution of infeasibilities caused by a shortage of reserve to the greater of:
 - (i) 3 times the highest scheduled energy offer price; and
 - (ii) the relevant scheduled fast instantaneous reserve or sustained instantaneous reserve offer price.
- 4 A copy of the amendment and the Code is available on the Electricity Authority’s website
<http://www.ea.govt.nz/act-code-regs/code-regs/>
- 5 A copy of the amendment and the Code may also be inspected free of charge or purchased from the Electricity Authority, Level 7, ASB Bank Tower, 2 Hunter Street, Wellington.

Dated at Wellington this 26th day of October 2011.

Dr. THOMAS BRENT LAYTON, Chairperson, Electricity Authority.

