

**Notice of the Electricity Industry Participation
(Spot Price Risk Disclosure) 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 (Spot Price Risk Disclosure) Code Amendment 2011.
2. The amendment comes into force on **1 December 2011**.
3. The amendment provides for the introduction of the Authority's stress test regime proposal by amending Part 1 and Part 13 of the Electricity Industry Participation Code 2010 ("Code"). The amendment inserts a new subpart 5A of Part 13 that:
 - (a) requires each participant who consumes electricity that is conveyed to the person directly from the national grid or who buys electricity from the clearing manager to:
 - (i) submit quarterly spot price risk disclosure statements to an independent person appointed by the Authority; and
 - (ii) certify on an annual basis that:
 - (A) the disclosing participant has provided information to its customers with spot price exposure to enable each customer to consider the outcomes of applying the stress tests; and
 - (B) the disclosing participant's board has considered the contents of the quarterly spot price risk disclosure statements;
 - (b) provides for the Authority to prepare and publish a notice setting out a base case, stress tests, and methods for calculating a disclosing participant's target cover ratio;
 - (c) requires the Authority to appoint an independent person to receive and analyse spot price risk disclosure statements; and
 - (d) provides for independent audit of spot price risk disclosure statements.
4. A copy of the amendment and the Code is available on the Electricity Authority's website
www.ea.govt.nz/act-code-regs/code-regs/the-code/
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 31st day of October 2011.

DR THOMAS BRENT LAYTON, Chairperson, Electricity Authority.

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