

Notice of the Electricity Industry Participation Code Amendment (Internal Transfer Prices and Segmented Profitability Reporting) 2021

1. Under section 38(3)(b) of the Electricity Industry Act 2010 (“Act”), and having complied with section 39 of that Act, the Electricity Authority (“Authority”) gives notice of making the Electricity Industry Participation Code Amendment (Internal Transfer Prices and Segmented Profitability Reporting) 2021 (“amendment”).
 2. The amendment comes into force on **30 November 2021**.
 3. The amendment inserts new clauses 13.256 to 13.266 into Part 13 and new definitions into Part 1 of the Code. The purpose of the amendment is to increase trust and confidence in the wholesale and retail markets by:
 - a. increasing transparency on how large vertically integrated generator-retailers price electricity for their own retail arms; and
 - b. increasing transparency on retail revenues and gross margins amongst retailers who were recorded in the registry in any of the preceding 12 months as being responsible for 1% or more of the total number of ICPs with a status of “Active”.
 4. The new clauses:
 - a. impose reporting obligations on large generator retailers to disclose annually information relating to their internal transfer pricing and supporting information, and to disclose further information in particular circumstances if the generator retailer changes the methodology used to determine internal transfer pricing during a year;
 - b. impose reporting obligations on retailers who were recorded in the registry in any of the preceding 12 months as being responsible for 1% or more of the total number of ICPs with a status of “Active” to submit annual retail gross margin reports relating to the sale of electricity to mass market customers by the retailer;
 - c. permit the Authority to publish the information it receives as a result of the new reporting obligations; and
 - d. provide the Authority with the power to require a review by an independent person of whether a generator retailer or a retailer subject to the new reporting obligations has complied with those obligations.
 5. 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/>.
 6. 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 12th day of October 2021.
- DR NICOLA LANE CRAUFORD, Chair, Electricity Authority.