# Review, consultation and approval of system operation documents

**Decision Paper** 

Tuesday, 4 July 2023



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#### 1. Purpose

1.1. This paper is the Authority's decision on the proposed Code amendments regarding the documents incorporated by reference into the Code that are managed by the system operator. This paper also gives the Authority's response to the submissions received.

#### 2. Submissions

- 2.1. The consultation on the proposed Code amendments was included as part of the consultation for the "*Review of consultation and feedback processes*", released in December 2022. Consultation closed 21 March 2023 (4 April for Cyclone Gabrielle affected distributors).
- 2.2. The review was separated into four related but discrete sections. The proposed Code amendments for documents incorporated by reference was section 4.
- 2.3. The Authority received 20 submissions on the consultation but only 11 for section 4. All 11 were supportive of the proposal and one contained detailed feedback of the proposed Code drafting.

Submitter	Role
Genesis Energy	Generator / retailer
Electricity Retailers Association (ERANZ)	Industry association
Horizon Networks	Distributor
Intellihub	Metering equipment provider
Major electricity user group (MEUG)	Industry association
Manawa	Generator / retailer
Meridian	Generator / retailer
Nova	Generator / retailer
Powerco	Distributor
Transpower	Grid owner / system operator
Vector	Distributor

## We have decided to implement an amended form of the proposal

#### The proposal

- 3.1. The Authority currently has six system operation policy documents incorporated by reference into the Code. Each of these documents is governed under its own series of Code clauses. The process requirements for:
  - (a) review
  - (b) participants suggesting amendments

- (c) consulting with stakeholders on the amendments
- (d) amending these documents, and
- (e) urgent amendments

are generally similar but have differences. There is no clear reason for these differences. In addition, as the processes are contained in different parts of the Code, the process for a particular document can be difficult to find for someone not familiar with the Code.

- 3.2. The Authority proposed to amend the Code to consolidate and align the process into Part 7 of the Code which deals with the system operator's obligations.
- 3.3. In 2019, the Legislation Act was enacted, which centralised provisions for incorporating documents and specific provisions were repealed from the Electricity Industry Act (Act). The Authority proposed deleting references to the repealed sections of the Act.

#### Authority's decision

- 3.4. The Authority has decided to amend the Code with changes to the proposed drafting. These amendments:
  - (a) Create a new definition for system operation documents in Part 1 of the Code
  - (b) Create new clauses to govern the initiation of reviews, consultation, amendment, and approval processes of system operation documents incorporated by reference. The new clauses are proposed to be included in a new section of Part 7 – System operator
  - (c) Revoke the separate clauses governing the initiation of reviews, amendment, consultation, and approval processes of each of the individual system operation documents from Parts 7, 8, and 9 of the Code
  - (d) Amend existing clauses that refer to repealed provisions of the Act, including those clauses not related to system operation documents.

#### 4. Response to submissions

#### Submitter's view - new clause 7.14

4.1. Transpower noted the proposed new clause 7.14 expands the provision in the Code for participants to request amendments, and the cost-benefit analysis did not include the additional transactional costs of managing this process for the additional system operation documents. Currently the provision only applies to the policy statement.

#### Our decision

4.2. The Authority notes Transpower's comments. The Code does not currently prohibit participants requesting amendments to system operation documents if needed. This provision formalises the process for Transpower to respond if any requests are made. This process requires a review to determine if the request should be included in a formal review of the relevant system operation document, rather than an indepth analysis of the participant's request. Should there be a significant influx of requests that impose a material additional cost on Transpower, there is a mechanism in the system operator service provider agreement to adjust the fee to recover additional costs.

#### Submitter's view – new clause 7.15

- 4.3. Transpower noted that currently only two documents have mandated 2-yearly review cycles. They state the dynamic nature of the power system, changes to transmission and other connected assets, and changes to market design means the policy statement and procurement plan should be regularly reviewed, but this need does not exist for the security of supply documents and AUFLS report.
- 4.4. Transpower also noted that the timing of the mandated 2-yearly review is unclear and the Code should specify when the 2-year period starts.

#### Our decision

- 4.5. The Authority acknowledges and accepts Transpower's reasons that the security of supply documents and AUFLS report do not require regular review. On that basis, the Authority will leave it to the system operator to decide when these documents need reviewing rather than mandating regular reviews.
- 4.6. The Authority agrees the Code should specify when the 2-year period starts and has amended clause 7.15 to make it clear when the 2-year period starts depending on whether the review resulted in an amendment or not.

#### Submitter's view – new clause 7.16

- 4.7. Transpower suggests the Code should require the Authority to provide reasons when declining consent for consultation.
- 4.8. Transpower noted two clause references appear to be incorrect.
- 4.9. Transpower suggested that the proposed requirement to include a list of persons Transpower is proposing to consult with is creating a higher standard than for the Authority's own consultations.

#### Our decision

- 4.10. The Authority notes the proposed clause 7.16(4)(b) already requires the Authority to provide reasons. Specifically, it states "...raise any issue it has identified under subclause (2) with the system operator". This aligns with the wording used in the purpose of the Authority's consent in subclause 7.16(2) and requires the Authority to provide its reasons to the system operator. For the purposes of clarity, the Authority will include the requirement for both parties to provide reasons for their decisions in clause 7.18(5).
- 4.11. The Authority notes there are three incorrect references in the proposed subclauses (2)(b), (3)(a) and (3)(b). These have all been changed to the correct clause.
- 4.12. The proposed consultation clause (7.20) only requires the system operator to consult with a subset of all participants "... affected participants or persons that represent the interests of those persons likely to be affected by the proposed amendment ...". This is similar to the current requirement in clause 7.5 of Code. The Authority believes it is reasonable for the system operator to provide the list of those it intends to consult with, to ensure the list is complete before issuing consent to consult. This helps ensure the consultation is robust and meets the legal requirements of the Authority as the final decision maker on all amendments. The Authority's consultations are open to the public and all participants, not just affected participants.

#### Submitter's view – new clause 7.20

- 4.13. Transpower suggests the consultation requirement should be with "affected participants or participants that represent the interests of affected persons, as reasonably identified by the system operator".
- 4.14. Transpower suggests the requirement for a cost-benefit analysis (CBA) should be explicit that the evaluation can be qualitative if quantitative is not appropriate.

#### Our decision

- 4.15. While the proposed wording replicated the current requirement in clause 7.5 of Code, but the Authority agrees this wording should explicitly include "affected participants". The Authority notes there is already a Code obligation (clause 7.1A) on the system operator to act as a reasonable and prudent system operator. Further to this, the system operator is required to act reasonably as a matter of administrative law. It is not necessary to duplicate the requirement to act reasonably and it could cause confusion where the same obligation is referred to in other clauses of the Code.
- 4.16. The Authority agrees with regards to the CBA requirement, it should be explicit that a qualitative only assessment is permitted if a quantitative assessment is not reasonably possible.

#### Submitter's view – new clause 7.22

4.17. Transpower suggests the new clause is unnecessary as timeframes are already included in clause 7.16.

#### Our decision

4.18. The timeframe outlined in 7.16 is the timeframe for the Authority to respond to the system operator's request. Both parties will perform their actions within a reasonable period, however there may be occasions where more urgency is required. Clause 7.22 allows the Authority to determine timeframes for any part of the review, consultation and approval process.

#### 5. Attachments

5.1. The following appendices are attached to this paper:

Appendix A Code amendment (change tracked)

#### Appendix A Code amendment (Change tracked)

#### New clauses

#### 1.1 Interpretation

...

#### **System operation document** means any of the following documents:

- (a) the security of supply forecasting and information policy:
- (b) the emergency management policy:
- (c) the **policy statement**:
- (d) the **procurement plan**:
- (e) the AUFLS technical requirements report:
- (f) the system operator rolling outage plan.

...

#### <u>Amending or replacing system operation documents</u>

#### 7.13 Proposals to amend system operation documents

- (1) A proposal to amend a **system operation document** is made by the **system operator** to the **Authority**.
- (2) The process for the **system operator** to develop a proposal may be initiated by—
  - (a) the **Authority** directing the **system operator** to consider a proposal to amend a **system operation document**; or
  - (b) the **system operator** agreeing under clause 7.14 to progress an amendment to a **system operation document**; or
  - (c) the **system operator** deciding to progress an amendment, either—
    - (i) at the conclusion of a review carried out under clause 7.15; or
    - (ii) at any other time.
- (3) Before providing a proposal to the **Authority** to amend a **system operation document**, the **system operator** must consult on the proposal where required by clause 7.20, after obtaining consent as required by clause 7.16.
- (4) For the purposes of clauses 7.13 to 7.22, a proposal to amend a **system operation document** includes a proposal to replace a **system operation document**.

#### 7.14 Process where participants request amendments

- (1) If a participant requests an amendment to a system operation document to the system operator, the system operator must decide to—
  - (a) consider the amendment as part of the next review under clause 7.15; or
  - (b) consider the amendment outside of a review; or
  - (c) decline to consider the amendment.
- (2) The **system operator** must advise the **Authority** and the **participant** that requested the amendment of its decision, including its reasons, within 1 month of receiving the request.

#### 7.15 Review of policy statement and procurement plan

(1) The system operator must review the policy statement and the procurement plan at least once every 2 years to identify whether the document should be amended.

- (2) For the purposes of subclause (1), any 2 year period commences on either—
  - (a) the date the last review of the document was completed if that review did not result in an amendment being made; or
  - (b) if a review results in an amendment being made, the date the amendment takes legal effect.
- (3) At the conclusion of a review the **system operator** must either—
  - (a) propose an amendment to the **Authority** following consultation where required by clause 7.20, after obtaining consent as required by clause 7.16; or
  - (b) advise the **Authority** that the **system operator** does not consider that an amendment is required and provide the **Authority** with a written report describing the process carried out for the review, the **system operator's** decision, and the reasons for the decision.

## 7.16 Authority must consent to consultation before system operator consults on proposal to amend system operation document

- (1) The system operator must obtain the Authority's consent before consulting on a proposal to amend a system operation document.
- (2) The purpose for the **Authority** consenting to consultation is to enable the **Authority** to identify to the **system operator** any issues with—
  - (a) the proposal that may cause the **Authority** to not issue a notice to adopt the amendment under section 131B(2) of the **Act** or to not progress the amendment as a Code amendment under section 38 of the **Act**, as the case may be; and
  - (b) the **system operator's** proposed consultation process and the information to be provided with the proposal for consultation under subparagraph 7.20(2)(a).
- (3) When requesting the **Authority's** consent, the **system operator** must provide the following information to the **Authority:** 
  - (a) the consultation information in subparagraph 7.20(2)(a):
  - (b) the proposed consultation period in subparagraph 7.20(2)(b):
  - (c) the **system operator's** proposed consultation process:
  - (d) a list of the persons the **system operator** proposes to consult with.
- (4) The **Authority** must within a reasonable period time after receiving the **system operator's** request for consent either
  - (a) consent to the consultation and notify the **system operator** accordingly; or
  - (b) raise any issues it has identified under sub-clause (2) with the **system operator**

#### 7.17 Authority direction to system operator

- (1) In addition to its powers under clause 7.16, the **Authority** may direct the **system operator** to make changes to any of the matters listed in clause 7.16(3), other than the proposed amendment itself.
- (2) The **Authority** may not give a direction under subclause (1) if the effect of the direction is that the proposal, if finally made, could not be considered to have been made by the **system operator** for the purposes of section 131B(2) of the **Act**.

#### 7.18 Process if the Authority does not approve a proposal for consultation

- (1) If the **Authority** identifies any issues or concerns under clause 7.16(2)(a), unless the **Authority** has given a direction under clause 7.17(1), the **system operator** must consider those issues and either
  - (a) amend the proposal, proposed consultation process or the consultation information to be

- provided with the proposal and re-submit the information required under clause 7.16(3) to the **Authority** for approval; or
- (b) decide not to continue with the proposal; or
- (c) continue with the proposal without making any amendment to it, the proposed consultation process or the information to be provided with the proposal.
- (2) If the **Authority** directs the **system operator** under subclause 7.17(1), the **system operator** must make the change and re-submit the information required under subclause 7.16(3) to the **Authority** for approval.
- (3) If the **system operator** re-submits the information required under subclause 7.16(3) to the **Authority**, the **Authority** must re-consider the information and decide either to:
  - (a) consent to the consultation; or
  - (b) not consent to the consultation
- (4) If the **Authority** does not to consent to a proposal for consultation under subclause (3), the **system operator** must decide either
  - (a) to not continue with the proposal; or
  - (b) to continue with the proposal.
- (5) The **system operator** and the **Authority** must give each other notice of their decisions and the reasons for the decision under the above subclauses.

#### 7.19 Effect of Authority's and system operator decisions under clauses 7.16 to 7.18

- (1) The **Authority's** consent to consultation under subclause 7.16(5)(a) or 7.18(4)(a) or to direct the **system operator** under clause 7.17(1) does not affect the **Authority's** decision regarding approval of a **system operation document** under clause 7.20.
- (2) If the **system operator** continues with a proposal under subparagraphs 7.18(1)(c) or 7.18(4)(b), the **system operator**:
  - (a) does so with the risk that the **Authority** may decide not to issue a notice to adopt the amendment under section 131B(2) of the Act or to not progress the amendment as a Code amendment under section 38 of the Act; and
  - (b) must advise the persons it consulted with under clause 7.19 that the **Authority** has not consented to the consultation under this clause and that that risk described in subparagraph (a) arises.
- (3) Subparagraph (2)(a) does not prevent the Authority from deciding to not issue a notice to adopt an amendment under section 131B(2) of the Act or to not progress the amendment as a Code amendment under section 38 of the Act

#### **7.20** Consultation on proposed amendments

- (1) The system operator must consult on any proposed amendment of a system operation document with affected participants or persons that represent the interests of those persons likely to be affected by the proposed amendment.
- (2) The **system operator** must, at least, carry out the following steps as part of consultation on a proposed amendment:
  - (a) make the following information available to the persons it is consulting with:
    - (i) a draft of the proposed amendment:
    - (ii) a statement of the objectives of the proposed amendment:
    - (iii) an evaluation of the costs and benefits of the proposed amendment:
    - (iv) an evaluation of alternative means of achieving the objectives of the proposed amendment (if any):

- (b) provide a reasonable period of time to the persons it is consulting with to consider the information provided under paragraph (a) and to make submissions:
- (c) consider any submissions.
- (3) In evaluating the costs and benefits of a proposed amendment under subclause (2)(a)(iii), the **system operator** must undertake a quantitative assessment, if reasonably possible.
- (4) The **system operator** must provide a copy of each submission received under subclause (2) to the **Authority**.
- (5) Despite subclause (1), consultation is not required if the **system operator** satisfies the **Authority**, on reasonable grounds, that—
  - (a) the nature of the amendment is technical and non-controversial; or
  - (b) there is widespread support for the amendment among the persons likely to be affected by it; or
  - (c) there has been adequate prior consultation so that all relevant views have been considered; or
  - (d) it is necessary or desirable in the public interest that the proposed amendment be made urgently.

#### 7.21 Approval of system operation documents

- (1) Following consultation, or if subclause 7.20(4) applies, the **system operator** must provide the **Authority** with a report that sets out the following:
  - (a) the information required by paragraph 7.20(2)(a), regardless of whether or not consultation was carried out, but incorporating any changes made following consultation:
  - (b) a summary of any submissions received and the **system operator's** response to each:
  - (c) a list of any changes made to the proposed amendments to the **system operation document** after consultation and the reasons for the changes:
  - (d) if subclause 7.20(4) applies, the reasons why the **system operator** considered that consultation was not required:
  - (e) a final draft of the proposed amendments to the **system operation document** (either as amendments to the **system operation document** or a replacement **system operation document**).
- (2) After receipt of the report, the **Authority** may—
  - (a) approve the proposed amendments to the **system operation document**; or
  - (b) require the **system operator** to conduct further consultation before re-submitting the proposed amendments to the **system operation document** to the **Authority** for approval; or
  - (c) decline to approve the proposed amendments to the **system operation document**.
- (3) The approval by the **Authority** of proposed amendments to a **system operation document**
  - (a) does not remove the requirement for the **Authority** to comply with either section 38 or section 131B of the **Act** in order to give legal effect to the amendments as part of the Code; and
  - (b) does not affect, pre-determine or otherwise override any decision by the **Authority** under section 38 or section 131B of the **Act**.
- (4) To avoid doubt, an approved **system operation document** is not invalid only because the **Authority** and the **system operator** did all or any of the things referred to in clauses 7.16 to 7.20 before those clauses came into force.

#### **7.22** Authority to prescribe timeframes

From time to time the **Authority** may prescribe reasonable timeframes that the **system operator** must comply with in completing any steps in clauses 7.16 to 7.21.

#### Amendments to existing clauses

#### 1.1 Interpretation

. . .

**draft policy statement** [Revoked] means a document provided for in clause 8.10A(2), 8.11A(1), or 8.12A(1)

draft procurement plan [Revoked]-means a document provided for in clause 8.42A(2), 8.43A(1), or 8.44A(1)

. . .

#### submission expiry date means:

- (a) in the case of a submission on a **draft policy statement**, the date the **Authority** advises in accordance with clause 8.12(2); and [Revoked]
- (b) in the case of a submission on a **draft procurement plan**, the date the **Authority** advises in accordance with clause 8.44(2); and [Revoked]

. . .

#### 7.1 Contents of this Part

This Part provides for—

- (aa) a reasonable and prudent system operator standard; and
- (a) high level, output focussed performance obligations of the **system operator** in relation to the real time co-ordination and delivery of **common quality** and **dispatch**; and
- (b) the functions of the **system operator** in relation to **demand** and supply forecasting, security of supply, and supply emergencies; and
- (c) review of the **system operator's** performance under the **Act**, this Code, and the relevant **market operation service provider agreement**-; and
- (d) requirements for the amendment or replacement of system operation documents.

...

- 7.4 Incorporation of security of supply forecasting and information policy and emergency management policy by reference
- (1) The security of supply forecasting and information policy and the emergency management policy are incorporated by reference in this Code in accordance with section 32 of the Act.
- (2) Clauses 7.13 to 7.19 apply to any amendment or replacement of the security of supply forecasting and information policy or emergency management policy. Subclause (1) is subject to Schedule 1 of the Act, which includes a requirement that the Authority must give notice in the *Gazette* before an amended or substituted security of supply forecasting and information policy or emergency management policy becomes incorporated by reference in this Code.

#### 7.5 Approval of draft security of supply forecasting and information policy and emergency

#### management policy [Revoked]

- (1) The system operator may submit to the Authority for approval a draft security of supply forecasting and information policy or a draft emergency management policy to replace an existing security of supply forecasting and information policy or emergency management policy as the case may be.
- (2) [Revoked]
- (3) In preparing the draft security of supply forecasting and information policy or the draft emergency management policy, the system operator must
  - (a) consult with persons that the system operator thinks are representative of the interests of persons likely to be substantially affected by the policies; and
  - (b) consider submissions made on the policies.
- (4) The system operator must provide a copy of each submission received under subclause (3) to the Authority.
- (5) The Authority must, as soon as practicable after receiving the draft security of supply forecasting and information policy or the draft emergency management policy, by notice in writing to the system operator,
  - (a) approve the relevant policy; or
  - (b) decline to approve the relevant policy.
- (6) If the Authority declines to approve the draft security of supply forecasting and information policy or the draft emergency management policy, the Authority must publish the changes that the Authority wishes the system operator to make to the relevant draft policy.
- (7) When the Authority publishes the changes that the Authority wishes the system operator to make to the relevant draft policy under subclause (6), the Authority must advise the system operator and interested parties of the date by which submissions on the changes must be received by the Authority.
- (8) Each submission on the changes to the draft policy must be made in writing to the Authority and be received on or before the date the **Authority** advises under subclause (7). The Authority must provide a copy of each submission received to the system operator and must publish the submissions.
- (9) The system operator may make its own submission on the changes to the draft policy and the submissions received in relation to the changes. The Authority must publish the system operator's submission when it is received.
- (10) The Authority must consider the submissions made to it on the changes to the draft policy.
- (11) Following the consultation required by subclauses (7) to (10), the Authority may approve the draft policy subject to the changes that the Authority considers appropriate being made by the system operator.

## 7.6 Variations to security of supply forecasting and information policy and emergency management policy [Revoked]

- (1) A participant or the Authority may submit a proposal for a variation to the security of supply forecasting and information policy or the emergency management policy to the system operator.
- (2) The system operator must consider a proposed variation to the security of supply forecasting and information policy or the emergency management policy submitted under subclause (1).
- (3) The system operator may submit a request for a variation to the security of supply forecasting and information policy or the emergency management policy to the Authority.
- (4) Clause 7.5(3) to (11) apply to a request for a variation submitted under subclause (3) as if

references to a draft policy were a reference to the requested variation.

- (5) The Authority may approve a variation requested under subclause (3) without complying with subclause (4) if—
  - (a) the Authority considers that it is necessary or desirable in the public interest that the requested variation be made urgently; and
  - (b) the Authority publishes a notice of the variation and a statement of the reasons why the urgent variation is needed.
- (6) Every variation made under subclause (5) expires on the date that is 9 months after the date on which the variation is made.

. . .

#### 8.10 Incorporation of policy statement by reference

- (1) The **policy statement** is incorporated by reference in this Code in accordance with section 32 of the **Act**.
- (2) Clauses 7.13 to 7.19 apply to any amendment or replacement of the **policy statement**.

  Subclause (1) is subject to Schedule 1 of the **Act**, which includes a requirement that the **Authority** must give notice in the *Gazette* before an amended or substituted **policy statement**becomes incorporated by reference in this Code.

#### **8.10A Review of policy statement** [Revoked]

- (1) At least once every 2 years the system operator must—
  - (a) review the policy statement; and
  - (b) as soon as practicable after completing a review, decide whether or not to propose a change to the **policy statement**; and
  - (c) advise the Authority of its decision.
- (2) If the system operator decides to propose a change to the policy statement, the system operator must submit a draft policy statement to the Authority together with the following information:
  - (a) an explanation of the proposed change and a statement of the objectives of the proposed change:
  - (b) an evaluation of alternative means of achieving the objectives of the proposed change:
  - (c) an evaluation of the costs and benefits of the proposed change:
  - (d) a list of the persons consulted and a summary of the submissions received.
- (3) As part of a review conducted under this clause, the system operator must invite comments from participants.

#### **8.10B** System operator decides not to propose change to the policy statement [Revoked]

If the system operator advises the Authority under clause 8.10A(1)(c) that the system operator does not intend to propose a change to the policy statement the system operator must provide the Authority with the following information:

- (a) the findings of the review of the **policy statement** conducted by the **system operator**:
- (b) details of any request to amend the **policy statement** received from a **participant** or the **Authority** since the last review:
- (c) the system operator's decision on each such request including, if the system operator declined a requested change, the reasons for declining.

#### **8.10C** Authority may require system operator to reconsider [Revoked]

- (1) The **Authority** may require the **system operator** to reconsider a decision made under clause 8.10A(1)(b) not to propose a change to the **policy statement**.
- (2) If the **Authority** requires the **system operator** to reconsider a decision made under subclause 8.10A(1)(b), the **Authority** must advise the **system operator** of
  - (a) the Authority's reasons for requiring the system operator to reconsider; and
  - (b) the date, determined after consulting with the system operator, by which the system operator must either confirm its decision or submit a draft policy statement.
- (3) The Authority must as soon as practicable publish the advice received from the system operator under clause 8.10A(1)(c) and the advice given by the Authority to the system operator under subclause (2).

#### 8.11 Content of draft policy statement

- (1) [Revoked]
- (2) [Revoked]
- (3) A The draft policy statement must include—
  - (a) the policies and means that the **system operator** considers appropriate for the **system operator** to observe in complying with its **principal performance obligations**; and
  - (b) the policies and means by which scheduling and dispatch are adjusted to meet the dispatch objective, and must include the provision of a dispatch process statement. The dispatch process statement must contain the details of the processes that enable the system operator to meet the dispatch objective, including the methodologies to be used by the system operator for planning to meet the dispatch objective during the period leading up to real time and meeting the dispatch objective in real time; and
  - (c) a policy setting out how the **system operator** will manage any conflict of interest that arises in the performance of its obligations under this Code; and
  - (d) a statement of the reasons for adopting the policies and means set out in the **policy statement** (which statement must be regarded as an explanatory note only and does not form part of the policies itself); and
  - (e) a statement of how future policies and means might be formulated and implemented.

#### **8.11A Changes and variations** [Revoked]

- (1) The system operator may at any time propose a change to the policy statement by submitting a draft policy statement to the Authority together with the following information:
  - (a) an explanation of the proposed change and a statement of the objectives of the proposed change:
  - (b) an evaluation of alternative means of achieving the proposed change:
  - (c) an evaluation of the costs and benefits of the proposed change.
- (2) The **Authority** or a **participant** may at any time request that the **system operator** propose a change to the **policy statement** under subclause (1).
- (3) If the **system operator** receives a request under subclause (2), it must as soon as practicable—
  - (a) decide whether to decline the request, defer the request until the next review date, or submit a draft policy statement to the Authority; and
  - (b) **publish** the decision.

(4) If the **system operator** declines a request under subclause (3), the **Authority** may require the **system operator** to reconsider its decision, giving reasons.

#### **8.12** Consultation on draft policy statement [Revoked]

- (1) The **Authority** must **publish** the following information as soon as practicable after it receives it:
  - (a) a **draft policy statement** submitted under clause 8.10A and the information required under clause 8.10A(2):
  - (b) a **draft policy statement** submitted under clause 8.11A and the information required under clauses 8.11A(1)(a) to (c).
- (2) When the Authority publishes a draft policy statement and information under subclause (1), the Authority must advise participants of the date (which must not be earlier than 10 business days after the date that the Authority publishes the draft policy statement) by which submissions on the changes proposed in the draft policy statement must be received by the Authority.
- (3) Each submission on changes proposed in a **draft policy statement** must be made in writing to the **Authority** and received on or before the **submission expiry date**.
- (4) The **Authority** must provide a copy of each submission received to the **system operator** at the close of business on the **submission expiry date** and must **publish** the submissions as soon as practicable.
- (5) The system operator may make its own submission on the draft policy statement and the submissions received in relation to it no later than 10 business days after the submission expiry date.
- (6) The Authority must publish the system operator's submission as soon as practicable after it is received.
- (7) Following the consultation process required by subclauses (1) to (6), the **Authority** may approve the **draft policy statement** subject to the **system operator** making any changes that the **Authority** considers appropriate.

#### **8.12A Technical and non-controversial changes** [Revoked]

- (1) The system operator may at any time propose a change to the policy statement that it considers is technical and non-controversial by submitting a draft policy statement to the Authority together with an explanation of the proposed change.
- (2) If the system operator submits a draft policy statement under subclause (1) the system operator is not required to provide a statement of the objectives of the proposed change, an evaluation of alternative means of achieving the objectives of the proposed change or an evaluation of costs and benefits of the proposed change.
- (3) The Authority must, as soon as practicable after receiving a draft policy statement and the information required under subclause (1), by notice in writing to the system operator
  - (a) approve the **draft policy statement** to be incorporated by reference into this Code; or
  - (b) decline to approve the **draft policy statement**, giving reasons.
- (4) If the Authority approves the draft policy statement it must as soon as practicable—
  - (a) **publish** notice of its intention to incorporate the **draft policy statement** by reference into this Code; and
  - (b) include in the notice the **Authority's** reasons for considering that the changes proposed in the **draft policy statement** are technical and non-controversial; and
  - (c) invite comment from participants on the reasons given in the notice.

- (5) After considering any comments made under subclause 4(c) the **Authority** must advise the system operator by notice in writing of its decision as to whether to confirm or revoke its approval of the **draft policy statement**, and give reasons for its decision.
- (6) The Authority must publish its decision and reasons as soon as practicable.

#### **8.12B** Authority adopts new policy statement [Revoked]

If the **Authority** approves a **draft policy statement** under clause 8.12 or confirms its approval of a **draft policy statement** under clause 8.12A it must—

- (a) incorporate the new **policy statement** by reference into this Code in accordance with Schedule 1 of the **Act**; and
- (b) **publish** the new **policy statement** and the date on which it takes legal effect.

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#### 8.42 Incorporation of procurement plan by reference

- (1) The **procurement plan** is incorporated by reference in this Code in accordance with section 32 of the **Act**.
- (2) Clauses 7.13 to 7.19 apply to any amendment or replacement of the **procurement plan**.

  Subclause (1) is subject to Schedule 1 of the **Act**, which includes a requirement that the **Authority** must give notice in the *Gazette* before an amended or substituted **procurement plan** becomes incorporated by reference in this Code.

#### **8.42A Review of procurement plan** [Revoked]

- (1) At least once every 2 years the system operator must—
  - (a) review the procurement plan; and
  - (b) as soon as practicable after completing the review, decide whether or not to propose a change to the **procurement plan**; and
  - (c) advise the Authority of its decision.
- (2) If the system operator decides to propose a change to the procurement plan, the system operator must submit a draft procurement plan to the Authority together with the following information:
  - (a) an explanation of the proposed change and a statement of the objectives of the proposed change:
  - (b) an evaluation of the costs and benefits of the proposed change:
  - (c) an evaluation of alternative means of achieving the objectives of the proposed change:
  - (d) a list of the persons consulted and a summary of the submissions received.
- (3) As part of a review conducted under this clause, the system operator must invite comments from participants.

#### **8.42B System operator decides not to amend the procurement plan** [Revoked]

If the system operator advises the Authority under clause 8.42A(1)(c) that the system operator does not intend to propose a change to the procurement plan the system operator must provide the Authority with the following information:

- (a) the findings of the review of the **procurement plan** conducted by the **system operator**:
- (b) details of any request to amend the **procurement plan** received from a **participant** or the **Authority** since the last review:
- (c) the **system operator's** decision on each such request including, if the **system operator** declined a requested change, the reason for declining.

#### **8.42C** Authority may require system operator to reconsider [Revoked]

- (1) The **Authority** may require the **system operator** to reconsider a decision made under clause 8.42A(1)(b) not to propose a change to the **procurement plan**.
- (2) If the **Authority** requires the **system operator** to reconsider a decision made under subclause 8.42A(1)(b) the **Authority** must advise the **system operator** of
  - (a) the Authority's reasons for requiring the system operator to reconsider; and
  - (b) the date, determined after consulting the system operator, by which the system operator must either confirm its decision or submit a draft procurement plan.
- (3) The Authority must as soon as practicable publish the advice received from the system operator under clause 8.42A(1)(c) and the advice given by the Authority to the system operator under subclause (2).

#### 8.43 Content of draft procurement plan

A The draft procurement plan must, for each ancillary service—

- (a) specify the principles that the **system operator** must apply in making a **net purchase quantity assessment**, which must include—
  - (i) determining the requirements for complying with the **principal performance obligations**; and
  - (ii) determining the requirements for achieving the **dispatch objective**; and
  - (iii) assessing the contribution that compliance by **asset owners** with the **asset owner performance obligations** will make towards the **system operator's** compliance with the **principal performance obligations**; and
  - (iv) assessing the impact that **dispensations** and **alternative ancillary services**arrangements held by asset owners will have on the quantity of ancillary services required to enable the system operator to comply with the principal performance obligations; and
- (b) contain a methodology for conducting a **net purchase quantity assessment** for each relevant **ancillary service**; and
- (c) outline the process that the **system operator** must use to procure that **ancillary service**, taking into account that the **system operator** must use—
  - (i) market mechanisms to procure **ancillary services** wherever technology and transaction costs make this practicable and efficient; and
  - (ii) transparent processes that encourage all potential providers to compete to supply **ancillary services** required to meet **common quality** standards at the best economic cost; and
- (d) specify the **administrative costs** for that **ancillary service** as proposed in the **draft procurement plan**; and
- (e) outline the **system operator's** technical requirements and key contract terms to support the **procurement plan**; and
- (f) outline the rights and obligations of the **system operator** in relation to procurement of that **ancillary service** in circumstances not anticipated by the **draft procurement plan**, and if the assumptions made by the **system operator** in the **procurement plan** cannot be met; and
- (g) outline how the **system operator** will report on progress in implementing the **procurement plan**.

#### **8.43A Changes and variations** [Revoked]

- (1) The system operator may at any time propose a change to the procurement plan by submitting a draft procurement plan to the Authority together with the following information:
  - (a) an explanation of the proposed change and a statement of the objectives of the proposed change:
  - (b) an evaluation of alternative means of achieving the objectives of the proposed change:
  - (c) an evaluation of the costs and benefits of the proposed change.
- (2) The **Authority** or a **participant** may at any time request that the **system operator** propose a change to the **procurement plan** under subclause (1).
- (3) If the **system operator** receives a request under subclause (2), it must as soon as practicable—
  - (a) decide whether to decline the request, defer the request until the next review date, or submit a draft procurement plan to the Authority; and
  - (b) **publish** the decision.
- (4) If the system operator declines a request under subclause (3) the Authority may require the system operator to reconsider its decision, giving reasons.

#### **8.44 Consultation on draft procurement plan** [Revoked]

- (1) The **Authority** must **publish** the following information as soon as practicable after it receives it:
  - (a) a **draft procurement plan** submitted under clause 8.42A and the information required under clause 8.42A(2):
  - (b) a **draft procurement plan** submitted under clause 8.43A and the information required under clause 8.43A(1)(a) to (c).
- (2) When the Authority publishes a draft procurement plan and information under subclause (1) the Authority must advise participants of the date (which must not be earlier than 10 business days after the date that the Authority publishes the draft procurement plan) by which submissions on the changes proposed in the draft procurement plan must be received by the Authority.
- (3) Each submission on changes proposed in a **draft procurement plan** must be made in writing to the **Authority** and received on or before the **submission expiry date**.
- (4) The **Authority** must provide a copy of each submission received to the **system operator** at the close of business on the **submission expiry date** and must **publish** the submissions as soon as practicable.
- (5) The system operator may make its own submission on the draft procurement plan and the submissions received in relation to it no later than 10 business days after the submission expiry date.
- (6) The Authority must publish the system operator's submission as soon as practicable after it is received.
- (7) Following the consultation process required by subclauses (1) to (6), the **Authority** may approve the **draft procurement plan** subject to the **system operator** making any changes that the **Authority** considers appropriate.

#### **8.44A Technical and non-controversial amendments** [Revoked]

(1) The system operator may at any time propose a change to the procurement plan that it considers is technical and non-controversial by submitting a draft procurement plan to the

Authority together with an explanation of the proposed change.

- (2) If the **system operator** submits a **draft procurement plan** under subclause (1) it is not required to provide a statement of the objectives of the proposed change, an evaluation of alternative means of achieving the objectives of the proposed change or an evaluation of the costs and benefits of the proposed change.
- (3) The **Authority** must, as soon as practicable after receiving a **draft procurement plan** and the information required under subclause (1), by notice in writing to the **system operator** 
  - (a) approve the **draft procurement plan** to be incorporated by reference into this Code; or
  - (b) decline to approve the **draft procurement plan**, giving reasons.
- (4) If the Authority approves the draft procurement plan it must as soon as practicable—
  - (a) **publish** notice of its intention to incorporate the **draft procurement plan** by reference into this Code; and
  - (b) include in the notice the **Authority's** reasons for considering that the changes proposed in the **draft procurement plan** are technical and non-controversial; and
  - (c) invite comment from participants on the reasons given in the notice.
- (5) After considering any comments made under subclause 4(c) the **Authority** must advise the **system operator** by notice in writing of its decision as to whether to confirm or revoke its approval of the **draft procurement plan**, and give reasons for its decision.
- (6) The **Authority** must **publish** its decision and reasons as soon as practicable.

#### **8.44B** Authority adopts new procurement plan [Revoked]

If the **Authority** approves a **draft procurement plan** under clause 8.44 or confirms its approval of a **draft procurement plan** under clause 8.44A it must—

- (a) incorporate the new **procurement plan** by reference into this Code in accordance with Schedule 1 of the **Act**; and
- (b) **publish** the new **procurement plan** and the date on which it takes legal effect.

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#### Schedule 8.1

cls 8.29 and 8.33

#### Approval of equivalence arrangement or grant of dispensation

#### 6 Special provisions relating to the grant of dispensations

- (1) Before granting a dispensation, the **system operator** must issue a draft decision on the application. The draft decision must be published on the **system operator register** and must include—
  - (a) an assessment by the **system operator** of the technical issues; and
  - (b) advice from the **system operator** about any changes required to **ancillary services** procurement as a result of the proposed **dispensation**.
- (2) If changes are required to the **procurement plan**, the draft decision must be conditional on the **procurement plan** being amended appropriately in accordance with clauses 7.13 to 7.18 8.44.

#### Schedule 8.6

cl 1.1

## Consultation and approval requirements for the AUFLS technical requirements report incorporated by reference

- 1 Contents of this Schedule [Revoked]
- This Schedule sets out the consultation and approval requirements that apply to the AUFLS technical requirements report.
- 2 Incorporation of AUFLS technical requirements report by reference
- (1) The **AUFLS technical requirements report** is incorporated by reference in this Code in accordance with section 32 of the **Act**.
- (2) Clauses 7.13 to 7.18 apply to any amendment or replacement of the **AUFLS technical**requirements report. Subclause (1) is subject to Schedule 1 of the **Act**, which includes a
  requirement that the **Authority** must give notice in the *Gazette* before legal effect is given to
  an amendment to, or replacement of, a document incorporated by reference in this Code.
- 3 Changes and variation to AUFLS technical requirements report [Revoked]
- (1) The system operator may at any time propose a change to the AUFLS technical requirements report by submitting a draft AUFLS technical requirements report to the Authority together with an explanation of the proposed change.
- (2) The Authority must provide comments on the draft AUFLS technical requirements report to the system operator as soon as practicable after receiving it.
- (3) The system operator must consider the Authority's comments.
- (4) After the system operator has considered the Authority's comments, the system operator must
  - (a) consult with persons that the system operator thinks are representative of the interests of persons likely to be substantially affected by the draft AUFLS technical requirements report; and
  - (b) consider submissions made on the draft AUFLS technical requirements report.
- (5) The system operator must give a copy of each submission made to it and a copy of the draft AUFLS technical requirements report that the system operator proposes to publish to the Authority.
- (6) The Authority must provide comments to the system operator on the draft AUFLS technical requirements report as soon as practicable after receiving it.
- (7) The system operator must consider the Authority's comments.
- (8) Following the consultation required by the clause, the system operator must finalise and publish the draft AUFLS technical requirements report and provide it to the Authority.
- (9) Following the process required by subclauses (1) to (8), the **Authority** may approve the draft **AUFLS technical requirements report**.
- (10) The **Authority** may choose to carry out consultation on the proposed changes before deciding whether or not to approve the draft **AUFLS** technical requirements report.
- 4 Technical and non-controversial changes [Revoked]
- (1) The system operator may at any time propose a change to the AUFLS technical requirements report that it considers is technical and non-controversial by submitting a draft AUFLS technical requirements report to the Authority together with an explanation of the proposed change.

- (2) If the system operator proposes a change to the AUFLS technical requirements report under subclause (1), the system operator is not required to comply with clause 3 of this Schedule.
- (3) The Authority must, as soon as practicable after receiving a draft AUFLS technical requirements report and the information required under subclause 1, by notice in writing to the system operator
  - (a) approve the draft AUFLS technical requirements report to be incorporated by reference into this Code; or
  - (b) decline to approve the draft AUFLS technical requirements report, giving reasons.
- (4) If the Authority approves the draft AUFLS technical requirements report it must as soon as practicable—
  - (a) publish notice of its intention to incorporate the draft AUFLS technical requirements report by reference into this Code; and
  - (b) include in the notice the Authority's reasons for considering that the changes proposed in the draft AUFLS technical requirements report are technical and noncontroversial: and
  - (c) invite comment from participants on the reasons given in the notice.
- (5) After considering any comments made under subclause 4(c) the Authority must advise the system operator by notice in writing of its decision as to whether to confirm or revoke its approval of the draft AUFLS technical requirements report, and give reasons for its decision.
- (6) The Authority must publish its decision and reasons as soon as practicable.
- 5 Authority adopts new AUFLS technical requirements report [Revoked]
  - If the Authority approves a draft AUFLS technical requirements report under clause 3 of this Schedule or confirms its approval of a draft AUFLS technical requirements report under clause 4 of this Schedule it must
  - (a) incorporate the new AUFLS technical requirements report under clause 3 of this Schedule or confirms its approval of a draft AUFLS technical requirements report by reference into this Code in accordance with Schedule 1 of the Act; and
  - (b) **publish** the new **AUFLS** technical requirements report and the date on which it takes legal effect.

System operator rolling outage plan

- 9.2 System operator must prepare and publish system operator rolling outage plan
- The system operator must prepare and publish a system operator rolling outage plan. (1)
- (2) Before publishing a system operator rolling outage plan the system operator must submit to the **Authority** for approval a draft system operator rolling outage plan. [Revoked]
- (3) Clause 7.5(3) to (11) applies to the approval of the system operator rolling outage plan by the Authority as if references to the security of supply forecasting and information policy and the emergency management policy were a reference to the system operator rolling outage plan. [Revoked]
- 9.3 **Incorporation of system operator rolling outage plan by reference**
- The system operator rolling outage plan is incorporated by reference in this Code in (1) accordance with section 32 of the Act.

. . .

(2) Clauses 7.13 to 7.19 apply to any amendment or replacement of the **system operator rolling outage plan**. Subclause (1) is subject to Schedule 1 of the **Act**, which includes a requirement that the **Authority** must give notice in the *Gazette* before an amended or substituted **system operator rolling outage plan** becomes incorporated by reference in this Code.

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- **9.5** Amendments and substitutions of system operator rolling outage plans [Revoked]
- (1) The system operator may
  - (a) amend a system operator rolling outage plan; or
  - (b) revoke a system operator rolling outage plan and substitute a new plan.
- (2) This subpart applies to an amendment to a plan or a substitute plan
  - (a) as if the amendment or substitute plan were the original plan; and
  - (b) with other necessary modifications.
- (3) The system operator must not submit an amended or new system operator rolling outage plan to the Authority under clause 9.2(2) unless the system operator has
  - (a) consulted with persons that the system operator thinks are representative of the interests of persons likely to be substantially affected by the amended or new plan; and
  - (b) considered submissions made on the amended or new plan.
- (4) Subclause (3) does not apply if the system operator considers that it is necessary or desirable in the public interest that the proposed system operator rolling outage plan be published urgently, and, in this case, the system operator rolling outage plan must state that the plan is published in reliance on this subclause and then, within 6 months of the plan being published, the system operator must
  - (a) comply with subclause (3); and
  - (b) decide whether or not the plan should be amended or revoked and a new plan substituted; and
  - (c) no later than 10 business days after making that decision, publish the decision; and
  - (d) if the **system operator** decides that the plan should be amended or revoked and a new plan substituted, comply with this clause in relation to the proposed amendment or revocation and substitution.
- (5) To avoid doubt, a **system operator rolling outage plan** is not invalid only because the **system operator** did all or any of the things referred to in subclause (3) before this clause came into force.

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#### Part 10

#### 10.10 Standards used

In this Part a reference to compliance with a standard, including an AS/NZS or IEC standard, is a reference to—

- (a) the version of the standard existing as at 29 August 2013; or
- (b) any amendment to or replacement of the standard incorporated by the **Authority** in accordance with section 32 131B of the **Act.**; or
- (c) any equivalent standard incorporated by the **Authority**-in accordance with section 32 of the **Act**.

#### 10.15 Security of metering data

- (1) This clause applies to—
  - (a) a **participant** who has the right to collect, obtain, use, or store **metering data**; and Electricity Industry Participation Code 2010 Part 10 11 20 December 2021
  - (b) the Authority.
- (2) A person to whom this clause applies must take security measures, as are reasonable in the circumstances, to protect metering data against loss or unauthorised access, use, modification, or disclosure.
- (3) Subclause (2) is subject to—
  - (a) the person's obligations under any other enactment; and
  - (b) the person being otherwise compelled by law; and
  - (c) any applicable material that the Authority incorporates into this Code under section 32(3) of the Act.

#### Part 10 Schedule 10.3

#### 4A Incorporation of AS/NZS ISO 9001:2008 and AS/NZS ISO 9001:2016 by reference

- (1) The New Zealand Standards AS/NZS ISO 9001:2008 and AS/NZS ISO 9001:2016 are incorporated by reference in this Code in accordance with section 32 of the Act.
- (2) Subclause (1) is subject to Schedule 1 of the **Act**, which includes a requirement that the **Authority** must give notice in the Gazette before an amended AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016 becomes incorporated by reference in this Code. [Revoked]
- (3) Clause 10.10 does not apply in relation to the incorporation by reference of AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016. [Revoked]

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#### Part 12

#### 12.25 Decision on Connection Code

- (1) When the **Authority** has completed its consultation on the proposed **Connection Code** it must consider whether to incorporate the **Connection Code** by reference in this Code.
- (2) If the **Authority** decides to incorporate the **Connection Code** by reference in this Code, the **Authority** must determine a date on which the incorporation by reference takes effect. and comply with Schedule 1 of the **Act** in relation to it.

#### 12.26 Incorporation of Connection Code by reference

- (1) The **Connection Code** is incorporated by reference in this Code. in accordance with section 32 of the Act.
- (2) Subclause (1) is subject to Schedule 1 of the Act, which includes a requirement that the Authority must give notice in the Gazette before an amended or substituted Connection Code becomes incorporated by reference in this Code[Revoked]

#### 12.33 Decision on benchmark agreement

- (1) Within 20 business days after the submission expiry date (or such longer period as the Authority may allow), the Authority must complete its consideration of all submissions it receives on the draft benchmark agreement and consider whether to incorporate the draft benchmark agreement by reference as the benchmark agreement.
- (2) If the **Authority** decides to incorporate the **benchmark agreement** by reference in this Code, the **Authority** must determine a date on which the incorporation by reference takes effect and comply with Schedule 1 of the **Act** in relation to it.

#### 12.34 Incorporation of benchmark agreement by reference

- (1) The **benchmark agreement** is incorporated by reference in this Code in accordance with section 32 of the **Act**.
- (2) Subclause (1) is subject to Schedule 1 of the Act, which includes a requirement that the Authority must give notice in the Gazette before an amended or substituted benchmark agreement becomes incorporated by reference in this Code. [Revoked]

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#### 12.109 Decision on interconnection asset capacity and grid configuration

- (1) When the **Authority** has completed its consultation on the proposed interconnection asset capacity and grid configuration, it must consider whether to incorporate the proposed interconnection asset capacity and grid configuration by reference in this Code.
- (2) If the **Authority** decides to incorporate the interconnection asset capacity and grid configuration by reference in this Code, the **Authority** must determine a date on which the incorporation by reference takes effect<del>-and comply with Schedule 1 of the **Act** in relation to it</del>.

#### 12.110 Incorporation of interconnection asset capacity and grid configuration by reference

- (1) The interconnection asset capacity and grid configuration is incorporated by reference in this Code. in accordance with section 32 of the **Act**.
- (2) Subclause (1) is subject to Schedule 1 of the **Act**, which includes a requirement that the **Authority** must give notice in the *Gazette* before an amended or substituted interconnection asset capacity and grid configuration becomes incorporated by reference in this Code. [Revoked]

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#### **12.149 Decision on Outage Protocol**

- (1) When the **Authority** has completed its consultation on the proposed **Outage Protocol**, it must consider whether to incorporate the proposed **Outage Protocol** by reference as the **Outage Protocol**.
- (2) If the **Authority** decides to incorporate the **Outage Protocol** by reference in this Code, the **Authority** must determine a date on which the incorporation by reference takes effect. <del>and comply with Schedule 1 of the Act in relation to it</del>.

#### 12.150 Incorporation of Outage Protocol by reference

- (1) The **Outage Protocol** is incorporated by reference in this Code. in accordance with section 32 of the **Act**.
- (2) Subclause (1) is subject to Schedule 1 of the **Act**, which includes a requirement that the **Authority** must give notice in the *Gazette* before an amendment or substituted **Outage Protocol** becomes incorporated by reference in this Code. [Revoked]

#### Part 16A

#### 16A.21 Incorporation of NZ/AS ISO 17025 by reference

- (1) The New Zealand Standard NZ/AS ISO 17025 is incorporated by reference in this Code. in accordance with section 32 of the Act.
- (2) Subclause (1) is subject to Schedule 1 of the Act, which includes a requirement that the Authority must give notice in the Gazette before an amended or substituted NZ/AS ISO 17025 becomes incorporated by reference in this Code. [Revoked]