

Code amendment omnibus #5: stress test update, trader default, back-up pricing

Decision paper

16 April 2025

Executive summary

The Electricity Authority Te Mana Hiko (Authority) is constantly reviewing and updating regulation to ensure it supports our evolving electricity sector. We use the omnibus to consult on multiple discrete proposals to amend the Electricity Industry Participation Code 2010 (Code), as this is timelier and more efficient than issuing separate consultation papers.

To protect consumers and support security of supply ahead of winter 2025, the Authority proposed three discrete changes to the Code in our 'Code amendment omnibus #5' consultation paper in February 2025. These were:

1. Updating the stress test regime to reduce risk to consumers and security of supply (Parts 1 and 13 of the Code)
2. Extending the trader default provisions to all retailers to protect all consumers (Parts 1, 11 and 14 of the Code)
3. Introducing a back-up means of calculating wholesale prices to improve market confidence (Part 13 of the Code).

The Authority received eight submissions in response to the consultation paper.¹ Submitters expressed overall support for the proposals and had more substantive and differing views on proposal 1, to update the stress test regime.

In addition to the changes proposed in the consultation, the Authority has made consequential amendments to the stress test guidance as a result of recent changes to scarcity pricing values.

These changes are necessary to align the values in the capacity shortage stress test with the scarcity values in the Code and are covered in **Section 5** of this paper.

Updating the stress test regime to reduce risk to consumers and security of supply

The first proposal was to update the stress testing regime, and supporting stress test guidance notice, to enhance and update the spot price risk disclosure regime (known as the 'stress tests').

The stress test regime is not a supervisory regime, and the Authority does not have a view on appropriate risk management strategies for different participants. The goal of the stress test regime is to ensure that all participants are taking informed decisions about their price risks. Failure to manage risk appropriately—through any risk management strategies available to participants—can cause consumer harm. These changes improve transparency and incentives to prudently manage energy price risk, reducing risk of financial stress and consumer harm.

We received seven submissions on this proposal. The Authority considers no changes to proposed Code amendments are required to address matters raised in the submissions. However, several changes have been made to the guidance notice to address some of the points raised, including a suggestion to clarify the methodology/formula provided to calculate the stress tests. The previously proposed methodology has been updated to reflect this suggestion.

¹ <https://www.ea.govt.nz/projects/all/code-amendment-omnibus/consultation/code-amendment-omnibus-5/>

Several minor consequential amendments to the Code that do not affect the policy intent have also been made.

This amendment will come into effect on 15 May 2025. This is to allow the Authority to issue the updated guidance under clause 13.236D of the Code 30 business days before the 1 July stress test quarter.

Section 5 addresses our decision on the stress test amendments. A redline version of the changes to the stress test guidance and the updated guidance are included as **Appendices A and B**.

Extending the trader default provisions to all retailers to protect all consumers

The second proposal was to extend the trader default regime to include retailers who default on payments to the trader they purchase their wholesale electricity from. The proposal was also to restrict disconnection of the retailer's customers while the trader default process is in progress.

We received three submissions on this proposal. All submitters fully supported the proposal. There were no comments on the drafting of the Code amendment.

We have decided to implement the proposal without change. This amendment will come into effect on 15 May 2025.

Section 6 addresses our decision on the trader default amendment.

Introducing a back-up means of calculating wholesale prices to improve market confidence

The third proposal was to provide a back-up means for calculating spot prices for energy and instantaneous reserves in the wholesale electricity market when market schedules have not been published for 36 hours or more. This situation could arise during restoration of the power system following a significant island-wide or national loss of supply. As such, we expect these provisions will very rarely be required.

There were four submissions on this proposal. The submissions were generally supportive. Meridian supported the intent of our proposal but suggested an alternative solution which it considered would better meet this intent.

After considering these submissions, the Authority has decided to implement its proposal unchanged. We consider our proposal better meets its policy intent compared to Meridian's proposal because it provides greater price certainty to market participants.

This amendment promotes efficiency by improving price certainty for purchasers and generators when the normal operation of the wholesale market is severely disrupted. This benefits consumers by improving confidence in the wholesale market. It:

- provides revenue certainty for generators when committing resources to power system restoration
- provides confidence for consumers that they will face only reasonable costs for the energy they consume during power system restoration.

This amendment will come into effect on 1 July 2025. This allows time for the clearing manager to update its processes.

Section 7 addresses our decision on the back-up pricing amendment.

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1. Purpose

1.1. The Electricity Authority Te Mana Hiko (Authority) has decided to amend several areas of the Electricity Industry Participation Code 2010 (Code).

Code amendment omnibus #5

1.2. On 4 February 2025, we published a consultation paper: *Code amendment omnibus #5: stress test update, back-up pricing, trader default amendment* (consultation paper). We consulted on three proposals to amend the Code.

1.3. This paper sets out the Authority's decisions to amend the Code and gives reasons for each decision.

1.4. The consultation paper is available on our website at:
<https://www.ea.govt.nz/projects/all/code-amendment-omnibus/>

Table 1: List of amendments proceeding

	Topic	Effective date	Page
1	Updating the stress test regime to reduce risk to consumers and security of supply	15 May 2025	8
2	Extending the trader default provisions to all retailers to protect consumers	15 May 2025	17
3	Introducing a back-up means of calculating wholesale prices to improve market confidence	1 July 2025	22

2. Submissions on Code amendment omnibus #5

- 2.1. We received eight submissions on the consultation paper, from parties listed in in Table 2. Submissions are available on our website at:
<https://www.ea.govt.nz/projects/all/code-amendment-omnibus/consultation/code-amendment-omnibus-5/>
- 2.2. Issues raised by submitters are discussed in the section for the relevant proposal.

Table 2: List of submitters

Submitter	Role	Proposal(s) addressed
Electricity Retailers' Association of New Zealand	Industry body	1
Genesis Energy	Generator/Retailer	1, 2, 3
Mercury Energy	Generator/Retailer	1
Meridian Energy	Generator/Retailer	1, 2, 3
Major Electricity Users' Group	Industry body	1
New Zealand Steel	Consumer	1
Octopus Energy	Retailer	1, 2, 3
Transpower	FTR Manager / Grid Owner / System Operator	3

- 2.3. The Authority included one consultation question seeking feedback on the omnibus format. Three submitters provided comments. Mercury was supportive of the omnibus format, but considers future omnibus consultations should be focused on matters of settled policy. Octopus shared this support for the omnibus format, but preferred a longer submission period. Meridian was critical of the inclusion of the stress test proposal in an omnibus consultation given the importance of the regime.
- 2.4. The Authority appreciates the feedback from submitters on the use of the omnibus format generally and specifically for these proposals. The Authority considers that the stress test proposal had already received some public consultation through the Market Development Advisory Group's *Pricing in a renewables-based electricity system* project and final report in 2023, which resulted in a series of specific proposals largely progressed by the Authority.

3. The amendments promote our statutory objectives and are consistent with regulatory requirements

- 3.1. The Authority's main statutory objective is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers. The Authority's additional objective is to protect the interests of domestic and small business consumers in relation to the supply of electricity to those consumers. The additional objective applies only to the Authority's activities in relation to the dealings of industry participants with domestic consumers and small business consumers.

The amendments are consistent with the Authority's statutory objectives

- 3.2. After considering all submissions on the Code amendment proposals, the Authority considers the final Code amendments will deliver long-term benefits to consumers consistent with the Authority's main objective.
- 3.3. The Authority's additional objective applies to one of the amendments, extending the trader default provisions to all retailers, as it relates to the dealings of industry participants with domestic consumers and small business consumers. The Authority considers the final Code amendment protects the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers consistent with the Authority's additional objective.

The benefits of the proposals are greater than the costs

- 3.4. The Authority has assessed the economic benefits and costs of the amendments, and each of them delivers a net economic benefit.
- 3.5. Each proposal in the consultation paper describes the costs and benefits of the proposal in more detail.

The amendments are consistent with regulatory requirements

- 3.6. The Code amendments are consistent with the requirements of section 32(1) of the Act. The amendments are also consistent with the Authority's Code amendment principles.

4. How the amended Code wording is displayed in this decision paper

- 4.1. Code amendments in this decision paper are displayed as:
- (a) added text or formatting is underlined
 - (b) deleted text is ~~strikethrough~~
 - (c) additional added text or formatting compared to our consultation paper are red underlined
 - (d) additional deleted text compared to our consultation paper is ~~red strikethrough~~.

5. Updating the stress test regime to reduce risk to consumers and security of supply

The Authority's proposal

- 5.1. The Authority proposed to update the stress testing regime including both Part 13 of the Code and the supporting stress test guidance notice (appendices A and B of this paper). The proposal aims to improve incentives of market participants and ensure they consider and manage their risk in a commercially prudent manner.
- 5.2. The stress tests are a series of financial calculations purchasers and generators are required to perform quarterly. Each calculation is performed using a 'high stress' wholesale market scenario and then compared to the base case calculation to determine the effect of the scenario on a company's cashflow and shareholder equity.
- 5.3. The results are required to be reported to the company's board, so they are aware of the company's risk position and can take conscious decisions about their risk exposure. Companies have different risk appetites and need to determine their own approach to spot price risk exposure, hedging levels and other risk management decisions. Boards are required to certify their compliance with the regime on an annual basis.
- 5.4. The proposal identified six different specific changes, three of which require Code changes. These changes are:
 - (a) Extending the time horizon from one quarter to 12 quarters to provide more information about longer term risks, where quarters 2-12 will use a simplified methodology rather than the full energy and capacity tests.
 - (b) Requiring boards to certify they have considered their relative and absolute risk (see below).
 - (c) Requiring the stress test registrar to send out benchmarking reports to participants, so they can consider their relative risk.
 - (d) Simplifying the methodology for disclosing participants to calculate the energy stress test.
 - (e) Requiring participants to submit their actual hedge cover ratios for the previous quarter.
 - (f) Adding one field to the form so that participants must enter the type of participant they are (eg, industrial, generator or retailer).
- 5.5. Lastly, given the recent commentary in the media regarding the stress tests, as well as to clarify the purpose of the stress testing regime, the Authority is proposing to amend the Code to include a clause to clarify the purpose of the stress test regime is not supervisory in nature.

Submissions and the Authority's response

- 5.6. There were seven submissions on this proposal. Five submissions supported the proposal while two raised concerns with the overall proposal. The five supportive submissions made comments regarding specific parts of the proposal.

Some submitters raised concerns about data confidentiality and interpretation of published data

- 5.7. Several submitters raised concerns about the effect that the proposed Code amendments would have, if made. They were concerned that:
- (a) the spot price risk disclosure statements submitted under clause 13.236A would contain data, which, if published on EMI or as part of the benchmarking process, could inadvertently disclose commercially sensitive information or allow participants to reverse engineer the information to obtain commercially sensitive information.
 - (b) the increased horizon in clause 13.236A of the Code may also create scenarios in which commercially sensitive information is made public or able to be reverse engineered.
- 5.8. The Authority recognises these concerns. Clause 13.236B ensures that the Authority enters a contract with a provider to manage the spot price risk disclosure statements. The provider must ensure they do not pass on any spot price risk disclosure statements to the Authority, and that they provide the data to the Authority in a way that ensures disclosing participants are not identifiable.
- 5.9. The Authority considers this risk is well mitigated and managed through the existing Code and contractual arrangements. This applies to all data submitted by disclosing participants.
- 5.10. NZ Steel were concerned additional stress test data being presented on EMI may be inferred as a benchmark.
- 5.11. The Authority's view is that the proposal to present more anonymised data will allow participants to understand their position relative to the industry and better ensures boards are making informed decisions about the level of risk they face under different risk management strategies. Different risk management approaches will be appropriate for different participants and participant categories, including where participants may have other ways to manage risk—this anonymised data aims to ensure participants are able to make those informed decisions. Therefore, no changes have been made to the proposed amendment to clause 13.236A that were consulted on.

Submitters had views on the purpose statement, extended horizon, consideration of alternatives, and timeframes in the proposed Code amendments

- 5.12. Mercury asked if an alternative purpose clause had been considered. Mercury did not, however, make any submissions on what the purpose clause should cover nor did any other submitters. We, therefore, do not consider any changes are needed to the purpose clause that was consulted on.
- 5.13. The Authority considers that the purpose statement proposed by MDAG was mostly appropriate, and the Authority made some amendments to MDAG's proposal to consult on a purpose clause the Authority considered fit for purpose.
- 5.14. NZ Steel did not agree with extending the time horizon of the stress testing regime on the grounds that for industrial electricity users energy/electricity needs are only part of a complex set of equations for managing long-term risk.

- 5.15. The Authority agrees electricity price is only part of the risk their business faces. However, we consider that industrials should be actively considering their risk position relative to electricity price volatility and exposure to the spot market, and the stress testing regime is the best mechanism for doing so. We, therefore, do not consider any changes are needed to the length of the time horizons that were consulted on.
- 5.16. NZ Steel commented that an alternative had not been presented as part of the assessment of options.
- 5.17. The guidance notice is something the Authority is required to publish under clause 13.236D of the Code and it is not required to consult or provide alternative options. The three proposals to amend the Code did not have alternatives as there was no other way that the Authority could have a view of that information and require participants to consider longer term risks. Therefore, the Authority did not consider there to be any feasible alternatives to consult on.
- 5.18. Mercury noted the implementation timeline will be challenging to meet. We do not believe the changes are onerous and as no other submitters raised this concern and we consider the changes are not onerous, we have decided to keep to the original timeframe in the proposed Code amendment. We want the benefits of the proposal to be achieved as soon as possible.

Submitters had views on the additional Board disclosures

- 5.19. Mercury and NZ Steel made submissions regarding the proposed amendment to clause 13.236F to require additional disclosures to be included with the certification of spot price risk disclosure statements. These submitters did not agree with including additional disclosure requirements on boards relating to compliance with the spot price risk disclosure statement requirements and risk management policies.
- 5.20. The concern appears to be the prescriptive nature of the disclosure statements and the appropriateness of requiring the disclosure of internal policy considerations, reviews and monitoring. Our intent of including these additional disclosures in the proposal is to ensure the board actively monitors their spot price risk management processes. We, therefore, do not consider any changes are needed to the proposed Code amendment.

Submitters had views on the hedge cover ratio calculations and the formula and assumptions proposed in the changes to the guidance notice

- 5.21. Meridian suggested a new formula for calculating hedge cover ratios in the guidance notice. The Authority views Meridian's suggested formula and the one proposed by the Authority as functionally the same. The differences between the equations are that Meridian's equation shows netted risk management contracts, whereas the Authority proposed using gross risk management contracts. We consider that either equation will lead to the same outcome and no changes are needed to the equation the Authority proposes to introduce into the guidance notice.
- 5.22. NZ Steel highlight the assumption in the guidance notice that batteries are full at the start of the capacity stress test is not appropriate. The Authority accepts this submission and has amended the guidance in response to this submission, so batteries should be assumed to be charged to 50% of their maximum capacity.

- 5.23. NZ Steel note cover ratios for industrials are more complex than simple electricity price projections, due to the operational complexity of their businesses. NZ Steel, suggested exempting industrials from the extended time horizon on this basis.
- 5.24. The Authority recognises this, however, there is still value in these cover ratios and showing industrials as a separate category encourages participants to not compare different categories directly. We also note, and NZ Steel recognised, the simpler methodology for the extended time horizon is less onerous to calculate. Therefore, the Authority did not consider any change was needed to the guidance notice.

The Authority has decided to update the capacity shortage stress test scenario

- 5.25. On 14 March 2025 the Authority published its decision paper to update the scarcity pricing settings.² Table 3 summarises the changes to the energy scarcity pricing values. The updated energy scarcity values are effective from 17 April 2025.

Table 3: Updated energy scarcity pricing values

Setting		Previous setting (\$/MWh)	Updated setting (\$/MWh)
Energy scarcity	First 5% of demand	10,000	21,000
	Next 15% of demand	15,000	31,000
	Remaining 80% of demand	20,000	50,000

- 5.26. As a consequence of changes to scarcity pricing, the Authority has decided to update the capacity shortage stress test scenario to reflect the new energy scarcity values and price patterns expected during a period of tight capacity.
- 5.27. The update to the scenario reflects that spot prices could be \$21,000/MWh across periods of peak demand. The change to the capacity shortage stress test scenario is shown in table 4.

Table 4: Changes to the capacity shortage stress test scenario

Key	Current capacity shortage stress test	Updated capacity shortage stress test
Reference code	C1	[No change]
Nature of event	Unexpected short-term capacity shortage at time of high demand	[No change]
Key features of the scenario	Spot prices are \$10,000/MWh across 8 peak hours of one day	Spot prices are \$21,000/MWh across 8 peak hours of one day
Average level of prices	\$10,000/MWh (time weighted average at Otahuhu)	\$21,000/MWh (time weighted average at Otahuhu)

² <https://www.ea.govt.nz/projects/all/pricing-in-a-renewables-based-electricity-system/consultation/update-to-scarcity-pricing-settings/>

- 5.28. No change has been made to the base case for capacity tests.
- 5.29. The change to the capacity shortage test scenario will come into effect for the quarter beginning 1 July 2025.

The Authority has decided to implement the proposal with no change to policy intent

- 5.30. No Code amendments, or changes to proposed Code amendments, are required to address concerns raised by the submissions.
- 5.31. However, a change has been made to the guidance notice to address one concern.
- 5.32. Several minor consequential amendments to the Code that do not affect the policy intent have also been made:
 - (a) We have amended clause 13.236A(1) to add reference to the requirement that the spot price risk disclosure statement cover the upcoming quarter and the next 11 quarters. This is the same wording that was proposed for subclause (2).
 - (b) For additional clarity we have amended the definition of “disclosing participant” and, in doing so, have decided to revoke subclause (2), moving the clarification about the application of the obligations on participants that will be disclosing participants that sat in this subclause into the definition of disclosing participant.
 - (c) We have amended clause 13.236E(1)(g) to clarify and more clearly describe, in accordance with the proposal as described in the Consultation Paper, the information that a spot price risk disclosure statement must cover. We have provided that, where a disclosing participant has an explicit risk management policy, a spot price risk disclosure statement must contain target cover ratios for each stress test for the following 12 quarters, and actual cover ratios for the quarter before the quarter in which the statement is prepared and submitted, where this information exists. The actual cover ratios are to be calculated in accordance with the relevant method published by the Authority under clause 13.236D (ie, the stress test guidance notice).
 - (d) The reference to target cover ratios in clause 13.236D(1)(c) has been updated to refer to actual and target cover ratios to make it clear that the Authority must publish a method for calculating actual cover ratios (for the quarter before the quarter in which a spot price risk disclosure statement is prepared) as well as target cover ratios (for the following 12 quarters).
- 5.33. The Code amendment will come into force on 15 May 2025.

The amendment will promote the efficient operation of the electricity industry

- 5.34. The Authority considers that the proposed amendments are consistent with section 32(1) of the Act because ensuring the stress test regime is fit for purpose will promote the following limbs of the Authority’s main objective:
 - (a) competition in the electricity industry by clarifying incentives and driving efficient investment decisions

- (b) the reliable supply of electricity to consumers through incentivising disclosing participants actively monitor their absolute and relative risk positions.
- 5.35. The Authority also considers that the proposed amendments will affect the third limb of its main objective, efficiency. The proposed changes aim to ensure participants engage more closely with their risk management processes. The Authority's view is that efficient risk management, whatever that may mean for a participant, will improve their efficiency, and therefore the operation of the market as a whole. The proposed amendments do not relate to dealings between participants and domestic consumers or small business consumers and therefore the Authority's additional objective (to protect the interests of these groups) is not engaged.

Final amendment

- 5.36. The Code amendment approved by the Authority:

Part 1 Preliminary provisions

1.1 Interpretation

- (1) In this Code, unless the context otherwise requires,—

...

disclosing participant,— means—

~~(a) — means any of the following:~~

~~(i) — a person who consumes **electricity** that is conveyed to the person directly from the national grid:~~

~~(ii) — a person who buys **electricity** from the **clearing manager**; but:~~

(a) a person who consumes **electricity** that is conveyed to the person directly from the national grid:

(b) a person who buys **electricity** from the **clearing manager**; ~~but:~~

(c) includes a person who will, in the next quarter (being a quarter beginning 1 January, 1 April, 1 July, or 1 October), meet the description in paragraph (a) or (b), unless paragraph (d) would apply in that next quarter; but

(d) excludes an **embedded generator** where:

(i) the **embedded generator** is not a **retailer** and does not intend to become a **retailer** during the next 3 calendar months; and

(ii) the **electricity** purchased by the **embedded generator** from the **clearing manager** during the previous 3 calendar months, and expected to be purchased in the next 3 calendar months, is purchased only for its own use to maintain services for the **embedded generating station** or **embedded generating stations** that the **embedded generator** owns or operates

Part 13 Trading arrangements

Subpart 5A Spot price risk disclosure

13.236AB Purpose of spot price risk disclosure

The purpose of this subpart is:—

- (a) to promote awareness by each **disclosing participant** of its exposure to spot price risk:
- (b) to encourage each **disclosing participant** to take active steps to prudently and proactively manage its exposure to spot price risk:
- (c) to emphasise that each **disclosing participant** is responsible for the extent to which it is exposed to spot price risk:
- (d) to set out reporting requirements that ensure the stress testing regime is fit for purpose in a renewables-based system:
- (e) to provide the **Authority** with more information on which to assess long-term issues and risks for the purposes of its objectives in section 15 of the **Act** and its functions in section 16 of the **Act**.

13.236A Disclosing participants must prepare and submit spot price risk disclosure statements

- (1) **Each disclosing participant** must prepare a **spot price risk disclosure statement** for each quarter beginning 1 January, 1 April, 1 July, and 1 October in each year for that quarter and the following 11 quarters in accordance with this subpart.
- (2) ~~Each **participant** who will be a **disclosing participant** in the next quarter must prepare a **spot price risk disclosure statement** for the next quarter and the following 11 quarters that quarter in accordance with this subpart. *[Revoked]*~~
- (3) The **disclosing participant** must submit the **spot price risk disclosure statement** to the person appointed by the **Authority** to receive **spot price risk disclosure statements** no later than 5 **business days** before the beginning of the quarter to which the statement relates.
- (4) A **participant** is not required to comply with this clause for a quarter if it is a **disclosing participant** in relation to the quarter only because it is subject to a **wash-up** in that quarter.

...

13.236D Authority must publish base case, stress test, and method for calculating target cover ratio

- (1) The **Authority** must **publish** a notice setting out the following:
 - (a) a **base case**:
 - (b) 1 or more **stress tests**:
 - (c) 1 or more methods for calculating a **disclosing participant's** actual and target cover ratio.

...

13.236E Content of spot price risk disclosure statements

- (1) A **spot price risk disclosure** statement submitted under this subpart must include the following:
 - (a) the **disclosing participant's** annual net cash flow from operating activities as set out in the **disclosing participant's** most recent set of audited annual financial statements:

- (b) the **disclosing participant's** level of shareholders' equity as set out in the **disclosing participant's** most recent set of audited annual financial statements:
- (c) the **disclosing participant's** estimate of the value of **electricity** that it expects to sell to the **clearing manager** during the period to which the **stress test** relates when the stress test is applied, minus the **disclosing participant's** estimate of the value of that electricity under the **base case** for that period:
- (d) the **disclosing participant's** estimate of the value of **electricity** that it expects to purchase from the **clearing manager** during the period to which the **stress test** relates when the **stress test** is applied, minus the **disclosing participant's** estimate of the value of that **electricity** under the **base case** for that period:
- (e) the **disclosing participant's** estimate of the projected net cash flows from operating activities of the **disclosing participant** during the period to which the stress test relates when the **stress test** is applied, minus the **disclosing participant's** estimate of those cash flows under the **base case** for that period:
- (f) a statement as to whether the **disclosing participant** has an explicit risk management policy in respect of its exposure to the **wholesale market**:
- (g) if the **disclosing participant** has an explicit risk management policy, the **disclosing participant's**—
 - (i) target cover ratio, for each **stress test**, calculated in accordance with the relevant method **published** by the **Authority** under clause 13.236D for the quarters to which the statement relates; **and**
 - (ii) actual cover ratio for the quarter before the quarter in which the **spot price risk disclosure statement** is prepared and submitted, if the information that enables this to be calculated exists.

...

13.236F Certification of spot price risk disclosure statement

- (1) A **disclosing participant** who has submitted a **spot price risk disclosure** statement in accordance with this subpart must certify to the **Authority**—
 - (aa) that the board of the **disclosing participant** confirms that the **disclosing participant** has complied with the **spot price risk disclosure statement** requirements in clauses 13.236A and 13.236E; and
 - (a) that the board of the **disclosing participant** has considered—
 - (i) every **spot price risk disclosure statement** submitted under this subpart by the **disclosing participant** in the period to which the certification relates; and
 - (ii) the projected change in net cash flows from operating activities of the **disclosing participant** as a result of applying the **stress test** or **stress tests** that relate to each period to which each **spot price risk disclosure statement** relates; and
 - (b) that the **disclosing participant** has provided to each of the **disclosing participant's** customers who, in the period to which the certification

relates, has entered into or renewed a contract with the **disclosing participant** that results in any **electricity** supplied to the customer being determined directly by reference to the **final price** at a **GXP**, information to enable the customer to consider the outcomes of applying the **stress test** or **stress tests** to the customer; and

- (c) if the **disclosing participant** has an explicit risk management policy in respect of its exposure to the **wholesale market**, that the board of the **disclosing participant**—
- (i) has approved the policy; and
 - (ii) considers the policy to be appropriate for **the disclosing participant's** requirements, having regard to all the relevant factors, including the nature of price volatility in electricity spot markets, the **disclosing participant's** business scope, physical assets and financial resources; and
 - (iii) actively monitors the **disclosing participant's** compliance with the policy; and
 - (iv) has reviewed the policy in the last 3 years.

6. Extending the trader default provisions to all retailers to protect consumers

The Authority's proposal

- 6.1. The Authority proposed two Code amendments. First, to introduce a “serious financial breach (trader/retailer)” provision, with similar thresholds as for a distributor serious financial breach, to permit a trader to trigger the trader default process if a retailer defaults on its payments.
- 6.2. The second proposal was to prohibit the trader from disconnecting the retailer's customers prior to or during the trader default process.

The Authority has decided to implement the proposal without change

- 6.3. The Authority has decided to implement the proposal without change. The Code amendment will come into force on 15 May 2025.
- 6.4. While finalising the Code amendment, the Authority has made some additional amendments to clauses 4 and 5 of Schedule 11.5 to give effect to the intent of the proposal. These changes permit the Authority to issue appropriate notices to the defaulting retailer and to assign the defaulting retailer's ICPs. The Authority considers these amendments to be technical and non-controversial.

Submissions

- 6.5. There were 3 submissions on the proposal. All submitters were strongly supportive and there were no amendments suggested to the proposal or Code drafting in the consultation paper.

The amendment will promote the efficient operation of the electricity industry

- 6.6. The Code amendment is consistent with the Authority's statutory objectives, and sections 32(1)(a), 32(1)(c) and 32(1)(e) of the Act, because it would contribute to:
 - (a) competition in the electricity industry by encouraging traders to continue to offer services to type 2 retailers³
 - (b) the efficient operation of the electricity industry by reducing costs for traders faced with defaulting type 2 retailers
 - (c) the reliable supply of electricity to consumers and protect the interests of domestic and small business consumers regarding the supply of electricity to those consumers by preventing disconnection of a consumer that is complying with their contract with their (type 2) retailer.

The final Code amendment

- 6.7. The Code amendment approved by the Authority:

NOTE: The Authority decided to make changes to clauses 11.5B and 11.15C, and to Schedule 11.5 as part of its Code Review Programme #6 (CRP#6).

³ A type 2 retailer buys its electricity from another retailer (a type-1 retailer) rather than from the wholesale market. Type 1 retailers, by contrast, are traders that hold responsibilities for wholesale market purchases and are also responsible for ICPs in the registry.

The amendments below are written on the Code as it is on 1 April 2025 (ie, after the CRP#6 changes came into effect), so contains some small changes from the drafting in the Omnibus consultation paper. None of those changes are material to the decision in this Omnibus decision paper.

Part 1

Preliminary provisions

1.1 Interpretation

(1) In this Code, unless the context otherwise requires,—

...

serious financial breach (distributor/trader) means a failure by a **retailer**—

- (a) to pay to a **distributor** an amount due and owing that exceeds the greater of \$100,000 or 20% of the actual charges payable by the **retailer** for the previous month, unless the amount is genuinely disputed by the **retailer**; or
- (b) to pay to a **distributor** 100% of the actual charges payable by the **retailer** for the previous two months, unless the amount is genuinely disputed by the **retailer**; or
- (c) to comply with the prudential requirements under a **distributor agreement** between the **retailer** and a **distributor**.

serious financial breach (trader/retailer) means a failure by a **retailer**—

- (a) to pay to a **trader** an amount due and owing that exceeds the greater of \$100,000 or 20% of the actual charges payable by the **retailer** for the previous month, unless the amount is genuinely disputed by the **retailer**; or
- (b) to pay to a **trader** 100% of the actual charges payable by the **retailer** for the previous two months, unless the amount is genuinely disputed by the **retailer**; or
- (c) to comply with the prudential or security requirements under the agreement for the supply of **electricity** between the **retailer** and a **trader**.

...

Part 11

Registry information management

11.1 Contents of this Part

This Part—

...

- (h) prevents **traders** from **electrically disconnecting** an **ICP** within 25 days of the termination of an agreement with a **retailer** relating to the supply of **electricity** at that **ICP**.

...

11.15B Trader and retailer contracts with customers to permit assignment by Authority

- (1) Each **trader** or **retailer** must at all times ensure that the terms of each contract under which a customer of the **trader** or **retailer** purchases **electricity** from the **trader** or **retailer** permit—
 - (a) the **Authority** to;

- (i) assign the rights and obligations of the **trader** under the contract to another **trader** if the **trader** commits an **event of default** under paragraph (a), (b), (f), (h), or (i) of clause 14.41(1); or
- (ii) assign the rights and obligations of the **retailer** under the contract to a **trader** if the **retailer** commits an **event of default** under paragraph (j) of clause 14.41(1); and
- (b) the terms of the assigned contract to be amended on such an assignment to—
 - (i) the standard terms that the recipient **trader** would normally have offered to the customer immediately before the **event of default** occurred; or
 - (ii) such other terms that are more advantageous to the customer than the standard terms, as the recipient **trader** and the **Authority** agree; and
- (c) the terms of the assigned contract to be amended on such an assignment to include a minimum term in respect of which the customer must pay an amount for cancelling the contract before the expiry of the minimum term; and
- (d) the **trader** or **retailer** to provide information about the customer to the **Authority** and for the **Authority** to provide the information provided by:
 - (i) the **trader** to another **trader** if required under Schedule 11.5; or
 - (ii) the **retailer** to a **trader** if required under Schedule 11.5; and
- (e) the:
 - (i) **trader** to assign the rights and obligations of the **trader** to another **trader**;
or
 - (ii) **retailer** to assign the rights and obligations of the **retailer** to a **trader**.

...

11.15C Process for trader or retailer events of default

- (1) This clause applies if the **Authority** is satisfied that a **trader** has committed an **event of default** under paragraph (a), (b), (f), (h), or (i) of clause 14.41(1).
- (1A) This clause applies if the **Authority** is satisfied that a **retailer** has committed an **event of default** under paragraph (j) of clause 14.41(1).
- (2) The **Authority** and each **participant** must comply with Schedule 11.5.
- (3) This clause ceases to apply, and the **Authority** and each **participant** must cease to comply with Schedule 11.5, if the **Authority** is advised under clause 14.41(2), 14.41(3), 14.43(3B), or 14.43(4A) that the relevant **participant** considers that the **event of default** has been remedied.

...

Restrictions on electrical disconnection

11.37 Restrictions on electrical disconnection

- (1) This clause applies if:
 - (a) a **retailer** has a contract to supply **electricity** to a **consumer** at an **ICP**; and
 - (b) the **retailer** is not the **trader** recorded in the **registry** as being responsible for the relevant **ICP** (the responsible **trader**).
- (2) The responsible **trader** must not electrically disconnect the **ICP**:
 - (a) if its agreement with the **retailer** for the supply of electricity to the relevant **ICP** has not been terminated; or
 - (b) earlier than 25 days after the date the agreement for the supply of **electricity** to the relevant **ICP** is terminated if the responsible **trader** terminates its agreement

with the **retailer** for the supply of **electricity** to the relevant **ICP** for **serious financial breach (trader/retailer)**.

...

Schedule 11.5 Process for trader or retailer event of default

1 Purpose

The purpose of this Schedule is to set out the process that the **Authority** and each **participant** must comply with when this Schedule applies in accordance with clause 11.15C.

2 Notice to trader or retailer who has committed event of default

- (1) The **Authority** must give written notice to a the defaulting trader or defaulting retailer who has committed an **event of default** of the kind referred to in clause 11.15C that—
 - (a) the defaulting **trader or defaulting retailer** must—
 - (i) remedy the **event of default**; or
 - (ii) for a trader that has committed an event of default under clause 14.41(1)(a) or (b) or (f) or (h), or (i), assign its rights and obligations under every contract under which a customer of the defaulting **trader** purchases **electricity** from the defaulting **trader** to another **trader**, and assign to another **trader** all **ICPs** for which the defaulting **trader** is recorded in the **registry** as being responsible; or
 - (iii) for a retailer that has committed an event of default under clause 14.41(1)(j), assign its rights and obligations under every contract under which a customer of the retailer purchases electricity from the retailer to a trader; and
 - (b) if the defaulting **trader or defaulting retailer** does not comply with the requirements set out in paragraph (a) within 7 days of the notice, clause 4 will apply.
- (2) The **Authority** may give written notice to the defaulting **trader or defaulting retailer** requiring the defaulting **trader or defaulting retailer** to provide to the **Authority**, within a time specified by the **Authority**, information about the defaulting **trader's or defaulting retailer's** customers.
- (3) The defaulting **trader or defaulting retailer** must provide the information requested by the **Authority** under subclause (2) within the time specified by the **Authority**.

...

3A Authority may require notifying trader to provide information

- (1) The **Authority** may, by notice in writing to the **trader** that notified the **Authority** under clause 14.41(1)(j), require the trader to provide to the Authority the information specified in the notice about the defaulting retailer's ICPs within the period specified in the notice.
- (2) If the trader holds the information, the trader must provide the information to the Authority within the time specified by the Authority.

4 Failure by defaulting trader or defaulting retailer to remedy event of default

- (1) This clause applies if—
 - (a) 7 days or more have elapsed since the **Authority** gave notice to the defaulting **trader or defaulting retailer** under clause 2(1); and

- (b) the **Authority** considers that—
 - (i) the defaulting **trader or defaulting retailer** has not remedied the **event of default** or, in the case of an **event of default** under clause 14.41(b) in respect of which there is an unresolved invoice dispute under clause 14.25, has not reached an agreement with the **Authority** to resolve the **event of default**; and
 - (ii) the defaulting **trader or defaulting retailer** still has 1 or more contracts under which a customer of the defaulting **trader or defaulting retailer** purchases **electricity** from the defaulting **trader or defaulting retailer** or is still recorded in the **registry** as being responsible for 1 or more **ICPs**.
- (2) The **Authority** must—
 - (a) give written notice to the defaulting **trader or defaulting retailer** that the **Authority** considers that this clause applies; and
 - (b) unless the **Authority** considers there is good reason not to, attempt to advise customers of the defaulting **trader or defaulting retailer** that the defaulting **trader or defaulting retailer** has committed an **event of default** and one or more of the following:
 - (i) *[Revoked]*
 - (ii) the customer should enter into a contract for the purchase of **electricity** with another **trader or retailer** by the date that is 14 days after the day on which the **Authority** gave written notice to the defaulting **trader or defaulting retailer** under clause 2(1);
 - (iii) if the customer fails to enter into a contract with another **trader or retailer** by that date, the **Authority** may assign the defaulting **trader's or defaulting retailer's** rights and obligations under the customer's contract with the defaulting **trader or defaulting retailer** to another **trader** under clause 5;
 - (iv) any other information the **Authority** considers appropriate.

...

5 Authority may assign contracts and ICPs

- (1) This clause applies if, by the end of the 17th day after the defaulting **trader or defaulting retailer** was given notice under clause 2(1),—
 - (a) the defaulting **trader or defaulting retailer** has not remedied the **event of default** or, in the case of an **event of default** under clause 14.41(b) in respect of which there is an unresolved invoice dispute under clause 14.25, has not reached an agreement with the **Authority** to resolve the **event of default**; and
 - (b) the defaulting **trader or defaulting retailer** continues to have 1 or more contracts under which a customer of the defaulting **trader or defaulting retailer** purchases **electricity** from the defaulting **trader or defaulting retailer** or the defaulting **trader** is still recorded in the **registry** as being responsible for 1 or more **ICPs**.
- (2) The **Authority** may—
 - (a) exercise its right under a contract under which a customer purchases **electricity** from the defaulting **trader or defaulting retailer** to assign the rights and obligations of the defaulting **trader or defaulting retailer** under the contract to a recipient **trader** in accordance with the contract; and
 - (b) assign an **ICP** to a recipient **trader** and direct the **registry manager** to amend the record in the **registry** so that the recipient **trader** is recorded as being responsible for the **ICP**; and
 - (c) specify the recipient **trader** to whom the rights and obligations under the contract or the **ICP** will be assigned.
- (2A) When determining an assignment under subclause (2), the **Authority** may do 1 or both of the following:

- (a) exercise its discretion to determine the recipient **trader** without going through a tender or other competitive process;
- (b) undertake a tender or other competitive process to determine the recipient **trader**.
- (3) The **Authority** must, by notice in writing to each recipient **trader**, direct the recipient **trader** to accept an assignment under subclause (2).
- (4) Before the **Authority** gives notice to a recipient **trader** under subclause (3), the **Authority** may decide not to assign rights and obligations of the defaulting **trader** or defaulting retailer under a contract or an **ICP** to a recipient **trader** if the recipient **trader** satisfies the **Authority** that the assignment would pose a serious threat to the financial viability of the recipient **trader**.
- (5) A recipient **trader** must comply with a direction given to it under subclause (3).
- (6) The **registry manager** must comply with a direction given to it under subclause (2).
- (7) Before the **Authority** exercises its right to assign rights and obligations or an **ICP** under subclause (2), the **Authority** must, if the **Authority** considers it is practicable, consult with the defaulting **trader** or defaulting retailer as to the need for the notice.

...

Part 14

Clearing and settlement

...

14.41 Definition of an event of default

- (1) Each of the following constitutes an **event of default**:
 - (h) termination of a **trader's distributor agreement** with a **distributor** because of a **serious financial breach (distributor/trader)** if—
 - (i) the **trader** continues to have a customer or customers purchasing **electricity** from the **trader** on the **distributor's local network** or **embedded network**; and
 - (ii) there are no unresolved disputes between the **trader** and the **distributor** in relation to the termination; and
 - (iii) the **distributor** has not been able to remedy the situation in a reasonable time; and
 - (iv) the **distributor** gives notice to the **Authority** that this subclause applies:
 - (j) termination of a **trader's agreement** with a **retailer** for the supply of **electricity** at an **ICP** because of a **serious financial breach (trader/retailer)** if—
 - (i) the **retailer** continues to have a customer or customers purchasing **electricity** from the **retailer**; and
 - (ii) there are no unresolved disputes between the **trader** and the **retailer** in relation to the termination; and
 - (iii) the **trader** has not been able to remedy the situation in a reasonable time; and
 - (iv) the **trader** gives notice to the **Authority** that this subclause applies:
- ...
- (3) If a **trader**, having given notice under subclause (1)(j)(iv), considers that an **event of default** no longer exists, the **trader** must advise the **Authority** that it considers that the **event of default** has been remedied.

7. Introducing a back-up means of calculating wholesale prices to improve market confidence

The Authority's proposal

- 7.1. The Authority proposed to provide a back-up means of calculating spot prices for energy and instantaneous reserves when the current means are unavailable.
- 7.2. Under the existing Code, prices are calculated using market schedule information. This information would be unavailable, however, in extreme circumstances preventing the publication of market schedules for more than 36 hours.
- 7.3. We proposed that, if the current means of pricing is unavailable for a given trading period, prices would be taken from the most recent 'equivalent trading period' for which no exclusion conditions applied.
- 7.4. An equivalent trading period would be a trading period with the same start time and from the same day of a previous week. This would be unless a price was required for a national holiday. In that case, the equivalent trading period would be the trading period with the same start time but from a previous Sunday (because demand profiles on public holidays are similar to those on Sundays).
- 7.5. A trading period would be excluded from the possible set of equivalent trading periods if any of the following conditions applied
 - (a) it fell on a national holiday
 - (b) its prices were subject to a pricing error claim⁴
 - (c) it fell during a time that is subject to an undesirable trading situation (UTS) investigation⁵
 - (d) scarcity values were used in calculating its prices.
- 7.6. A full description of our proposal can be found in the consultation paper.

The Authority has decided to implement the proposal without change

- 7.7. The Authority has decided to amend the Code as proposed in the consultation paper.
- 7.8. The Code amendment will come into force on 1 July 2025.

Submissions and the Authority's response

- 7.9. There were four submissions on this proposal. Submitters generally agreed with the proposal. However,
 - (a) Meridian proposed an alternative solution,
 - (b) Genesis considered a UTS may still be required in some situations,

⁴ Under the Code, a pricing error occurs if the clearing manager has failed to follow its required process under the Code.

⁵ Under the Code, a UTS is a situation that threatens the confidence in, or integrity of, the wholesale market and cannot be resolved using current mechanisms under the Code.

- (c) Transpower noted that solutions are also required for other market settlement related issues that may arise in extreme circumstances.

7.10. The above points and the Authority's response are detailed below.

Alternative solutions

7.11. Meridian agreed with the objectives of our proposal but suggested an alternative solution that it considered would provide a more accurate reflection of market conditions at the time. Meridian considered its proposal would still meet our objective of having prices that were simple and straightforward to calculate.

7.12. Meridian proposed *"that the equivalent trading period is calculated by:*

- *taking an average of the weekday results of the prior week for events occurring during a weekday.*
- *taking an average of the weekend results of the prior weekend for events occurring during a weekend.*

.... We would suggest that the same exclusion periods apply, so a trading period should be removed if one of the exclusion conditions apply."

7.13. In addition, while generally in support of our proposal, Octopus Energy stated it would welcome the opportunity to work with the Authority on more proportionate methods.

Authority's response

7.14. The Authority prefers its proposal to Meridian's, as well as to any other more sophisticated methods. The aim of this proposal is to provide a simple, easily understood pricing calculation that provides certainty for generators and consumers. This will enable market participants to more quickly determine what prices will be and so make more timely operational decisions. For example, a large industrial consumer can make a faster decision about whether to consume electricity based on whether they would make a profit from the sale of their product when paying for electricity at the given price.

7.15. The Authority also does not consider Meridian's proposal will better reflect market conditions at the time. While its proposal may limit the risk of inaccuracies due to random variations in market conditions, it would also fail to account for the differences in demand profiles between different weekday days, or between different weekend days. For example, demand profiles on Friday afternoons differ significantly from Thursday afternoons as many people leave work earlier on Fridays.

UTS as a back-up

7.16. Genesis broadly agreed with our problem definition and considered that the Authority's proposal may be the most pragmatic solution to the problem we identified. However, it noted that there is a risk our solution could result in a material mismatch between prices and market conditions.

7.17. Genesis stated that it would arguably be appropriate for a UTS to be declared in a situation where prices cannot be calculated using the normal method. They noted that our proposal does not prevent a UTS from being claimed. It stated the ability to

claim a UTS would remain a valuable back-stop should our proposal be implemented.

- 7.18. Meridian, on the other hand, supported avoiding a UTS due to it being a lengthy and costly process. It stated that it was necessary to have price certainty in emergency type situations.
- 7.19. Similarly, Octopus submitted that having predictable wholesale prices during extreme events is essential for stability, improves market confidence and reduces uncertainty for all participants.

Authority's response

- 7.20. The Authority agrees with Meridian and Octopus Energy in that we consider it important to provide price certainty in these extreme situations. This enables participants to make fast and efficient operational decisions and minimises disruption to their financial processes. Avoiding a UTS as a primary method of price calculation also means avoiding the significant administrative costs associated with consulting and determining prices under the UTS. For these reasons we have not made changes from our proposal in response to this feedback.
- 7.21. We agree with Genesis that our amendment does not prevent a UTS being claimed on the grounds of prices calculated under our amendment differing from market conditions. However, a UTS requires that confidence in, or the integrity of, the market is or may be compromised. We consider this to be a high threshold to meet.

Other settlement related issues in extreme situations

- 7.22. Transpower supported our proposal. However, it noted that there were some other market settlement related activities that may be compromised in extreme situations requiring a back-up means of pricing. It considered that the following activities may not be possible because the required information may not be available in such situations:
- (a) Calculation of the loss and constraints excess that must be applied to the financial transmission rights (FTR) market by the FTR manager, which requires dispatch schedule data.⁶
 - (b) Allocation of settlement residues by the grid owner, which requires dispatch schedule data.⁷
 - (c) Calculation of instantaneous reserves settlement amounts by the system operator, which requires dispatch instructions.

⁶ The settlement of the wholesale electricity spot market generates a surplus called the loss and constraints excess. Part of this is used to fund the FTR market. FTRs are hedge products that assist participants in managing the financial risk associated with differences in prices across grid locations. Schedule 14.3 of the Code describes Calculation of amount of loss and constraint excess to be applied to the settlement of FTRs.

⁷ The settlement residue is the remainder of the loss and constraints excess after part of it is used to fund the FTR market. The grid owner is required to allocate this as rebates to transmission customers according to a methodology developed under clause 14.35A(3) of the Code.

- (d) Calculation of constrained on and off payments by the clearing manager, which requires dispatch instructions.⁸
- 7.23. Transpower stated that none of these activities could be completed without information from dispatch schedules.
- 7.24. Transpower considered that policy attention to how all market settlement processes could and should continue under extreme circumstances, merits a future, dedicated consultation process.

Authority's response

- 7.25. The Authority agrees with Transpower that some settlement related activities may be compromised in extreme situations where the current means of pricing would not be possible. We agree that each of the situations it identified may be compromised, except for the calculation of instantaneous reserves settlement amounts.
- 7.26. Settlement of instantaneous reserves should be possible because there would still be some form of dispatch instructions even if dispatch schedules are not being produced. Under the Code, a dispatch instruction includes instructions given by the system operator when its primary modelling system is unavailable.⁹ The system operator must also provide a log of all dispatch instructions to the Clearing Manager under clause 13.76.
- 7.27. We agree with Transpower that the calculation of constrained on and off payments may be compromised, but do not agree that this is because these calculations rely on dispatch instructions. As noted above, dispatch instructions should still be available. However, the calculation of constrained on and off payments also relies on the availability of up to date bids and offers, which in our view would likely not be available in these extreme situations.
- 7.28. We have prioritised addressing the pricing issue ahead of other issues that may occur in extreme situations because a lack of pricing would have the largest financial impact and most immediate effect. Addressing the pricing issue enables participants to act with certainty and ensures the wholesale market can be settled.
- 7.29. Addressing other issues that may arise in extreme circumstances will be considered by the Authority as part of the prioritisation of its longer-term work programme.

The amendment will promote the efficient operation of the electricity industry

- 7.30. The Code amendment is consistent with the Authority's statutory objectives, and sections 32(1)(c) and 32(1)(e) of the Act, because it promotes the efficient operation of the electricity industry. This is because the amendment
 - (a) enables efficient operating decisions by providing predictable prices that are a reasonable reflection of the marginal cost of supply

⁸ Constrained on and off payments are payments to generators and dispatchable demand providers that help ensure they are adequately compensated when the system operator applies dispatch constraints. These payments are required because sometimes the system operator will apply a constraint that results in a participant being dispatched to provide or consume an amount of energy that they would not be willing to given the market price. Clauses 13.192 to 13.212B detail the calculation and settlement of constrained on and off payments.

⁹ See the definition of dispatch instruction in part 1 of the Code, as well as clause 13.72A and clause 13.70.

- (b) avoids the costs and disruption to market operations associated with a UTS.

The final Code amendment

7.31. The Code amendment approved by the Authority:

Part 13 Trading arrangements

...

13.134A Methodology for calculating interim prices

The **clearing manager** must calculate **interim prices** and **interim reserve prices** for a **trading period** in accordance with the following formula:

$$I = \frac{\sum_{t=1}^n P_t \times (T_{t+1} - T_t)}{1800}$$

where

- I** is the **interim price** or **interim reserve price**
- t** is the sequential number of a **dispatch price** or **dispatch reserve price** in the set **n** in the **trading period**
- n** is the total number of **dispatch prices** or **dispatch reserve prices** that apply during the **trading period**
- P_t** is the **dispatch price** or **dispatch reserve price** as made available on **WITS** that applies for the **trading period** at time **T_t**
- T_t** is the start time of the sequential numbered **t** **dispatch price** or **dispatch reserve price** for the **trading period**, as made available on **WITS**

but

- (a) if there is no **dispatch price** or **dispatch reserve price** for **t=1** ~~**t=1**~~ in a **trading period**, the **dispatch price** or **dispatch reserve price** (as the case may be) for the **t=1** ~~**t=1**~~ period is the **forecast price** or **forecast reserve price** in the most recent **price-responsive schedule** received by the **clearing manager** prior to the start of the **trading period**; and
- (b) if there is also no **forecast price** or **forecast reserve price** under paragraph (a), the **dispatch price** or **dispatch reserve price** (as the case may be) for the **t=1** period is the **final price** or **final reserve price** (as the case may be) from the equivalent **trading period** ~~**trading period**~~ determined in accordance with clause 13.134B.

13.134B Equivalent trading periods for interim prices where there is no forecast price or forecast reserve price

- (1) Subject to subclauses (2) to (4), the equivalent **trading period** ~~**trading period**~~ will be the **trading period** that falls on the same day of the week and starts at the same time of

the day as the t=1 period, in the week before the t=1 period, provided that **trading period** is not a **trading period**—

- (a) that falls on a **national holiday**; or
- (b) that has no **final price** or **final reserve price** (as the case may be); or
- (c) in respect of which the **Authority** has decided to investigate, and is yet to resolve, a potential **undesirable trading situation**; or
- (d) for which the calculation of the **interim price** or **interim reserve price** (as the case may be) under clause 13.134A used a **dispatch price** or **forecast price**, or **dispatch reserve price** or **forecast reserve price** (as the case may be) from a **dispatch schedule** or **price-responsive schedule** that the **system operator** assigned price and quantity values to under clause 13.69AA or 13.58AA, respectively.

(2) If subclause (1)(a) to (1)(d) applies, the equivalent **trading period trading period** will be the **trading period** that falls on the same day of the week and starts at the same time of the day as the t=1 period, in the week before the week before the t=1 period, and so on, until an equivalent **trading period trading period** is arrived at that meets the requirements of subclause (1).

(3) If the t=1 period falls on a **national holiday**—

- (a) the equivalent **trading period trading period** will be the **trading period** that starts at the same time of day as the t=1 period on the closest previous Sunday to the **national holiday** in respect of which subclause (1)(a) to (1)(d) does not apply; and
- (b) if subclause (1)(a) to (1)(d) applies to that Sunday, the equivalent **trading period trading period** will be the **trading period** that starts at the same time of the day as the t=1 period on the next closest previous Sunday to the **national holiday**, and so on, until a Sunday is arrived at in respect of which subclause (1)(a) to (1)(d) does not apply.

(4) Where, due to daylight savings, the same time of the day does not exist or two such times exist,—

- (a) if the same time of the day does not exist, the next most recent week's **trading period** must be used instead; and
- (b) if more than one same time of the day exists, the most recent time must be used.

8. Attachments

8.1. The following appendices are attached to this paper:

- (a) **Appendix A:** Amended stress testing regime guidance (redline version)
- (b) **Appendix B:** Amended stress testing regime guidance (clean version)