

## **Electricity Industry Participation Code Amendment (Spot Price Risk Disclosure) 2025**

Under section 38 of the Electricity Industry Act 2010, and having complied with section 39 of that Act, I make the following amendments to the Electricity Industry Participation Code 2010.

At Wellington on the 14 day of April 2025



Anna Kominik  
Chair  
Electricity Authority

Certified in order for signature:



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Senior Legal Counsel  
Electricity Authority

10 April 2025



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10 April 2025

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### **Amendment**

- 1 Title**  
This is the Electricity Industry Participation Code Amendment (Spot Price Risk Disclosure) 2025.

## 2 Commencement

This amendment comes into force on 15 May 2025.

## 3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

## 4 Clause 1.1 amended (Interpretation)

In clause 1.1(1), replace the definition of **disclosing participant** with:

“**disclosing participant** means—

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

“(b) a person who buys **electricity** from the **clearing manager**; and

“(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”.

## 5 New clause 13.236AB inserted (Purpose of spot price risk disclosure)

Before clause 13.236A, insert:

“**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**.”

## 6 Clause 13.236A amended (Disclosing participants must prepare and submit spot price risk disclosure statements)

(1) In clause 13.236A(1), after “each year” insert “for that quarter and the following 11 quarters in accordance with this subpart.”.

(2) Revoke clause 13.236A(2).

## 7 Clause 13.236D amended (Authority must publish base case, stress test, and method for calculating target cover ratio)

In clause 13.236D(1)(c), before “target cover ratio” insert “actual and”.

**8 Clause 13.236E amended (Content of spot price risk disclosure statements)**

In clause 13.236E(1), replace paragraph (g) with:

“(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 quarter 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.”

**9 Clause 13.236F amended (Certification of spot price risk disclosure statement)**

(1) Before clause 13.236F(1)(a), insert:

“(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”.

(2) In clause 13.236F(1)(b), replace “.” with “; and”.

(3) After clause 13.236F(1)(b), insert:

“(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.”

**10 Schedule 12A.4, Appendix A, clause 5 amended**

In Schedule 12A.4, Appendix A, clause 5.3(a), insert “only” before “control the part”.

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**Explanatory Note**

*This note is not part of the amendment but is intended to indicate its general effect.*

This amendment to the Electricity Industry Participation Code 2010 (Code) comes into force on 15 May 2025.

The amendment amends Part 1, and subpart 5A of Part 13 of the Code which relates to spot price risk disclosure statements, as part of the Authority’s Code amendment omnibus number five to:

- (a) add a purpose clause to help participants and others understand the purpose of the spot price risk disclosure regime; and
- (b) extend the period a spot price risk disclosure statement must cover from one quarter to 12 quarters; and
- (c) require disclosure of actual cover ratios for disclosing participants with explicit risk management policies; and
- (d) include additional requirements on the board of a disclosing participant to certify that the disclosing participant has complied with the spot price risk disclosure statement requirements

and that the board has oversight of any risk management policy the disclosing participant has in respect of its exposure to the wholesale market.

This amendment also amends Schedule 12A.4, Appendix A, clause 5.3 of the Code to correct an error in clause 22 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2025 (the Code Review Programme 2025), which meant that the amendments the Authority intended to make to Schedule 12A.4 in the Code Review Programme 2025 were not all made. With this amendment, the necessary changes will have been made to clarify the default distributor agreement template in Schedule 12A.4 of the Code to permit sharing of load control between distributors and other parties, and that the parties' agreed protocol must allow for both parties to share control over the same load and must be the same (or similar) for all traders.

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