

# Electricity Industry Participation Code 2010

## Part 7

### System operator

#### Contents

- 7.1 Contents of this Part
- 7.1A Reasonable and prudent system operator standard
- 7.2 Principal performance obligations of the system operator in relation to common quality and dispatch
- 7.2A System operator to maintain frequency
- 7.2B System operator to restore frequency if frequency fluctuation occurs
- 7.2C [Revoked]
- 7.2D System operator to identify and resolve problems
- 7.2E System operator to report on frequency fluctuations
- 7.3 Functions of system operator in relation to security of supply and emergency management
- 7.4 Incorporation of security of supply forecasting and information policy and emergency management policy by reference
- 7.5 [Revoked]
- 7.6 [Revoked]
- 7.7 System operator and Authority joint development programme
- 7.8 Review of system operator
- 7.9 Additional matters to be taken into account in system operator review
- 7.10 Separation of Transpower roles
- 7.11 Review of performance of the system operator
- 7.12 Authority must publish system operator reports
  - Amending or replacing system operation documents*
- 7.13 Proposals to amend system operation documents
- 7.14 Process where participants request amendments
- 7.15 Review of policy statement and procurement plan
- 7.16 Authority must consent to consultation before system operator consults on proposal to amend system operation document
- 7.17 Authority direction to system operator
- 7.18 Process if the Authority does not approve a proposal for consultation
- 7.19 Effect of Authority's and system operator decisions under clauses 7.16 to 7.18
- 7.20 Consultation on proposed amendments
- 7.21 Approval of system operation documents
- 7.22 Authority may prescribe timeframes

---

### 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**.

Clause 7.1(aa): inserted, on 19 May 2016, by clause 7(1) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.1(a): amended, on 19 May 2016, by clause 7(2) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.1(b): amended, on 19 May 2016, by clause 7(3) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.1(c): amended, on 19 May 2016, by clause 7(4) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.1(c): amended, on 1 August 2023, by clause 5(1) of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

Clause 7.1(d): inserted, on 1 August 2023, by clause 5(2) of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

### 7.1A Reasonable and prudent system operator standard

- (1) The **system operator** must carry out its obligations under this Code with skill, diligence, prudence, foresight, good economic management, and in accordance with recognised international good practice, taking into account—
  - (a) the circumstances in New Zealand; and
  - (b) the fact that real-time co-ordination of the power system involves complex judgements and inter-related events.
- (2) The **system operator** does not breach a **principal performance obligation** or clause 8.5 of this Code if the **system operator** complies with subclause (1).

Clause 7.1A: inserted, on 19 May 2016, by clause 8 of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

### 7.2 Principal performance obligations of the system operator in relation to common quality and dispatch

The obligations in clauses 7.2A to 7.2D are **principal performance obligations**.

Clause 7.2: amended, on 19 May 2016, by clause 9 of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

#### 7.2A System operator to maintain frequency

- (1) The **system operator** must **dispatch assets** made available in a manner that avoids cascade failure of **assets** resulting in a loss of **electricity** to **consumers** arising from—
  - (a) a frequency or voltage excursion; or
  - (b) a **supply** and **demand** imbalance.

- (2) Except as provided in this clause and clause 7.2B, the **system operator** must maintain frequency in the **normal band**.
- (3) The **system operator** must ensure that the scheduling, pricing, and dispatch tool has the information necessary to schedule a minimum quantity of **instantaneous reserve**.
- (4) Subject to the availability of **offers** or **reserve offers**, the **system operator** must schedule sufficient **instantaneous reserve** to meet the **system operator's** obligations in subclauses (5) to (7).
- (5) During a contingent event, the **system operator** must ensure that, for the **island** in which the contingent event takes place—
  - (a) frequency remains at or above 48 Hertz; and
  - (b) frequency returns to or above 49.25 Hertz within 60 seconds after the contingent event.
- (6) During an extended contingent event in the North Island, the **system operator** must ensure that, for that **island**—
  - (a) frequency remains at or above 47 Hertz; and
  - (b) frequency does not drop to or below 47.1 Hertz for longer than 5 seconds; and
  - (c) frequency does not drop to or below 47.3 Hertz for longer than 20 seconds; and
  - (d) frequency returns to or above 49.25 Hertz within 60 seconds after the extended contingent event.
- (7) During an extended contingent event in the South Island, the **system operator** must ensure that, for that **island**—
  - (a) frequency remains at or above 45 Hertz; and
  - (b) frequency returns to or above 49.25 Hertz within 60 seconds after the extended contingent event.

## **7.2B System operator to restore frequency if frequency fluctuation occurs**

If a **frequency fluctuation** occurs, the **system operator** must ensure that frequency is restored to the **normal band** as soon as reasonably practicable having regard to all circumstances surrounding the **frequency fluctuation**.

## **7.2C [Revoked]**

Clause 7.2C: revoked, on 1 June 2025, by clause 4 of the Electricity Industry Participation Code Amendment (Removal of time error management obligations) 2025.

## **7.2D System operator to identify and resolve problems**

- (1) A **participant** may request that the **system operator** investigate and resolve a security of supply or reliability problem arising from non-compliance with a standard in clause 4.7, 4.8, or 4.9 of the **Connection Code**, at any **point of connection** to the **grid**.
- (2) If the **system operator** receives a reasonable request under subclause (1), the **system operator** must, given the **assets** made available to it at the relevant time—

- (a) identify whether there is a security of supply or reliability problem arising from non-compliance with a standard in clause 4.7, 4.8, or 4.9 of the **Connection Code**, at any **point of connection** to the **grid**; and
- (b) if there is such a problem—
  - (i) identify the cause of the problem; and
  - (ii) resolve the problem to the extent reasonable and practical.

**7.2E System operator to report on frequency fluctuations**

- (1) By the 10<sup>th</sup> **business day** of each month (except by the 20<sup>th</sup> **business day** in the month of January), the **system operator** must report to the **Authority** the number of **frequency fluctuations** in each of the following frequency bands, in each **island** in the previous month:

Frequency band (Hertz) (where "x" is the maximum or minimum frequency during a frequency fluctuation)
$52.00 > x \geq 51.25$
$51.25 > x \geq 50.50$
$49.50 > x \geq 48.75$
$48.75 > x \geq 48.00$
$48.00 > x \geq 47.00$

(2) By the 10<sup>th</sup> **business day** of each month (except by the 20<sup>th</sup> **business day** in the month of January), the **system operator** must report to the **Authority** the number of **frequency fluctuations** in each of the following frequency bands, in the South Island in the previous month:

Frequency band (Hertz) (where "x" is the maximum or minimum frequency during a frequency fluctuation)
$55.00 > x \geq 53.75$
$53.75 > x \geq 52.00$
$47.00 > x \geq 45.00$

Compare: Electricity Governance Rules 2003 rules 2 and 3 section II part C

Clauses 7.2A-E: inserted, on 19 May 2016, by clause 10 of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.2E: amended, on 5 October 2017, by clause 77 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### 7.3 Functions of system operator in relation to security of supply and emergency management

(1) The **system operator** must—

(a) prepare and **publish** a **security of supply forecasting and information policy** that includes a requirement that the **system operator**—

(i) prepare and **publish** at least annually a security of supply assessment that contains detailed supply and demand forecasts for at least 5 years, which assists interested parties to assess whether the energy security of supply standard and the capacity security of supply standard set out in subclause (2) are likely to be met; and

(ii) consult with persons that the **system operator** thinks are representative of the interests of persons likely to be substantially affected by a security of supply assessment prepared under subparagraph (i) before **publishing** such an assessment; and

(iii) prepare and **publish** information that assists interested parties to monitor how hydro and thermal generating capacity, transmission assets, primary fuel, and **ancillary services** are being utilised to manage risks of shortage, including extended dry periods; and

(iv) **publish**, in relation to the information **published** under subparagraphs (i) and (iii), sufficient details of the modelling data, assumptions, and methodologies that the **system operator** has used to prepare that information as to allow interested parties to recreate that information (but without **publishing** information that is confidential to any **participant**); and

(b) implement and comply with the **security of supply forecasting and information policy** prepared and **published** in accordance with paragraph (a).

- (2) For the purposes of subclause (1)(a)(i)—
  - (a) the energy security of supply standard is a **winter energy margin** of 14-16% for New Zealand and a **winter energy margin** of 25.5-30% for the South Island; and
  - (b) the capacity security of supply standard is a **winter capacity margin** of 630-780 **MW** for the North Island.
- (2A) The **Authority** may **publish** a security standards assumptions document.
- (2B) Subject to subclauses (2C) and (2D), if the **Authority** has published a security standards assumptions document under subclause (2A), the **system operator** must use the assumptions set out in that document in preparing a security of supply assessment under the **security of supply forecasting and information policy**.
- (2C) The **system operator** may use different assumptions from those in a security standards assumptions document to prepare a security of supply assessment if—
  - (a) the **system operator** considers that there are good reasons to use different assumptions; and
  - (b) the **system operator** includes in the security of supply assessment—
    - (i) a detailed explanation of the assumptions used to prepare the security of supply assessment; and
    - (ii) a statement of reasons for using those assumptions instead of the assumptions **published** by the **Authority**; and
    - (iii) a description of how the security of supply assessment prepared using those assumptions differs from a security of supply assessment prepared using the assumptions set out in the security standards assumptions document.
- (2D) Despite subclause (2C), the **system operator** is not required to include the information referred to in subclause (2C)(b) in a security of supply assessment if the **system operator** considers that it would have good reason to refuse to supply the information under clause 2.6.
- (3) The **system operator** must —
  - (a) prepare and **publish** an **emergency management policy** that sets out the steps that the **system operator** must take, and must encourage **participants** to take, at various stages during an extended emergency such as an extended dry sequence or an extended period of capacity inadequacy; and
  - (b) include in the **emergency management policy** the steps that, at various stages in anticipation of and during a gas transmission failure or gas supply failure to **generators**, the **system operator** must—
    - (i) take as the **system operator**; and
    - (ii) encourage **participants** to take, including, if appropriate, steps for relevant **participants** to take in conjunction with gas industry entities; and
    - (iii) encourage relevant gas industry entities to take; and
  - (c) implement and comply with the **emergency management policy**.
- (4) The **emergency management policy** is not required to include information that is already set out in—

- (a) the **system operator rolling outage plan** prepared under subpart 1 of Part 9;  
or
  - (b) the **policy statement**; or
  - (c) **Technical Code B** of Schedule 8.3.
- (5) The **system operator** may depart from the policies set out in an **emergency management policy** if an **EMP departure situation** arises and such departure is required to enable the **system operator** to comply with clause 7.1A(1).
- (6) If the **system operator** makes a departure under subclause (5), the **system operator** must provide a report to the **Authority** setting out the circumstances of the **EMP departure situation** and the actions taken to deal with it. The **Authority** must **publish** the report within a reasonable time of its receipt.

Heading: amended, on 5 October 2017, by clause 78(1) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.3(1): amended, on 19 May 2016, by clause 11(1) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(1)(a): amended, on 19 May 2016, by clause 11(2) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(1)(a)(iv): amended, on 5 October 2017, by clause 78(2) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.3(1)(b): amended, on 19 May 2016, by clause 11(3) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(2)(a): amended, on 3 January 2013, by clause 4(1) of the Electricity Industry Participation (Supply Standards) Code Amendment 2012.

Clause 7.3(2)(b): amended, on 3 January 2013, by clause 4(2) of the Electricity Industry Participation (Supply Standards) Code Amendment 2012.

Clause 7.3(2A), (2B), (2C) and (2D): inserted, on 3 January 2013, by clause 4(3) of the Electricity Industry Participation (Supply Standards) Code Amendment 2012.

Clause 7.3(2A): amended, on 5 October 2017, by clause 78(3) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.3(2B): amended, on 19 May 2016, by clause 11(4) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(2B): amended, on 5 October 2017, by clause 78(4) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.3(2C)(b)(ii): amended, on 5 October 2017, by clause 78(5) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.3(3): amended, on 19 May 2016, by clause 11(5) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(3)(a): amended, on 19 May 2016, by clause 11(6)(a) and (b) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(3)(b): amended, on 19 May 2016, by clause 11(7) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(3)(b)(i): amended, on 19 May 2016, by clause 11(8) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(3)(b)(ii): amended, on 19 May 2016, by clause 11(9) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(3)(c): amended, on 19 May 2016, by clause 11(10) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.



Clause 7.3(4)(b): amended, on 10 January 2013, by clause 5 of the Electricity Industry Participation (Policy Statement and Procurement Plan Review Process) Code Amendment 2012.

Clause 7.3(5): amended, on 21 September 2012, by clause 7(1) of the Electricity Industry Participation (Minor Amendments) Code Amendment 2012.

Clause 7.3(5): amended, on 19 May 2016, by clause 11(11) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.3(6): amended, on 21 September 2012, by clause 7(2) of the Electricity Industry Participation (Minor Amendments) Code Amendment 2012.

Clause 7.3(6): amended, on 19 May 2016, by clause 11(12) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

## **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.

(2) Clauses 7.13 to 7.22 apply to any amendment or replacement of the **security of supply forecasting and information policy** or **emergency management policy**.

Clause 7.4(1): amended, on 5 October 2017, by clause 79 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.4(1): amended, on 1 August 2023, by clause 6(1) of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

Clause 7.4(2): replaced, on 1 August 2023, by clause 6(2) of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

Clause 7.4(2): amended, on 1 March 2024, by clause 22 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

## **7.5 [Revoked]**

Clause 7.5(2): revoked, on 19 May 2016, by clause 12 of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.5(7): amended, on 1 November 2018, by clause 10(a) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.5(8): amended, on 1 November 2018, by clause 10(b) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.5: revoked, on 1 August 2023, by clause 7 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

## **7.6 [Revoked]**

Clause 7.6: revoked, on 1 August 2023, by clause 8 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

## **7.7 System operator and Authority joint development programme**

(1) At least annually, the **system operator** and the **Authority** must agree a development programme that coordinates and prioritises—

(a) those items in the **Authority's** industry development work plan on which the **Authority** intends to liaise with the **system operator**; and

(b) the **system operator's** capital expenditure plan provided to the **Authority** under the **system operator market operation service provider agreement**.

(2) The **Authority** must **publish** the programme agreed under subclause (1).

## 7.8 Review of system operator

- (1) The **Authority** must review the performance of the **system operator** after the **system operator** submits its self-review under clause 7.11.
- (1A) The **Authority** may review the performance of the **system operator** at any other time provided it has used reasonable endeavours to provide the **system operator** with reasonable notice of the review.
- (1B) If the **Authority** requests the **system operator** to provide information or input into a review under subclause (1A), the **Authority** must provide the **system operator** with a reasonable timeframe in which to respond to the request.
- (2) Each review under this clause must concentrate, to the extent relevant, on the **system operator's** compliance with—
  - (a) its obligations under this Code and the **Act**; and
  - (b) the operation of this Code and the **Act**; and
  - (c) any performance standards agreed between the system operator and the **Authority**; and
  - (d) the provisions of the **system operator's market operation service provider agreement**.
- (3) The **Authority** must **publish** a report on each review under this clause no later than 10 **business days** after the **Authority** completes its review.

Compare: SR 2003/374 r 47

Clause 7.8(1): amended, on 19 May 2016, by clause 13(1) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.8(1): amended, on 5 October 2017, by clause 80(1) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.8(1): amended, on 1 April 2025, by clause 6(1) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2025.

Clause 7.8(1A) and (1B): inserted, on 1 April 2025, by clause 6(2) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2025.

Clause 7.8(2): amended, on 1 April 2025, by clause 6(3)(a) and (b) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2025.

Clause 7.8(3): inserted, on 19 May 2016, by clause 13(2) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.8(3): amended, on 5 October 2017, by clause 80(2) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 7.8(3): amended, on 1 April 2025, by clause 6(4) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2025.

## 7.9 Additional matters to be taken into account in system operator review

The **Authority** must take into account the following matters when conducting a review under clause 7.8:

- (a) the terms of the **system operator's market operation service provider agreement**:

- (b) reports from the **system operator** to the **Authority**, including the **system operator's** self-review under clause 7.11:
- (c) the performance of the **system operator** over time in relation to this Part and Part 8:
- (d) the extent to which the acts or omissions of other persons have impacted on the performance of the **system operator** and the nature of the task being monitored:
- (e) reports or complaints from any person, and any responses by the **system operator** to such reports or complaints:
- (f) the fact that the real time co-ordination of the power system involves a number of complex judgments and inter-related incidents:
- (g) any disparity of information between the **Authority** and the **system operator**:
- (h) any other matter the **Authority** considers relevant to assess the **system operator's** performance.

Compare: SR 2003/374 r 48

Clause 7.9(b): amended, on 19 May 2016, by clause 14(1) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.9(e): amended, on 19 May 2016, by clause 14(2) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

## 7.10 Separation of Transpower roles

- (1) **Transpower's** role as **system operator** under this Code and the **Act** is distinct and separate from any other role or capacity that **Transpower** may have under this Code and the **Act**, including as a **grid owner** or transmission provider.
- (2) For this purpose, when assessing an aspect of the performance, or non-performance, of the **system operator**,—
  - (a) the assessment must be made on the basis that the **system operator** had no other role or capacity; and
  - (b) the **system operator** must be treated as if it did not have any knowledge or information that may be received or held by **Transpower** unless **Transpower** receives or holds that information or knowledge in its capacity as **system operator**.
- (3) Subclause (2) applies, with necessary modifications, to an assessment of an aspect of the performance, or non-performance, of **Transpower** in any other role or capacity under this Code or the **Act**.
- (4) **Transpower** must report, in each self-review report provided under this Code, on the extent to which its role as **system operator** under this Code and the **Act** has, despite subclauses (1) to (3), been materially affected by—
  - (a) any other role or capacity that **Transpower** has under this Code or the **Act**;  
or
  - (b) an agreement.

Compare: SR 2003/374 r 50

## 7.11 Review of performance of the system operator

- (1) No later than 31 August in each year, the **system operator** must submit to the **Authority** a review and assessment of its performance in the previous 12 month period ending 30 June.
- (2) The self-review must contain such information as the **Authority** may reasonably require from time to time to enable the **Authority** to review the **system operator's** performance during the period in relation to the following:
  - (a) the **policy statement**:
  - (b) the **security of supply forecasting and information policy**:
  - (c) the **emergency management policy**:
  - (d) the joint development programme prepared under clause 7.7(1):
  - (e) the work programmes agreed with the **Authority** under the **system operator's market operation service provider agreement**:
  - (f) the **system operator's** engagement with **participants**:
  - (g) delivery of the **system operator's** capital and business plans:
  - (h) the financial and operational performance of the **system operator**.
- (3) *[Revoked]*
- (4) *[Revoked]*

Compare: Electricity Governance Rules rule 14 section II part C

Clause 7.11(1): amended, on 19 May 2016, by clause 15(1)(a) and (b) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.11(2): amended, on 19 May 2016, by clause 15(2) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.11(3) and (4): revoked, on 19 May 2016, by clause 15(3) of the Electricity Industry Participation Code Amendment (System Operator and Alignment with Statutory Objective) 2016.

Clause 7.11(4): amended, on 15 May 2014, by clause 6 of the Electricity Industry Participation (Minor Code Amendments) Code Amendment 2014.

## 7.12 Authority must publish system operator reports

- (1) The **Authority** must **publish** all self-review reports that are received from the **system operator** and that are required to be provided by the **system operator** to the **Authority** under this Code.
- (2) The **Authority** must **publish** each report within 5 **business days** after receiving the report.

Compare: SR 2003/374 r 49

Clause 7.12: amended, on 5 October 2017, by clause 81 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

### *Amending or replacing system operation documents*

Cross heading: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

## 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**.

Clause 7.13: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

#### 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.

Clause 7.14: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

#### 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.

Clause 7.15: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

#### **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 clause 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 clause 7.20(2)(a):
  - (b) the proposed consultation period in clause 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 subclause (2) with the **system operator**.

Clause 7.16: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

Clause 7.16(4)(b): amended, on 1 March 2024, by clause 23 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

#### **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**.

Clause 7.17: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

### 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 clause 7.17(1), the **system operator** must make the change and re-submit the information required under clause 7.16(3) to the **Authority** for approval.
- (3) If the **system operator** re-submits the information required under clause 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 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.

Clause 7.18: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

### 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 clause 7.16(4)(a) or 7.18(3)(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 7.21.
- (2) If the **system operator** continues with a proposal under clauses 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 consults with under clause 7.20 that the **Authority** has not consented to the consultation and that the risk described in paragraph (a) arises.
- (3) Subclause (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**.

Clause 7.19: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

Clause 7.19(1): amended, on 1 March 2024, by clause 24(1) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 7.19(2)(a) and (3): amended, on 1 March 2024, by clause 24(2) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

Clause 7.19(2)(b): amended, on 1 March 2024, by clause 24(3) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

## 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.

Clause 7.20: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

## 7.21 Approval of system operation documents



- (1) Following consultation, or if clause 7.20(5) applies, the **system operator** must provide the **Authority** with a report that sets out the following:
  - (a) the information required by clause 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 clause 7.20(5) 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.

Clause 7.21: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

Clause 7.21(1) and (1)(d): amended, on 1 March 2024, by clause 25 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2024.

## 7.22 **Authority may 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.

Clause 7.22: inserted, on 1 August 2023, by clause 9 of the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.