

Electricity Industry Participation Code Amendment (System Operation Documents) 2023

Under sections 38 and 40 of the Electricity Industry Act 2010, I make the following amendments to the Electricity Industry Participation Code 2010.

At Wellington on the 22 day of June 2023



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22 June 2023



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Amendment

1 Title

This is the Electricity Industry Participation Code Amendment (System Operation Documents) 2023.

2 Commencement and expiry

This amendment comes into force on 1 August 2023.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 1.1 amended (Interpretation)

- (1) In clause 1.1(1), insert in its appropriate alphabetical order:
“**System operation document** means any of the following documents:
 - (a) the **security of supply forecasting and information policy**;
 - (b) the **emergency management policy**;
 - (c) the **policy statement**;
 - (d) the **procurement plan**;
 - (e) the **AUFLS technical requirements report**;
 - (f) the **system operator rolling outage plan**.”.
- (2) In clause 1.1(1), revoke the definition of **draft policy statement**.
- (3) In clause 1.1(1), revoke the definition of **draft procurement plan**.
- (4) In clause 1.1(1), definition of **submission expiry date**, revoke paragraphs (a) and (b).

5 Clause 7.1 amended (Contents of this Part)

- (1) In clause 7.1(c), replace “.” with “; and”.
- (2) After clause 7.1(c), insert:
“(d) requirements for the amendment or replacement of **system operation documents**.”.

6 Clause 7.4 amended (Incorporation of security of supply forecasting and information policy and emergency management policy by reference)

- (1) In clause 7.4(1), delete “in accordance with section 32 of the Act”.
- (2) Replace clause 7.4(2) with:
“(2) Clauses 7.13 to 7.19 apply to any amendment or replacement of the **security of supply forecasting and information policy** or **emergency management policy**.”.

7 Clause 7.5 revoked (Approval of draft security of supply forecasting and information policy and emergency management policy)

Revoke clause 7.5.

8 Clause 7.6 revoked (Variations to security of supply forecasting and information policy and emergency management policy)

Revoke clause 7.6.

9 **New clauses 7.13 to 7.22 and cross heading inserted**

After clause 7.12, insert:

“Amending or replacing system operation documents

“7.13 Proposals to amend system operation documents

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

“7.14 Process where participants request amendments

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

“7.15 Review of policy statement and procurement plan

- “(1) The **system operator** must review the **policy statement** and the **procurement plan** at least once every 2 years to identify whether the document should be amended.
- “(2) For the purposes of subclause (1), any 2 year period commences on either—
 - “(a) the date the last review of the document was completed if that review did not result in an amendment being made; or
 - “(b) if a review results in an amendment being made, the date the amendment takes legal effect.
- “(3) At the conclusion of a review the **system operator** must either—
 - “(a) propose an amendment to the **Authority**, following consultation where required by clause 7.20, after obtaining consent as required by clause 7.16; or
 - “(b) advise the **Authority** that the **system operator** does not consider that an amendment is required and provide the **Authority** with a written

report describing the process carried out for the review, the **system operator's** decision, and the reasons for the decision.

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

- “(1) The **system operator** must obtain the **Authority's** consent before consulting on a proposal to amend a **system operation document**.
- “(2) The purpose for the **Authority** consenting to consultation is to enable the **Authority** to identify to the **system operator** any issues with—
 - “(a) the proposal that may cause the **Authority** to not issue a notice to adopt the amendment under section 131B(2) of the **Act** or to not progress the amendment as a **Code** amendment under section 38 of the **Act**, as the case may be; and
 - “(b) the **system operator's** proposed consultation process and the information to be provided with the proposal for consultation under 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 sub-clause (2) with the **system operator**.

“7.17 Authority direction to system operator

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

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

- “(1) If the **Authority** identifies any issues or concerns under clause 7.16(2)(a), unless the **Authority** has given a direction under clause 7.17(1), the **system operator** must consider those issues and either—
 - “(a) amend the proposal, proposed consultation process or the consultation information to be provided with the proposal and re-submit the information required under clause 7.16(3) to the **Authority** for approval; or
 - “(b) decide not to continue with the proposal; or

- “(c) continue with the proposal without making any amendment to it, the proposed consultation process or the information to be provided with the proposal.
- “(2) If the **Authority** directs the **system operator** under 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.

“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(5)(a) or 7.18(4)(a) or to direct the **system operator** under clause 7.17(1) does not affect the **Authority’s** decision regarding approval of a **system operation document** under clause 7.20.
- “(2) If the **system operator** continues with a proposal under 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 consulted with under clause 7.19 that the **Authority** has not consented to the consultation under this clause 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**.

“7.20 Consultation on proposed amendments

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

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

“7.21 Approval of system operation documents

- “(1) Following consultation, or if clause 7.20(4) 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(4) applies, the reasons why the **system operator** considered that consultation was not required:
 - “(e) a final draft of the proposed amendments to the **system operation document** (either as amendments to the **system operation document** or a replacement **system operation document**).
- “(2) After receipt of the report, the **Authority** may—
 - “(a) approve the proposed amendments to the **system operation document**; or
 - “(b) require the **system operator** to conduct further consultation before re-submitting the proposed amendments to the **system operation document** to the **Authority** for approval; or
 - “(c) decline to approve the proposed amendments to the **system operation document**.
- “(3) The approval by the **Authority** of proposed amendments to a **system operation document**—
 - “(a) does not remove the requirement for the **Authority** to comply with either section 38 or section 131B of the **Act** in order to give legal effect to the amendments as part of the **Code**; and

"(b) does not affect, pre-determine or otherwise override any decision by the **Authority** under section 38 or section 131B of the **Act**.

“(4) To avoid doubt, an approved **system operation document** is not invalid only because the **Authority** and the **system operator** did all or any of the things referred to in clauses 7.16 to 7.20 before those clauses came into force.

“7.22 Authority 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.”.

10 Clause 8.10 amended (Incorporation of policy statement by reference)

(1) In clause 8.10(1), delete “in accordance with section 32 of the **Act**”.

(2) Replace clause 8.10(2) with:

“(2) Clauses 7.13 to 7.19 apply to any amendment or replacement of the **policy statement**.”.

11 Clause 8.10A revoked (Review of policy statement)

Revoke clause 8.10A.

12 Clause 8.10B revoked (System operator decides not to propose change to the policy statement)

Revoke clause 8.10B.

13 Clause 8.10C revoked (Authority may require system operator to reconsider)

Revoke clause 8.10C.

14 Clause 8.11 amended (Content of draft policy statement)

(1) In the heading of clause 8.11, delete “draft”.

(2) In clause 8.11(3), replace “The draft” with “A”.

15 Clause 8.11A revoked (Changes and variations)

Revoke clause 8.11A.

16 Clause 8.12 revoked (Consultation on draft policy statement)

Revoke clause 8.12.

17 Clause 8.12A revoked (Technical and non-controversial changes)

Revoke clause 8.12A.

18 Clause 8.12B revoked (Authority adopts new policy statement)

Revoke clause 8.12B.

19 Clause 8.42 amended (Incorporation of procurement plan by reference)

(1) In clause 8.42(1), delete “in accordance with section 32 of the **Act**”.

(2) Replace clause 8.42(2) with:

“(2) Clauses 7.13 to 7.19 apply to any amendment or replacement of the **procurement plan**.”.

- 20 Clause 8.42A revoked (Review of procurement plan)**
Revoke clause 8.42A.
- 21 Clause 8.42B revoked (System operator decides not to amend the procurement plan)**
Revoke clause 8.42B.
- 22 Clause 8.42C revoked (Authority may require system operator to reconsider)**
Revoke clause 8.42C.
- 23 Clause 8.43 amended (Content of draft procurement plan)**
(1) In the heading of clause 8.43, delete “draft”.
(2) In clause 8.43, replace “The draft” with “A”.
(3) In clause 8.43(d), delete “draft”.
(4) In clause 8.43(f), delete “draft”.
- 24 Clause 8.43A revoked (Changes and variations)**
Revoke clause 8.43A.
- 25 Clause 8.44 revoked (Consultation on draft procurement plan)**
Revoke clause 8.44.
- 26 Clause 8.44A revoked (Technical and non-controversial amendments)**
Revoke clause 8.44A.
- 27 Clause 8.44B revoked (Authority adopts new procurement plan)**
Revoke clause 8.44B.
- 28 Schedule 8.1, clause 6 amended**
In Schedule 8.1, clause 6(2), replace “clause 8.44” with “clauses 7.13 to 7.18”.
- 29 Schedule 8.6 heading amended**
In the heading of Schedule 8.6—
(a) delete “Consultation and approval requirements for the”; and
(b) after “report” insert “incorporated by reference”.
- 30 Schedule 8.6, clause 1 revoked**
In Schedule 8.6, revoke clause 1.
- 31 Schedule 8.6, clause 2 amended**
(1) In Schedule 8.6, clause 2(1), delete “in accordance with section 32 of the Act”.
(2) In Schedule 8.6, replace clause 2(2) with:
“(2) Clauses 7.13 to 7.18 apply to any amendment or replacement of the **AUFLS technical requirements report**.”.
- 32 Schedule 8.6, clause 3 revoked**
In Schedule 8.6, revoke clause 3.
- 33 Schedule 8.6, clause 4 revoked**
In Schedule 8.6, revoke clause 4.

- 34 Schedule 8.6, clause 5 revoked**
In Schedule 8.6, revoke clause 5.
- 35 Schedule 8.6, clause 9.2 amended**
In Schedule 8.6, clause 9.2, revoke subclauses (2) and (3).
- 36 Schedule 8.6, clause 9.3 amended**
(1) In Schedule 8.6, clause 9.3(1), delete “in accordance with section 32 of the **Act**”.
(2) In Schedule 8.6, replace clause 9.3(2) with:
“(2) Clauses 7.13 to 7.19 apply to any amendment or replacement of the **system operator rolling outage plan**.”.
- 37 Schedule 8.6, clause 9.5 revoked**
In Schedule 8.6, revoke clause 9.5.
- 38 Clause 10.10 amended (Standards used)**
(1) In clause 10.10(b), replace “32” with “131B”.
(2) In clause 10.10(c), replace “by the **Authority** in accordance with section 32 of the **Act**” with “by reference in this Code by the **Authority**”.
- 39 Clause 10.15 amended (Security of metering data)**
In clause 10.15(3), replace “into this Code under section 32(3) of the **Act**” with “by reference into this Code”.
- 40 Schedule 10.3, clause 4A amended**
(1) In Schedule 10.3, clause 4A(1), delete “in accordance with section 32 of the **Act**”.
(2) In Schedule 10.3, revoke clause 4A(2).
(3) In Schedule 10.3, revoke clause 4A(3).
- 41 Clause 12.25 amended (Decision on Connection Code)**
In clause 12.25(2)—
(a) replace “Authority” with “**Authority**”; and
(b) delete “and comply with Schedule 1 of the **Act** in relation to it”.
- 42 Clause 12.26 amended (Incorporation of Connection Code by reference)**
(1) In clause 12.26(1), delete “in accordance with section 32 of the **Act**”.
(2) Revoke clause 12.26(2).
- 43 Clause 12.33 amended (Decision on benchmark agreement)**
In clause 12.33(2), delete “and comply with Schedule 1 of the **Act** in relation to it”.
- 44 Clause 12.34 amended (Incorporation of benchmark agreement by reference)**
(1) In clause 12.34(1), delete “in accordance with section 32 of the **Act**”.
(2) Revoke clause 12.34(2).
- 45 Clause 12.109 amended (Decision on interconnection asset capacity and grid configuration)**
In clause 12.109(2), delete “and comply with Schedule 1 of the **Act** in relation to it”.

- 46 **Clause 12.110 amended (Incorporation of interconnection asset capacity and grid configuration by reference)**
(1) In clause 12.110(1), delete “in accordance with section 32 of the Act”.
(2) Revoke clause 12.110(2).
- 47 **Clause 12.149 amended (Decision on Outage Protocol)**
In clause 12.149(2)—
(a) replace “Authority” with “**Authority**”; and
(b) delete “and comply with Schedule 1 of the Act in relation to it”.
- 48 **Clause 12.150 amended (Incorporation of Outage Protocol by reference)**
(1) In clause 12.150(1), delete “in accordance with section 32 of the Act”.
(2) Revoke clause 12.150(2).
- 49 **Clause 16A.21 amended (Incorporation of NZ/AS ISO 17025 by reference)**
(1) In clause 16A.21(1), delete “in accordance with section 32 of the Act”.
(2) Revoke clause 16A.21(2).

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 1 August 2023.

This amendment makes a variety of improvements to the Code that the Electricity Authority has identified either in the course of its work or as a result of suggestions received through the Authority's Code amendment request process.

The changes include:

- (a) Creating a new definition for system operation documents in Part 1 of the Code.
- (b) Creating new clauses to govern the initiation of reviews, consultation, amendment, and approval processes of system operation documents incorporated by reference.
- (c) Revoking the separate clauses governing the initiation of reviews, amendment, consultation, and approval processes of each of the individual system operation documents from other parts of the Code.
- (d) Amending existing clauses that refer to repealed provisions of the Act, including those clauses not related to system operation documents.