

**Electricity Industry Participation Code Amendment
(Trading Conduct Provisions) 2021**

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 4 day of May 2021

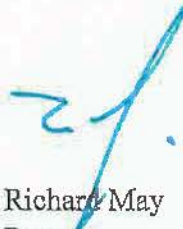


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6 May 2021

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Amendment

- Title**
This is the Electricity Industry Participation Code Amendment (Trading Conduct Provisions) 2021.
- Commencement**
This amendment comes into force on 30 June 2021.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 1.1(1) amended (Definition of pivotal)

In clause 1.1(1), the definition of “pivotal” is repealed.

5 Clause 13.5A replaced (Conduct in relation to generators’ offers and ancillary service agents reserve offers)

Replace clause 13.5A with:

“13.5A Conduct in relation to generators’ offers and ancillary service agents’ reserve offers

- (1) In the spot market –
 - (a) it is expected that **offers** and **reserve offers** will generally be subject to competitive disciplines such that no party has significant market power;
 - (b) however, there may be locations where, or periods when, one or more generators, or ancillary service agents, as the case may be, has significant market power.
- (2) Accordingly –
 - (a) where a **generator** submits or revises an **offer**, that offer must be consistent with the **offer** that the **generator**, acting rationally, would have made if no **generator** could exercise significant market power at the **point of connection** to the **grid** and in the **trading period** to which the **offer** relates;
 - (b) where an **ancillary service agent** submits or revises a **reserve offer**, that **offer** must be consistent with the **reserve offer** that the **ancillary service agent**, acting rationally, would have made if no **ancillary service agent** could exercise significant market power at the **point of connection** to the **grid** and in the **trading period** to which the **reserve offer** relates.
- (3) For the purposes of this clause –
 - (a) market power becomes significant when its exercise would have a net adverse impact on economic efficiency, which includes productive, allocative and dynamic efficiency;
 - (b) “spot market” has the same meaning as **wholesale market** except that it excludes the hedge market for **electricity** (including the market for **FTRs**).”

6 Clause 13.5B repealed (Safe harbours for clause 13.5A)

Clause 13.5B is repealed.

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 30 June 2021.

The amendment replaces clauses 13.5A with a new clause 13.5A and repeals clause 13.5B in Part 13 of the Code and makes a change to Part 1 of the Code to repeal the definition of “pivotal”. The purpose of the amendment is to provide trading conduct provisions which are clearer than the current high standard of trading conduct provisions by identifying the conduct required of generators and ancillary service agents when an offer or reserve offer is submitted or revised. The amendment also removes the safe harbour provisions.