

Regulating access to the wholesale information and trading system and the registry

Decision Paper

18 April 2019



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1 Decision

- 1.1 The Electricity Authority (Authority) has decided to:
- (a) amend the Code to govern participants' access to wholesale information and trading system (WITS) and the registry
 - (b) adopt the recommendation of three submissions to include a minor amendment to the proposed Code wording
 - (c) provide standardised terms and conditions for access to, and use of, WITS in a new WITS access policy document
 - (d) amend the existing standardised terms and conditions for access to, and use of, the registry in the registry access policy document.
- 1.2 The Code and access policies will come into force on 18 April 2019.

2 Background

- 2.1 WITS and the registry are market operation service provider (MOSP) web-based platforms for exchanging and making information available under the Electricity Industry Participation Code 2010 (Code).
- 2.2 The registry is also a MOSP web-based platform of installation control points (ICP). It is a "24 by 7" system that contains information on every ICP in the New Zealand electricity industry. WITS and the registry are critical to the efficient operation of New Zealand's electricity market.
- 2.3 Due to the central role facilitating the day-to-day operation of the wholesale and retail electricity markets, a disruption to either WITS or the registry's operation could adversely affect the market's efficient operation. Specifically, it could lead to participants either failing to meet, or spending more time and resources trying to meet, their Code obligations.
- 2.4 It could also adversely affect the efficient operation of the electricity industry more generally by creating difficulties for businesses offering services that rely on electricity market information from WITS or the registry.
- 2.5 The improper use of WITS or the registry—by participants or non-participants—could compromise the operation of WITS or the registry and/or compromise the integrity of their data. For example, a WITS/registry user could theoretically:
- (a) poll for data at a frequency greater than what WITS/the registry can accommodate, which would adversely affect the availability of these systems to other users
 - (b) input data into these systems that is not required under the Code and not catered for by their functionality, which would adversely affect the operation of WITS/the registry
 - (c) bypass safeguards and attempt to introduce viruses or other malware into WITS/the registry.
- 2.6 The risk of users compromising the operation of these systems and/or the integrity of their data, intentionally or accidentally, is credible. It has occurred twice in the past 10 years in relation to WITS.

Current access arrangements for WITS

- 2.7 The current access arrangements for WITS are contractual in nature. Participants must enter into a use-of-system agreement (UoSA) with the WITS manager, NZX Limited. The primary purpose of the WITS UoSA is to help ensure that WITS users do not compromise the operation of WITS or the integrity of its data.
- 2.8 However, under these access arrangements, if someone compromises the operation of WITS and/or the integrity of its data, we may be unable to enforce their compliance with the WITS UoSA.
- 2.9 The Code currently operates on the premise that WITS is generally available for industry participants. This general premise may arguably imply we are entitled to restrict the access of any person whose actions compromise the operation of WITS and/or the integrity of its data. This is because the basis for our action would be ensuring participants could continue to use WITS to meet their Code obligations.
- 2.10 However, the absence of an express Code provision addressing access criteria for WITS increases the risk of legal challenge, should we decide to restrict someone's access to WITS. A disaffected participant may challenge (successfully or otherwise) a decision we make to restrict their access to WITS, if this restriction impeded their compliance with the Code.
- 2.11 We have considered whether we could address this risk by requiring the participant to use the backup procedures that apply when WITS is unavailable. However, we believe this is not possible because the Code does not provide for these backup procedures to be used in such a manner.

Current access arrangements for the registry

- 2.12 Clause 11.28 of the Code regulates access to the registry. This may be summarised as follows:
- (a) A participant wanting access to information held in the registry must apply to the Authority for access rights.
 - (b) If we grant the participant access rights, we must specify the terms and conditions of access, and the participant must comply with these.
 - (c) The registry manager must provide the participant with access to the information held in the registry in accordance with these terms and conditions.
- 2.13 The existing *Registry access policy*¹ sets out the terms and conditions of access to registry information. Clause 20 of the *Registry access policy* outlines the actions the Authority can take if a registry user does not comply with the terms and conditions for registry access, or interferes with another participant's access to the registry. Under clause 20, the Authority may:
- (a) Impose changes to permissions that will prevent the possibility of the participant interfering further with another participant's access to the registry.
 - (b) Impose limitations on the participant's access to the registry or the types of data the participant can access.
 - (c) Require the participant to fulfil its Code obligations through a nominated agent.
 - (d) Allege a breach of the Code against the participant.

¹ <https://www.ea.govt.nz/dmsdocument/16031-registry-access-policy>

- 2.14 However, clause 11.28 of the Code does not expressly provide for us to do likewise for persons accessing the registry to provide information to the registry manager, or to other participants. The absence of this express provision increases the risk that a disaffected participant may challenge a decision we make to restrict their access to the registry, if this restriction impeded their compliance with the Code.

3 Consultation on WITS and registry access arrangements

- 3.1 During the period 4 September 2018 to 13 November 2018, the Authority consulted on:
- (a) amendments to the Code for access to WITS and the registry
 - (b) new terms and conditions for access to WITS
 - (c) amendments to the terms and conditions for access to the registry.
- 3.2 The intent of the consultation was to provide enforceable terms and conditions for participant access. You can find the consultation paper on the Authority's website at: <https://www.ea.govt.nz/dmsdocument/23990-access-to-wits-and-the-registry>.

4 Why the Authority made this decision

- 4.1 We consider that amending:
- (a) the Code provides us with a clear basis for specifying reasonable terms and conditions for participants' access to WITS
 - (b) the current access to the registry will resolve the problems described above.
- 4.2 We consider the following principles apply to participants gaining access to market systems:
- (a) A participant wanting access to information held in the WITS and registry systems must apply to the Authority for access rights.
 - (b) If we grant the participant access rights, we must specify the terms and conditions of access, and the participant must comply with these.
 - (c) The relevant MOSP (ie either WITS or the registry) must provide the participant with access to the information held in the MOSP's system in accordance with the terms and conditions.
- 4.3 We believe these amendments to the Code will promote our statutory objective by promoting the efficient operation of the electricity industry. Although it is not practicable to quantify the expected benefits of our proposal, we consider these will be likely to exceed the relatively minor expected costs.

5 The Authority considered points raised in submissions

- 5.1 Parties that made submissions on the Authority's information paper are listed in Table 1.
- 5.2 You can find all submissions and a summary of submissions on the Authority's website at: <https://www.ea.govt.nz/dmsdocument/23990-access-to-wits-and-the-registry>

Table 1 List of submitters

Network company	Generator-retailer	Other
Wellington Electricity	Contact Energy Limited (Contact) Flick Electric Limited (Flick) Genesis Energy Limited (Genesis) Nova Energy Limited Trustpower Limited	

- 5.3 While there was overall agreement with the proposal, Contact, Genesis, and Flick expressed concern that the proposed Code amendment allowed the Authority to change the terms and conditions of access at any time, without consulting participants. This could impose process or system changes to participants that access WITS or the registry.
- 5.4 The Authority agrees with this concern and has amended the proposed Code amendment to require the Authority to consult on any further proposed change to the terms and conditions of access.
- 5.5 The amendment does not place any further obligations on participants under the Code.