

Electricity Industry Participation Code Amendment (Residual Charge Adjustment Factor) 2023

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

At Wellington on the 22nd day of March 2023

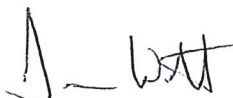


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22 March 2023

21 March 2023

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Amendment

- 1 Title**
This is the Electricity Industry Participation Code Amendment (Residual Charge Adjustment Factor) 2023.
- 2 Commencement**
 - (1) This amendment comes into force immediately following the time that the Electricity Industry Participation Code Amendment (Transmission Pricing Methodology) 2022 comes into force.

- (2) This amendment expires on the date that is 9 months after the date on which it comes into force.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 71 of Schedule 12.4 amended (Residual Charge Adjustment Factor)

In clause 71 of Schedule 12.4, replace subclauses (2) and (3) with:

- “(2) A **load customer’s** lagged average **total gross energy** for pricing year n ($LATGE_n$) is calculated as follows:

$$LATGE_n = \frac{1}{4} \sum_{m=n-8}^{n-5} F_m \times TGE_m$$

where

- F_m is—
- (a) if—
 - (i) the **load customer** is a **pre-existing load customer**; and
 - (ii) there has been one or more **reduction events** for the **load customer** that occurred after the end of **financial year** m ,
the **reduction event** adjustment factor for the **load customer** and **financial year** m calculated under subclause (3); or
 - (b) otherwise, 1

- TGE_m is—
- (a) if—
 - (i) the **load customer** is a **pre-existing load customer**; and
 - (ii) there has been one or more **reduction events** for the **load customer** that occurred during **financial year** m ,
 $ATGE_{after}$ as defined in subclause (3), immediately after the most recent such **reduction event**; or
 - (b) otherwise, the **load customer’s** **total gross energy** for **financial year** m .

- “(3) The **reduction event** adjustment factor for a **load customer** and **financial year** m ($REAF_m$) is calculated as follows:

$$REAF_m = 1 - \frac{ATGE_{before} - ATGE_{after}}{ATGE_{before}}$$

where

$ATGE_{after}$ is the **load customer’s** average **total gross energy** baseline immediately after the reduction under subclause 72(2) for the latest **reduction event** that occurred after the end of **financial year** m

$ATGE_{before}$ is the **load customer’s** average **total gross energy** baseline immediately before the reduction under subclause 72(2) for the earliest **reduction event** that occurred after the end of **financial year** m .”

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 (the Code) comes into force immediately following the time that the Electricity Industry Participation Code Amendment (Transmission Pricing Methodology) 2022 comes into force (1 April 2023).

The amendment amends Schedule 12.4 of the Code (the Transmission Pricing Methodology) to correct a drafting error in the formula for calculating a load customer's residual charge adjustment factor (RCAF).

Pursuant to section 40 of the Electricity Industry Act 2010, the Authority considers that it is necessary or desirable in the public interest that the amendment be made urgently to provide certainty about how the RCAF is calculated from the date the new Transmission Pricing Methodology comes into force (1 April 2023).

More information about the amendments is available on the Electricity Authority's website <https://www.ea.govt.nz/development/work-programme/pricing-cost-allocation/transmission-pricing-review/development/>
