Code Review Programme number 6

Consultation paper

3 September 2024

ELECTRICITY AUTHORITY
TE MANA HIKO

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1. What this consultation is about

1.1. This consultation paper presents the Electricity Authority Te Mana Hiko's (the Authority) latest set of 'omnibus' proposed changes to the Electricity Industry Participation Code 2010 (Code): the Code Review Programme number 6. The purpose of this paper is to consult with interested parties on the proposed changes.

1.2. Ordinarily, Code change proposals have a single theme and give effect to new policy or market settings, or significant changes in policy settings. In contrast, the Code Review Programme enables the Authority to make a number of relatively small amendments, with different themes, all at once. This allows us to use our resources efficiently and has the benefit of incorporating improvements in the Code that might not otherwise occur.

1.3. The 16 Code amendment proposals in the consultation paper cover a broad range of topics that seek to:

(a) address gaps in various Code provisions

(b) clarify obligations on participants

(c) update the Code to respond to developing technology and changing operational practices.

1.4. Consistent with the Authority's statutory objectives, the primary aim of these proposed changes is to promote the efficient operation of the electricity industry for the long-term benefit of consumers. Workable regulation that evolves through industry changes in technology and changes in consumer behaviour and demands is key to delivering better outcomes. The Code Review Programme facilitates these changes in regulation in a transparent way.

1.5. Section 39(1)(c) of the Electricity Industry Act 2010 (Act) requires the Authority to consult on any proposed amendment to the Code and corresponding regulatory statement. Section 39(2) of the Act provides that the regulatory statement must include a statement of the objectives of the proposed amendment, an evaluation of the costs and benefits of the proposed amendment, and an evaluation of alternative means of achieving the objectives of the proposed amendment. More detail about the regulatory statements is set out in section 3 of this paper.

1.6. For each discrete proposal, the regulatory statement is included in the relevant table for the proposed amendment in Appendix A.

1.7. The Authority also proposes to make a small number of minor corrections to the Code. These are included in Appendix C of this paper. These changes are considered technical and non-controversial under section 39(3)(a) of the Act. Although the Authority is not required to consult on technical and non-controversial changes, it invites comment on all proposals in Code Review Programme number 6.

How to make a submission

1.8. The Authority's preference is to receive submissions in electronic format (Microsoft Word) in the format shown in Appendix B. We have published a separate Microsoft Word version of the submission form on our website. Submissions in electronic form should be emailed to policyconsult@ea.govt.nz with "Code review programme #6 consultation" in the subject line.

1.9. If you cannot send your submission electronically, please contact the Authority at info@ea.govt.nz or 04 460 8860 to discuss alternative arrangements.

1.10. Please note the Authority intends to publish all submissions it receives. If you consider that the Authority should not publish any part of your submission, please:

(a) indicate which part should not be published,

(b) explain why you consider we should not publish that part, and

(c) provide a version of your submission that the Authority can publish (if we agree not to publish your full submission).

1.11. If you indicate part of your submission should not be published, the Authority will discuss this with you before deciding whether to not publish that part of your submission.

1.12. However, please note that all submissions received by the Authority, including any parts that the Authority does not publish, can be requested under the Official Information Act 1982. This means the Authority would be required to release material not published unless good reason existed under the Official Information Act to withhold it. The Authority would normally consult with you before releasing any material that you said should not be published.

When to make a submission

1.13. Please deliver your submission by 5pm on **Tuesday 1 October 2024.**

1.14. Authority staff will acknowledge receipt of all submissions electronically. Please contact the Authority at info@ea.govt.nz or 04 460 8860 if you do not receive electronic acknowledgement of your submission within two business days.

2. Code Review Programme number 6

2.1. The 16 Code change proposals in this Code Review Programme number 6 are set out in Appendix A. Each proposal has a unique proposal number (in its top row) for ease of reference. The Authority has described and assessed each proposal separately, since each proposal is discrete from the others. This means the format of this consultation paper is different from the consultation papers the Authority usually publishes.

2.2. For each proposal in Appendix A, there is a problem definition, a proposed solution (including proposed Code drafting), and an assessment against the Authority's statutory objectives (section 15 of the Act), the Code content requirements (section 32(1) of the Act), and the Authority's Code amendment principles. Each proposal in Appendix A also contains a regulatory statement that includes:

(a) a statement of the objectives of the proposed amendment

(b) an evaluation of the costs and benefits of the proposed amendment

(c) an evaluation of alternative means of achieving the objectives of the proposed amendment.

2.3. Because each proposal stands on its own, after submissions have been assessed, some proposals may proceed unchanged, some may proceed with changes, and others may not proceed. Showing the draft changes separately allows submitters to assess how each proposed amendment would affect Code obligations.

Table 1: List of proposed amendments in Appendix A

Reference number	Topic	Page
CRP6-001	Outage constraint report from reconciliation manager	8
CRP6-002	Sharing control of load between distributors and others	12
CRP6-003	Adding embedded generation to the definition of ICP	17
CRP6-004	Exclude embedded generators from stress tests	20
CRP6-005	Distributor interconnection point audit requirements	23
CRP6-006	Definitive obligation to pay auditors	26
CRP6-007	Validity period in metering reports	28
CRP6-008	Timing of review of system operator performance	32
CRP6-009	Clarify the register advance in a raw meter data test	35
CRP6-010	Certification of reconciliation participants	37
CRP6-011	Statistical sampling using displaced meters	39
CRP6-012	Align annual reporting requirements for AUFLS	42
CRP6-013	Timing of a change to a NSP creation date	44
CRP6-014	Dates for auditor biennial rotation	47
CRP6-015	Duplicate obligations to provide NSP information	50
CRP6-016	Event of default missing from ICP transfer process	52

3. Regulatory statement for the proposed amendments

3.1. As noted above, this consultation paper differs in format from the consultation papers the Authority usually publishes. For each proposed amendment in Appendix A, the regulatory statement is included in the relevant table for the proposed amendment.

3.2. The primary economic benefit described in the regulatory statements is a reduction in transaction costs across the electricity industry, which is a productive efficiency benefit. Having said this, some of the proposals explicitly promote the competition and reliability limbs of the Authority's main objective and/or the Authority's additional objective. In addition, by improving the clarity and operation of the Code, the proposed amendments could also deliver dynamic efficiency benefits. Lastly, the Authority notes that a clear, predictable, and up-to-date set of industry rules is good regulatory practice and can facilitate increased participation in the electricity markets. This in turn might be expected to facilitate all three limbs of the Authority's statutory objective and provide both static and dynamic efficiency benefits to the economy.[1]

[1] Static economic efficiency benefits can be broken down into allocative and productive efficiency benefits. Allocative efficiency is achieved when the marginal value consumers place on a product or service equals the

4. Technical and non-controversial Code amendments

4.1. This Code Review Programme number 6 also includes a standalone proposal to make a small number of amendments to correct typographical and other errors and resolve unclear wording in the Code. These include resolving incorrect numbering and incorrectly bolded terms, removing unclear wording, clarifying a heading and other minor drafting errors. These amendments are considered technical and non-controversial under section 39(3)(a) of the Act. If the Authority is satisfied that a proposed amendment is technical and non-controversial, the Authority need not provide a regulatory statement or consult on the proposed amendment.

4.2. Appendix C is a table of proposed changes that the Authority is satisfied are technical and non-controversial. Although the Authority is not required to consult on the technical and non-controversial changes, it invites comment on all proposals in the Code Review Programme number 6.

5. Submission questions

Code amendment proposals

5.1. For each proposal, we are asking the same questions. Please complete a new submission form for each proposal you wish to comment on.

5.2. Please note the proposal number at the top of each submission form. A printable copy of the form is in Appendix B if you are unable to send your submission electronically.

5.3. The questions are:

Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?
Q2. Do you agree with the objectives of the proposed amendment? Any comments?
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?
Q4. Do you agree the proposed amendment is preferable to any other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.
Q5. Do you have any comments on the drafting of the proposed amendment?
Q6. Do you have any further comments on the proposal?

cost of producing that product/service, so that the total of individuals' welfare in the economy is maximised. Productive efficiency is achieved when products and services that consumers desire are produced at minimum cost to the economy. That is, the costs of production equal the minimum amount necessary to produce the output. A productive efficiency loss results if the costs of production are higher than this because the additional resources used could instead be deployed productively elsewhere in the economy. Dynamic efficiency is achieved by firms having appropriate (efficient) incentives to innovate and invest in new products and services over time. This increases their productivity, including through developing new processes and business models, and lowers the relative cost of products and services over time.

Q7. Is any part of your submission confidential? If yes, please explain which part, why it is confidential and provide a publishable replacement (refer paragraphs 1.10 to 1.12 of the consultation paper)

Technical and non-controversial amendments

5.4. Only complete this section if you have feedback on the technical and non-controversial amendments. Please insert the row number at the top of each submission form.

Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?
Q2. Do you agree with the objectives of the proposed amendment? Any comments?
Q3. Is any part of your submission confidential? If yes, please explain which part, why it is confidential and provide a publishable replacement (refer paragraphs 1.10 to 1.12 of the consultation paper)

6. Attachments

6.1. The following appendices are attached to this paper.

(a) Appendix A Proposed amendments

(b) Appendix B Format for submissions

(c) Appendix C Technical and non-controversial amendments

Appendix A Proposed amendments

CRP6-001 Outage constraint report from reconciliation manager

Reference number(s)	CRP6-001 Outage constraint report from reconciliation manager
Problem definition	Before real time pricing (RTP) was implemented, when a point of connection was on outage, the pricing system would set the price at that point of connection to $0, which caused problems for payments to embedded generation at that node. The reconciliation process would then require the generation of an outage constraint report and subsequent adjustment by participants to ensure their volumes were correctly submitted. The RTP reforms removed the need for this process by generating appropriate prices at all nodes even if they were on outage. The outage constraint report and related provisions were initially retained as a backup. RTP has been in place for over 18 months and this backup is no longer required.
Proposal	Amend the Code to revoke the definition of outage constraint and provisions which relate to outage constraint reports and adjustments of submitted volumes, with a consequential change to the relevant cross heading.
Proposed Code amendment	**Part 1 Preliminary provisions** **1.1 Interpretation** (1) In this Code, unless the context otherwise requires,— … **outage constraint** *[Revoked]* ~~means any **grid injection point** or **grid exit point** that has no load or generation connected to it in the modelling system, and of which the **system operator** gives written notice to the **reconciliation manager** under clause 15.15(a)~~ **Part 15 Reconciliation** … ~~*Notice of outage constraints or alternative supply*~~ *Additional information and reconciliation processes* **15.15** ~~**Notice of points of connection subject to outages or alternative supply**~~ *[Revoked]* ~~No later than 2 hours after **publication** of **final prices** for all **trading periods** in a **consumption period**,—~~ ~~(a) the **WITS manager** must give written notice to the **reconciliation manager** of the following:~~ ~~(i) each **point of connection** to the **grid** that had no load or generation connected to it in the **system operator's** modelling system in the **consumption period**:~~ ~~(ii) in relation to each **point of connection** referred to in~~

~~subparagraph (i), the **trading periods** in the **consumption period** during which the **point of connection** to the **grid** had no load or generation connected to it in the **system operator's** modelling system~~

~~(b) *[Revoked]*~~

15.16 ~~**Balancing area NSP grouping changes**~~ *[Revoked]*

~~If an **NSP** has been affected by an **outage constraint**, and the **reconciliation manager** has determined the notice it receives in accordance with clause 24 of Schedule 11.1 is not compliant with that clause, the **reconciliation manager** must, no later than 10 **business days** after the date on which it determines the notice is not compliant, effect, in consultation with the relevant **distributor**, any changes that are, in the **reconciliation manager's** opinion, necessary to **balancing area NSP** groupings that are to be used during the **outage constraint**.~~

15.17 ~~**Submission information to be reviewed in the case of an outage constraint**~~ *[Revoked]*

~~In the case of an **outage constraint**, the **reconciliation manager** must—~~

~~(a) review the **submission information** in accordance with a notice received in accordance with clause 15.15 and satisfy itself that the **submission information** is consistent with the occurrence of the stated **outage constraint**; and~~

~~(b) reconcile the **submission information** for the affected **NSP** within the **balancing area** identified in accordance with clause 15.15 for the **trading periods** during which the **outage constraint** applied; and~~

~~(c) as soon as reasonably practicable, but no later than 2 **business days** after **publication** of **final prices**, give written notice to any **reconciliation participants** who were affected by the **outage constraint** affecting the **NSPs**, of the **trading periods** in the prior **consumption period** during which the **outage constraint** applied, and any changes to **balancing area NSP** groupings made in accordance with clause 15.16; and~~

~~(d) if a **reconciliation participant's submission information** has been affected by an **outage constraint** in a **consumption period**, and the **reconciliation participant** disputes or queries, in accordance with clause 15.24, the change to **balancing area NSP** groupings made in accordance with clause 15.16, the **reconciliation manager** must, no later than 10 **business days** after it determines that the notice it receives in accordance with clause 24 of Schedule 11.1 is not compliant, in consultation with the **distributor**, **generator** or **purchaser** concerned, assess whether a different **balancing area NSP** grouping would be more appropriate in the circumstances of the particular **outage constraint**. The **reconciliation manager**~~

	~~may change the alternative **balancing area NSP** grouping for the particular **outage constraint** and, if the alternative **balancing area NSP** grouping is changed, the **reconciliation manager** must update the information changed in accordance with clause 15.16 as necessary.~~
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by reducing: - costs for reconciliation manager and system operator investigating and resolving discrepancies in the source information - costs for distributors investigating and resolving balancing area groupings - costs for reconciliation participants investigating and reassigning volumes to alternative points of connection - unaccounted for electricity associated with submission volumes (both generation or consumption) submitted for points of connection on outage that have not been resolved before invoices are produced. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Authority's Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by removing redundant processes and obligations from the Code.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be minor. These are redundant processes and are self-contained. They do not

	affect any other reconciliation processes. The necessary WITS manger and reconciliation manager software changes can be incorporated into future software upgrades. *Benefits* We expect the proposed Code amendment's main benefit will be to eliminate all costs associated with the outage constraint report process (set out above), and for participants investigating and reassigning volumes in their submissions. Over time, if processing is automated, there is an added benefit of not needing to maintain the software needed to perform these tasks.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-002 Sharing control of load between distributors and others

Reference number(s)	CRP6-002 Sharing control of load between distributors and others
Problem definition	The default distributor agreement template in Schedule 12A.4, Appendix A of the Code ("DDA") contains a section governing 'load management'. This is clause 5 in the DDA. Clauses 5.1 and 5.2 specify that each party may control a customer's load where the customer has agreed (or elected to take the controlled service). Clause 5.3 of the DDA specifies that two parties can share control of a customer's load, and Schedule 8 of the DDA sets the priority order of control (if there is a conflict) and provides for additional terms between the parties. There is some ambiguity in the DDA as to whether the parties can control the same load: • Clause 5.3 specifies that the entrant (the second party, usually the retailer) may 'only control the part of the Customer's load that… is separable from and not already subject to…' the first party's (the 'incumbent's') control. The incumbent is usually the distributor. • Clause S8.2 in Schedule 8 of the DDA then specifies who controls the load if 'both parties want to control load… at the same time'. This implies it could be the same load but is not clear. This ambiguity means that clause 5.3 can be read to prevent the entrant having control of the same load even when the incumbent is not exercising control. The intent of clause 5 of the DDA is to ensure the party that gains the right to control load can do so uninhibited (subject to the priority order in Schedule 8), and to allow for competition and innovation in the market. The DDA consultation paper[2] also acknowledges load management and control will evolve over time. Technology continues to evolve, and it is now possible for two parties to have parallel control over the same load. Some participants have been trialling this service by installing parallel control over the hot water. This service offers benefits to consumers and the Authority wants to ensure there is no barrier to competition in these market services, and that all service providers are able to compete on a level playing field. Much of the hot water load is currently controlled by the distributor as the incumbent, using a controlled load price option, giving the consumer some benefit for allowing the distributor to control the load. This load is also used by the distributor for grid emergencies. If the DDA is read as preventing shared control of the load, and the distributor does not therefore permit sharing of load control in the protocol, there is a risk consumers will opt out of the distributor's controlled load price option to take up the higher benefit from a

[2] Refer to the Default Distributor Agreement consultation paper https://www.ea.govt.nz/documents/3273/25535DDA-consultation.pdf, from paragraph C26, page 56

	trader/retailer's service. This means the load could be lost to the distributor during a grid emergency and could put the power system at risk if a material number of consumers opt out.
Proposal	Amend the Code to: 1) clarify the DDA permits the incumbent and entrant to both have control over the same load, and if the parties want control at the same time, the priority order in Schedule 8 of the DDA applies 2) clarify that the parties' protocol agreed under clause 5.6 of the DDA must allow for both parties to share control over the same load (if applicable), and the protocol is the same (or similar) for all traders.
Proposed Code amendment	**Schedule 12A.4. Appendix A** … **5. LOAD MANAGEMENT** 5.1 **Distributor may control load**: Subject to clause 5.3, the Distributor may control part or all of the Customer's load (as the case may be) in accordance with this clause 5, Schedule 1, and Schedule 8 if: (a) the Distributor provides a Price Category or Price Option that allows for a non- continuous level of service in respect of part or all of the Customer's load (a "**Controlled Load Option**"), and charges the Trader on the basis of the Controlled Load Option in respect of the Customer; or (b) the Distributor provides any other service in respect of part or all of the Customer's load advised by the Distributor to the Trader from time to time (an "**Other Load Control Option**") with respect to the Customer (who elects to take up the Other Load Control Option). 5.2 **Trader may control load**: Subject to clause 5.3, if the Trader offers to a Customer, and the Customer elects to take up, a price option for a non-continuous level of service by allowing the Trader to control part of or all of the Customer's load, the Trader may control part or all of the Customer's load (as the case may be) in accordance with this clause 5 and Schedule 8. For the avoidance of doubt, the load controlled by the trader or any part of it may also be controlled by the distributor. 5.3 **Control of load by Entrant if some load controlled by Incumbent**: If either party (the "**Entrant**") seeks to control all or part of a Customer's load at a Customer's ICP, but the other party (the "**Incumbent**") has obtained the right to control all or part of the load at the same ICP in accordance with clause 5.1 or 5.2 (as the case may be), the Entrant ~~may only control the part of the Customer's load that~~: (a) may only control the part of the Customer's load that the Customer has agreed the Entrant may control under an agreement with the Entrant; and (b) if any part of that load (including all of that load) is already subject to the Incumbent's right to control, must control that part of the load in accordance with the protocol agreed under

clause 5.6.~~is separable from, and not already subject to, the Incumbent's right to control part of the Customer's load at the ICP obtained in accordance with clause 5.1 or 5.2 (as the case may be)~~.

5.4 **No interference with or damage to Incumbent's Load Control System**: ~~The Entrant~~ Both parties must ensure that neither ~~it~~ they nor ~~its~~ their Load Control System interferes with the proper functioning of, or causes damage to, the ~~Incumbent's~~ other party's Load Control System.

5.5 **Remedy if interference or damage**: If ~~the Entrant~~ either party or any part of ~~the Entrant's~~ that party's Load Control System interferes with, or causes damage to, any part of the ~~Incumbent's~~ other party's Load Control System, the ~~Entrant~~ first party must, on receiving notice from the ~~Incumbent~~ other party or on becoming aware of the situation, promptly and at its own cost remove the source of the interference and make good any damage.

5.6 **Trader to make controllable load available to Distributor for management of system security:** If the Trader has obtained the right to control all or part of ~~any~~ the Customer's load in accordance with clause 5.2, the Trader must:

(a) within 5 Working Days of having first obtained such a right, notify the Distributor that the Trader has obtained the right;

(b) unless the Distributor agrees otherwise, and within 60 Working Days of providing the notice under paragraph (a), develop and agree jointly with the Distributor (such agreement not to be unreasonably withheld by either party), a protocol to be used by the parties to this Agreement that:

(i) is consistent with the Distributor's System Emergency Event management policy set out in Schedule 4, and the Code;

(ii) is for the purpose of coordinating the Trader's controllable load with other emergency response activities undertaken by the Distributor during a System Emergency Event, such purpose having priority during a System Emergency Event over other purposes for which the load might be controlled;

(iii) assists the Distributor to comply with requests and instructions issued by the System Operator when managing System Security in accordance with the Code during a System Emergency Event; ~~and~~

(iv) assists the Distributor to manage Network system security during a System Emergency Event;

(v) if applicable, allows both parties to share control of the same load, including in accordance with the priority order in Schedule 8; and

(vi) contains the same or similar terms as protocols agreed between the Distributor and other Traders;

	(c) during a System Emergency Event, operate its controllable load in accordance with the protocol developed in accordance with paragraph (b); and (d) at all times, operate its controllable load as a reasonable and prudent operator in accordance with Good Electricity Industry Practice. … **SCHEDULE 8 – LOAD MANAGEMENT** **Use of controllable load** S8.1 A party may use a Load Control System for 1 or more of the following purposes, which are ranked in order of priority, provided that it has obtained the right to control the load in accordance with clause 5.1 or 5.2: (a) **Grid Emergency**: As defined in Part 1 of the Electricity Industry Participation Code 2010; (b) **Market participation**: Any other right to control load. S8.2 If both parties have obtained the right to control all or parts of the consumer's load in accordance with clause 5.1 or 5.2, and both parties want to control load for a purpose specified in clause S8.1 at the same time, the party entitled to control load will be the party with the higher priority rank as specified in clause S8.1. …
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(a), (b) and (c) of the Act, because it would contribute to competition, reliability and the efficient operation of the electricity industry. The proposed amendment would improve competition, reliability and the efficient operation of the electricity industry by: a) clarifying traders and distributors can use the same load to offer services to consumers b) requiring both parties to set conditions that are reasonable and promote competition c) requiring distributors to agree same or similar terms with all traders to reduce the parties' costs to make the necessary agreement, and ensuring a level playing field for all traders d) reduce the risk of unplanned outages by permitting distributors to set terms and conditions to avoid issues caused by multiple parties controlling load and retain control in emergencies. The proposed Code amendment is expected to have no effect on the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.

amendment principles	
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to increase competition in the electricity industry and reduce electricity market operational costs by: a) clarifying that both parties can control the same load at a consumer's property (usually the hot water, but can be any load) b) making it clear that, if the parties want control at the same time, the priority order in Schedule 8 of the DDA applies c) ensuring that the protocols agreed under clause 5.6 of the DDA are on a level playing field for all traders.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of this amendment to be negligible. Distributors (as Incumbents) already have the protection of the priority order in Schedule 8 of Appendix A of Schedule 12A.4. If a distributor needs to propose a protocol it is likely do so if there are benefits to system reliability and management of their network. *Benefits* We expect the proposed Code amendment's main benefit will be to ensure distributors and retailers are clear what their obligations and rights are with regard to sharing controllable load, maintaining the system's reliability, and reducing any barriers to competition for traders providing these services.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-003 Add embedded generation and direct purchasers to the definition of ICP

Reference number(s)	CRP6-003 Add embedded generation and direct purchasers to the definition of ICP.
Problem definition	The definition of ICP in the Code does not include all points of connection between a network and embedded generation, or points of connection for direct purchasers. The current definition of ICP only includes the situation where embedded generation is from a retailer's customer. These types of arrangements are becoming more common, with the operators of 'grid scale' embedded generation taking direct responsibility for the wholesale market obligations rather than using the services of a retailer. As the current definition of ICP excludes these types of points of connection, any obligations on the participant responsible for the ICP do not apply to these participants. These obligations include providing information to the registry under Part 11 of the Code and providing reconciliation submissions to the reconciliation manager under Part 15. The Authority is not aware of any participants that do not currently comply with the obligations. However, should one not do so, the Authority cannot enforce compliance.
Proposal	Amend the definition of ICP in Part 1 of the Code to include a new subclause. The new subclause will replicate subclause (a) but for a generator or direct purchaser.
Proposed Code amendment	**1.1 Interpretation** (1) In this Code, unless the context otherwise requires,— … **ICP** means an installation control point being 1 of the following: (a) a **point of connection** at which the **electrical facility** for a **retailer's** customer is connected to a **network** other than the **grid**: (b) a **point of connection** between a **network** and an **embedded network**: (c) a **point of connection** between a **network** and **shared unmetered load** <u>(d) a **point of connection** at which the **electrical facility** for a **generator** or **direct purchaser** is connected to a **network** other than the **grid**</u>
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) and (e) of the Act, because it would contribute to the efficient operation of the electricity industry and the performance by the Authority of its functions. The proposed amendment would improve the efficient operation of the electricity industry by ensuring the definition of ICP correctly

	covers all possible types of electrical facilities which operate as a point of connection to a network. This will ensure participants responsible for these points of connection have the same Code obligations as other participants responsible for ICPs. This will reduce administration and costs borne unfairly by other market participants. The proposed amendment will also promote the performance of the Authority's functions as it will enable the Authority to exercise its enforcement functions if a generator or direct purchaser does not perform the obligations expected of the owner of an ICP in a Code compliant manner. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs and enhance the Authority's functions by ensuring the Code covers all relevant types of electrical facilities.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of this amendment are negligible. The Authority is not aware of any of these participants that do not currently comply with these obligations, as these obligations are usually beneficial to the participant. *Benefits* We expect the proposed Code amendment's main benefit will be to reduce administration and costs borne unfairly by other market participants if the owner of one of these ICPs does not fulfil its Code obligations. The proposed Code amendment will also enable the Authority to exercise its enforcement functions if a generator or direct purchaser does not perform the obligations expected of the owner of an ICP in a Code compliant manner.

Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-004 Exclude embedded generators from stress tests

Reference number(s)	CRP6-004 Exclude embedded generators from stress tests
Problem definition	The stress tests (spot price risk disclosures in Part 13 of the Code) are part of the security of supply regime. They ensure disclosing participants, their boards and senior management are aware of their spot price risk and have taken appropriate risk management (hedge) decisions. This therefore encourages hedge sellers (generators) to make appropriate generation fuel management decisions to ensure they can supply their hedge positions. Grid scale embedded generators are becoming more common. These generators own or operate embedded generating stations which often consume small amounts of electricity when not generating. This consumption is generally for the station's overheads such as heating, lights, security, communications and control equipment. These embedded generators are likely to be selling the generation directly to the clearing manager, and as such will also be buying the station's consumption from the clearing manager. The definition of disclosing participants under the Code, for the purposes of the stress tests, includes any participant that buys electricity from the clearing manager. If an embedded generator's consumption is only a small percentage of its generation output, and the generator is not a retailer (ie it does not supply electricity to consumers, other than for the purpose of resupply) then it does not need the stress tests for its risk management, as it is already incentivised to ensure its generation output supplies its hedge positions.
Proposal	Amend the definition of disclosing participant to exclude an embedded generator where that generator is not a retailer, and its electricity consumption is less than 5% of its generation for the previous rolling 3 months. As a consequence of this amendment, we propose restructuring the definition to comply with the Code drafting standard.
Proposed Code amendment	**1.1 Interpretation** (1) In this Code, unless the context otherwise requires,— … **disclosing participant**,— (a) means any of the following: (i)~~(a)~~ a person who consumes **electricity** that is conveyed to the person directly from the national **grid**: (ii)~~(b)~~ a person who buys **electricity** from the **clearing manager**; but (b) excludes an **embedded generator** where:

	(i) the **embedded generator** is not a **retailer** and does not intend to become a **retailer** during the next 3 calendar months; and (ii) the **electricity** purchased by the **embedded generator** from the **clearing manager** during the previous 3 calendar months is less than 5% of the **electricity** sold by the **embedded generator** to the **clearing manager** and is not reasonably expected to exceed 5% in the next 3 calendar months
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by: - reducing costs for embedded generators where there is no benefit, in terms of security of supply, to them performing the stress tests - reducing costs for the stress test registrar managing these participants. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by not requiring participants to perform stress tests where there is no benefit to security of supply of them doing so.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible.

	Benefits We expect the proposed Code amendment's main benefit will be to reduce costs for participants performing stress tests where there is no benefit to security of supply of them doing so.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-005 Distributor interconnection point audit requirements

Reference number(s)	CRP6-005 Distributor interconnection point audit requirements
Problem definition	Interconnection points will become increasingly common to provide resilience. A distributor is a reconciliation participant if they have an interconnection point, as the distributor must submit information to the reconciliation manager under clause 15.4 of the Code. As a reconciliation participant, the distributor must become certified and undergo regular reconciliation participant audits. Certification is based on the audit results and is primarily aimed at retailers. Auditing is aimed at ensuring there is no impact on other reconciliation participants from non-compliant reconciliation processes. These audits are in addition to and, under clause 16A.8(2) of the Code, must be separate from the audit reports that are required for the functions it performs as a distributor. Having a second audit for a very limited set of reconciliation functions associated with the interconnection point imposes material additional costs on distributors.
Proposal	Amend the Code to permit distributors to operate interconnection points without becoming certified, and to incorporate the audit of their reconciliation functions associated with interconnection points into their distributor audits. Interconnection points must still comply with the metering requirements in Part 10 of the Code, and the distributor must still comply with all other reconciliation participant obligations in Part 15 of the Code.
Proposed Code amendment	**15.38 Functions requiring certification** (1) Subject to <u>subclause (3), and to</u> clauses 2A and 2B of Schedule 15.1, a **reconciliation participant** must obtain and maintain **certification** under Schedule 15.1 to be permitted to perform, or to have performed by an agent or agents, any of the following functions under this Code: (a) maintaining registry information and performing ICP switching (except if the maintenance of registry information is carried out by a distributor under Part 11): (b) gathering and storing raw meter data: (c) creating and managing (including validating, estimating, storing, correcting and archiving)— (i) half hour volume information; or (ii) non half hour volume information; or (iii) half hour and non half hour volume information: (iv) *[Revoked]* (d) delivery of: (i) a report under clause 15.6 and the calculation of the number of **ICP days** detailed in the report: (ii) **electricity supplied** information under clause 15.7: (iii) information from **retailer** and **direct purchaser half hourly** metered **ICPs** under clause 15.8:

	(da) *[Revoked]* (db) *[Revoked]* (e) provision of submission information for reconciliation. (f) *[Revoked]* (1A) In addition to the functions in subclause (1), a **reconciliation participant** that is a **dispatchable load purchaser** must obtain and maintain **certification** under Schedule 15.1 to be permitted to perform, or to have performed by an agent or agents, any of the following functions under this Code: (a) *[Revoked]* (b) creating and managing (including validating, estimating, storing, correcting, and archiving) dispatchable load information; and (c) providing dispatchable load information. … (3) A **distributor** that is a **reconciliation participant** need not obtain or maintain **certification** in accordance with subclause (1) if it is a **reconciliation participant** only because it is responsible for an **interconnection point**. … **Part 16A** … **16A.8 Combined audits** (1) A **participant** that is required to carry out an **audit** in accordance with this Part under more than 1 clause of this Code must arrange for a single **audit** report to be completed in respect of all of its obligations that relate to its role as a single type of industry **participant** or industry service provider. (2) A **participant** that is required to carry out an **audit** in accordance with this Part in relation to more than 1 of its roles as an industry **participant** or industry service provider must arrange for a separate **audit** report to be completed in respect of its obligations for each of those roles. (3) For example, a **participant** that is both a **metering equipment provider** and a **reconciliation participant**— (a) must arrange for a single **audit** report to be completed that relates to all of its obligations as a **metering equipment provider**; and (b) must arrange for a separate **audit** report to be completed that relates to its obligations as a **reconciliation participant**. (4) Despite subclauses (1) and (2), a **retailer** that is responsible for **distributed unmetered load** must ensure that a separate **audit** report is completed in respect of the **distributed unmetered load** from any other **audit** report required under this Code.

	(5) Despite subclause (2), a **distributor** that is a **reconciliation participant** only because it is responsible for an **interconnection point** may arrange for a single **audit** report to be completed that relates to all of its obligations as a **distributor** and a **reconciliation participant**.
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by reducing costs for some distributors who have limited reconciliation participant obligations associated with interconnection points, as they would not need to arrange a separate audit for their reconciliation participant functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by removing the need for distributors to arrange separate reconciliation audits if they are only responsible for interconnection points and have no other reconciliation obligations.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be minor. Auditors may need to make minor changes to their distributor audit processes to include the reconciliation functions associated with interconnection points. *Benefits* We expect the proposed Code amendment's main benefit will be to reduce distributor's costs associated with arranging a separate audit for their reconciliation functions.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-006 Definitive obligation to pay auditors

Reference number(s)	CRP6-006 Definitive obligation to pay auditors
Problem definition	Clause 16A.16(1) of the Code imposes an obligation on participants to pay the costs of some audits: 16A.16 Costs of audits (1) The cost of an audit carried out under clause 10.17A, 11.8B, 11.10, 15.37A, 15.37B, or 16A.11 must be met by the participant that is the subject of the audit. There have been several cases where participants have not paid their audit costs. In these cases, the participant agreed it was liable, but did not pay. The intention of this clause is to establish that liability for audit costs lies with the participant. However, there is no time specified for payment and it is arguable that the obligation to pay must be set out in a contract between the auditor and the participant. This means that, if a participant agrees they are liable, they are arguably not in breach of the Code obligation even if they fail to make payment. This contrasts with Code provisions for other types of audits, where there is an obligation to pay the costs of the audit 'no later than 10 business days after being advised of the amount owing' (clause 16A.16(5)). As a result, failure to pay the costs of some audits may not result in a breach of the Code, and in these circumstances the auditor may have no recourse to formal investigation (and the resultant settlement process) or the Rulings Panel (for an enforceable order). Instead, recovery may rely on court action from the auditor, which is costly and could discourage action. The risk may result in auditors refusing to take on some types of participants, such as new entrant retailers.
Proposal	Amend the Code to require participants to pay the costs of audits carried out under clauses 10.17A, 11.8B, 11.10, 15.37A, 15.37B, or 16A.11 of the Code by the invoice's due date, to align with existing requirements to pay the costs of other types of audits.
Proposed Code amendment	**16A.16 Costs of audits** (1) The cost of an **audit** carried out under clause 10.17A, 11.8B, 11.10, 15.37A, 15.37B, or 16A.11 must be met by the **participant** that is the subject of the **audit**. (1A) The costs of an **audit** referred to in subclause (1) must be paid by the **participant** no later than the due date specified on the invoice. …
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by ensuring participants are under a Code obligation to pay the costs for all audits they are liable for. This will ensure auditors are paid, or if they are not, that they have recourse

	to the Authority's breach investigation process and/or the Rulings Panel. This help ensure auditors' businesses remain viable, thereby ensuring there is a sufficient pool of auditors available for all participants. Without the proposed amendment, auditors are forced to use the court system to recover any debts due. This is costly, and some auditors may choose not to take action, forgoing payment. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by providing an enforceable obligation on participants to pay their auditor costs.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible. *Benefits* We expect the proposed Code amendment's main benefit will be to: - give auditors comfort they will be paid or have the option of pursuing an enforceable order from the Rulings Panel - give auditors comfort their businesses remain viable, thereby ensuring there is a sufficient pool of auditors available for all participants.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-007 Validity periods and expiry dates in metering reports

Reference number(s)	CRP6-007 Validity periods and expiry dates in metering reports
Problem definition	<u>Problem 1</u> Schedule 10.8 of the Code requires an ATH to include the relevant certification validity period in different certification reports. The expectation is that the validity period should always be expressed as the number of months from the certification date. However, at least one ATH has been stating the certification expiry date instead of a count of months. Using a count of months aligns with several other requirements throughout Part 10 and with the Electricity metering – In-service compliance testing Standard used for statistical sampling (AS/NZS 1284). This inconsistency in approach produces the potential for confusion and additional time for participants in calculating validity periods. The Code does not prevent an ATH from including additional information on a certification report. An ATH can, at its discretion, also include the metering component expiry date on the certification report, in addition to the two required pieces of information (certification date and validity period). <u>Problem 2</u> Schedule 10.7 contains obligations to determine and record expiry dates for the three types of metering components (meters, measuring transformers and data storage devices). These obligations require the metering equipment provider (MEP) to determine expiry dates using the commissioning date and validity period. For meters and measuring transformers, the expiry date is expressed as the last day of the validity period. However, for data storage devices, the expiry date is expressed as '…the date falling the number of days...[in the validity period], *after* the commissioning date' (clause 37(2)(b)(i) of Schedule 10.7). This creates inconsistency in how expiry dates are calculated for different metering components, which produces the potential for confusion and additional time for participants in calculating expiry periods.
Proposal	<u>Problem 1</u> Amend each clause in Schedule 10.8 that requires the ATH to record the validity period to include the clarification this must be expressed in months. <u>Problem 2</u> Amend clause 37(2)(b)(i) of Schedule 10.7 to express the expiry date as the last day of the validity period. This will align the expression of expiry date for data storage devices with the other two metering component types.

Proposed Code amendment	**Schedule 10.7** … **37 Data storage device certification expiry date** … (2) The **data storage device certification expiry date** must— (a) for a **data storage device** that is integral to a **meter**, be no later than the **meter certification** expiry date; or (b) for a **data storage device** that is not integral to a **meter**, be no later than the earlier of— (i) the ~~date falling the number of days equivalent to~~ last day of the **data storage device certification** validity period specified in the **data storage device certification report**, after the **commissioning** date; and (ii) the **meter certification** expiry date. … **Schedule 10.8** … **1 Meter certification requirements** (1) An **ATH** must, before it **certifies** a **meter**, ensure that— … (d) it produces a **meter certification report** that includes— (i) the date on which it **certified** the **meter**; and (ii) the **certification** validity period (expressed as a number of months) for the **meter** for each category of **metering installation** that the **meter** may be used in; and … **2 Measuring transformer certification requirements** (1) An **ATH** must, before it **certifies** a **measuring transformer**,— … (d) determine the **measuring transformer certification** validity period (expressed as a number of months) under clause 3(c)(ii); and … **3 Measuring transformer certification report** An **ATH** must, before it **certifies** a **measuring transformer**, ensure that— …

	(c) it produces a **measuring transformer certification report** that includes— (i) the date on which it **certified** the **measuring transformer**; and (ii) the **certification** validity period (expressed as a number of months) for the **measuring transformer** which must be no more than 120 months; and … **4 Control device certification report** … (2) An **ATH** must, before it **certifies** an existing installed **control device**, produce a **certification report** that— (a) confirms that the **control device** is fit for purpose; and (b) confirms the **control device certification** validity period (expressed as a number of months) that the **ATH** considers appropriate, which must be no more than 180 months. … **5 Data storage device certification requirements** (1) An **ATH** must, before it **certifies** a **data storage device** used for storing information that is used for the purposes of Part 15, ensure that— … (b) it produces a **certification report** that— … (v) includes the **certification** validity period (expressed as a number of months) for the **data storage device** for each category of **metering installation** in which the **data storage device** may be used; and …
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by ensuring participants are able to easily link validity periods across the various Code obligations without needing to calculate them, and to avoid confusion when reading certification reports. This will assist ATHs and MEPs to comply with the Code by making the obligations clear and consistent. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of

	electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by ensuring the obligations around certification validity periods and expiry dates are clear and consistent.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible. *Benefits* We expect the proposed Code amendment's main benefit will be to reduce compliance and audit costs by ensuring the obligations around certification validity periods and expiry dates are clear and consistent.
Evaluation of alternative means of achieving the objectives of the proposed amendment	For problem 1, the Authority has identified an alternative means of achieving the objectives of the proposed Code amendment. This is to amend clause 11 of Schedule 10.4 to include a general statement that, wherever Part 10 requires an ATH to record a certification validity period in a calibration report or a certification report, that validity period must be expressed as a number of months. This option would be more efficient as it only makes a single amendment to the Code. However, we have not preferred this option given the risk that such a general statement would be overlooked by participants reading the Code. We think it is clearer to ATHs and others if the requirement to express validity periods in months is included in the same clause that imposes the requirement to calculate or record validity periods. For problem 2, the Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-008 Timing of review of system operator performance

Reference number(s)	CRP6-008 Timing of review of system operator performance
Problem definition	Clause 7.8(1) of the Code requires the Authority to review the performance of the system operator ‘at least once in each year ending 30 June, after the system operator submits its self-review…’. This wording suggests that the Authority can review the system operator’s performance as many times as it wants each year, but then states that this must be done after the system operator submits its self-review, which is only done once a year. Clause 7.11(1) requires the system operator to submit its self-review by 31 August. The Code drafting is not clear that the Authority can review the system operator’s performance prior to the submission of their self-review. The Authority’s review after the system operator’s self-review is a comprehensive review of all aspects of its performance. However, in practice, the Authority may also wish to conduct reviews under this clause of one (or some) aspects of performance at different times of the year. The system operator’s role is critical to the safe and reliable operation of the electricity system. The system operator’s performance, both past actual performance, and its ability to continue to meet its obligations, should be open to transparent review. These additional reviews may be in response to a system event, issues raised by monthly or quarterly reports, or other information sources. The Code drafting effectively prevents any review between 1 July and 31 August.
Proposal	Amend the Code to clarify that the Authority may conduct more than one review of the system operator’s performance in any year ending 30 June, but at least one review must be after the system operator submits its self-review.
Proposed Code amendment	**7.8 Review of system operator** (1) **The Authority** must review ~~some or all aspects of~~ the performance of the **system operator** ~~at least once in each year ending 30 June,~~ 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. (2) Each ~~The~~ 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**

	(e) any other matters the **Authority** deems necessary to ensure the **system operator's** ability to meet its obligations under the Code or legislation. (3) The **Authority** must **publish** a report on each review ~~the performance of the **system operator**~~ no later than 10 **business days** after the **Authority** completes its review.
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) and (e) of the Act, because it would contribute to the efficient operation of the electricity industry and the performance by the Authority of its functions. The proposed amendment would improve the efficient operation of the electricity industry and promote the performance of the Authority's functions under section 16(1)(g) of the Act by clarifying that the Authority can conduct a review of the system operator's performance at any time, including in response to a system event or issues raised by monthly or quarterly reports. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to permit the Authority to perform its functions, allowing it to carry out reviews when required in a timely manner (Section 16(1)(g) of the Act).
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible. *Benefits* We expect the proposed Code amendment's main benefit will be to permit the Authority to conduct reviews of the system operator's performance in a more timely manner (that is, without having to wait until after the system operator submits its self-review).

Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-009 Clarify the register advance in a raw meter data test

Reference number(s)	CRP6-009 Clarify the register advance in a raw meter data test
Problem definition	An ATH is required under the Code to perform some tests before certifying a metering installation. As part of one of those tests, the ‘raw meter data output test’, the ATH is required to ensure the meter register advances over a measured period of time, and this requirement is expressed in clause 9(1)(c)(iii) of Schedule 10.7 as: (iii) ensuring that the change in the meter register that occurs under subclause (ii)(A) or subclause (ii)(B) is at least "1" in the least significant digit, or one mark if the least significant digit does not have numerical markings; and The Authority has been advised some meter registers do not have an easily identifiable mark on the last digit that can be used to measure advances. This means an ATH may not be able to meet its obligation to ensure that a meter has advanced, even if an advance is observed, simply because of the limited markings on the meter register. The Authority is also aware of requests for a wider review of the raw meter data output test and other tests required in Table 3 of Schedule 10.1 and in clause 9 of Schedule 10.7. The Authority will consider a wider review of the testing requirements, however such a review is too material for the Code Review Programme.
Proposal	Amend the Code to clarify that an ATH can meet its obligation under clause 9(1)(c)(iii) of Schedule 10.7 to ensure the meter advances using any means available on the meter register.
Proposed Code amendment	**Schedule 10.7** … **9 Certification tests** (1) An **ATH**, when carrying out a test set out in Table 3 or Table 4 of Schedule 10.1,— … (c) to carry out a **raw meter data** output test for a **category 1 metering installation** or **category 2 metering installation**, must do so by— … (iii) ensuring that the change in the **meter** register that occurs under subclause (ii)(A) or subclause (ii)(B) is: (A) at least "1" in the least significant digit~~,~~; or (B) at least one mark if the least significant digit does not have numerical markings; or (C) an observable advance of the digit if the least significant digit has no markings; and …

Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by ensuring an ATH is not in breach of the Code because the meter being installed does not have visible marks on the last digit of the meter register. The change will avoid unnecessary compliance and audit investigation costs. It should also reduce wastage of otherwise acceptable meters. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by enabling the ATH to comply with the Code if the meter being installed does not have visible marks on the last digit of the meter register
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible. *Benefits* We expect the proposed Code amendment's main benefit will be to reduce compliance and audit investigation costs, or wastage of otherwise acceptable meters if the ATH refuses to install the meter.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-010 Certification of reconciliation participants

Reference number(s)	CRP6-010 Certification of reconciliation participants
Problem definition	If reconciliation participants perform the functions specified in clause 15.38 of the Code, they must be certified. If generators perform obligations under clauses 13.136 to 13.138 they must also be certified. These participants must also be audited, and these audits are used as the input into the decision for certification. Part 16A of the Code contains the requirements for audits. Clause 16A.14 states that the maximum audit period is 36 months: **16A.14 Authority to make determination as to next audit date** (1) The **Authority** must, after receiving a final **audit** report and compliance plan (if any) from a **participant**, advise the **participant** of the date by which the next **audit** of the **participant** must be completed, which must be— (a) no earlier than 3 months after the date on which the **Authority** advises the **participant** under this subclause; and (b) no later than 36 months after the date of the last **audit** Schedule 15.1 contains the requirements for certification. Clause 7 of Schedule 15.1 states that certification cannot be for a period longer than 24 months. The misalignment between the two clauses means that audits and certification renewals could get out of alignment. In practice, audit periods are usually aligned with certification. This means some participants may receive slightly shorter audit periods to ensure there is alignment.
Proposal	Amend the Code to extend the maximum certification period to 36 months, to align with existing audit periods.
Proposed Code amendment	**Schedule 15.1** **7 Renewal of certification** (1) **Certification** must not be granted for a term of more than ~~24~~36 months. (2) The **Authority** must renew a **participant's certification** for a further term of not more than ~~24~~36 months if the **Authority** is satisfied on the basis of an **audit** report provided to the **Authority** under Part 16A that the **participant** continues to meet the requirements specified in clause 5.
Assessment of proposed Code amendment	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by increasing the maximum certification

against section 32(1) of the Act	period to align with the maximum audit period, reducing audit and administration costs for participants who have a high level of compliance and pose a low risk to the market. Those participants can then be considered for an audit period longer than 24 months. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by increasing the maximum certification period for participants to align with the maximum audit period
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible. *Benefits* We expect the proposed Code amendment's main benefit will be to reduce audit costs for relevant participants where those participants have a high level of compliance and pose a low risk to the market. Those participants may have been considered for a longer audit period in the past but this is not currently possible.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment, however there is an alternative option of proposing to shorten the maximum audit period to align with the current maximum certification period of 24 months. This will not achieve the objective of reducing costs for very compliant participants. Additionally, there are no additional requirements to becoming certified (apart from the audit requirement) so there is no reason to maintain a 24-month maximum certification period and shorten the audit period to align.

CRP6-011 Statistical sampling using displaced meters

Reference number(s)	CRP6-011 Statistical sampling using displaced meters
Problem definition	Clause 16 of Schedule 10.7 permits a metering equipment provider (MEP) to recertify a population of metering installations using a statistical sampling process. As part of that process, the MEP is required to arrange for an ATH to perform the sampling, testing and determination of the status of the population from the test results. As part of the sampling the ATH is required to recertify all components in each metering installation in the sample group: (2) To **recertify** a group of **category 1 metering installations**, an **ATH** must— …. (b) **recertify** each **metering component** in the **metering installation** in the sample using— (i) the **fully calibrated certification** method; or (ii) the **selected component certification** method; and As the industry evolves and innovates, there has been, and is likely to continue to be, displacement of metering from one MEP to another. If one of the meters in the selected sample group has been displaced by the time the ATH arrives on site to remove the meters and recertify the metering installation, this installation is no longer part of the sample group. In many instances this does not materially matter as an ATH will usually select a larger sample size than the minimum required to cater for issues like displacement, no access, safety issues etc. However, when there is a displacement programme that is removing a material number of meters (usually because of a particular product/service of the MEPs retailer) this can invalidate the ATH's sample and the entire statistical sampling programme.
Proposal	Amend the Code to permit an ATH (the 'first ATH') to use another ATH's recertification reports and the removed meter as if they performed the recertification themself. If the first ATH chooses this option, they would need to have an agreement in place with the other ATH so: - the other ATH would record the necessary details about the existing metering installation that the first ATH needs as part of its statistical sampling process and provides a copy of these records to the first ATH - the other ATH returns the meters in the same condition as if they were returned by the first ATH's field technician - the process and records are auditable by the first ATH's auditor In practice, it is likely these arrangements will be made by the MEP and the details passed to the ATH as part of the arrangement for recertification by statistical sampling.

Proposed Code amendment	**Schedule 10.7** … **16 Recertification of group of category 1 metering installations by statistical sampling** … (2) To **recertify** a group of **category 1 metering installations**, an **ATH** must— … (b) subject to subclause (2A), **recertify** each **metering component** in the **metering installation** in the sample using— (i) the **fully calibrated certification** method; or (ii) the **selected component certification** method; and … (2A) Where a **metering component** in a **metering installation** in the sample referred to in subclause (2)(b) has been, or will be, displaced, an **ATH** (the "first **ATH**") may arrange for the displacing **ATH** (the "other **ATH**") to: (a) **recertify** the **metering component** in the **metering installation** using— (i) the **fully calibrated certification** method; or (ii) the **selected component certification** method; (b) record sufficient details about the **metering installation** to allow the first **ATH** to assess the **metering installation** as part of the sample and provide those details to the first **ATH**; and (c) deliver the removed **metering component** to the first **ATH** without damage. …
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by reducing the costs for MEPs when recertifying metering installations using statistical sampling. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.

Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs, by reducing the likelihood of a statistical sampling process failing due to an insufficient sample size, and therefore reducing the need to oversample.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the net costs of the amendment to be negligible as the cost for an ATH to make the appropriate arrangement is likely to be less than the cost of resampling. *Benefits* We expect the proposed Code amendment's main benefit will be to give an ATH (and MEP) an additional option to produce a successful statistical sample without incurring the additional costs of oversampling.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-012 Align reporting requirements for AUFLS

Reference number(s)	CRP6-012 Align reporting requirements for AUFLS
Problem definition	The providers of automatic under frequency load shedding (AUFLS) must provide to the system operator demand profile information. This information is required for the system operator to accurately manage the reserves and energy dispatch requirements. Clause 7(9) of Technical Code B of Schedule 8.3 requires North Island AUFLS providers to supply that information in the form and by the date specified by the system operator. However, the clause requires the South Island AUFLS providers (all South Island grid owners, of which there is currently only one) to supply the information only in the form specified by the system operator. The Code does not give the system operator the right to specify the date for the South Island provider to provide the information. The system operator has advised the Authority the South Island provider is currently voluntarily providing the information by the date requested. However, the system operator has noted there is no regulatory requirement to do so.
Proposal	Amend the Code to permit the system operator to specify the date the South Island AUFLS provider must provide demand profile information.
Proposed Code amendment	**Schedule 8.3, Technical Code B** **7 Load shedding systems** … (9) In addition to their obligations to provide information under clauses 6 and 7 of Appendix B of **Technical Code** A, each North Island **connected asset owner** and each South Island **grid owner** must provide **automatic under-frequency load shedding** block **demand** profile information to the **system operator** if reasonably requested by the **system operator**. For each North Island **connected asset owner** that information must be in the form, and supplied by the date, specified by the **system operator** in the **AUFLS technical requirements report**. For each South Island **grid owner** that information must be in the form, and supplied by the date, specified by the **system operator** in the relevant **asset capability statement**. …
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(b) and (c) of the Act, because it would contribute to the reliable supply of electricity and the efficient operation of the electricity industry. The proposed amendment would improve reliable supply of electricity and the efficient operation of the electricity industry by ensuring the system operator receives information necessary to the safe and secure management of the power system, and there is

	regulatory enforcement available if not provided, reducing any costs for the system operator to obtain the information in a timely way. The proposed Code amendment is expected to have no effect on competition, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to ensure a reliable supply of electricity and reduce electricity market operational costs by permitting the system operator to specify the date information must be supplied by the South Island AUFLS provider, aligning this for all AUFLS providers.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible. *Benefits* We expect the proposed Code amendment's main benefit will be to ensure the system operator has the information it needs in a timely way and has an enforcement process to follow in the event of any non-compliance.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-013 Timing of a change to a NSP creation date

Reference number(s)	CRP6-013 Timing of a change to a NSP creation date
Problem definition	A participant who wants to create (or decommission) a NSP (which means a network supply point that is a point of connection between networks and between a generator and the grid as referred to in the definition of NSP in the Code) is required to give 30 days' notice to the reconciliation manager. The reconciliation manager then advises all reconciliation participants (and the Authority). This notice period is to ensure all participants, including the clearing manager, has sufficient time to prepare for the creation (or decommissioning) of the NSP. Clause 25(5) of Schedule 11.1 requires 30 days' notice, and subclause (6) requires a participant to give notice as soon as possible if that date changes: (5) The **participant** required to give notice under subclause (1) must give notice no later than 30 days prior to the intended date of creation or **decommissioning** of the NSP. (6) If a **participant** changes the intended date of creation or **decommissioning** after giving notice under subclause (1), the **participant** must give a replacement notice advising the new intended date of creation or **decommissioning**, as soon as possible after the **participant** decides to change the intended date. Subclause (6) allows for an unexpected delay to the creation (or decommissioning) of a NSP, which can be particularly important for embedded networks. However, subclause (6) is not clear that, if the intended date changes, the new intended date must still provide for a minimum of 30 days' notice, to ensure all participants have sufficient time to prepare for the creation (or decommissioning) of the NSP. If a participant gives 30 days' notice under subclause (5), then changes the intended date to an earlier date that gives less than 30 days' notice, then the NSP could be created (or decommissioned) before all participants (including the reconciliation manager) are ready.
Proposal	Amend the Code to clarify that, if there is a change in the intended date of creation or decommissioning of a NSP, the participant must still provide at least 30 days' notice, from the original notification to the changed date.
Proposed Code amendment	**Schedule 11.1** **25 Creation and decommissioning of NSPs and transfer of ICPs from 1 distributor's network to another distributor's network** (1) If an **NSP** is to be created or **decommissioned**,— (a) the **participant** specified in subclause (3) in relation to the **NSP** must give written notice to the **reconciliation manager** of the creation or **decommissioning**; and (b) the **reconciliation manager** must give written notice to the **Authority** and affected **reconciliation participants** of the creation or **decommissioning** no later than 1 **business day** after receiving the notice in paragraph (a).

	… (5) The **participant** required to give notice under subclause (1) must give notice no later than 30 days prior to the intended date of creation or **decommissioning** of the NSP. (6) If a **participant** changes the intended date of creation or **decommissioning** after giving notice under subclause (1), the new intended date of creation or **decommissioning** must not be earlier than the original intended date of creation or **decommissioning** given in the notice under subclause (1), and the **participant** must give a replacement notice advising the new intended date of creation or **decommissioning**, as soon as possible after the **participant** decides to change the intended date.
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by ensuring appropriate participants, including the clearing manager, have time to prepare, including updating their systems, when a NSP creation (or decommission) date is changed. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by ensuring sufficient notice is given to participants when a NSP creation (or decommissioning) date is changed
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible. *Benefits*

	We expect the proposed Code amendment's main benefit will be to ensure participants have at least 30 days' notice for any created or decommissioned NSP.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-014 Dates for auditor biennial rotation

Reference number(s)	CRP6-014 Dates for auditor biennial rotation
Problem definition	Participants' performance of various obligations in the Code are subject to audit by Authority approved auditors. Part 16A of the Code contains the obligations in respect of audits. A key obligation for best practice audits is rotation of auditors every two years or after a second audit. Clause 16A.7(1) contains the provision for auditor rotation: **16A.7 Requirement to appoint new auditor** (1) Unless otherwise agreed with the **Authority**, a **participant** must appoint a new **auditor** to perform a type of **audit** at the later of— (a) 24 months after an **auditor** first performs an **audit** of that type in respect of the **participant**; or (b) after an **auditor** has performed 2 consecutive **audits** of that type in respect of the **participant**. The Authority determines the date when the next audit must be completed, in accordance with clause 16A.14. Many audits take several weeks to complete, from the initial pre-work, through site visits, to finalising the audit report and delivering it to the participant. Clause 16A.7 is not clear when the 2-year period starts and finishes. When several audits are required within a 2-year period, this is usually because the participant has compliance actions that need to be completed. In these cases, there is an advantage to having the same auditor perform these audits, even if the work required for the last of these audits goes beyond the permitted 2-year period. This can be problematic if the Code does not permit the same auditor to continue performing audits.
Proposal	Amend the Code to clarify when the 2-year period starts and ends and that an audit started just before the end of the 2-year period may be completed by the same auditor.
Proposed Code amendment	**16A.7 Requirement to appoint new auditor** (1) Unless otherwise agreed with the **Authority**, a **participant** must appoint a new **auditor** to perform a type of **audit** at the later of— (a) 24 months after an **auditor** first performs an **audit** of that type in respect of the **participant**; or (b) after an **auditor** has performed 2 consecutive **audits** of that type in respect of the **participant**. (2) A new **auditor** is an **auditor** that did not perform the last **audit** of the relevant type in respect of the **participant**. (3) For the purposes of subclause (1),—

	(a) an **audit** completed under clause 16A.11 must be disregarded in determining the number of **audits** that an **auditor** has performed; and (b) a type of **audit** refers to an **audit** under any 1 of paragraphs (a), (c), (d), (f) or (g) of clause 16A.1. (4) For the purposes of subclause (1)(a), — (a) the 24-month period begins on the day the **auditor** first undertakes any work for an **audit** in respect of the **participant** and ends at 5pm on the last day that is 24 calendar months later: (b) undertaking any work for an **audit** includes preliminary work such as requesting data, running reports from the **registry** or **participant's** systems, but does not include engagement activities such as agreeing a contract for services or arranging travel: (c) if work for an **audit** has begun before the end of the 24-month period, then the **auditor** may finish that **audit** even if the 24-month period has ended before the **audit** report is delivered to the **participant**.
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by giving auditors and participants clarity over how the timeframe for auditor rotation is intended to operate and dealing with situations where an audit runs over the end of the 24-month period. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses identified problems with the Code, which require a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	

Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by ensuring auditors and participants are clear how the timeframe for auditor rotation operates and dealing with situations where an audit runs over the end of the 24-month period, and do not incur unnecessary audit costs.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the amendment to be negligible. *Benefits* We expect the proposed Code amendment's main benefit will be to give auditors and participants clarity on when auditors can and cannot be appointed, avoiding unnecessary auditor re-appointment costs, such as the costs of having to reach an agreement with the Authority to vary the operation of clause 16A.7(1) or having to appoint a new auditor midway through an existing audit.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-015 Duplicate obligations to provide NSP information

Reference number(s)	CRP6-015 Duplicate obligations to provide NSP information
Problem definition	Clauses 15.9 and 15.11 of the Code require grid owners and generators (respectively) to provide submission information for their grid exit points (GXPs) and grid injection points (GIPs) to the reconciliation manager. GXPs and GIPs are a type of NSP (a network supply point of a kind referred to in the definition of NSP in the Code). Clause 15.10 requires 'participants' to provide submission information for each NSP for which they have 'given a notice under clause 25(1) of Schedule 11.1". Grid owners and generators are participants. For grid owners and generators, the requirement in clause 15.10 is an inadvertent duplicate obligation.
Proposal	Amend the Code to make it clear clause 15.10 only applies to participants that do not already have an obligation to provide submission information under 15.9 or 15.11.
Proposed Code amendment	**15.9 Grid owner volume information** Each **grid owner** must deliver to the **reconciliation manager**, for each **point of connection** for all of its **GXPs**, the following: (a) **submission information** for the immediately preceding **consumption period**, by 1600 hours on the 4th **business day** of each **reconciliation period**: (b) revised **submission information** provided in accordance with clause 15.4(2), by 1600 hours on the 13th **business day** of each **reconciliation period**. **15.10 Participants to provide NSP submission information** A **participant** must provide the following information to the **reconciliation manager** for each **NSP** for which the **participant** has given a notice under clause 25(1) of Schedule 11.1 (except where clause 15.9 or 15.11 applies in respect of that NSP): (a) **submission information** for the immediately preceding **consumption period**, by 1600 hours on the 4th **business day** of each **reconciliation period**; and (b) revised **submission information** provided in accordance with clause 15.4(2), by 1600 hours on the 13th **business day** of each **reconciliation period**. **15.11 Grid connected generator** Each **generator** who has a **generating station** or **generating unit** with a **point of connection** to the **grid** must deliver to the **reconciliation manager** for each of its **points of connection**—

	(a) **submission information** for the immediately preceding **consumption period**, by 1600 hours on the 4th **business day** of each **reconciliation period**; and (b) revised **submission information** provided in accordance with clause 15.4(2), by 1600 hours on the 13th **business day** of each **reconciliation period**.
Assessment of proposed Code amendment against section 32(1) of the Act	The proposed Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry. The proposed amendment would improve the efficient operation of the electricity industry by removing a duplicate obligation. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by making it clear a grid owner or generator is only required to provide submission information once.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. *Costs* The Authority considers the costs of the proposal are negligible. *Benefits* We expect the proposed Code amendment's main benefit will be to make the Code clearer and remove a duplicate obligation. This will reduce costs for participants and the Authority in interpreting and applying the Code.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objective of the proposed Code amendment.

CRP6-016 Event of default missing from ICP transfer provisions

Reference number(s)	CRP6-016 Event of default missing from ICP transfer provisions
Problem definition	Clause 14.41(1) lists the events that constitute an 'event of default' under the Code. Some types of events of default affect a retailer's ability to continue in business and service its customers. When one of these types of events of default is committed by a 'trader' (that is, a retailer responsible for the supply of electricity to a consumer at an ICP), this triggers a process under Schedule 11.5 of the Code for managing trader default situations. This process provides for the transfer of a defaulting retailer's ICPs to non-defaulting retailers. Clause 11.15C(1) lists the types of event of default that triggers the Schedule 11.5 process. Clause 14.41 was amended in 2024 to include another event of default in subclause (1)(i), which applies when the clearing manager is prevented from doing (or continuing) business with a participant under the Anti-Money Laundering and Countering Financing of Terrorism Act: **14.41 Definition of an event of default** (1) Each of the following events constitutes an **event of default**: … (i) if the **clearing manager** is prohibited from establishing or continuing a business relationship with a **participant** under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. This event of default is not listed in clause 11.15C(1) as being of a type that will trigger the Schedule 11.5 process for trader event of default, or in the relevant provisions of Schedule 11.5 itself. The Authority considers that if a trader is in default under this provision, and is responsible for ICPs, it needs to be able to initiate the Schedule 11.5 process and transfer any ICPs to non-defaulting retailers. Responsibility for an ICP includes keeping the electricity registry updated, submitting reconciliation volumes and paying for wholesale market electricity, all of which ensures consumers are correctly invoiced and can access their data.
Proposal	Amend the Code to include the event of default in 14.41(1)(i) in the provisions allowing the Authority to transfer ICPs to non-defaulting retailers. We have also proposed minor, technical changes to improve the Code drafting. The Authority proposes a three month transition period for the proposed amendment to clause 11.15B, to enable retailers to update their contracts with their customers to include reference to the additional event of default.

	The Authority also proposes removing some unnecessary wording and references to the relevant types of events of default in clauses 1 and 2 of Schedule 11.15, to future-proof the Code by avoiding the need for any further changes, should the list of events of default change in future.
Proposed Code amendment	**Part 11** … **11.15B Trader contracts with customers to permit assignment by Authority** (1) Each trader must at all times ensure that the terms of each contract under which a customer of the trader purchases electricity from the trader permit— (a) the Authority to assign the rights and obligations of the trader under the contract to another trader if the trader commits an event of default under paragraph (a), ~~or~~ (b), ~~or~~ (f), ~~or~~ (h) or (i) of clause 14.41(1); and … **11.15C Process for trader events of default** (1) This clause applies if the **Authority** is satisfied that a **trader** has committed an **event of default** under paragraph (a), ~~or~~ (b), ~~or~~ (f), ~~or~~ (h) or (i) of clause 14.41(1). (2) The **Authority** and each **participant** must comply with Schedule 11.5. … **Schedule 11.5** **1 Purpose** The purpose of this Schedule is to set out the process that the **Authority** and each **participant** must comply with when this Schedule applies in accordance with clause 11.15C ~~the **Authority** is satisfied that a **trader** has committed an **event of default** under paragraph (a) or (b) or (f) or (h) of clause 14.41~~. **2 Notice to trader who has committed event of default** (1) ~~If the **Authority** is satisfied that a **trader** ("defaulting **trader**") has committed an **event of default** under paragraph (a) or (b) or (f) or (h) of clause 14.41~~ T~~t~~he **Authority** must give written notice to a **trader** who has committed an **event of default** of the kind referred to in clause 11.15C (“defaulting **trader**”) that— (a) the defaulting **trader** must— (i) remedy the **event of default**; or (ii) assign its rights and obligations under every contract under which a customer of the defaulting **trader** purchases **electricity** from the defaulting **trader** to another **trader**, and assign to another **trader** all **ICPs** for which the defaulting **trader** is recorded in the **registry** as being responsible; and (b) if the defaulting **trader** does not comply with the requirements set out in paragraph (a) within 7 days of the notice, clause 4 will apply.
Assessment of proposed Code amendment	The proposed Code amendment is consistent with the Authority’s statutory objectives, and section 32(1)(c) and (d) of the Act, because it would contribute to the efficient operation of the electricity industry

against section 32(1) of the Act	and protect the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers. The proposed amendment would improve the efficient operation of the electricity industry by ensuring responsibility for ICPs is transferred to non-defaulting retailers. To the extent the additional objective applies under section 15(3) of the Act, the proposed amendment will protect the interests of domestic consumers and small business consumers in relation to their supply of electricity, by ensuring retailers have appropriate contract terms to permit the Authority to transfer them to a non-defaulting retailer. The proposed Code amendment is expected to have no effect on competition and the reliable supply of electricity, or on the performance by the Authority of its functions.
Assessment against Code amendment principles	The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.
Principle 1: Clear case for regulation	The proposed Code amendment is consistent with principle 1 in that it addresses an identified problem with the Code, which requires a Code amendment to resolve.
Principle 2: Costs and benefits are summarised	It has not been practicable to quantify the costs and benefits of the proposed Code amendment. Hence, a qualitative assessment of the proposed amendment's costs and benefits has been undertaken and is summarised below.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to reduce electricity market operational costs by ensuring non-defaulting traders are responsible for all ICPs.
Evaluation of the costs and benefits of the proposed amendment	The Authority considers the proposed Code amendment would have a positive net benefit, for the reasons set out below. Costs The Authority considers the costs of the proposal are negligible, as the amendment ensures the Authority has the ability to transfer ICPs from a defaulting retailer. Benefits We expect the proposed Code amendment's main benefit will be to reduce delay before the transfer of ICPs can occur by eliminating the need for an urgent Code amendment if the situation ever arises.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has identified an alternative means of achieving the objective of the proposed Code amendment. If this situation occurs, the Authority can rely on the provisions of section 40 of the Act and make an urgent amendment to the Code to permit the ICP transfer. This is not preferred as we have the opportunity now to properly consider a Code amendment, and secondly, any urgent Code amendment automatically expires after 9 months, meaning this process will need to be repeated if the situation occurred again.

Appendix B Format for submissions

Printable form – Code amendment proposals

Submitter	
Organisation	
Proposal number	**CRP6-0___**

Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes / No. Comments:
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes / No. Comments:
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes / No. Comments:
Q4. Do you agree the proposed amendment is preferable to any other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	Yes / No. Details of your preferred option:
Q5. Do you have any comments on the drafting of the proposed amendment?	
Q6. Do you have any further comments on the proposal?	
Q7. Is any part of your submission confidential? If yes, please explain which part, why it is confidential and provide a publishable replacement (refer paragraphs 1.10 to 1.12 of the consultation paper)	Yes / No. If yes, comments:

Submissions due 5.00pm Tuesday **1 October 2024**, to policyconsult@ea.govt.nz with "Code review programme #6 consultation" in the subject line

Printable form – Technical and non-controversial amendments

Submitter	
Organisation	
Row number	

Questions	**Comments**
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes / No. Comments:
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes / No. Comments:
Q3. Is any part of your submission confidential? If yes, please explain which part, why it is confidential and provide a publishable replacement (refer paragraphs 1.10 to 1.12 of the consultation paper)	Yes / No. If yes, comments:

Submissions due 5.00pm Tuesday **1 October 2024**, to policyconsult@ea.govt.nz with "Code review programme #6 consultation" in the subject line

Appendix C Technical and non-controversial amendments

	Clause	Issue	Proposed amendment
1.	1.1 definition of 'controllable load'	The definition of 'controllable load' uses the wrong subparagraph numbering and has an erroneous full stop at the end of the definition.	**controllable load**, for the purposes of Part 8, means the quantity of resources (in **MW**) that a **connected asset owner** estimates will be available for use by the **system operator** under a **grid emergency**. The available **controllable load** must exclude— (a)~~(i)~~ resources a **connected asset owner** intends to use for its own network demand management purposes; and (b)~~(ii)~~ any resources offered into the **instantaneous reserves** market; and (c)~~(iii)~~ any resources bid or offered on behalf of a **dispatch-capable load station** or **dispatch notification purchaser** or **dispatch notification generator**~~.~~
2.	1.1 definition of 'hedge settlement agreement'	The definition of hedge settlement agreement refers to a form set out in Schedule 14.4, which conflicts with the operative provision in clause 14.8, which provides that a hedge settlement agreement must be in 1 of the forms set out in Schedule 14.4, or in an alternative form approved by the Authority. To avoid confusion and clarify the position under the Code, we propose deleting 'in a form set out in Schedule 14.4' from the definition.	**hedge settlement agreement** means an agreement ~~in a form set out in Schedule 14.4~~ between **participants** that provides for settlement by the **clearing manager** of payments for differences in respect of the price of **electricity**
3.	1.1 definition of 'pricing error'	The definition of 'pricing error' uses the wrong subparagraph numbering.	**pricing error** means an error in an **interim price** or **interim reserve price** as a result of— (a)~~(i)~~ a **dispatch price** or **dispatch reserve** price that was not made available on **WITS** being used to calculate the **interim price** or **interim reserve price**; or

			<u>(b)</u>~~(ii)~~ the **clearing manager** having followed an incorrect process in calculating that **interim price** or **interim reserve price**, in contravention of this Code
4.	6A.4(2)	The term 'distribution' should be bold as it is a defined term.	(2) A **distributor agreement** required by subclause (1)(a) must be entered into, in the case of a business to which the corporate separation rule does not apply, as if the <u>**distribution**</u> business and the connected retailer or connected generator were separate legal persons.
5.	Clause 4(1)(b)(i) of Schedule 11.5	There is an incorrect reference to clause 14.41(b). The reference should be 14.41(1)(b)	(i) the defaulting trader has not remedied the event of default or, in the case of an event of default under clause 14.41<u>(1)</u>(b) in respect of which there is an unresolved invoice dispute under clause 14.25, has not reached an agreement with the Authority to resolve the event of default; and
6.	Clause 5(1)(a) of Schedule 11.5	There is an incorrect reference to clause 14.41(b). The reference should be 14.41(1)(b)	(a) the defaulting trader has not remedied the event of default or, in the case of an event of default under clause 14.41<u>(1)</u>(b) in respect of which there is an unresolved invoice dispute under clause 14.25, has not reached an agreement with the Authority to resolve the event of default; and
7.	13.194	Commas after 'occurs' and 'generator' are unnecessary and should be deleted to improve clarity of the clause.	(1) Despite clause 13.193, if a **constrained off situation** occurs~~,~~ in relation to a **generator**~~,~~ during a **trading period**, the **clearing manager** must calculate the **constrained off amounts** for each **generator**, for each affected price band, using the following formula…
8.	Schedule 14.4, Form 1	There are three forms of hedge settlement agreement in Schedule 14.4. Forms 2 and 3 have a title but Form 1 does not. To avoid confusion, we propose inserting a title to Form 1 to align with approach elsewhere in the Schedule.	**Schedule 14.4** **Forms of hedge settlement agreement** **Form 1**<u>**: Fixed Price Fixed Volume**</u> Date: [Enter date] …