

Code review programme #6 submission form

Please complete and return this form to provide feedback on Code review programme #6.

Submissions are due by 5.00pm Tuesday 1 October 2024 to <u>policyconsult@ea.govt.nz</u> with 'Code review programme #6 consultation' in the subject line.

1. Code amendment proposals

Submitter	Joel Cook Head of Regulation
Organisation	Transpower NZ Ltd.

- This Code review process would be improved if the Authority could be transparent about the source of the amendment. Identifying the source would allow participants to know which proposals are a result of, for example, the Authority's monitoring and compliance activities, or raised through the code amendment request (CAR) process, or some other means.
- Transpower has submitted against 11 of the 16 discrete proposals, numbers [1, 2, 6, 7, 8, 9, 10, 12, 13, 14, 15]
- Transpower responds to proposal # 8 first, below. We consider this proposal for change has no policy basis and will have onerous and negative impacts on the system operator. We strongly submit that the proposal should not proceed.
- For proposal #12, Transpower's has provided two responses one in its grid owner role and the other in its system operator role. This approach followed our established impartiality process.

Proposal number	CRP6-008 Timing of review of system operator performance
Proposal	Clarify that the Authority may conduct more than one review of the system operator's (SO) performance in any year ending 30 June, but at least one review must be after the system operator submits its self-review.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	No. We agree that the existing drafting excludes the period 1 July – 31st August for the Authority to review the SO performance in accordance with the review scope at clause 7.8, but do not agree this is an issue that needs regulatory attention. We consider that previous Code development has deliberately and reasonably provided time for the system operator to undertake its own performance review



	in that period, to account for the requirements under clause 7.11, and before the Authority performs its review.
	Specifically, clause 7.11(1) was amended in 2016 to increase the time allowed to the system operator to complete its 'self-review'. (The review used to be submitted by 30 September for a 31 August year end, i.e. one month for the self-review; and the Code was amended to provide for two months).
	We do not agree that the current clause wording prevents the Authority from conducting reviews of the SO's performance at different times of the year.
	The current reporting framework also provides the Authority with multiple opportunities to assess the SO performance through a year:
	 Monthly and Quarterly system operator Performance Reports Code 3.14A (2) written reports submitted for every self- reported breach Act S46 Authority's monitoring, investigation, enforcement, and review powers for defined purposes under section 45 of the Act SOSPA review process and reports – the SO's performance is reviewed periodically within a contractual framework. The Authority may also appoint (on reasonable notice) an auditor to carry out an audit of the SO's provision of specific services.
	We disagree that the proposed Code amendment is consistent with principle 1 – there is no identified problem with the Code, which requires a Code amendment to resolve.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	No. We disagree that the objective "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)" is promoted by the proposed amendment.
	The Authority can review the SO's performance after August 31 st of the (financial) year and at various other times. Having a slightly shorter period for it to undertake its review(s) before year-end 30 June does not affect a timing decision to review the system operator's performance, as it would be unreasonable for the Authority to undertake any performance review at the same time the SO is doing its self-review. The additional matters under clause 7.9 that must be taken into account when conducting a review under 7.8 include the SO's self-review under clause 7.11.
	The Authority's review function and powers under the Code as currently drafted is not unfettered. The Authority like any other regulator should exercise its powers in a manner that



	is reasonable, consistent, fair and have regard to due process. It is not clear on what basis and how the Authority would exercise its stated "wish." We also note the importance of regulatory certainty and transparency.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	No. The Authority has not recognised the costs and opportunity costs - for both the SO and it - of the uncertainty created by the chance that the Authority might choose to review the SO performance
	 (i) at the same time the SO is trying to do its self- review, as the Code is unambiguous that the Authority must review after the SO has submitted its self review
	(ii) "as many times as it wants each year."
	The Authority identifies that its review of the SO's performance, is "a comprehensive review of all aspects of its performance." If the Authority considers it is reasonable to convey it should review the SO performance "as many times as it wants each year" then the Code drafting should include a notification process and agreement to the review's timing to ensure the SO can plan for reprioritising resources towards the Authority's review. This approach would support that reviews are carried out in a timely manner, where timeliness can be scheduled.
	However an increase in reviews under 7.8 could put at risk delivery of requirements under SOSPA and the Code, as well as the Authority's own work program, with all the costs of the consequences that could entail.
	This approach would also be at the expense of the efficient operation of the SO. Regulators are required to carry out their roles with regard to the costs as well as the benefits of regulatory action. Cost benefit analysis is not adequately covered in the Authority's proposal.
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.	No. The proposed amendment is not preferable to the status quo. The status quo is the preferred option. No review problem exists. The period 1 July – 31 August is time that the system operator undertakes its annual and significant self-review. The proposed amendment would create inefficiency and uncertainty through creating opportunity for ad-hoc
	regulatory behaviour.
Q5. Do you have any comments on the drafting of the proposed amendment?	The status quo is the preferred option. The current drafting should remain.



	The proposed drafting expands the scope of performance reviews mandated at 7.8 (2) and 7.9 (noting clause 7.9 ties the review to the timing under clause 7.8). We consider the Authority has no grounds for extending its performance review focus beyond what is already described in the Code, Act, and contractual agreements. Section 45 and section 46 of the Act limit the purposes for which the Authority can use its monitoring and review powers.
Q6. Do you have any further comments on the proposal?	It should not proceed. This proposal is also a duplication of the SOSPA performance review mechanisms which creates uncertainty about the relationship between the current review regimes.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 2 System Operator response to #12

Proposal number	CRP6-012 Align reporting requirements for AUFLS Grid owner response
Proposal	Permit the system operator to specify the date the South Island AUFLS provider must provide demand profile information.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes. As noted in the problem definition, as system operator we advised the Authority that the Grid Owner is currently voluntarily providing information by the date requested, but there is no regulatory requirement to do so.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes.



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.
Q5. Do you have any comments on the drafting of the proposed amendment?	No.
Q6. Do you have any further comments on the proposal?	No.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 3 Grid Owner response to proposal #12

Proposal number	CRP6-012Align reporting requirements for AUFLS Grid owner response
Proposal	Permit the system operator to specify the date the South Island AUFLS provider must provide demand profile. information.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Not as the proposal stands.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	No. No new benefits are created under the proposal as the grid owner (GO) is already providing the information through best endeavours. The proposal will create cost and risk on the grid owner through the consequential effects of mandating a date where none currently exists.
Q4. Do you agree the proposed amendment is preferable to any other	No.



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. Transpower supports the intent for information provision on AUFLs to be delivered to the SO in a timely manner. To date the information provision from the GO to the SO has been managed on a *best endeavours* basis by the GO. The GO has to undertake its own request processes to elicit the information from some connected asset owners (EDBs and direct connects). The basis for Transpower as GO to obtain information from other parties (connected asset owners); is "full co-operation" [Schedule 8.3 Technical Code B clause 5].

These requests are necessary as some of the SI EDBs and a direct connect have the AUFLS functionality implemented in their own networks or equipment. This approach means more appropriate loads (size and location) are selected or allocated for AUFLS, instead of tripping a feeder at the GXP level (or upstream from Transpower relays).

Alternative option 1 (based on the proposal). The Code amendment should provide the SO with the ability to specify the date that parties should co-operate to provide that information to the GO, in the ACS for relevant South Island connected asset owners. While the obligation still resides with the GO, its compliance risk may be mitigated by being transparent with other participants that they need to be responsive to the GO's request process.

This option would promote efficient operation more than the proposal, because information provision will be better supported and delivered by clearly indicating in relevant South Island participant's ACS that there is a date for AUFLs information provision to the GO.

Alternative option 2 is to remove the obligation for AUFLS information from the GO entirely and assign obligations for AUFLs information provision to connected parties in the South Island, just as the obligations for AUFLS and associated information provision are assigned to connected parties in the North Island. Overall, assigning AUFLS obligations on those parties best equipped to provide it would reduce the risk of too much load being shed and at too much cost.

There would be additional costs to the SO as it would have to educate all connected parties on their AUFLs requirement and information provision through the SO portal. However, we consider that this change (to put the obligations on those best placed to respond) would be very beneficial given the transition that is occurring on the grid. For example, Transpower considers BESS installations (or new technologies) in the South Island (and North Island) need to be considered for their role in AUFLS provision.

We consider that this option should be considered a longer-term policy change and is not suited to advancing through the code review approach.



Q5. Do you have any comments on the drafting of the proposed amendment?	Yes.
	The drafting below reflects Alternative option 1.
	The proposed clause states:
	For each South Island grid owner that information must be in the form, <u>and supplied by the date</u> , specified by the system operator in the relevant asset capability statement.
	Alternative option 1
	For each South Island grid owner that information must be in the form, <u>and supplied by the dates</u> specified by the system operator in the relevant asset capability statements for the grid owner <u>and South Island connected asset</u> <u>owners.</u>
	[Drafting note, these dates would be different for the grid owner and the connected asset owners, as the date for the grid owner would be later than the date for connected asset owners.]
Q6. Do you have any further comments on the proposal?	No.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 4 Transpower response to proposal #1

Proposal number	CRP6-001 Outage constraint report from reconciliation manager
Proposal	Due to RTP reform, can revoke the definition of outage constraint and provisions which relate to outage constraint reports and adjustments of submitted volumes.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.



Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes.
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.
Q5. Do you have any comments on the drafting of the proposed amendment?	No.
Q6. Do you have any further comments on the proposal?	No.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 5 Transpower response to proposal #2

Proposal number	CRP6-0002 Sharing control of load between distributors and others
Proposal	Clarify that the DDA permits the EDB incumbent, and entrant, to both have control over the same load, but the priority use is by the EDB for grid emergencies. The sharing parties must agree protocol under the DDA and the protocol is the same for all traders.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes. The DDA drafting is ambiguous and recent innovations in the marketplace have highlighted the need to provide clarity.
	Load control is an important tool in managing a secure power system. In a grid emergency it is critical clarity exists over its use.



	The existing Code based emergency load shedding provisions only apply to distributors and direct connect consumers.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes.
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.
Q5. Do you have any comments on the drafting of the proposed amendment?	Transpower is pleased to see this proposed amendment maintains the operational needs of emergency load shed provisions while enabling efficiencies for customers and, consequently, the system. The existing Code based emergency load shedding provisions only apply to distributors and direct connect consumers. Any attempts to deviate from this operational policy would need much greater consideration and consultation.
Q6. Do you have any further comments on the proposal?	No.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 6 Transpower response to proposal #6

Proposal number	CRP6-006 Definitive obligation to pay auditors
Proposal	Amend the Code to require participants to pay the costs of audits carried out under specific clauses, by the invoice's due date, to align with existing requirements to pay the costs of other types of audits.



Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes.
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.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 7 Transpower response to proposal #7

Proposal number	CRP6-007 Validity periods and expiry dates in metering reports
Proposal	Clarify that an ATH must record the certification validity period in months, and to express the expiry date as the last day of the validity period.
Questions	Comments



Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes.
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.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 8 Transpower response to proposal #9

Proposal number	CRP6-009 Clarify the register advance in a raw meter data test
Proposal	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.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	No. The problem definition has not captured that the point of the raw meter data test is to be sure that the meter



	load increm against a k certain pere	a specific amount when it measures a specific nent. The next step is to compare the change nown change and if the difference is within a centage for accuracy, then the meter installation d the test and can be certified.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	No.	
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	risk for cate certification Schedule 1 billed accur installations would not p	the drafting as proposed introduces certification egory 1 (i.e. ICP) metering installations. The of category 1 meters (mandated at Table 1 of 0.1) is needed to ensure that consumers are rately from their meter readings. If meter is cannot be certified for accuracy this proposal promote the interests of domestic and small onsumers in relation to the supply of electricity nsumers.
	Analysis	
	Schedule 1	0.7
	Clause 9 (1)(c) is the raw data output test
	(i)	This subclause specifies the load that must be applied to carry out the test
	(ii)	This subclause describes how the load applied is to be measured as reference and on the meter under test
	(iii)	This subclause outlines the criteria for a valid change on the meter, as it will be used as the comparator.
	measureme	P) This clause provides that the reference load ent and the register advance should be so the meter installation can be certified
	installation demonstrat	B) This clause provides that a metering passes (and can be certified) if the test tes that the difference between the 2 quantities applicable accuracy tolerances.
	advanc marking the def comple	poposed change for 9 (1) (c) iii is "an observable ce of the digit if the least significant digit has no gs"; but without a digit or marks that represent ined increment of the register it is impossible to set a comparison to the reference reading and certify the installation (under existing rules).
Q4. Do you agree the proposed amendment is preferable to any other options? If you disagree, please	No. The status	quo is preferable.



explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	The proposed drafting does not help the category 1 meter be certified under existing rules.
Q5. Do you have any comments on the drafting of the proposed amendment?	The drafting for 9 (1) (C) conveys that an ATH only has to observe movement of the meter register, for the raw meter test. However without a digit or mark that represents the defined increment of the register (for a known load increment) it is impossible to complete a comparison to the reference reading and hence certify the installation (under existing rules).
Q6. Do you have any further comments on the proposal?	Yes. We consider this proposal exemplifies the need for transparency about the source of the code change request for example, was the issue raised through a Code Amendment Request or through audit activity, or some other means.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 9 Transpower response to proposal #10

Proposal number	CRP6-010 Certification of reconciliation participants
Proposal	Extend the maximum certification period to 36 months, to align with existing audit periods.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes.
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	Yes.



statutory objectives in section 15 of the Electricity Industry Act 2010.	
Q5. Do you have any comments on the drafting of the proposed amendment?	No.
Q6. Do you have any further comments on the proposal?	No.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	Yes.

Table 10 Transpower response to proposal #13

Proposal number	CRP6-013 Timing of a change to a NSP creation date
Proposal	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.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes. We agree with the problem statement " <i>However, subclause</i> (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."
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	No. The proposed drafting clarifies that creation date cannot be bought forward. The consequence of this restriction is the 30-day notice is retained. However there may be good reason to need to bring the creation / decommissioning date forward.
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.	No. The problem statement suggests that the drafting could be saying <i>"if the intended date changes, the new intended date must</i> <i>provide for a minimum of 30 days' notice, to ensure all</i> <i>participants have sufficient time to prepare for the creation</i> <i>(or decommissioning) of the NSP."</i>



Q5. Do you have any comments on the drafting of the proposed amendment?	Yes. The problem statement suggests that the drafting could be saying
	<i>"if the intended date changes, the new intended date must 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."</i>
	This approach allows for NSP creation to be earlier as well as later, but if it is earlier then all the actions that ensue only need to occur from the 30-day notice period attached to the original date.
Q6. Do you have any further comments on the proposal?	No.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 11 Transpower response to proposal #14

Proposal number	CRP6-014 Dates for auditor biennial rotation
Proposal	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.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes.
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	Yes.



statutory objectives in section 15 of the Electricity Industry Act 2010.	
Q5. Do you have any comments on the drafting of the proposed amendment?	No.
Q6. Do you have any further comments on the proposal?	No.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

Table 12 Transpower response to proposal #15

Proposal number	CRP6-015 Duplicate obligations to provide NSP information
Proposal	Clarify that clause 15.10 only applies to participants that do not already have an obligation to provide submission information under 15.9 or 15.11.
Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	Yes.
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.



Q5. Do you have any comments on the drafting of the proposed amendment?	No.
Q6. Do you have any further comments on the proposal?	No.
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 Error! Reference s ource not found. to Error! Reference source not found. of the consultation paper)	No.

2. Technical and non-controversial amendments

Submitter	Joel Cook Head of Regulation
Organisation	Transpower NZ Ltd.
Row number	We support all 8 of the <i>Technical & Non-Controversial</i> amendments.