

Code review programme #6

Decision paper

25 February 2025

Executive summary

The Electricity Authority has decided to implement 15 of the 16 changes from our latest Electricity Industry Participation Code 2010 (Code) review programme. These changes enhance the Code's clarity and ensure industry regulations support New Zealand's evolving electricity system.

This is the Electricity Authority's sixth Code review programme, allowing for multiple smaller amendments to be made in one batch. This approach enables us to ensure regulations remain relevant to the changing electricity system and the Code benefits from regular updates.

We have considered all the feedback received during the consultation process and have decided to implement all but one of the proposed changes. These include various minor amendments, clarifications, and corrections. We are not proceeding with the proposal to clarify the register advance in a raw meter data test at this time.

Fourteen Code amendments will be effective from 1 April 2025, and one will be effective from 1 July 2025

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1. Purpose

- 1.1. The Electricity Authority Te Mana Hiko (Authority) has decided to amend several areas of the Electricity Industry Participation Code 2010 (Code).
- 1.2. These amendments reduce cost pressures on participants and result in lower overall costs for consumers. The amendments do this by increasing the efficiency of industry processes or removing obsolete obligations.

Code review programme number 6

- 1.3. On 3 September 2024, we published a consultation paper: *Code Review Programme number 6* (consultation paper). We consulted on 16 discrete proposals to amend the Code.
- 1.4. Ordinarily, Code change proposals have a single theme. The Code review programme allows the Authority to make several independent and relatively small amendments with different themes, all at once. The Authority considers that this approach allows it to use its resources efficiently, and that the Code benefits from regular improvements.
- 1.5. In addition to the 16 Code amendment proposals, the consultation paper also included a proposal to correct 8 minor typographical and other errors in the Code. These errors include outdated cross-references, incorrect headings, incorrectly bolded terms, and other minor drafting errors.
- 1.6. This paper sets out the Authority's decision to amend the Code and gives reasons for that decision.
- 1.7. Decisions on the 16 Code amendment proposals are set out in this paper each with a unique reference number. Each proposal is discrete from the others. The decision paper format supports participants to identify and understand the changes made.
- 1.8. Showing the changes separately allows participants to assess how each amendment will affect their Code obligations. In this case, all except one of the proposals are proceeding, some in an amended version from what was proposed in the consultation paper to improve clarity and to respond to submitter feedback.
- 1.9. This paper also includes the Authority's decision to correct minor typographical and other errors in the Code. These amendments are considered technical and non-controversial under section 39(3)(a) of the Electricity Industry Act 2010 (Act). No submissions were received on these amendments, and the Authority has decided to make the proposed amendments as consulted on.
- 1.10. More information about the Code review programme, including the consultation paper, is available on our website at: <https://www.ea.govt.nz/projects/all/code-review-programme/>
- 1.11. The Code amendments will come into force on **two different dates**:

Table 1: List of amendments proceeding 1 April 2025

Reference number	Topic	Page
CRP6-001	Outage constraint report from reconciliation manager	8

CRP6-002	Sharing control of load between distributors and others	11
CRP6-003	Adding embedded generation to the definition of ICP	16
CRP6-004	Exclude embedded generators from stress tests	18
CRP6-005	Distributor interconnection point audit requirements	20
CRP6-006	Definitive obligation to pay auditors	22
CRP6-007	Validity period in metering reports	24
CRP6-008	Timing of review of system operator performance	27
CRP6-010	Certification of reconciliation participants	31
CRP6-011	Statistical sampling using displaced meters	32
CRP6-012	Align annual reporting requirements for AUFLS	35
CRP6-013	Timing of a change to a NSP creation date	37
CRP6-014	Dates for auditor biennial rotation	39
CRP6-015	Duplicate obligations to provide NSP information	41

Table 2 List of amendments proceeding 1 July 2025

Reference number	Topic	Page
CRP6-016	Event of default missing from ICP transfer process	42

1.12. One proposed Code amendment will not proceed

Table 3 List of amendments not proceeding

Reference number	Topic	Reason	Page
CRP6-009	Clarify the register advance in a raw meter data test	Withdrawn	30

2. Submissions on CRP6

- 2.1. We received submissions on our CRP6 consultation paper from the 17 parties listed in in Table 4 below. Submissions are available on our website at: <https://www.ea.govt.nz/projects/all/code-review-programme/consultation/code-review-programme-6/>
- 2.2. Issues raised by submitters are discussed in the section for the relevant proposal.

Table 4: List of submitters

Submitter	Role	Proposal(s) addressed
Bluecurrent	Metering equipment provider	002, 007, 009, 010, 011
Counties Energy	Distributor and Metering equipment provider	002, 007
EA Networks	Distributor	002
ENA	Industry association	002, 003, 005, 006,012, 013, 014
Independent Electricity Generators Association	Industry association	003, 004
Intellihub & Influx Limited	Metering equipment provider	002, 007, 009, 011
Mainpower & Marlborough Lines	Distributor	002
Meridian Energy	Generator and Retailer	002
Ngawha Generation	Generator	004, 010
Nova Energy	Generator and Retailer	007, 010, 016
Orion	Distributor	002, 006, 012, 014
Powerco	Distributor	002, 003
Private Individual	Private Individual	007
Transpower	Grid owner and system operator	001, 002, 006, 007, 008, 009, 010, 012 (as grid owner), 012 (as system operator), 013, 014, 015
Unison & Centralines	Distributor	002
Vector	Distributor	002, 005
WEL Networks	Distributor and Metering equipment provider	002

3. The CRP6 amendments promote our statutory objectives and are consistent with regulatory requirements

3.1. The Authority’s main statutory objective is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers. The Authority’s additional objective is to protect the interests of domestic and small business consumers in relation to the supply of electricity to those consumers. The additional objective applies only to the Authority’s activities in relation to the dealings of industry participants with domestic consumers and small business consumers.

The amendments are either necessary or desirable to promote, or are consistent with, the Authority’s statutory objectives

3.2. After considering all submissions on the Code amendment proposals, the Authority considers the final Code amendments will deliver long-term benefits to consumers

consistent with the Authority's main objective. To the extent the Authority's additional objective applies (in relation to proposal 016), the Authority is also satisfied that the amendments promote that objective.

The benefits of the proposals are greater than the costs

- 3.3. The Authority has assessed the economic benefits and costs of the amendments, and each of them delivers a net economic benefit.
- 3.4. Each proposal in the consultation paper describes the costs and benefits of the proposal in more detail. Additional considerations arising from submissions are set out in the decision for each proposal below (as needed).
- 3.5. The primary economic benefit in most cases is a reduction in transaction costs across the electricity industry, which is a productive efficiency benefit. Having said this, some of the proposals promote the competition and reliability limbs of the Authority's main objective. In addition, by improving the clarity and operation of the Code, the proposed amendments could also deliver dynamic efficiency benefits.
- 3.6. The Authority notes 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 main statutory objective and provide both static and dynamic efficiency benefits to the economy.

The amendments are consistent with regulatory requirements

- 3.7. The Code amendments are consistent with the requirements of section 32(1) of the Act.
- 3.8. The amendments are also consistent with the Authority's Code amendment principles.

4. How the amended Code wording is displayed in this decision paper

- 4.1. Code amendments in relation to CRP#6 in this decision paper are displayed as:
 - (a) added text or formatting is underlined
 - (b) deleted text is ~~striketrough~~
 - (c) additional added text or formatting compared to our consultation paper are red underlined
 - (d) additional deleted text compared to our consultation paper is ~~red striketrough~~.

5. CRP6-001 Outage constraint report from reconciliation manager

The Authority's proposal

- 5.1. The Authority proposed to amend the Code to revoke the definition of outage constraint in Part 1 of the Code and to revoke clauses 15.15, 15.16 and 15.17, which relate to outage constraint reports and adjustments of submitted volumes, with a consequential change to the relevant cross heading in Part 15.

We have decided to implement the proposal without change

- 5.2. We have decided to amend the Code as proposed above without change.
- 5.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 5.4. There was one submission on this proposal.
- 5.5. The submission supported the proposal and there were no comments.

The amendment will promote the efficient operation of the electricity industry

- 5.6. The Code amendment is consistent with the Authority's statutory objectives, and sections 32(1)(c), because it would contribute to the efficient operation of the electricity industry.
- 5.7. The Code amendment will improve the efficient operation of the electricity industry, by reducing:
- (a) costs for reconciliation manager and system operator investigating and resolving discrepancies in the source information
 - (b) costs for distributors investigating and resolving balancing area groupings
 - (c) costs for reconciliation participants investigating and reassigning volumes to alternative points of connection
 - (d) 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.
- 5.8. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or 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.

Final 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.

...

6. CRP6-002 Sharing control of load between distributors and others

The Authority's proposal

- 6.1. The Authority proposed to amend clause 5 of the default distributor agreement (DDA) in Appendix A of Schedule 12A.4 of the Code to:
- (a) 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
 - (b) clarify 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.

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 6.2. We will amend the Code as proposed with one minor amendment in response to submissions.
- 6.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 6.4. There were 13 submissions on this proposal.
- 6.5. Six submissions supported the proposal. Seven submissions did not note whether they supported the proposal or otherwise, but suggested additional amendments were needed. All 13 submitters made comments.

Submitter's views

Some customers may not be able to opt out of load control

- 6.6. Four submitters noted the issue description indicates consumers may opt out of the network control option if it does not allow sharing of the controllable load. A submitter noted many network connection standards make it mandatory for the consumer to make their controllable load available to the network. It was also noted there was no explicit agreement between the distributor and customer for load control services, so often customers do not 'opt-in' or, if the retailer is the incumbent, there is no practical process for the distributor to get the customer to opt-in.

More comprehensive review needed to resolve other issues

- 6.7. Nine submitters noted there are other issues that need further amendment to resolve, including:
- (a) ensuring restoration of load does not cause safety, capacity or power quality issues

- (b) ensuring distributors and other parties have visibility over which party has contracted for which loads
- (c) ensuring distributors and other parties have visibility of when load is being controlled
- (d) addressing how reserve offers (including AUFLS) account for load that is being controlled by another party
- (e) clarifying who bears the cost of fault callouts that are caused by the other party's control
- (f) addressing how distributors can still have access to controlled load (particularly hot water) for network operations (both peak capacity management and emergency events) and network investment (capex deferral and optimisation) when that load is contracted by another party
- (g) prioritising load management for network emergencies, not just grid emergencies, and amending the definition of 'system emergency event' to include both network and grid emergencies
- (h) addressing lack of regulation under the Code for non-retailing entities managing load or generation (such as flexibility services providers), who are not required to have a DDA, therefore are not required to comply with clause 5 of the DDA, which is considered a significant gap in the Code
- (i) addressing possible issues with Part 10 of the Code (Metering Arrangements) when MEPs use the metering equipment to action load control requests from parties other than the distributor.

Proposal extends control of load to other parties

- 6.8. Seven submitters commented directly or implied the proposal extends load control to parties other than the distributor.
- 6.9. Two submitters thought clause 5 of the DDA addressed hot water control only. They thought the current provisions should be amended to make it clear all load types are included.

Disconnection of the ICP is not interference

- 6.10. One submitter noted that where one party disconnects the ICP (for example at the customer's request) this action could be interpreted as interfering with the load control system as, once disconnected, the load control device cannot detect a load control signal.

Authority response

Ability to opt out of load control

- 6.11. The Authority acknowledges some distributors require control of some load (for example hot water cylinders over 50 litres), but some distributors offer the service without making it mandatory. Where it is not mandatory, the customer has a choice. However, most customers do not explicitly make a choice and accept the current configuration of their metering and the tariff options that provides. The current wording of clause 5 of the DDA does not prevent mandatory load control where this is part of the distributor's connection and operation standards. The proposal did not

propose any changes to this wording. The Authority considers no changes to the amendments are necessary to permit mandatory load control.

More comprehensive review needed to resolve other issues

- 6.12. The Authority notes the comments regarding other issues and concerns relating to load being controlled by parties other than the distributor. We also note the suggestions for a more comprehensive review of load control provisions.
- 6.13. These comments are out of scope of this consultation and need further work. The Authority will consider them as part of its workstreams on demand management and flexibility services.
- 6.14. None of these comments or areas of concern affect the proposed amendments. Although the amendments do not directly address any of these concerns, neither do they exacerbate them, so the Authority considers no changes to the amendments are necessary to address the concerns raised.

Proposal extends control of load to other parties

- 6.15. As noted in the consultation paper, the Authority considers the current Code wording does not prevent sharing of control of the same load. However, as noted in the consultation paper, the current Code wording is not clear.
- 6.16. The amendments are not intended to extend the right to control load any further. They are intended to make it clear that control of the same load can be shared, and that the entrant must agree a protocol with the incumbent to do so. Regardless of who is exercising control, the amendment also clarifies the priority order in Schedule 8 applies to ensure the distributor can manage the load in a grid emergency. The Authority considers no changes to the amendments are necessary to further clarify the policy intent.

Disconnection of the ICP is not interference

- 6.17. The Authority agrees with the submitter that one party's disconnection of the ICP, in accordance with the Code and the contract between the party and its customer, should not be considered interference with the load control signal. The Authority has amended the drafting to make this clear.

The amendment will promote the efficient operation of the electricity industry

- 6.18. The Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(a), (b) and (c) of the Act, because it will contribute to competition, reliability and the efficient operation of the electricity industry for the long-term benefit of consumers.
- 6.19. The amendment will 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 to retain control in emergencies.

Final 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. For the avoidance of doubt, a party De-energising an ICP in accordance with the Code and its contract with its customer is not interference of the other Party's Load Control System provided that the Load Control System returns to its previous functioning when the ICP is Re-energised.
- 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.

...

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

The Authority's proposal

- 7.1. The Authority proposed to 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.

We have decided to implement the proposal without change

- 7.2. We have decided to amend the Code as proposed above without change.
- 7.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 7.4. There were two submissions on this proposal.
- 7.5. Both submissions supported the proposal and one submitter made a comment on the drafting.

Submitter's view – aligning the definition

- 7.6. A submitter noted the definition of ICP should align with the requirements in clause 11.3 which sets out what points of connection must have an ICP identifier.

Authority response

- 7.7. The Authority notes that although the wording is different, the proposed definition and clause 11.3 are essentially aligned. The main difference is clause 11.3 is more specific in its description of some of the types of points of connection than the definition of ICP. For example, the definition of ICP covers connections to an embedded network, whereas clause 11.3 splits this into two subclauses depending on who is responsible for the ICP identifier. Therefore, the Authority has decided not to change the wording of the Code amendment contained in the consultation paper

The amendment will promote the efficient operation of the electricity industry

- 7.8. The Code amendment is consistent with the Authority's statutory objectives, and is desirable to promote the efficient operation of the electricity in accordance with section 32(1)(c) of the Act, because it will contribute to the efficient operation of the electricity industry.
- 7.9. The Code amendment will 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.
- 7.10. The Code amendment will also promote the performance of the Authority's functions in accordance with section 32(1)(e) of the Act, 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.

- 7.11. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or the interests of domestic and small business consumers in relation to the supply of electricity to those consumers.

Final 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**;
- (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**

...

8. CRP6-004 Exclude embedded generators from stress tests

The Authority's proposal

- 8.1. The Authority proposed to amend the definition of disclosing participant in Part 1 of the Code 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 also proposed restructuring the definition of disclosing participant to comply with the Code drafting standard.

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 8.2. We have decided to amend the Code as proposed above with minor changes to the Code drafting to clarify the threshold for electricity purchased.
- 8.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 8.4. There were two submissions on the proposal.
- 8.5. Both submissions supported the proposal, and one submitter made a drafting suggestion on the threshold for electricity purchased.

Submitter's view – electricity purchased threshold

- 8.6. A submitter noted the 5% threshold proposed for the exclusion to apply was an arbitrary threshold. They suggested instead that the exclusion should apply if electricity is purchased only for the generator's own use.
- 8.7. That submitter noted having a threshold as a percentage of generation would require them to put in place a process and system to monitor their consumption and generation to ensure they do not exceed the threshold. This would impose compliance costs on affected participants.

Authority response

- 8.8. The Authority notes the intent of the threshold is to ensure the generator is not using the electricity purchased for market purposes, such as charging a battery for energy price arbitrage. Such use would expose the generator to spot market risk, so stress tests should apply.
- 8.9. The threshold was intended to permit the generator to purchase electricity to maintain the services for the station itself at times the station was not generating, such as at night for a solar farm. Such operations include lights, generator control equipment, fire pumps, communications, alarms, and other similar ancillary use.
- 8.10. The Authority agrees the threshold for the exclusion should be about the use of the electricity instead of an arbitrary percentage that would require a process to monitor compliance. Therefore, the Authority has decided to amend the drafting of the

proposed Code amendment to specify the electricity purchased must be for the generator's own use to maintain services for the generation station itself in order to fall within the exclusion.

The amendment will promote the efficient operation of the electricity industry

- 8.11. The Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it will contribute to the efficient operation of the electricity industry.
- 8.12. The Code amendment will improve the efficient operation of the electricity industry by:
- (a) reducing costs for embedded generators where there is no benefit, in terms of security of supply, to them performing the stress tests
 - (b) reducing costs for the stress test registrar managing these participants' disclosures.
- 8.13. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or 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.

Final 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, **and expected to be purchased in the next 3 calendar months, is purchased only for its own use to maintain services for the **embedded generating station** or **embedded generating stations** that the **embedded generator** owns or operates 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**

9. CRP6-005 Distributor interconnection point audit requirements

The Authority's proposal

- 9.1. The Authority proposed to amend clauses 15.38 and 16A.8 of 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.
- 9.2. 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.

We have decided to implement the proposal without change

- 9.3. We have decided to amend the Code as proposed above.
- 9.4. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 9.5. There were two submissions on this proposal.
- 9.6. Both submitters supported this proposal and there were no comments.

The amendment will promote the efficient operation of the electricity industry

- 9.7. The 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.
- 9.8. The Code amendment will 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.
- 9.9. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or 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.

Final amendment

15.38 Functions requiring certification

- (1) Subject to subclause (3), and to 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]*

...

- (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

...

- (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.

...

- (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**.

10. CRP6-006 Definitive obligation to pay auditors

The Authority's proposal

- 10.1. The Authority proposed to amend clause 16A.16 of 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.

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 10.2. We have decided to amend the Code as proposed above with a minor change to the Code drafting in response to a submission, as discussed in paragraph 10.11.
- 10.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 10.4. There were three submissions on the proposal.
- 10.5. Two submissions were supportive and one was not. Two submitters made comments.

Submitter's view – other commercial resolutions available

- 10.6. Both submitters that commented noted there are already commercial resolutions available, from specifying terms of trade, debt collection, and small claims before resorting to court action. One submitter also noted Code enforcement under clause 16A.16(1) (the participant's obligation to meet the cost of an audit) is available.
- 10.7. A submitter, although unsupportive of the proposal, commented if the amendment was to proceed, Code drafting similar to 16A.16(5) would be preferable as it would prevent an auditor specifying an unreasonably short due date.

Authority response

- 10.8. The Authority notes commercial resolutions are already possible, as is alleging a breach of clause 16A.16(1). These have been ineffective in the past and the costs of recovering outstanding debts can be prohibitive. Previous breach allegations have also been ineffective as the participants have acknowledged their obligation to pay but then do not.
- 10.9. Clause 16A.16(5) already contains an obligation similar to the proposal, for the participant to pay for some types of audits but not all.
- 10.10. Discussions held with auditors have indicated an additional obligation to cover all types of audits would be helpful. It would allow the Authority's compliance process to be used if the debt isn't paid.
- 10.11. The Authority acknowledges the possibility of an unreasonably short due date and also the need to allow the parties to agree to payment terms longer than 10 business days. The Authority has decided to amend the Code drafting to allow both

by making the obligation to pay by the later of 10 business days or the agreed due date.

The amendment will promote the efficient operation of the electricity industry

- 10.12. The Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it will contribute to the efficient operation of the electricity industry.
- 10.13. The Code amendment will 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 helps ensure auditors' businesses remain viable, thereby ensuring there is a sufficient pool of auditors available for all participants.
- 10.14. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or 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.

Final 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** **within 10 business days after being advised of the amount owing, or by no later than the due date specified on the invoice, whichever is later.**

11. CRP6-007 Validity periods and expiry dates in metering reports

The Authority's proposal

- 11.1. The Authority identified two problems with the way certification validity periods and expiry dates are recorded and proposed to amend:
- (a) each clause in Schedule 10.8 that requires the ATH to record the validity period to clarify that this must be expressed in months
 - (b) 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.

We have decided to implement an amended form of the proposal

- 11.2. We have decided to amend the Code as proposed above with minor changes to the drafting in Schedule 10.8 to permit either a period or expiry date to be used.
- 11.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 11.4. There were six submissions on this proposal, two supported and four did not support the proposal. Several comments were made on the intent and drafting of the proposal.
- 11.5. One non-supporting submission appears to have confused the validity period issue as relating to metering installations (Schedule 10.7) and entering the date into the registry, but it relates to certification of metering components (Schedule 10.8). The metering component validity period (or the implied expiry date) is not entered into the registry, it is used by the ATH when certifying the metering installation.

Submitter's views – metering component validity period

- 11.6. There were conflicting views from metering equipment providers. One preferred the metering component validity period to be changed to an expiry date, one wanted the validity period expressed in years rather than months, and one wanted to be able to use either.

Authority response

- 11.7. The Authority notes the Code currently requires metering component certification to have a validity period, not an expiry date. Either approach requires one party to calculate an expiry date – either the ATH certifying the component or the ATH certifying the metering installation.
- 11.8. ATHs already have processes in place to certify components and installations. Component expiry information is not entered into the registry, so does not require standardisation across the industry. The intent of this Code obligation is to make it clear how long the ATH certification of the component will be accurate for (within acceptable tolerances), so that the installing ATH can determine the expiry date by

which the metering installation will remain accurate until, if less than the maximum permitted period.

- 11.9. The Authority accepts the submitters' comments and will amend the Code drafting to allow either a validity period or an expiry date to be used for component certification, and to not specify how a validity period be expressed. We have also added some wording for measuring transformers and load control devices to be clear the certification validity period starts from the date on which the device is certified. This will allow ATHs to use a business practice that best suits them and reduce the need for auditors and the Authority to identify and investigate potential non-compliances.

The amendment will promote the efficient operation of the electricity industry

- 11.10. The Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) and 32(1)(e) of the Act, because it promotes the efficient operation of the electricity industry and the performance by the Authority of its functions.
- 11.11. The Code amendment will promote the efficient operation of the electricity industry and the performance by the Authority of its functions by allowing ATHs to use the business practice that best suits them and reducing the need for auditors and the Authority to identify and investigate potential non-compliances.
- 11.12. The Code amendment is expected to have little or no effect on competition, the reliable supply of electricity, or on the interests of domestic and small business consumers in relation to the supply of electricity to those consumers.

Final amendment

Schedule 10.7

...

37 Data storage device certification expiry date

...

- (2) The **data storage device certification expiry date** must—

...

- (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 or expiry date (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 or expiry date (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 or expiry date (expressed as a number of months) for the **measuring transformer** which must be no more than 120 months from the date on which it was certified; 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 or expiry date (expressed as a number of months) that the **ATH** considers appropriate, which must be no more than 180 months from the date on which it was certified.

...

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 or expiry date (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

...

12. CRP6-008 Timing of review of system operator performance

The Authority's proposal

- 12.1. The Authority proposed to amend clause 7.8 of 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.

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 12.2. We have decided to amend the Code as proposed with some minor amendments in response to submissions.
- 12.3. The Code amendment will come into force on **1 April 2024**.

Submissions and the Authority's response

- 12.4. There was one submission on this proposal from Transpower New Zealand Ltd.
- 12.5. The submission did not support the proposal and made several comments.

Submitter's views

The Authority can already review the system operator's performance at other times of the year

- 12.6. Transpower considers the current wording of the Code does not prevent the Authority from conducting additional system operator performance reviews throughout the year. Under the current reporting framework, the system operator's performance is assessed (or can be assessed) via its monthly performance reports, self-breach reporting, section 46 requests under the Act, and under the System Operator Service Provider Agreement (SOSPA).
- 12.7. Transpower considers the Authority has no grounds to extend the performance review focus beyond what is already in the SOSPA, Code, and Act. Transpower submits that sections 45 and 46 of the Act limit the purposes for which the Authority can use its monitoring and review powers.

The Code amendment does not provide regulatory certainty or take cost into account

- 12.8. Transpower considers the current Code deliberately and reasonably provides the system operator with time to conduct its performance self-review and take into account the requirements in clause 7.11 of the Code.
- 12.9. Transpower noted that, under the proposed clause, the Authority has neither stated on what basis the Authority would undertake additional performance reviews nor provided a notification and review time period. Transpower considers that if the proposal were to proceed, an agreed timeframe would be necessary for the system operator to prioritise its resources for the Authority's review. Transpower's view is it

would be unreasonable for the Authority to undertake any performance review at the same time the system operator is conducting its self-review.

- 12.10. Transpower states in its submission that there has not been a satisfactory cost benefit analysis and an increase in performance reviews may put at risk the delivery requirements under the Code, SOSPA, and the Authority's work programme and may be at the expense of the efficient operation of the system operator.

Authority response

- 12.11. The Authority agrees with the system operator that different mechanisms for monitoring the system operator exist under the Act and the Code. Sections 45 and 46 set out the Authority's information gathering powers, which can be used for the purpose of carrying out any of the Authority's monitoring functions under section 16 of the Act. However, the Authority does not always require its information gathering powers under section 46 to exercise its monitoring functions.
- 12.12. Clause 7.8 of the Code relates to reviews of the system operator's performance that concentrate on the system operator's compliance with its obligations under the Code and the Act, the operation of the Code and the Act, agreed performance standards and provisions of the SOSPA. The Authority may wish to conduct more regular reviews of this nature throughout the year and publish them. The current wording of the Code (clause 7.8(1)) is not clear about when the Authority may perform such a review. It could be interpreted that a review can only be performed after the system operator submits its self-review. The proposal is intended to make it clear that the Authority may review the system operator's performance at any time.
- 12.13. The Authority agrees a reasonable notification period and time period for system operator response to any request for information or input (if necessary) is prudent and has modified the proposal so that:
- (a) the Authority is required to use reasonable endeavours to give the system operator reasonable notice of a review under new clause 7.8(1A), and
 - (b) the system operator is given a reasonable opportunity to respond to requests by the Authority for information or input relating to the review (such as a request for further information, or a request for fact-checking of a draft report).
- 12.14. The Authority also notes the proposed new clause 7.8(2)(e) is a duplicate of the provision in clause 7.9(h) so has deleted this proposed new clause 7.8(2)(e).

The amendment will promote the efficient operation of the electricity industry

- 12.15. The Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) and 32(1)(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.
- 12.16. The amendment will promote the performance of the Authority's functions 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.

- 12.17. 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.

Final 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 provided it has used reasonable endeavours to provide the **system operator** with reasonable notice of the review.
- (1B) If the **Authority** requests the **system operator** to provide information or input into a review under subclause (1A), the **Authority** must provide the **system operator** with a reasonable timeframe in which to respond to the request.
- (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 under this clause ~~the performance of the **system operator**~~ no later than 10 **business days** after the **Authority** completes its review.

...

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

The Authority's proposal

- 13.1. The Authority proposed to 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.

We have decided not to proceed with implementing the proposal

- 13.2. For the reasons in paragraphs 13.5 and 13.6, we have decided to withdraw the proposal.

Submissions and the Authority's response

- 13.3. There were three submissions on this proposal.
- 13.4. One submission supported the proposal and two did not. Two submitters provided comments on the proposal.

Submitter's views

- 13.5. One submitter questioned the need for this change given the advances in metering technology and a previous amendment permitting the use of pulsed output. The second submitter noted that it would be impossible to make a comparison to the reference reading if there are no digits or marks.

Authority response

- 13.6. The Authority notes the comments and has decided to withdraw the proposal. If the Authority is advised by an ATH or meter equipment provider that there is still an issue from older meter technology, the Authority will reconsider the proposal in a future Code review programme consultation.

14. CRP6-010 Certification of reconciliation participants

The Authority's proposal

- 14.1. The Authority proposed to amend clause 7 of Schedule 15.1 of the Code to extend the maximum certification period of reconciliation participants to 36 months, to align with existing audit periods.

We have decided to implement the proposal without change

- 14.2. We have decided to amend the Code as proposed above.
- 14.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 14.4. There were four submissions on this proposal.
- 14.5. All submissions supported the proposal and there were no comments.

The amendment will promote the efficient operation of the electricity industry

- 14.6. The 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.
- 14.7. The Code amendment will improve the efficient operation of the electricity industry by increasing the maximum certification 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.
- 14.8. The Code amendment will have no effect on competition or the reliable supply of electricity, or 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.

Final amendment

Schedule 15.1

...

7 Renewal of certification

- (1) **Certification** must not be granted for a term of more than 2436 months.
- (2) The **Authority** must renew a **participant's certification** for a further term of not more than 2436 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.

15. CRP6-011 Statistical sampling using displaced meters

The Authority's proposal

- 15.1. The Authority proposed to amend clause 16 of Schedule 10.7 of 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 themselves. If the first ATH chooses this option, they would need to have an agreement in place with the other ATH so:
- (a) 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
 - (b) the other ATH returns the meters in the same condition as if they were returned by the first ATH's field technician
 - (c) the process and records are auditable by the first ATH's auditor.

We have decided to implement the proposal with no change to its policy intent, but with revised Code drafting

- 15.2. We have decided to amend the Code as proposed above, however we have deleted an unnecessary definition "(the "other ATH")" as it is no longer used in the amendment.
- 15.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 15.4. There were two submissions on this proposal.
- 15.5. Both submissions supported the proposal and made comments.

Submitter's view – metering installation records

- 15.6. Both submitters commented on the need for records from the removed metering installation to be returned to the MEP. Both suggested this was not needed as the sampling process only involves the metering components

Authority response

- 15.7. The Authority notes that the statistical recertification process recertifies the metering installation not just the meters. The Code drafting is not very comprehensive over the process details, and focusses on the use of AS/NZS 12184:13 for the testing of the meters themselves.
- 15.8. However, the provision for recertification using statistical sampling is to recertify the entire metering installation not just the meter. For an ATH to certify the accuracy of the entire metering installation they need to assess more than just the meter calibration results.

- 15.9. The Authority has published an updated guideline on the use of statistical recertification. The guideline suggests a process for doing this. However, the Authority acknowledges that there may be alternative ways for an ATH to obtain sufficient assurance of a metering installation's accuracy for the ATH to issue certification, and to use that metering installation's results as a statistically robust basis to recertify a group of metering installations. If an ATH uses an alternative process, they may need to demonstrate the statistical robustness of their process to the Authority's auditors.
- 15.10. The guideline is published on our website:¹ [Guideline on recertification of category 1 metering installations by statistical sampling.](#)

Submitter's view – How the gaining MEP is aware of the sample

- 15.11. One submitter commented that it wasn't sure how the gaining MEP would become aware the metering installation was part of the sample.

Authority response

- 15.12. The Authority notes the Code amendment is intended to permit a losing MEP to use the information and meter returned from the gaining MEP. It is not intended to provide automatic notifications. If a losing MEP is aware of meter displacements that may affect its sampling and if the losing MEP wants to rely on these provisions, it will need to have discussions with other MEPs that are displacing to reach agreement on the process to be used.
- 15.13. The Authority expects that over time all MEPs will be in the situation of having some of their metering installations displaced, so should work constructively to ensure all MEPs can operate efficiently but without limiting competition in any way.

The amendment will promote the efficient operation of the electricity industry

- 15.14. The Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it would promote the efficient operation of the electricity industry.
- 15.15. The Code amendment will improve the efficient operation of the electricity industry by reducing the costs for MEPs when recertifying metering installations using statistical sampling.
- 15.16. The Code amendment is expected to have little or no effect on competition or the reliable supply of electricity, or 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.

Final amendment

Schedule 10.7

...

16 Recertification of group of category 1 metering installations by statistical sampling

¹ 'Industry Guideline' webpage using keyword "recertification", industry type "Metering equipment provider"
<https://www.ea.govt.nz/industry/guidelines/?type=Metering+equipment+provider&search=recertification>

...

(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.

...

16. CRP5-012 Align reporting requirements for AUFLS

The Authority's proposal

- 16.1. The Authority proposed to amend clause 7 of Schedule 8.3, Technical Code B of the Code to permit the system operator to specify the date the South Island AUFLS provider must provide demand profile information.

We have decided to implement the proposal without change

- 16.2. We have decided to amend the Code as proposed.
- 16.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 16.4. There were four submissions on this proposal.
- 16.5. Three submitters supported the proposal, and one did not. There were comments from one submitter.

Submitter's view

- 16.6. The grid owner noted they are already voluntarily providing the information so there is no benefit to codifying the obligation. They also noted some of the necessary information comes from other parties (connected asset owners in the South Island).
- 16.7. The grid owner also noted they issue notices to South Island connected asset owners under clause 5 of Technical Code B in Schedule 8.3.
- 16.8. The grid owner suggested two alternative options. One for the Code to give the grid owner the power to specify information provision from South Island connected asset owners and the second for the obligation to be moved from the grid owner, so the South Island connected asset owners provide the information direct to the system operator.

Authority response

- 16.9. The Authority acknowledges the grid owner is currently voluntarily providing this information. The Code amendment is to provide certainty the system operator has the power to require the information and provide recourse to the Authority's compliance process if the grid owner does not do so.
- 16.10. The Authority notes clause 8.19(5) of the Code requires the South Island grid owner to provide automatic under-frequency load shedding, not the connected asset owners. There are likely good engineering and customer service reasons for some connected asset owners providing this service, however under the Code, the connected asset owners are providing the service on behalf of the grid owner.
- 16.11. The reporting and information provision requirements in Technical Code B are consequential to the substantive obligation on the grid owner. Clause 7(5) of Technical Code B requires the South Island connected asset owners to cooperate fully and provide reasonably requested information to the grid owner. The grid

owner should have appropriate agreements in place to ensure adequate and timely provisions of information.

- 16.12. Any change to these arrangements would be a significant shift in obligations for the grid owner and South Island connected asset owners. As such they would need to be consulted on and are out of scope of this proposal.
- 16.13. The Authority notes both the alternative options suggested by the grid owner would place new obligations on South Island connected asset owners. As such they would need to be consulted on and are out of scope of this proposal.

The amendment will promote the efficient operation of the electricity industry

- 16.14. The Code amendment is consistent with the Authority's objectives, and sections 32(1)(b) and (1)(c) of the Act, because it would contribute to the reliable supply of electricity and the efficient operation of the electricity industry.
- 16.15. The Code amendment will 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.
- 16.16. The Code amendment is expected to have no effect on competition, or on the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.

Final 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**.

...

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

The Authority's proposal

- 17.1. The Authority proposed to amend clause 25 of Schedule 11.1 of 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.

We have decided to implement the proposal without change

- 17.2. We have decided to amend the Code as proposed.
- 17.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 17.4. There were three submissions on this proposal.
- 17.5. All three submissions supported the proposal and there were comments from two submitters.

Submitter's view – timing of the amended date

- 17.6. Two submitters commented that the proposed Code drafting was not clear if a minimum of 30 days' notice was required for an amended date.

Authority Response

- 17.7. A minimum of 30 days between the amended notice being issued and the new intended date is NOT required. This is because the original notice must give at least 30 days' notice of the original intended date (subclause (5)), and the proposed Code amendment prohibits the amended date being any earlier than the original intended date. Therefore, there is always at least 30 days' notice for affected participants to prepare for the creation or decommissioning.
- 17.8. Without this amendment, an applicant could give 30 days' notice, then amend the date to bring the intended date forward. This would have the effect of giving other participants less than 30 days' notice, but would be compliant with the Code as it is currently worded.

Submitter's view – bringing the date forward

- 17.9. One submitter commented that there may be good reason for bringing the date forward and this is now expressly prohibited.

Authority Response

- 17.10. The Authority notes the intention of this proposal is to prevent the date being brought forward. This is intended so that affected participants have at least 30 days to prepare their systems and processes for the creation or decommission of the NSP. Any change to this intention would require consulting and is out of scope of this proposal.

The amendment will promote the efficient operation of the electricity industry

- 17.11. The Code amendment is consistent with the Authority's objectives, and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry.
- 17.12. The Code amendment will 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
- 17.13. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or on the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.

Final 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.

...

18. CRP6-014 Dates for auditor biennial rotation

The Authority's proposal

- 18.1. The Authority proposed to amend clause 16A.7 of the Code to clarify when the 2-year period for auditor rotation starts and ends and that an audit started just before the end of the 2-year period may be completed by the same auditor.

We have decided to implement the proposal without change

- 18.2. We have decided to amend the Code as proposed above.
- 18.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 18.4. There were three submissions on this proposal.
- 18.5. All three submissions supported the proposal and there were comments from two submitters.

Submitters' views

- 18.6. Two submitters commented on the timeframe for rotation. Both noted that a two-yearly rotation is more frequent than some other regimes for example, for NZX listed companies and Public Interest Entities (PIEs). Both suggested a review of the time period between rotations, or potentially, a risk-based timeframe.

Authority Response

- 18.7. The Authority notes the comment and will consider this suggestion in any future review of the substantive participant audit requirements.

The amendment will promote the efficient operation of the electricity industry

- 18.8. The Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it will contribute to the efficient operation of the electricity industry.
- 18.9. The Code amendment will 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.
- 18.10. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or on the interests of domestic consumers and small business consumers, or the performance by the Authority of its functions.

Final 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**.

19. CRP6-015 Duplicate obligations to provide NSP information

The Authority's proposal

- 19.1. The Authority proposed to 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 clauses 15.9 or 15.11.

We have decided to implement the proposal without change

- 19.2. We have decided to amend the Code as proposed above without change.
- 19.3. The Code amendment will come into force on **1 April 2025**.

Submissions and the Authority's response

- 19.4. There was one submission on this proposal.
- 19.5. The submission supported the proposal and made no comments.

The amendment will promote the efficient operation of the electricity industry

- 19.6. The Code amendment is consistent with the Authority's statutory objectives, and section 32(1)(c) of the Act, because it will contribute to the efficient operation of the electricity industry.
- 19.7. The Code amendment will improve the efficient operation of the electricity industry by removing a duplicate obligation.
- 19.8. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers, or the performance by the Authority of its functions.

Final amendment

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):

...

20. CRP6-016 Event of default missing from ICP transfer provisions

The Authority's proposal

- 20.1. The Authority proposed to amend the Code to include reference to the event of default in clause 14.41(1)(i) in the Code provisions allowing the Authority to transfer ICPs to non-defaulting retailers. We also proposed minor, technical changes to improve the Code drafting.
- 20.2. The Authority proposed 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.
- 20.3. The Authority also proposed removing some unnecessary wording and references to the relevant types of events of default in clauses 1 and 2 of Schedule 11.5, to future-proof the Code by avoiding the need for any further changes, should the list of events of default change in future.

We have decided to implement the proposal without change

- 20.4. We have decided to amend the Code as proposed above.
- 20.5. The Code amendment will come into force on **1 July 2025**.

Submissions and the Authority's response

- 20.6. There was one submission on this proposal.
- 20.7. The submission supported the proposal and made one comment.

Submitter's comment

- 20.8. One submitter noted it did not consider a three-month transition period was necessary as its customer terms and conditions were already broad enough to cover the additional event of default.

Authority response

- 20.9. The Authority notes the comment. As it received no other comments, changing the proposal may affect other participants that need a transition period. Therefore, the Authority will introduce the transition period as proposed.

The amendment will promote the efficient operation of the electricity industry

- 20.10. The Code amendment is consistent with the Authority's statutory objectives, and sections 32(1)(c) and (d) of the Act, because it would contribute to the efficient operation of the electricity industry and protect the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers.
- 20.11. The Code amendment will 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.

- 20.12. The Code amendment is expected to have no effect on competition or the reliable supply of electricity, or on the performance by the Authority of its functions.

Final 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), ~~(b)~~, ~~(f)~~, ~~(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), ~~(b)~~, ~~(f)~~, ~~(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~~ The **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.

21. Technical and non-controversial amendments

- 21.1. The consultation paper included a list of 8 amendments that the Authority is satisfied on reasonable grounds are technical and non-controversial (TNC) under section 39(3)(a) of the Act. These amendments do not require consultation or a regulatory statement but were included in the consultation paper for comment.
- 21.2. There were no submissions on the TNCs. We have decided to make these TNC amendments under section 39(3)(a) of the Act.
- 21.3. The Code amendments will come into force on **1 April 2025**.

Final amendment

Clause	Issue	Proposed amendment
1.	1.1 definition of 'controllable load'	<p>The definition of 'controllable load' uses the wrong subparagraph numbering and has an erroneous full stop at the end of the definition.</p> <p>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—</p> <p>(a)(i) resources a connected asset owner intends to use for its own network demand management purposes; and</p> <p>(b)(ii) any resources offered into the instantaneous reserves market; and</p> <p>(c)(iii) any resources bid or offered on behalf of a dispatch-capable load station or dispatch notification purchaser or dispatch notification generator.</p>
2.	1.1 definition of 'hedge settlement agreement'	<p>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 have decided to delete 'in a form set out in Schedule 14.4' from the definition.</p> <p>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</p>

3.	1.1 definition of 'pricing error'	The definition of 'pricing error' uses the wrong subparagraph numbering.	<p>pricing error means an error in an interim price or interim reserve price as a result of—</p> <p>(a)(+) 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</p> <p>(b)(+) the clearing manager having followed an incorrect process in calculating that interim price or interim reserve price, in contravention of this Code</p>
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 distribution 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(1)(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(1)(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: Fixed Price Fixed Volume

Date: [Enter date]

...