



Electricity Authority  
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4 March 2025

## Omnibus Code amendments #5

We welcome the opportunity to submit on the Electricity Authority's (Authority's) consultation *Omnibus Code amendments #5*, published 4 February 2025. This submission responds to the third of the three proposals, introducing a back-up means of calculating wholesale prices.

### Price formation is one aspect of settlement processes to manage

We support the Authority's attention to a hopefully rare but realistic situation that some extreme circumstances could *disrupt the publication of schedule information on WITS for longer than 36 hours*. While such an extreme situation has not yet occurred in the almost 30 years of market operation, it is a real risk to prepare for especially now wholesale market pricing has progressed from an ex-post regime.

The Authority describes the problem as *there is no means for pricing if dispatch and PRS prices are not available*.<sup>1</sup> The proposed code focusses on policy to create interim prices (which we support). Further consideration may be needed to clarify what quantities should be used (in settlement processes) if the extreme circumstances causing prices to not be produced also means that quantities are unknown. While it is likely metered quantities of energy generation and energy consumption will be available<sup>2</sup>, several settlement activities rely on non-metered quantities which are more likely to be similarly impacted as the wholesale prices were.

For example, in Transpower's roles as:

- FTR Manager, we are required to use dispatch schedule outputs (e.g. Sch. 14.3 cl. 9(1)) in the calculation of the loss and constraint excess that must be applied to the settlement of the FTR market
- Grid Owner, we use dispatch schedule outputs as part of the Settlement Residual Allocation Methodology (SRAM)<sup>3</sup>
- System Operator, we use dispatch instructions to calculate the quantity of instantaneous reserve for use in settlement.<sup>4</sup>

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<sup>1</sup> [Code amendment omnibus #5](#), page 16.

<sup>2</sup> Additionally, the Code enables estimated data to be used if actual metered values are unavailable.

<sup>3</sup> Clause 14.35A(3) obligates Transpower to develop a SRAM.

<sup>4</sup> The settlement of instantaneous reserve is detailed in the Procurement Plan and the ancillary service contracts governed by the Procurement Plan.

These settlement processes could not be completed in the absence of data from the dispatch schedule. Similarly, the Clearing Manager would be unable to calculate constrained on and off amounts without dispatch instructions. Currently, there is no means for provision of this data if it is not available.

We consider policy attention to how all market settlement processes could and should continue under extreme circumstances, merits a future, dedicated consultation process. We look forward to working with the Authority to progress the work that would be required.

Yours sincerely

**Joel Cook**  
**Head of Regulation**

## Appendix A- Response to Questions

<b>Submitter</b>	<b>Transpower</b>
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Introducing a back-up means of calculating wholesale prices to improve market confidence

Questions	Comments
Q4.1. Do you support the Authority's proposal? Please explain your answer	<p>Yes to the extent that it proposes an approach to price setting absent the means to generate interim prices.</p> <p>However, quantities are the other part of market settlement. Extreme circumstances could also affect information provision about dispatch quantities and this aspect may also need additional consideration.</p>
Q4.2 Do you agree the proposed amendment is preferable to the alternative options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010	Yes. The Authority has discussed thoroughly other ways to produce forward prices (by reference to other time periods) and we agree with the approach proposed.
Q4.3. Do you agree with the analysis presented in this Regulatory Statement? If not, why not?	Yes.