Code Review Programme 2015

Decision and reasons paper

Final decision

12 January 2016

Legal and Compliance

Contents

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1 Introduction

Purpose of this paper

1.1 This paper sets out:

(a) the decision of the Electricity Authority (Authority) to amend the Electricity Industry Participation Code 2010 (Code) to make a number of improvements to the Code, that the Authority has identified either in the course of the Authority's work or as the result of suggestions received through the Authority's Code amendment proposal process; and

(b) the reasons for the decisions, including the Authority's responses to all issues raised in the submissions it received.

The Authority has consulted on an omnibus Code amendment

1.2 The Authority is an independent Crown entity whose 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.[1]

1.3 On 30 June 2015 the Authority released for consultation a proposal to make a number of amendments to the Code as one omnibus Code amendment.

1.4 The objective of the proposal was primarily to promote the efficient operation of the electricity industry for the long-term benefit of consumers.

1.5 For the most part, each proposed amendment addressed a discrete issue. Accordingly, the amendments did not (in general) relate to each other. Rather, the amendments mostly represented changes that would be beneficial to make, but that do not (of themselves) warrant the resources required for a separate consultation process. The Authority decided to progress the amendments together on this basis.

The Authority received 10 submissions on its consultation paper

1.6 The Authority received 10 submissions on its consultation paper. The parties that made submissions are listed in Table 1.

Table 1 List of parties making submissions

Retailers	Lines companies	Service companies
Contact Energy Limited	Orion New Zealand Limited	Cumulus Asset Management
Genesis Energy Limited	Transpower NZ Limited	
Meridian Energy Limited	Vector Limited	
Mighty River Power Limited		
Powershop New Zealand Limited		

[1] This is the Authority's statutory objective. Refer to section 15 of the Electricity Industry Act 2010.

Retailers	Lines companies	Service companies
Trustpower Limited		

1.7 These submissions, and a summary of submitters' comments, are available from the Authority's website at https://www.ea.govt.nz/development/work-programme/retail/code-review-programme/consultations/.

2 The Authority's decision

2.1 The Authority has decided to amend the Code as set out in the following table.

2.2 The table sets out each issue identified by the Authority in its Consultation Paper on the Code Review Programme 2015; the Proposed Code Amendment; and the Authority's decision to either amend the Code as proposed, alter the proposed amendment in some way, or withdraw the amendment.

Reference number	Issue	Proposed Code Amendment	Decision
097-001	Subpart 5 of Part 13 of the Code requires the public disclosure of information about risk management contracts that participants have entered into, including contracts for differences (CfDs). Participants are not required to disclose information about CfDs covering a quantity of less than 0.25 MW. At present, NZ electricity futures on the ASX are traded in units of 1 MW. However ASX plans to reduce the unit size to 0.1 MW. If status quo arrangements are still in force after ASX reduces the unit size to 0.1 MW, then futures trades below 0.25 MW will not need to be disclosed to the Authority. If these trades are not disclosed, then it will not be possible to monitor trading in the	Amend the definition of **contract for differences** as follows: **contract for differences**, for the purposes of subpart 5 of Part 13, means a financial derivative contract— (a) under which 1 or both **parties** makes or may make a payment to the other **party**; and (b) in which the payment to be made depends on, or is derived from, the price of a specified **quantity** of **electricity** at a particular time; and (c) that may provide a means for the risk to 1 or both **parties** of an increase or decrease in the price of **electricity** to be reduced or eliminated; and (d) ~~in which~~ that either— (i) ~~the~~ relates to a quantity of **electricity** that ~~the contract relates to~~ equals or exceeds 0.25 **MW** of **electricity**; or (ii) is entered into through a **derivatives exchange**, being a market in which **parties** trade standardised financial derivative contracts, and contracts containing the right to buy or sell standardised financial derivative contracts, with a central counterparty	As proposed, except that the term “derivatives exchange” has been un-bolded as it is not a defined term and does not need to be. (Note that the wording of paragraph (d)(ii) differed between the proposal on page 15 of the consultation paper and the master list in Appendix D of the consultation paper). Although the difference in wording is immaterial, the Authority considers the wording on page 15 of the consultation paper to be preferable.

Reference number	Issue	Proposed Code Amendment	Decision
	NZ futures market effectively, or to make comparisons between NZ electricity futures and other risk management products.		
008-002	The definition of embedded networks is confusing, particularly the use of "between". The Authority also considers: • It is confusing and undesirable to define an embedded network by reference to a point of connection. • it is not necessary to refer specifically to consumers or embedded generating stations. • it is unnecessary to refer to electricity flow being quantified by a metering installation in	Replace the definition of embedded network with the following definition: **embedded network** means a system of lines, substations, and other **works**, used primarily for the conveyance of **electricity**, that— (a) is **connected** to the **grid** only through 1 or more other **networks**; and (b) has 1 or more **ICP identifiers** recorded in the **registry** as being **connected** to it"	The Authority does not agree that the proposed Code amendment implies that an embedded network is directly connected to the grid. The words "only through one or more other **networks**" clarify that an embedded network is indirectly connected to the grid.

Reference number	Issue	Proposed Code Amendment	Decision
	accordance with Part 10, as other provisions in the Code specify requirements relating to metering installations at an ICP.		
084-003	The definition of "use-of-system agreement" does not reference embedded networks. Accordingly, the provisions relating to use-of-system agreements in Part 12A do not apply in respect of agreements with distributors who are embedded network owners, even though that was intended.	Amend the definition of "use-of-system agreement" so that it also includes an agreement that allows a trader to trade on a distributor's embedded network. Make consequential amendments to clause 14.41 to ensure that paragraph (h) applies to a use-of-system agreement in relation to an embedded network, as well as in relation to a local network. **use-of-system agreement** means an agreement between a **distributor** and a **trader** that allows the **trader** to trade on the **distributor's local network** or **embedded network** **14.41 Definition of an event of default** Each of the following events constitutes an **event of default**: … (h) termination of a **trader's use-of-system agreement** with a **distributor** because of a **serious financial breach** if— (i) the **trader** continues to have a **customer** or **customers** on the **distributor's local network** or **embedded network**; and (ii) there are no unresolved disputes between the **trader** and the **distributor** in relation to the termination; and …	As proposed.
002-004	Clauses 3.17, 9.32, 12.97 to 12.99, and 13.231 place	**3.17 Market operation service provider must arrange audit of software** (1) Unless otherwise agreed by the **Authority** in writing,	As proposed, subject to a minor change to clause 12.99(1)(b) and the correction of an incorrect cross-reference in clause 13.231(4) as follows:

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	reporting obligations on auditors. The Act only permits the Authority to place obligations on industry participants, persons acting on behalf of industry participants and the Authority. Auditors are not industry participants under the Act. Also, it is not clear that auditors are acting on behalf of industry participants when providing audits required by the Code or by the Authority, albeit that the audits are of industry participants. Accordingly, it is better that the Code only places obligations on industry participants in relation to their audits.	each **market operation service provider** must arrange and pay for a suitably qualified independent person approved by the **Authority** to carry out— (a) before any **software** is first used by the **market operation service provider** in connection with this Code (except Parts 6 and 9) and Part 2 and Subpart 1 of Part 4 of the **Act**, an **audit** of all **software** and **software specifications** to be used by the **market operation service provider**; and (b) an annual **audit** of all **software** used by the **market operation service provider**, within 1 month after 1 March in each year; and (c) an **audit** of any changes to the **software** or the **software specification**, before it is used by the **market operation service provider**. (2) A **market operation service provider** must ensure that the person carrying out an **audit** under subclause (1) provides a ~~The **auditor** must~~ report to the **Authority** as to— (a) the performance (including likely future performance) of all of the **software** in accordance with the relevant **software specification**; and (b) any other matters that the **Authority** requires. … **9.32 Auditor must provide audit report** (1) The **retailer** must ensure that the **auditor** ~~must~~ provides the **Authority** with an **audit** report on the **retailer's** compliance with this subpart that has been prepared in accordance with this clause. (2) The **audit** report must include any comments from the **retailer** on any non-compliance found by the **auditor** if the **retailer** provided the comments to the **auditor** within a time specified by the **auditor**.~~Before the **auditor** provides the **audit** report to the **Authority**, the **auditor** must refer any non-compliance to the **retailer** for~~	**12.99 Final auditor report to the Authority** (1) **Transpower** must ensure that, within ~~Within~~ 10 **business days** after the **auditor** receives ~~receipt of~~ **Transpower's** response under clause 12.98, the **auditor** ~~must~~ provides a report to the **Authority** certifying that either— (a) **Transpower** had applied correctly the approved **transmission pricing methodology**; or (b) material errors remained in ~~the~~ **Transpower's** application ~~by **Transpower**~~ of the **transmission pricing methodology**. (2) Within 5 **business days** of receiving the report, the **Authority** must **publish** the **auditor's** report. … **13.231 Audit of information** (1) The **Authority** may, in its discretion, carry out an **audit** as to whether a **participant** has complied with this subpart. (2) If the **Authority** decides under subclause (1) that a **participant** should be subject to an **audit**, the **Authority** must first require the **participant** to nominate an appropriate **auditor**. The **participant** must provide that nomination within a reasonable timeframe. The **Authority** must appoint the **auditor** nominated by the **participant**. If the **participant** fails to nominate an appropriate **auditor** within a reasonable timeframe, the **Authority** may appoint an **auditor** of its own choice. (3) A **participant** subject to an **audit** under this

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		~~comment. The **retailer** must provide comments within a time specified by the **auditor**.~~ ~~(3) The **auditor** must include the **retailer's** comments, if any, in the **audit** report.~~ (4) The **audit** report must not contain ~~The **auditor** must not provide the **Authority** with a copy of~~ any of the information provided by the **retailer** to the **auditor** under clause 9.31 unless requested by the **Authority**. … **12.97 Audit of transmission prices** (1) The **Authority** may appoint an **auditor** to confirm whether **Transpower's** transmission prices have been calculated in accordance with the **transmission pricing methodology**. (2) **Transpower** must ensure that the~~The~~ **auditor's** report ~~must consider~~ includes the **auditor's** view on whether the application of the **transmission pricing methodology** by **Transpower** contains errors or inconsistencies that may have a material impact on the prices of any individual **designated transmission customers**, or **designated transmission customers** in general. (3) **Transpower** must provide the **auditor** with all relevant information required by the **auditor** to complete its review. **12.98 Transpower may respond to auditor's report** **Transpower** must ensure that the **auditor's** report includes any comments that **Transpower** provided to the **auditor** ~~be provided with the opportunity to respond in writing to the **auditor's** report~~ within 15 **business days** of **Transpower** receiving ~~the~~ a draft of the report~~, before the finalization of the **audit** report~~. **12.99 Final auditor report to the Authority**	clause must, on request from the **auditor**, provide the **auditor** with a copy of every **risk management contract** that it has entered into in the previous 12 months or within such other period specified by the **auditor**. The **participant** must provide this **audit** information no later than 20 **business days** after receiving a request from the **auditor** for the information. (4) The **participant** must ensure that the **auditor** provides the **Authority** with ~~must produce~~ an **audit** report on the **participant's** compliance with this subpart that has been prepared in accordance with subclauses (4A) and (5). ~~Before the **audit** report is submitted to the **Authority**, any non-compliance must be referred back to the **participant** for comment. The comments of the **participant** must be included in the **audit** report.~~ (4A) The **audit** report must include any comments from the **participant** on any non-compliance found by the **auditor** if the **participant** provided comments to the **auditor** within a time specified by the **auditor**. (5) The **audit** report must not contain ~~The **auditor** must not provide the **Authority** with a copy of~~ any **risk management contract** that the **participant** has provided to the **auditor** in accordance with subclause (3), unless the **Authority** has specifically requested that the **auditor** do so.

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		(1) **Transpower** must ensure that, within ~~Within~~ 10 **business days** after the **auditor** receives ~~receipt of~~ **Transpower's** response under clause 12.98, the **auditor** ~~must~~ provides a report to the **Authority** certifying that either— (a) **Transpower** had applied correctly the approved **transmission pricing methodology**; or (b) material errors remained in the application by **Transpower** of the **transmission pricing methodology**. (2) Within 5 **business days** of receiving the report, the **Authority** must **publish** the **auditor's** report. … **13.231 Audit of information** (1) The **Authority** may, in its discretion, carry out an **audit** as to whether a **participant** has complied with this subpart. (2) If the **Authority** decides under subclause (1) that a **participant** should be subject to an **audit**, the **Authority** must first require the **participant** to nominate an appropriate **auditor**. The **participant** must provide that nomination within a reasonable timeframe. The **Authority** must appoint the **auditor** nominated by the **participant**. If the **participant** fails to nominate an appropriate **auditor** within a reasonable timeframe, the **Authority** may appoint an **auditor** of its own choice. (3) A **participant** subject to an **audit** under this clause must, on request from the **auditor**, provide the **auditor** with a copy of every **risk management contract** that it has entered into in the previous 12 months or within such other period specified by the **auditor**. The **participant** must provide this **audit** information no later than 20 **business days** after receiving a request from the **auditor** for the information. (4) The **participant** must ensure that the **auditor** provides the **Authority** with ~~must produce~~ an **audit** report on the	

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		participant's compliance with this subpart that has been prepared in accordance with subclauses (5) and (6). ~~Before the **audit** report is submitted to the **Authority**, any non-compliance must be referred back to the **participant** for comment. The comments of the **participant** must be included in the **audit** report.~~ (4A) The **audit** report must include any comments from the **participant** on any non-compliance found by the **auditor** if the **participant** provided comments to the **auditor** within a time specified by the **auditor**. (5) The **audit** report must not contain ~~The **auditor** must not provide the **Authority** with a copy of~~ any **risk management contract** that the **participant** has provided to the **auditor** in accordance with subclause (3), unless the **Authority** has specifically requested that the **auditor** do so.	
020-005	Clause 10.25 relates to the obligations on distributors in relation to network supply points (NSPs) that are not points of connection to the grid, including the responsibility for ensuring that there is a metering installation installed at such NSPs. Subclause (2) sets out the requirements that a distributor must comply with if the distributor proposes to create a new NSP that is not a point of	**10.25 Responsibility for ensuring there is metering installation for NSP that is not point of connection to grid** (1) A **distributor** must, for each **NSP** that is not a **point of connection** to the **grid**, and for which it is recorded in the **NSP** table on the **Authority's** website as being responsible, ensure that— (a) there is 1 or more **metering installations**; and (b) all **electricity** conveyed is quantified in accordance with this Code~~:~~. (2) A **distributor** must, if it proposes the creation of a new **NSP** that is not a **point of connection** to the **grid**,— (a) for each **metering installation** for the **NSP**, either— (i) assume responsibility for being the **metering equipment provider**; or (ii) contract with a person who, in that contract, assumes responsibility for being the **metering equipment provider**; and (b) no later than 20 **business days** after assuming	As proposed.

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	connection to the grid. Under clause 10.25(2)(c), the distributor must advise the reconciliation participant for the NSP of the certification expiry date of each metering installation for the NSP no later than 20 business days after each metering installation is certified. Clause 10.25(2)(c) contains an error as it requires the distributor to advise the "reconciliation participant for the NSP" of each metering installation's certification expiry date. The distributor should advise the reconciliation manager, not the reconciliation participant for the NSP. In addition, paragraphs (b) and (c) of clause 10.25(2) only apply when a distributor proposes	responsibility or entering into the contract under paragraph (a), advise the **reconciliation manager** of— (i) the **reconciliation participant** for the **NSP**; and (ii) the **participant identifier** of the **metering equipment provider** for the **metering installation**; and (c) no later than 20 **business days** after the date of **certification** of each **metering installation**, advise the **reconciliation manager** ~~**reconciliation participant** for the **NSP**~~ of the **certification** expiry date of the **metering installation**. (3) In relation to an **NSP** of the type described in subclause (1), a **distributor** must, no later than 20 **business days** after a **metering installation** for such an **NSP** is **recertified**, advise the **reconciliation manager** of the following: (a) the **reconciliation participant** for the **NSP**: (b) the **participant identifier** of the **metering equipment provider** for the **metering installation**: (c) the **certification** expiry date of the **metering installation**.	

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	to create a new NSP that is not a point of connection to the grid. The intention was for distributors to also comply with those requirements when a metering installation for an existing NSP that is not a point of connection is recertified. Finally, subclause (1)(b) contains a punctuation error, and it could be clarified that the requirement in subclause (2)(b) relates to the relevant metering installation.		
022-006	Clause 10.33(1)(c) only allows a reconciliation participant to energise a point of connection, or authorise a point of connection to be energised, if (along with other conditions) the owner of the network to which the point of connection is connected has given written approval.	**10.33 Energisation of point of connection** (1) A **reconciliation participant** may **energise** a **point of connection**, or authorise a **point of connection** to be **energised**, if— (a) the **reconciliation participant** is recorded in the **registry** as being responsible for the **ICP**; and (b) 1 or more **certified metering installations** are in place in accordance with this Part; and (c) in the case of an **ICP** that has not previously been **energised**, the owner of the **network** to which the **point of connection** is **connected** has given written approval. (2) A **reconciliation participant** that meets the requirements of subclause (1)(a)— (a) may authorise a **metering equipment provider**,	As proposed.

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	However, a reconciliation participant should only need to obtain the network owner's approval in the case of new connections. This would allow the network owner to ensure that safety requirements are met before a connection is energised, without imposing undue costs on the parties in the case of re-energising connections that have previously been energised. If a connection has previously been energised, the reconciliation participant should not need to re-obtain the network owner's approval. Clause 10.33(3) addresses the issue of safety when re-energising connections.	with which it has an arrangement, to request the **temporary energisation** of a **point of connection**: (b) may authorise **energisation** of an **ICP** if— (i) a **metering installation** is in place at the **ICP**; and (ii) the **metering installation** is operational but not **certified**; and (iii) the **reconciliation participant** arranges for the **certification** of the **metering installation** to be completed within 5 **business days** of the **energisation** date: (c) may **energise** an **ICP** if the **point of connection** is solely for **unmetered load**. (3) A **reconciliation participant** must not authorise the **energisation** of a **point of connection** in any of the following circumstances: (a) a **distributor** has **de-energised** the **point of connection** for safety reasons, and has not subsequently approved the **energisation**: (b) the **energisation** of the **point of connection** would breach the Electricity (Safety) Regulations 2010. (4) No **participant** may **energise** a **point of connection**, or authorise the **energisation** of a **point of connection**, other than a **reconciliation participant** as described in subclauses (1) to (3).	
078-007	Clause 10.34 relates to the installation and modification of metering installations at points of	**10.34 Installation and modification of metering installations** (1) This clause applies to a **metering equipment provider** that proposes to install or modify a ~~each~~ **metering installation** at a **point of connection** other than a	As proposed, except for changes to the numbering of the subclauses and a change to the cross references in subclause (4): **10.34 Installation and modification of metering installations**

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	connection that are not points of connection to the grid. Subclause (2) requires the metering equipment provider to consult with, and use its best endeavours to agree with, the distributor and trader for the relevant point of connection on specified matters before finalising the design of a metering installation. The intention was that the Code would also require the metering equipment provider to consult with the distributor and trader before modifying a metering installation. This is reflected in subclause (1), which states that the clause applies both when a metering installation is installed and when it is proposed to be modified. However, the requirement to consult when modifying a metering installation was not carried down to	**point of connection** to the **grid.**— ~~(a) proposed to be installed at a **point of connection** other than a **point of connection** to the **grid**; or~~ ~~(b) at a **point of connection** other than a **point of connection** to the **grid**, which is proposed to be modified.~~ (~~2~~1A) ~~A~~ The **metering equipment provider** must~~, if this clause applies,~~ consult with ~~and use its best endeavours to agree with~~ the **distributor** and the **trader** for the **point of connection**~~, before the design of the **metering installation** is finalised,~~ on the matters specified in subclause (2), before— (a) finalising the design of a **metering installation** for the **point of connection**; or (b) modifying the design of a **metering installation** installed at the **point of connection**. (2) The matters referred to in subclause (1A) are the **metering installation's**— (a) required functionality; and (b) terms of use; and (c) required interface format; and (d) integration of the ripple receiver and the **meter**; and (e) functionality for controllable load. (3) Each **participant** involved in the consultation referred to in subclause (2) must— (a) use its best endeavours to reach agreement; and (b) act reasonably and in good faith. (4) …	(1) This clause applies to a **metering equipment provider** that proposes to install or modify a ~~each~~ **metering installation** at a **point of connection** other than a **point of connection** to the **grid.**— ~~(a) proposed to be installed at a **point of connection** other than a **point of connection** to the **grid**; or~~ ~~(b) at a **point of connection** other than a **point of connection** to the **grid**, which is proposed to be modified.~~ (2) ~~A~~ The **metering equipment provider** must~~, if this clause applies,~~ consult with ~~and use its best endeavours to agree with~~ the **distributor** and the **trader** for the **point of connection**~~, before the design of the **metering installation** is finalised,~~ on the matters specified in subclause (2), before— (a) finalising the design of a **metering installation** for the **point of connection**; or (b) modifying the design of a **metering installation** installed at the **point of connection**. (2A) The matters referred to in subclause (2) are the **metering installation's**— (a) required functionality; and (b) terms of use; and (c) required interface format; and (d) integration of the ripple receiver and the **meter**; and (e) functionality for controllable load. (3) Each **participant** involved in the consultation referred to in subclause (2) must— (a) use its best endeavours to reach agreement; and (b) act reasonably and in good faith. (4) If the **participants** referred to in subclause (2)

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	subclause (2). Accordingly, it is unclear whether the metering equipment provider must consult and agree when modifying a metering installation. In addition, subclause (1) contains a minor error in that it states that the clause applies "to each metering installation" proposed to be installed or modified. This should say that the clause applies to a metering equipment provider when the metering equipment provider proposes to install or modify the metering installation.		cannot agree, within 20 **business days** of the **distributor** first being advised of the proposed new or modified **metering installation**, on the **metering installation's** requirements set out in ~~subclause (2)(a) to (e)~~subclause (2A)(a) to (e)— (a) an affected **participant** may refer the matter to the **Authority** under clause 10.50 by advising the **Authority**— (i) that agreement has not been reached; and (ii) of the identity of all affected **participants**; and (iii) the reasons (if and to the extent known) why agreement was not reached; and (b) the **Authority**— (i) may, at its discretion, determine the **metering installation** requirements; and (ii) must, if it determines the **metering installation** requirements,— (A) do so in accordance with clause 10.50(4); and (B) advise each affected **participant** of the determination it has made.
079-008	The Code currently requires category 2, half-hour metering installations that were certified after 29 August 2013 to measure and record both active and reactive energy. However, the Code	**10.37 Active and reactive measuring and recording requirements** (1) A **metering equipment provider** must ensure that each **half-hour metering installation** ~~which~~ that is a **category ~~2~~3 metering installation**, or higher category of **metering installation**, **certified** after 29 August 2013, measures and separately records, in accordance with this Part,— (a) if the measuring and recording requirement is for consumption only—	As proposed.

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	should only require that such a metering installation is capable of measuring and recording reactive energy. Whether it is required to activate that capability and actually measure and record reactive energy depends on whether the distributor or trader has that particular need. Activating that capability is a significant cost to metering equipment providers. Under clause 10.34, a metering equipment provider consults with the distributor and the trader over the required functionality of new or modified metering installations. They may agree that the required functionality should include measuring and recording reactive energy or, if they cannot agree, the Authority can determine the matter.	(i) import **active energy**; and (ii) import **reactive energy**; and (iii) export **reactive energy**; or (b) if the measuring and recording requirement is for consumption and generation, or generation only— (i) import **active energy**; and (ii) export **active energy**; and (iii) import **reactive energy**; and (iv) export **reactive energy**. (1A) A **metering equipment provider** must ensure that each **half-hour metering installation** that is a **category 2 metering installation, certified** after 29 August 2013, is capable of measuring and recording— (a) import **active energy**; and (b) export **active energy**; and (c) import **reactive energy**; and (d) export **reactive energy**. (1B) A **metering equipment provider** must ensure that each **half-hour metering installation** that is a **category 2 metering installation, certified** after 29 August 2013, measures and separately records, in accordance with this Part,— (a) if the measuring and recording requirement is for consumption only, import **active energy**; or (b) if the measuring and recording requirement is for consumption and generation, or generation only— (i) import **active energy**; and (ii) export **active energy**. (2) Despite subclauses (1)(a) and (1B)— (a) each **metering installation**, for a **point of connection** to the **grid**, **certified** after 29 August 2013, must measure and separately record— (i) import **active energy**; and (ii) export **active energy**; and (iii) import **reactive energy**; and (iv) export **reactive energy**; and	

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	Accordingly, whether a particular category 2 metering installation is required to actually measure and record reactive energy can be determined under clause 10.34 and need not be a minimum requirement of all such meters under clause 10.37.	(b) the accuracy of each local service **metering installation** for **electricity** used in and by a **grid** substation must be within the applicable accuracy tolerances set out in Table 1 of Schedule 10.1.	
087-009	Clause 26(2) of Schedule 10.7 provides that, if a meter has been moved to a new metering installation, an ATH cannot certify that metering installation unless the meter has been recalibrated. The Authority considers that this should not be required if: • the metering installation is a category 1 metering installation • the meter was installed at the previous metering installation within	**26 Requirements for metering installation incorporating meter** (1) A **metering equipment provider** must ensure that each **meter** in a **metering installation** for which it is responsible is **certified** in accordance with this Part. (2) An **ATH** must, unless clause 43(2) applies, before it **certifies** a **metering installation** incorporating a **meter**, if the **meter** had previously been used in another **metering installation**, ensure that the **meter** has been **recalibrated** since it was removed from the previous **metering installation**, by— (a) an **approved calibration laboratory**; or (b) an **ATH**. (3) … … **43 Metering components must be certified** (1) An **ATH** must, before it **certifies** a **metering installation**, ensure that each **metering component** that is required to be **certified**~~certified~~ under this Part and which is in the **metering installation**— (a) is **certified** by an **ATH** in accordance with this Part; and (b) since **certification**, has been appropriately stored and not used. (2) Despite subclause (1) and clause 26(2), an **ATH** may	As proposed except for clause 43(2)(b) of Schedule 10.7 which will now be amended as follows (This drafting was proposed in the Transpower submission to remove a drafting error): (b) has confirmed that it has been no more than 12 months since the **meter** was installed in the previous **metering installation**; and

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	the past 12 months • the meter had not previously been moved from another metering installation without being recalibrated • the ATH is satisfied that external factors have not affected the accuracy of the meter. Requiring meters to be recalibrated in this situation imposes significant costs on metering equipment providers, with no benefit in terms of the meter's accuracy. A similar exception is already contained in clause 43(2) of Schedule 10.7. However, it is not clear that clause 43(2) overrides clause 26(2).	**certify** a **category 1 metering installation** that contains a **meter** which has been ~~**certified** and subsequently installed in, and~~ removed from~~,~~ another **category 1 metering installation**~~, in which case, the **ATH** must~~ (the "previous **metering installation**") if the **ATH**~~—~~ (a) ~~be~~ is satisfied that external factors have not affected the accuracy of the **meter**; and ~~(b) check and confirm in the **certification report** for the **metering installation** that the date on which the **meter** was previously installed in the other **metering installation** is less than 12 months before the **commissioning** date of the **metering installation** that the **ATH** is **certifying**.~~ (b) has confirmed that the **meter** was installed in the previous **metering installation** for no more than 12 months; and (c) has confirmed that the **meter** was **calibrated** or **recalibrated** before being installed in the previous **metering installation** and after being removed from any other **metering installation** in which the **meter** was previously installed.	
089-010	The Authority can be notified of events of default in three different situations:	**11.15C Process for trader events of default** (1) This clause applies if the **Authority** is satisfied that a **trader** has committed an **event of default** under paragraph (a) or (b) or (f) or (h) of clause 14.41. (2) The **Authority** and each **participant** must comply with	As proposed.

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	• under clause 14.41(h), when a distributor notifies the Authority of an event of default relating to the termination of a trader's use-of-system agreement • under clause 14.43(1), when a participant notifies the Authority of an event of default in relation to that participant • under clause 14.43(4), when the clearing manager notifies the Authority that an event of default has occurred. Under clause 14.42, the clearing manager also notifies the Authority that it believes an event of default is likely to occur. In any of the three situations listed	Schedule 11.5. (3) This clause ceases to apply, and the **Authority** and each **participant** must cease to comply with Schedule 11.5, if the **Authority** is advised under clause 14.41(2), 14.43(3B), or 14.43(4A) that the relevant **participant** considers that the **event of default** has been remedied. … **14.41 Definition of an event of default** (1) Each of the following events constitutes an **event of default**: … (h) termination of a **trader's use-of-system agreement** with a **distributor** because of a **serious financial breach** if— (i) the **trader** continues to have a **customer** or **customers** on the **distributor's local network**; and (ii) there are no unresolved disputes between the **trader** and the **distributor** in relation to the termination; and (iii) the **distributor** has not been able to remedy the situation in a reasonable time; and (iv) the **distributor** gives notice to the **Authority** that this subclause ~~clause~~ applies. (2) If a **distributor,** having given notice under subclause (1)(h)(iv), considers that an **event of default** no longer exists, the **distributor** must advise the **Authority** that it considers that the **event of default** has been remedied. *Procedure for event of default* **14.42 Clearing manager to advise Authority of anticipated event of default** (1) If the **clearing manager** believes that an **event of default** is likely to occur, the **clearing manager** must advise the **Authority** so that the **Authority** can consider	

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	above, clause 11.15C provides that, if the Authority is satisfied that a trader has committed an event of default under clause 14.41(a), (b), (f), or (h), the Authority and the participant must follow the process for resolving the event of default in Schedule 11.5. However, once the process under Schedule 11.5 is under way, the Code does not require the participant that advised of the event of default to subsequently advise the Authority or the clearing manager if the event of default is remedied. This is inefficient because once an event of default is remedied there is no further need for the process under Schedule 11.5 to continue.	an appropriate course of action. (2) If the **clearing manager**, having advised the **Authority** under subclause (1), no longer believes that an **event of default** is likely to occur, the **clearing manager** must advise the **Authority** that it no longer believes that the **event of default** is likely to occur. **14.43 Procedure upon event of default** (1) If an **event of default** occurs in relation to a **participant**, the **participant** must immediately advise the **clearing manager** and the **Authority** of the **event of default**. (2) Despite subclause (1), a **participant** is not required to advise the **clearing manager** or the **Authority** if the **participant** would breach section 36 of the Corporations (Investigation and Management) Act 1989 by advising the **clearing manager** or the **Authority**. (3) If subclause (2) applies, the **participant** must seek the consent of the Registrar of Companies or the Financial Markets Authority (as applicable) to disclose the matter to the **clearing manager** and the **Authority**. (3A) If a **participant**, having advised of an **event of default** under subclause (1), considers that the **event of default** has been remedied, the **participant** must advise the **clearing manager** that it considers that the **event of default** has been remedied. (3B) If the **clearing manager** has been advised under subclause (3A) that the **participant** considers that an **event of default** has been remedied, the **clearing manager** must— (a) decide whether it agrees that the **event of default** has been remedied; and (b) if it agrees, advise the **Authority** that it considers that the **event of default** has been remedied. (4) If the **clearing manager** becomes aware that an **event of default** under paragraphs (a) to (g) of clause 14.41 has occurred and is continuing in relation to a **participant**, the **clearing manager** must—	

<table>
<tr><th>Reference number</th><th>Issue</th><th>Proposed Code Amendment</th><th>Decision</th></tr>
<tr><td></td><td></td><td>(a) advise the Authority that the event of default has occurred; and
(b) if the participant has not advised the clearing manager of the event of default, advise the defaulting participant that the event of default has occurred.
(4A) If the clearing manager, having advised of an event of default under subclause (4), considers that the event of default has been remedied, the clearing manager must advise the Authority that it considers that the event of default has been remedied.
(5) [Revoked]</td><td></td></tr>
<tr><td>046-011</td><td>Rows 22 to 31 of Table 1 of Schedule 11.4 specifies the information that metering equipment providers (MEPs) are "Required" to provide about specific registry terms for different types of metering components, including meters, data storage devices and control devices.

The issue is that the terms "meter", "data storage device", and "control device" are too broad. As a result, MEPs are required to provide more information than the Authority requires for the purposes of the Code.</td><td>Table 1 of Schedule 11.4:

<table>
<tr><th>No</th><th>Registry term</th><th>Description</th><th>Fully certified metering installation</th><th>Interim certified metering installation</th></tr>
<tr><td colspan="5">The following details for each metering component identified in rows 15 to 21 above</td></tr>
<tr><td>22</td><td>metering component type</td><td>the metering component type identifier selected from the list of codes in the registry</td><td>Required for meter or data storage device that returns any 1 or more of the following values as a result of an interrogation:
(a) active energy:
(b) reactive energy:
(c) apparent energy:
(d) apparent power.

Optional for all other metering components.</td><td>Required for meter or data storage device that returns any 1 or more of the following values as a result of an interrogation:
(a) active energy:
(b) reactive energy:
(c) apparent energy:
(d) apparent power.

Optional for all other metering components.</td></tr>
<tr><td>23</td><td>register</td><td>a sequential</td><td>Required for</td><td>Required for</td></tr>
</table></td><td>As proposed.</td></tr>
</table>

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	By way of background, the information specified in Table 1 of Schedule 11.4 is required because of the following clauses: (a) clause 11.8A(1), which provides that an MEP must, for certain types of metering installation for which it is responsible, provide to the registry the registry metering records and update the registry metering records in accordance with Schedule 11.4 (b) clause 7(1) of Schedule 11.4, which provides that MEPs must, if required under Part 11,		number	number that identifies each data channel that is present in the **metering component**	**meter** or **data storage device** ~~or **control device**~~ that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	**meter** or **data storage device** ~~or **control device**~~ that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	
		24	number of dials	the number of dials or digits that relate to the data channel	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	
		25	register content code	an identifier for the contents of a channel or a data channel,	Required for **meter** or **data storage device** that returns any 1 or more of the following values	Required for **meter** or **data storage device** that returns any 1 or more of the following values	

Reference number	Issue	Proposed Code Amendment					Decision
	provide to the registry the information indicated in Table 1 as being "Required" for each metering installation for which it is responsible.			selected from a list in the **registry**	as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	
		26	period of availability	an identifier for the period of availability for which a control device is configured, selected from a list in the **registry**	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	
		27	unit of measurement	an identifier for the units recorded in a data channel, selected from a list in the **registry**	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent	

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					energy: (d) apparent power. Optional for all other **metering components**.	energy: (d) apparent power. Optional for all other **metering components**.	
		28	energy flow direction	an identifier for the import or export recording in the data channel, selected from a list in the **registry**	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	
		29	accumulator type	an identifier for either absolute or cumulative recording in the data channel, selected from a list in the **registry**	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	Required for **meter** or **data storage device** that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**.	

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		30 | settlement indicator | an identifier …[2] | Required for **meter**~~,~~ or **data storage device**~~, or load control device~~ that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**. | Required for **meter**~~,~~ or **data storage device**~~, or load control device~~ that returns any 1 or more of the following values as a result of an **interrogation**: (a) **active energy**: (b) **reactive energy**: (c) apparent energy: (d) apparent power. Optional for all other **metering components**. 31 | event reading | The event **meter** read of a **meter** or **data storage device** | Optional | Optional …	
047-012	All parties that are physically connected to the transmission grid must have a transmission agreement with Transpower. These parties are known as designated transmission customers, and include distribution	**12.15 Transpower to publish information about transmission agreements and provide them on request ~~Transmission agreements to be provided to the Authority and published~~** (1) **Transpower** must **publish** and update annually a list of all **transmission agreements** it has with **designated transmission customers** that includes, in respect of each **transmission agreement** contained in the list, the following information: (a) the full name of the **designated transmission customer** that is a party to the **transmission agreement**; and	As proposed, except that the proposed subclause (1A) has been renumbered as subclause (2), and a new subclause (3) has been added as a result of concerns from submitters about the release of confidential information: (3) Despite subclause (2), **Transpower** may refuse to provide information from a **transmission agreement** if it considers there would be grounds for withholding the information under the Official Information Act 1982.

[2] Note that there is a separate proposal to also amend the 'Description' column for item 30.

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	companies, major users that are directly connected to the grid, and generators that are directly connected to the grid. Clause 12.15(1) of the Code requires Transpower to provide certified copies of transmission agreements to the Authority. Clause 12.15(3) then requires the Authority to publish the agreements. The purpose of Transpower providing transmission agreements to the Authority, and the Authority then publishing them, is to ensure they are consistent in all material respects with the benchmark agreement and the grid reliability standards that are given effect under Part 12 of the Code. Transpower currently publishes the	(b) the date on which the **transmission agreement** was executed; and (c) whether the **transmission agreement** includes any variations from the **benchmark agreement**; and (d) if the **transmission agreement** includes any variations from the **benchmark agreement**, a description of the variations; and (e) if any schedule to the **transmission agreement** has been revised in accordance with clause 12.12, the date from which the revised schedule began to apply. ~~(1) **Transpower** must provide the **Authority** with a copy of each **transmission agreement** executed by **Transpower** as soon as reasonably practicable.~~ (1A) A person may request from **Transpower** a copy of a **transmission agreement** that **Transpower** has with a **designated transmission customer** and **Transpower** must provide a copy to the person as soon as practicable after receiving the request. ~~(2) The copy that is provided must be—~~ ~~(a) a copy of the complete **transmission agreement**; and~~ ~~(b) certified by a director or the chief executive of **Transpower** or the **designated transmission customer**, to the best of the director's or chief executive's knowledge and belief, to be a true and complete copy of the agreement.~~ ~~(3) The **Authority** must **publish** all **transmission agreements** between **Transpower** and **designated transmission customers** within a reasonable time of their receipt.~~	In regard to clause 12.15(1)(c) and (d), the Authority agrees that the variations of interest are those that are material. The Authority has decided to insert the word "material" before the word "variations" in these paragraphs.

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	agreements on its own website and has an exemption (No.194) from clause 12.15(1). The exemption expires on 31 December 2015. The purpose of clause 12.15 of the Code can be achieved more efficiently than under the current drafting, without removing the ability of persons to obtain a copy of a transmission agreement.		
049-013	Clauses 12.72 to 12.75 require the Authority to establish, maintain and publish a centralised data set. The centralised data set was also required under the previous Electricity Governance Rules 2003 (Rules). The information that was published in a centralised data set is now published on the Authority's Electricity Market Information (EMI) website.	~~**centralised data set** means information kept by the **Authority** relating to transmission and **transmission alternatives** under clauses 12.72 to 12.75~~ … **12.52 Contents of this subpart** This subpart relates to— (a) **grid reliability standards**; and (b) **investment contracts**; and ~~(c) **centralised data set**; and~~ (d) grid reliability reporting. … ~~*Centralised data set*~~ ~~**12.72 Authority to establish and maintain centralised data set**~~ ~~(1) The **Authority** must establish and maintain a **centralised data set**.~~	As proposed

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	Making the information available on this website is a better system for both the Authority and industry participants. The Authority considers that it is no longer necessary to separately publish a centralised data set.	~~(2) The **centralised data set** at the commencement of this Code is the **centralised data set published** by the Electricity Commission under rule 11 of section II of part F of the **rules** immediately before this Code came into force.~~ ~~**12.73 Purpose of centralised data set**~~ ~~The purpose of the **centralised data set** is to support efficient planning processes by ensuring collection and ongoing maintenance by the **Authority** of the factual and historical information required to make efficient and effective decisions on transmission and **transmission alternatives**.~~ ~~**12.74 Contents of centralised data set**~~ ~~A **centralised data set** should include—~~ ~~(a) provisions for updating and maintenance of data; and~~ ~~(b) information on **network** capabilities, performance and **constraints**.~~ ~~**12.75 Public access to centralised data set**~~ ~~Subject to clause 12.54(4), the **Authority** must **publish** the **centralised data set**.~~ … **12.116 Information on capacities of individual interconnection assets** … (2) The information required under subclause (1)— (a) must be consistent with the **manufacturer's specification** for the **asset** or with the most recent **asset capability statement** provided by **Transpower** under clause 2(5) of **Technical Code** A of Schedule 8.3, if this differs from the **manufacturer's specification**; and (b) must be provided in a form that allows the **branch** to which each **asset** belongs to be easily	

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		identified; and (c) ~~must be published either in the **centralised data set** maintained under clause 12.72 or some other form, if the **Authority** so determines~~ must be **published**~~. If the **Authority** determines that the information must be published in different form, **Transpower** must publish the information in that~~ in the form determined by the **Authority** as soon as reasonably ~~possible~~ practicable after the **Authority** has determined the ~~different~~ form.	
093-014	Clause 12A.6(1) requires every use-of-system agreement to include the distributor indemnity specified in Schedule 12A.1. The Code also provides that a distributor and a trader may agree to an indemnity that is more favourable to the trader (clause 12A.6(3)), and provides that a distributor and trader may agree to contract out of the requirement to include the indemnity in their use-of-system agreement (clause 12A.6(4)). The Authority included clause 12A.6 in the Code because section 42(2)(f) of the Electricity Industry	**12A.1 Contents of this Part** This Part— (a) specifies requirements that must be complied with in negotiating **use-of-system agreements**; and (b) specifies requirements that must be complied with if prudential requirements are included in **use-of-system agreements**. ~~(c) requires that an indemnity be included in every **use-of-system agreement** unless agreed otherwise; and~~ … ~~**12A.6 Distributor indemnity**~~ ~~(1) Every **use-of-system agreement** must include the clause specified in Schedule 12A.1.~~ ~~(2) Every **use-of-system agreement** that does not include the clause specified in Schedule 12A.1 is deemed to include that clause.~~ ~~(3) A **distributor** may include in a **use-of-system agreement** an indemnity that is more favourable to the **trader** than the indemnity specified in Schedule 12A.1, and, in that case, subclauses (1) and (2) do not apply to the **use-of-system agreement**.~~ ~~(4) This clause does not apply to a **use-of-system agreement** if the **distributor** and the **trader** who are parties to the **use-of-system agreement** agree to omit the clause specified in Schedule 12A.1 from the **use-of-system agreement**.~~	As proposed.

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	Act 2010 required the Authority either to amend the Code to include "requirements for all distributors to use more standardised use-of-system agreements, and for those use-of-system agreements to include provisions indemnifying retailers in respect of liability under the Consumer Guarantees Act 1993 (CGA) for breaches of acceptable quality of supply, where those breaches were caused by faults on a distributor's network", or report to the Minister on why such requirements were not included in the Code. Following consultation, the Authority decided to amend the Code to include the distributor indemnity in clause 12A.6 and Schedule 12A.1. Clause 12A.6 came into force on 1 December 2011 (as part of the Electricity	~~(5) Subclause (1) does not apply, until 1 May 2012, to a **use-of-system agreement** that was in force before 1 December 2011.~~ ~~**Schedule 12A.1**~~ ~~**Distributor indemnity in use-of-system agreements**~~ ~~Every **use-of-system agreement** is deemed to include the following clause:~~ ~~**Distributor indemnity**~~ ~~(1) If—~~ ~~(a) there has been a failure of the acceptable quality guarantee in section 6 of the Consumer Guarantees Act 1993 in the supply of electricity to a Consumer by the Retailer (a "failure"); and~~ ~~(b) the failure was wholly or partially the result of an event or condition associated with the Distributor's Network; and~~ ~~(c) the failure was not a result of the Distributor complying with a rule or order with which it was legally obliged to comply; and~~ ~~(d) the Consumer obtains a remedy under Part 2 of the Consumer Guarantees Act 1993 in relation to the failure against the Retailer; and~~ ~~(e) that remedy is a cost to the Retailer (a "remedy cost"), the Distributor indemnifies the Retailer for the remedy cost.~~ ~~(2) The amount of the Distributor's liability under this indemnity is limited to the proportion of the remedy cost that is attributable to the event or condition associated with the Distributor's Network.~~ ~~(3) However,—~~ ~~(a) if the Distributor pays compensation to a Consumer ("payment A") in respect of a service provided directly by the Distributor to the Consumer; and~~ ~~(b) the Retailer incurs remedy costs in relation to the~~	

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	Industry Participation Code (Distributor Use-of-System Agreements and Distributor Tariffs) Code Amendment 2011). However, clause 12A.6(5) provides that the requirement to include an indemnity did not apply, until 1 May 2012, to a use-of-system agreement that was in force before 1 December 2011. Subsequent to the requirement for an indemnity in clause 12A.6 coming into force, the CGA was amended to include a distributor indemnity. That amendment came into effect on 17 June 2014. The indemnity is very similar to the indemnity in Schedule 12A.1. Key differences between the indemnities include: • section 46A of the CGA refers to	~~Consumer for a failure of acceptable quality that arose from the same event or circumstance that led to the payment of payment A; then~~ ~~(c) the amount that the Retailer would otherwise recover from the Distributor in respect of that Consumer must be reduced by the amount of payment A.~~ ~~(4) If a Consumer makes a claim against the Retailer that the Retailer wishes to be indemnified for under this indemnity (a "claim"), the Retailer will:~~ ~~(a) as soon as reasonably practicable, give written notice of the claim to the Distributor specifying the nature of the claim in reasonable detail; and~~ ~~(b) consult with and keep the Distributor informed in relation to the claim.~~	

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	persons responsible for providing line function services, whereas Schedule 12A.1 refers specifically to distributors • the indemnity in section 46A is arguably wider than the indemnity in Schedule 12A.1, in that section 46A(1)(b) refers to the failure being the result of an "event, circumstance, or condition" associated with the responsible party's electricity lines or other equipment, whereas Schedule 12A.1 refers only to an "event or condition" • the indemnity in Schedule 12A.1 provides that if a consumer makes a claim against		

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	the retailer and the retailer wishes to be indemnified, the retailer must as soon as reasonably practicable give written notice of the claim to the distributor specifying the nature of the claim in reasonable detail, and consult with and keep the distributor informed in relation to the claim. The indemnity in section 46A contains no equivalent provisions • section 46A specifically provides that a failure of the acceptable quality guarantee is determined by either the retailer, through the dispute resolution scheme following		

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	a complaint made under section 95 of the Electricity Industry Act 2010, or by a Court or a Disputes Tribunal. In contrast, Schedule 12A.1 assumes that a failure has been determined • section 46A provides that disputes between retailers and responsible parties relating to the existence or allocation of liability under the indemnity may be dealt with by the dispute resolution scheme in section 95 of the Electricity Industry Act. Schedule 12A.1 does not provide for dispute resolution. Because distributor indemnities are now		

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	regulated under the CGA, the Authority considers that it is no longer necessary or appropriate to regulate distributor indemnities under the Code. The Authority notes that the removal of the indemnity requirement in the Code would not mean that participants would also have to amend their use-of-system agreements. If a use-of-system agreement contained a distributor indemnity, it is likely to be the case that the provisions relating to that indemnity would simply be unnecessary.		
050-015	Clauses 12A.4 and 12A.5 of the Code relate to prudential security requirements between traders and distributors. An issue has arisen about when a distributor may require a trader to provide prudential	**12A.4 Prudential requirements** ~~(1) This clause and c~~Clause<u>s 12A.4A to 12A.5A</u> apply <u>in relation</u> to a **use-of-system agreement** if— (a) the **distributor** party to the **use-of-system agreement** has 1 or more **consumers connected** to its **network** to whom the **distributor** does not send accounts for **line function services** directly; and (b) the **distributor's** charges for **line function services** are collected from **consumers** or paid	As proposed.

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	security. Clause 12A.4(1)(c) allows a distributor to require that a use-of-system agreement between it and a trader require the trader to comply with prudential requirements. However, clause 12A.4(3) provides that, if a use-of-system agreement includes such a provision, the trader must elect which type of prudential security to provide before the commencement of the use-of-system agreement. The Code does not expressly allow distributors to require traders to provide prudential security part way through the term of a use-of-system agreement. However, it is open to a distributor and a trader to agree to a use-of-system agreement that provides that the	by the **trader** party to the **use-of-system agreement** in accordance with the **use-of-system agreement**; and (c) the **distributor** requires that the **use-of-system agreement** provides that the **trader**— (i) must comply with prudential requirements; or (ii) must comply with prudential requirements if required to do so by the **distributor**. **12A.4A Election of prudential requirements** (1)~~2)~~ Subject to ~~sub~~clause 12A.5A~~(7)~~, if a **use-of-system agreement** provides that the **trader** party to the **use-of-system agreement** must comply with prudential requirements, including if required to do so by the **distributor**, the **use-of-system agreement** must provide ~~the **use-of-system agreement** must provide~~ that the **trader** may ~~can~~ elect to comply with the prudential requirements ~~under the **use-of-system agreement**~~ in either of the following ways: (a) the **trader** must maintain an acceptable credit rating in accordance with subclause (3)~~4)~~; or (b) the **trader** must provide and maintain acceptable security by, at the **trader's** election,— (i) providing the **distributor** with a cash deposit; or (ii) arranging for a third party with an acceptable credit rating to provide that security in a form acceptable to the **distributor**; or (iii) providing a combination of the securities described in subparagraphs (i) and (ii). (2)~~3)~~ The **use-of-system agreement** must provide that the **trader—** ~~(a) must make the elections referred to in subclause (2) before the commencement of the **use-of-system agreement**; and~~ ~~(b)~~ may change ~~an~~ its election at any time.	

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	distributor can require the trader to provide prudential security during the term of the agreement (rather than at the commencement of the agreement). That is because clause 12A.4(7) provides that a distributor and a trader may agree prudential requirements that are less onerous on the trader than the requirements set out in clause 12A.4. It is clearly less onerous on a trader if its use-of-system agreement provides that the distributor may require prudential security to be provided during the term of the agreement, rather than requiring the trader to provide prudential security from the commencement of the agreement. The Authority has published a model use-of-system agreement	(3)~~4~~) For the purposes of this clause, a~~n acceptable credit rating means that the~~ **trader** or ~~the~~ third party has an acceptable credit rating if it~~(as the case may be)—~~ (a) carries a long term credit rating of at least— (i) BBB- (Standard & Poors Rating Group); or (ii) a rating that is equivalent to the rating specified in subparagraph (i) from a rating agency that is an approved rating agency for the purposes of Part 5D of the Reserve Bank of New Zealand Act 1989; and (b) ~~if the **trader** or the third party (as the case may be) carries a credit rating at the minimum level required by paragraph (a),~~ is not subject to negative credit watch or any similar arrangement by the agency that gave it the credit rating. (4)~~5~~) Subject to clause 12A.5, the value of the acceptable security described in subclause ~~(2~~(1)(b) must be the **distributor's** reasonable estimate of the **line function services** charges that the **trader** will be required to pay to the **distributor** in respect of any period of not more than 2 weeks. (5)~~6~~) A **use–of–system agreement** must specify that, if the **trader** elects to provide acceptable security as described in subclause ~~(2~~(1)(b), the **distributor** must— (a) hold any security provided by the **trader** ~~trader~~ in the form of a cash deposit in a trust account in the name of the **trader** ~~trader~~ at an interest rate that is the best on-call rate reasonably available at the time the **trader** provides the cash deposit; and (b) pay interest earned in respect of the cash deposit to the **trader** ~~trader~~ on a quarterly basis, net of account fees and any amounts that are required to be withheld by law. ~~(7) Despite subclauses (2) to (6), a **distributor** and a **trader** may agree prudential requirements that are less onerous on the **trader** than the requirements described in subclauses (2) to (6).~~ ~~(8) This clause and clause 12A.5 do not apply, until 1 May~~	

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	(interposed), which reflects that a distributor and retailer (which is the term used in the model agreement, rather than trader) could agree that the retailer will comply with prudential requirements if required to do so by notice from the distributor (see clause 12.1 of the model agreement). The Authority considers that it should amend the relevant Code provisions to more clearly set out the flexibility for distributors to require prudential security at any time during the term of a use-of-system agreement.	~~2012, to a **use-of-system agreement** that was in force before 1 December 2011.~~ **12A.5 Requirements if distributors require additional security** (1) A **distributor** may require that its **use-of-system agreement** provides 1 or both of the following: (a) that if the **trader** elects to provide acceptable security as specified in clause 12A.4A~~(2~~(1)(b), the **trader** must provide acceptable security that is additional to the amount provided for in clause 12A.4A(4)~~5~~): (b) that the **distributor** may, during the term of the **use-of-system agreement**, require the **trader** ~~trader~~ to provide such additional security. (2) If a **use-of-system agreement** has a provision provided for in subclause (1), the **distributor** must ensure that the total value of additional security specified in the **use-of-system agreement** must be such that the total value of all security required to be provided by the **trader** must not be more than the **distributor's** reasonable estimate of the **line function services** charges that the **trader** will be required to pay to the **distributor** in respect of any 2 month period. (3) If a **use-of-system agreement** has a provision provided for in subclause (1), the **distributor** must ensure that the **use-of-system agreement** provides the following: (a) if any additional security provided by the **trader** is in the form of a cash deposit, the **distributor** must pay a charge to the **trader** for each day that the **distributor** holds the additional security at a per annum rate equal to the sum of the bank bill yield rate for that day plus 15% on the amount of additional security held on that day: (b) if any additional security provided by the **trader** is in the form of security from a third party, the **distributor** must pay a charge to the **trader** for each day that the **distributor** holds the additional	

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		security at a per annum rate of 3% on the amount of additional security held on that day: (c) any money required to be paid by the **distributor** to the **trader** ~~in accordance with~~ as specified in paragraph (a) or ~~paragraph~~ (b) must be paid by the **distributor** to the **trader** on a quarterly basis. (4) For the purposes of this clause, the bank bill yield rate is— (a) the daily bank bill yield rate (rounded upwards to 2 decimal places) published on the wholesale interest rates page of the website of the Reserve Bank of New Zealand (or its successor or equivalent page) on that day as being the daily bank bill yield for bank bills having a tenor of 90 days; or (b) for any day for which such a rate is not available, the bank bill yield rate is deemed to be the bank bill yield rate determined in accordance with paragraph (a) on the last day that such a rate was available. **12A.5A Agreement to less onerous terms** Despite clause 12A.4A, a **distributor** and a **trader** may agree prudential requirements that are less onerous on the **trader** than the requirements described in clause 12A.4 to 12A.5.	
051-016	Clause 12A.14(1) provides that if the Authority has published an electricity information exchange protocol (EIEP) (other than a voluntary EIEP), a distributor and a trader must comply with the EIEP when	**12A.14 Distributors and traders must comply with EIEPs** (1) If the **Authority** ~~has~~ **publicise**~~d~~ an **EIEP** under clause 12A.13, the **distributor** and the **trader** must, when exchanging information to which the **EIEP** relates ~~applies~~, comply with the **EIEP** from the date on which the **EIEP** comes into effect. ~~(2) Subclause (1) does not apply—~~ ~~(a) if—~~ ~~(i) the **distributor** and **trader** agree to exchange the information in any other way; and~~	As proposed.

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	exchanging information to which the EIEP relates. Clause 12A.14(2) provides that the requirement to comply with an EIEP does not apply if the distributor and trader agree to exchange the information in any other way, and that agreement is recorded in their use-of-system agreement. Clause 12A.14(2) essentially allows the parties to a use-of-system agreement to contract out of the obligation to comply with an EIEP. It was intended that the parties to a use-of-system agreement should be able to contract out of the obligation to comply with an EIEP only after the EIEP is publicised. In other words, each time the Authority publicises an EIEP (other than an amendment to an existing publicised	~~(ii) that agreement is recorded in the use-**of-system agreement** between the **distributor** and the **trader**; or~~ ~~(b) to an **EIEP publicised** under clause 12A.15.~~ (3) However, a **distributor** and a **trader** may, after an **EIEP** has been **publicised**, agree to exchange information other than in accordance with the **EIEP**, by recording the agreement in each **use-of-system agreement** between the **distributor** and **trader**. (4) An agreement to exchange information other than in accordance with an **EIEP** is not effective in relieving a **distributor** and a **trader** of the obligation to comply with subclause (1), unless the agreement comes into effect on or after the date on which the relevant **EIEP** comes into effect. (5) An agreement under subclause (3) is not affected by the **Authority publicising** an amendment to the **EIEP**. (6) Subclause (1) does not apply to an **EIEP publicised** under clause 12A.15.	

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	EIEP), a distributor and trader party to a use-of-system agreement must take positive action to opt-out of complying with the EIEP (and record that in their use-of-system agreement). It was not intended that if the distributor and trader had previously agreed to exchange information to which a newly publicised EIEP relates in a particular way, that the previous agreement reached by the parties would excuse the parties from complying with the (newly publicised) EIEP for the purposes of clause 12A.14(2). Rather, the publicising by the Authority of an EIEP for the first time was intended to "override" any such existing agreement. However, it is arguable that the effect of clause 12A.14(2) is that if the		

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	Authority publicises an EIEP under clause 12A.14(1), but the parties to a use-of-system agreement had previously agreed to exchange information to which the EIEP relates in another way, the parties are excused from complying with the newly publicised EIEP. The Authority considers that clause 12A.14 should be amended to make it clear that a distributor and trader may agree to exchange information other than in accordance with an EIEP, but only after the EIEP has been publicised. The Authority also considers that clause 12A.14 should be amended to make it clear that if the Authority publicises an amendment to an EIEP – including a new version of the EIEP – any existing		

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	agreement by the parties to a use-of-system agreement to not comply with the EIEP is not affected by the publicising of the amendment.		
069-017	Under clause 15.30(1), the reconciliation manager must provide a written report to the Authority setting out the number and details of any alleged breaches of the Code that it is aware of. The reconciliation manager must provide this report as soon as possible after it has provided reconciliation information for a consumption period, but by no later than 1pm on the second business day after it has provided the reconciliation information for the consumption period. In practice, the reconciliation manager sometimes provides this report to	**15.33 The Authority publishes reports** By ~~0930~~ 1630 hours on the 2nd **business day** following the day on which the **Authority** receives the report of the **reconciliation manager** in accordance with clause 15.30, the **Authority** must **publish** the sections of the report that relate to an alleged breach of this Code by the **reconciliation manager** (if any).	As proposed.

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	the Authority at the end of the first business day after it has provided reconciliation information for a consumption period. Clause 15.33 requires the Authority to publish the sections of this report that relate to any alleged breaches of the Code by the reconciliation manager by 9.30am the day after the Authority receives the report. If the reconciliation manager provides this report at the end of the first business day (rather than on the second business day), it is administratively difficult for the Authority to publish the relevant sections of the report by 9.30am on the following day.		
070-018	Clause 15.36(3) outlines the New Zealand Daylight Savings Time	**15.36 New Zealand Daylight Time adjustment techniques** (1)… (2)… (3) A ~~D~~daylight savings adjustments~~s~~ must be made by	As proposed.

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	adjustment technique that must be used by: • participants that provide submission information to the reconciliation manager • the reconciliation manager when providing reconciliation information to participants • participants that exchange information with other participants, if that information contains trading period specific data. Clause 15.36(3) requires that the parties indicated above use the following codes in the data transfer file: • "TPR" when the "trading period run on technique" is used; and • "TPM" when the "trading period	using ~~1 of the following techniques:~~ ~~(a)~~ the "**trading period** run on technique"~~.~~ ~~must be applied if the~~ which requires that daylight saving adjustment periods are allocated as consecutive **trading periods** within the relevant day, in the sequence that they occur. ~~The code "TPR" must be used within the data transfer file when this technique is used.:~~ ~~(b) the "**trading period** move technique" must be applied if the daylight saving adjustment periods are appended as additional **trading periods** at the end of the relevant day. The code "TPM" must be used within the data transfer file when this technique is used.~~ (4) If no adjustment is made in accordance with subclause (3) to information exchanged between **reconciliation participants** that contains **trading period** specific data, the code "NZST" must be used within the data transfer file.	

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	move technique" is used. However, the EIEP3 file format currently specifies that relevant participants must use a method that is equivalent to the TPR adjustment technique. However, the file format does not require the participant to use the TPR code in the data transfer file (ie EIEP3 does not provide a field for adjustment technique codes). Therefore such codes cannot be included in participants' data transfer files, which is a breach of the Code. The Authority has considered how best to resolve this issue, and has concluded that the best approach is to remove the option of using the TPM adjustment technique. The Authority believes this is the best approach because:		

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	• of the costs associated with amending EIEP3 to provide for both codes in the data transfer file • the Authority understands no participants use the TPM adjustment technique. With the proposed amendment in place, it would be unnecessary to require participants to use a code to indicate which adjustment technique they have used, because there would only be one technique available.		
071-019	Clause 15.38(1) provides that a reconciliation participant must obtain and maintain certification under Schedule 15.1 to perform a range of functions. To obtain certification, reconciliation participants must provide an audit	**15.38 Functions requiring certification** (1) A **reconciliation participant** (except an **embedded generator** selling **electricity** directly to another **reconciliation participant**) must obtain and maintain **certification** in accordance with Schedule 15.1 in order to be permitted to perform, or to have performed by way of an agent or agents, any of the following functions in compliance with this Code: (a) maintaining **registry** information and performing **customer** and ~~**embedded**~~ **generator** switching (except if the maintenance of **registry** information is carried out by a **distributor** in accordance with	As proposed.

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	report to the Authority (under clause 5 of Schedule 15.1). The Authority must be satisfied, on the basis of the audit report, that a reconciliation participant meets the requirements relevant to the functions for which the reconciliation participant seeks certification. If the reconciliation participant can demonstrate to the Authority that it has been performing the relevant functions successfully (even for a short period), it gives the Authority more confidence in certifying a new reconciliation participant. Currently, the Authority often allows a three month "grace period" before it certifies reconciliation participants. The three month period enables new reconciliation	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**; or (iv) **dispatchable load information**: (d) calculation of the number of **ICP days** and delivery of a report under clause 15.6: (da) delivery of **electricity supplied** information under clause 15.7: (db) delivery of information from **retailer** and **direct purchaser half hourly** metered **ICPs** under clause 15.8: (e) provision of **submission information** for reconciliation: (f) provision of **metering information** to the **pricing manager** in accordance with subpart 4 of Part 13. … ~~(2) To avoid doubt, the performance of any of the functions in subclause (1) by a **reconciliation participant**, or its agent or agents, without the **reconciliation participant** having **certification**, is a breach of this Code by the **reconciliation participant**.~~ (3) Despite subclause (1), a **reconciliation participant** does not breach this clause by performing a function specified in subclause (1) without having obtained **certification** if the **reconciliation participant** performs	

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	participants to demonstrate to the Authority that they can successfully perform the functions listed in clause 15.38(1) and that the Authority should therefore certify them. The Authority is only able to allow this grace period by granting exemptions to new reconciliation participants. In addition, in relation to generator switching, clause 15.38(1)(a) refers to "embedded generator" switching. This is an error and should be a reference to the more general "generator" switching.	the function during the period that ends 3 months after the date on which the **reconciliation participant** first performed a function specified in subclause (1). **Schedule 15.1** **…** ~~**2 Requirement for certification**~~ ~~Despite anything else in this Code, a **reconciliation participant** who is required to obtain **certification** under clause 15.38 must obtain **certification** in accordance with this Schedule no later than 3 calendar months after the date on which that **reconciliation participant** becomes a **reconciliation participant** in accordance with this Code.~~ …	
072-020	Clause 6(a) of Schedule 15.1 requires the Authority to publish a list of certified reconciliation participants and "the period for which each reconciliation participant is certified". Those words are ambiguous	**6 Lists of certified reconciliation participants ~~and agents~~** The **Authority** must publish, and keep updated~~—~~ ~~(a)~~ a list of **certified reconciliation participants**~~,~~ that includes, for each **reconciliation participant,** the date on which the **certification** expires.~~ and the period for which each **reconciliation participant** is **certified**; and~~ ~~(b) a list of agents used by **certified reconciliation participants**.~~*[Revoked]*	As proposed.

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	as to whether the Authority must publish both the commencement date and expiry date of the certification period. The Authority considers that it should only be required to publish the expiry date of the certification period because the certification expiry date is the only piece of information the participant needs to determine when it should make its next application for certification. Clause 6(b) also requires the Authority to publish a list of the agents that reconciliation participants use. The Authority considers that list to no longer be required because nobody uses it, it is not a comprehensive list, and in fact participants could misinterpret its effect. The Authority no longer publishes the		

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	list.		
074-021	Clause 14 of Schedule 15.2 relates to quantification errors and metering interrogation systems. Clause 14 has no effect because it does not place an obligation on any participant. It only requires that an unnamed party ensure that obligations already imposed elsewhere in the Code are complied with. In addition, it includes a cross-reference to clause 38(1) of Schedule 10.7, which should be a cross-reference to clauses 4(1), 4(2), and 4(3) of Schedule 10.7). However, Schedule 15.2 should place an obligation on reconciliation participants in respect of raw meter data used to derive volume information in accordance with the Schedule.	Amend clause 3 of Schedule 15.2 by inserting a new subclause (5) as follows: (5) A **reconciliation participant** must ensure that all **raw meter data** used to derive **volume information** in accordance with this Schedule is used to the number of decimal places recorded by each **meter**, and is not rounded or truncated from the **raw meter data** provided by the **meter**. Revoke clause 14 of Schedule 15.2: ~~**14 Quantification error**~~ ~~The design of the **interrogation** system must ensure that the requirements of clause 38(1) of Schedule 10.7 are complied with.~~	The Authority agrees with points made in the Transpower submission that the number of decimal places recorded by each meter (or data storage device) may not be relevant to the number of decimal places in the raw meter data. As a result, the amendments that will now be made are detailed below. Amend clause 3 of Schedule 15.2 by inserting a new subclause (5) as follows: (5) A **reconciliation participant** must ensure that all **raw meter data** used to derive **volume information** in accordance with this Schedule is not rounded or truncated from the stored data from the **metering installation** Revoke clause 14 of Schedule 15.2: **14 ~~Quantification error~~** ~~The design of the **interrogation** system must ensure that the requirements of clause 38(1) of Schedule 10.7 are complied with.~~

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	Specifically, Schedule 15.2 should include a clause requiring that, when a reconciliation participant collects raw meter data, it must not round or truncate data provided by the meter. This is because, where compensation factors are required to convert the meter readings contained in raw meter data to volume information, any rounding or truncating of the meter readings may have a material impact on the accuracy of the volume information. The Authority considers that this obligation should be inserted in clause 3 of Schedule 15.2.		
003-022	The current definition of an approved test house incorrectly states that a test house is a meter testing facility. However test houses,	**approved test house** means a ~~**meter** testing and **calibration**~~ facility that has been approved by the **Authority** in accordance with Part 10 to do one or more of the following: (a) **calibrate metering installations** or **metering components**: (b) **certify metering installations** or **metering components**	As proposed.

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	in the context of the Code, are actually facilities where the calibration and certification of metering installations and metering components are undertaken.		
081-023	EIEP is defined in Part 1 as meaning "an electricity information exchange protocol that sets out standard formats for the exchange of information between **distributors** and **traders**". The Authority intends to publish an EIEP to specify the format in which retailers must provide information to consumers under clause 11.32B. The Authority proposes to publish an EIEP, as EIEPs are a format that retailers understand well. Clause 11.32B comes into force on 1 February 2016. It will require retailers to comply with	Amend the definition of EIEP as follows: **EIEP** means an electricity information exchange protocol that sets out standard formats for the exchange or provision of information~~between **distributors** and **traders**~~. From 1 February 2016, amend clause 11.32B(2) as follows: (2) In responding to a request, the **retailer** must comply with the procedures, and any relevant **EIEP**, **publicised** by the **Authority** under clause 11.32F. From 1 February 2016, amend clause 11.32F as follows: (1) The **Authority** must, no later than 20 **business days** after this clause comes into force, **publicise** (and must keep **publicised**)— (a) procedures under which a **retailer** must respond to a request from a **consumer** under clause 11.32B; and (b) 1 or more **EIEPs** with which a **retailer** must comply when responding to such a request. (2) The procedures **publicised** by the **Authority** must~~—(a)~~ specify the manner in which information must be given to **consumers**~~; and~~. (3)~~(b)~~ Each **EIEP publicised** by the **Authority** must specify 1 or more formats in which information must be given to **consumers**.	The Authority agrees with submissions made by Contact, and Genesis, that the proposed amendment to clause 11.32F seems to allow the Authority to make EIEPs for that part of the Code without any consultation. The Authority has therefore added new subclauses (4) and (5) to clause 11.32F. The Authority does not consider that an amendment is required to clause 12A.13(1). The reference to "**distributors** and **traders**" is correct as, in this context, the relevant EIEPs are only for exchanging information between distributors and traders. The amendment, incorporating these changes, is as follows: Amend the definition of EIEP as follows: **EIEP** means an electricity information exchange protocol that sets out standard formats for the exchange or provision of information ~~between **distributors** and **traders**~~. From 1 February 2016, amend clause 11.32B(2) as follows: (2) In responding to a request, the **retailer** must comply with the procedures and any relevant **EIEP**, **publicised** by the **Authority** under clause 11.32F.

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	procedures publicised by the Authority under clause 11.32F when providing information to a consumer about the consumer's electricity consumption. The procedures will specify the formats in which such information is to be provided. The Authority therefore proposes to amend the definition of EIEP so that EIEPs can also regulate the exchange of information between, or the provision of information by, participants other than distributors and traders. The Authority also proposes to amend new clauses 11.32B and 11.32F so that those clauses refer to both the publication of procedures and the publication of EIEPs (which will set out the format for retailers to provide information to		From 1 February 2016, amend clause 11.32F as follows: **11.32F Authority ~~must~~to publicise procedures for responding to requests for consumption information** (1) The **Authority** must, no later than 20 **business days** after this clause comes into force, **publicise** (and must keep **publicised**),— (a) procedures under which a **retailer** must respond to a request from a **consumer** under clause 11.32B; and (b) 1 or more **EIEPs** with which a **retailer** must comply when responding to such a request. (2) The procedures **publicised** by the **Authority** must—~~(a)~~ specify the manner in which information must be given to **consumers**~~; and~~. (3)~~(b)~~ Each **EIEP publicised** by the **Authority** must specify 1 or more formats in which information must be given to **consumers**. (4) Before the **Authority** publicises an **EIEP** under subclause (1), or amends an **EIEP** that it has **publicised** under subclause (1), it must consult with the **participants** that the **Authority** considers are likely to be affected by the **EIEP**. (5) The **Authority** need not comply with subclause (4) if it proposes to amend an **EIEP publicised** under subclause (1) if the **Authority** is satisfied that— (a) the nature of the amendment is technical and non-controversial; or (b) there has been adequate prior consultation so that the **Authority** has considered all relevant views.

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	consumers).		
007-024	The definition of "distributor" in the Act and "distributor" in the Code are inconsistent. This causes confusion and is undesirable. In most places in the Code, the term "distributor" can be defined in accordance with the Act. In particular, it is unnecessary for the definition of "distributor" in the Code to specifically refer to participants that supply line function services (as in paragraph (a) of the definition of distributor). That is because, in practice, any business engaged in the conveyance of electricity on lines other than lines that are part of the national grid (as in the definition of "distribution" in the Act), will also be a business that, as in	Amend the following definitions in clause 1.1(1): **distributor** has the meaning given to it by section 5 of the **Act** ~~means as follows:~~ ~~(a) except in Part 12A, and as provided in paragraphs (b) and (c), a **participant** who supplies **line function services** to another person:~~ ~~(b) in Parts 1 (except for the definitions of **connection and operation standards**, **distribution network**, and **specified participant**), 8, 10, 11, 12, 13, 14 and 15, a **participant** who owns or operates a **local network**; and—~~ ~~(i) in Part 8, includes a **direct consumer**; and~~ ~~(ii)in Parts 10, 11, 13, 14, and 15 includes an **embedded network** owner~~ ~~(c) for the purposes of the definitions of **connection and operation standards**, **distributed generation** and **distribution network** and Part 6, a **participant** who owns—~~ ~~(i) a **local network**; or~~ ~~(ii) an **embedded network** that is used to convey 5 GWh or more of **electricity** per annum; or~~ ~~(iii) a system of **lines** that—~~ ~~(A) is used for providing **line function services** to a person other than the owner of those **lines**; and~~ ~~(B) is not part of the **grid** and has no direct or indirect **connection** to the **grid**; and~~ ~~(C) conveys 5 GWh or more of **electricity** per annum~~ **line function services**~~, for the purposes of the definition of **distributor** and in Part 12A, means the following:~~ has the meaning given to it by section 5 of the **Act** ~~(a) the provision and maintenance of works for the conveyance of **electricity**:~~ ~~(b) the operation of such works, including the control of voltage and assumption of responsibility for losses of **electricity**~~ **lines** has the meaning given to it by section 5 of the **Act**~~, for~~	As proposed, except that clause 1 of Schedule 12.1 has been simplified by combining subclauses (1)(a) and (b) into a single subclause referring to "**connected asset owners**". The proposed amendment to add the term "**local network distributor**" will not be made. This term would only be used once in the Code, in the definition of "**connected asset owner**", therefore it has been incorporated into the definition of "**connected asset owner**". The new definition of "**connected asset owner**" is as follows: **connected asset owner** means a **direct consumer**, or a **distributor** in its capacity as the owner or operator of a **local network**

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	the definition of "line function services" in the Code: • provides and maintains works for the conveyance of electricity; or • operates such works, including controlling voltage and assuming responsibility for losses of electricity. Therefore, "*a participant who supplies line function services to another person*" is a distributor as defined in the Act. In addition, it is not necessary for the definition of "distributor" in the Code to specifically refer to embedded network owners (as in paragraph (b)(ii) of the definition of distributor). Embedded network owners are	~~the purposes of the definition of **distribution network**, **distributor**, and Part 6, means works that are used or intended to be used for the conveyance of **electricity**~~ Insert the following definitions in clause 1.1(1) in the appropriate alphabetical order: **connected asset owner** means a **local network distributor** or a **direct consumer** **distribution** has the meaning given to it by section 5 of the **Act** **local network distributor** means a **distributor** that owns or operates a **local network** Insert a new clause 1.5A as follows: **1.5A Application of Code to distributors** Except in Parts 6, 9, and 12A, nothing in this Code applies to a **distributor** in respect of its **distribution** activities that are not conducted on a **network** that is— (a) directly **connected** to the **grid**; or (b) **connected** to the **grid** through 1 or more other **networks**. Insert a new clause 6.2A as follows: **6.2A Application of Part to distributors in respect of embedded networks** Nothing in this Part applies to— (a) a **distributor** in respect of the **distributor's** ownership or operation of an **embedded network** that conveys less than 5 GWh of **electricity** per annum; or (b) a **distributed generator** when the **distributed generator** wishes to **connect** or has **distributed**	

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	distributors, as defined in the Act, for the following reasons: • the definition of the term "distribution" in the Act does not distinguish between local networks and embedded networks • the owner of an embedded network will also be a business engaged in distribution.	**generation connected** to such an **embedded network**. **6.2B Application of Part to distributors in respect of systems of lines not directly or indirectly connected to the grid** Nothing in this Part applies to— (a) a **distributor** in respect of the **distributor's** ownership or operation of a system of **lines** that is used for providing **line function services** only to the **distributor**; or (b) a **distributor** in respect of the **distributor's** ownership or operation of a system of **lines**— (i) that conveys less than 5 GWh of **electricity** per annum; and (ii) that is not— (A) directly **connected** to the **grid**; or (B) **connected** to the **grid** through 1 or more other **networks**; or (c) a **distributed generator** when the **distributed generator** wishes to **connect** or has **distributed generation connected** to a system of **lines** described in paragraph (b). Replace the words "**distributor**", "**distributors**" and "**distributor's**" with the words "**connected asset owner**", "**connected asset owners**" and "**connected asset owner's**" in each place that the word "**distributor**", "**distributors**" and "**distributor's**" appears in Part 8. Amend the title of clause 6 of Technical Code A of Schedule 8.3 as follows: **6 Specific requirements for ~~local networks~~ connected asset owners** Bold the word "lines" wherever it appears in the Code. Bold the words "line function services" in clauses 11.5(2) and	

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		11.16(a). Amend clause 1 of Schedule 12.1 as follows: **1 Categories of designated transmission customers required to enter into transmission agreements with Transpower** (1) The categories of **designated transmission customers** required to enter into **transmission agreements** with **Transpower** are— (a) **connected asset owners**~~**direct consumers** that have a **point of connection** to the **grid**~~; and (b) *[Revoked]*~~**distributors**; and~~ (c) **generators** that are directly **connected** to the **grid**.	
083-025	There is confusion about whether the term 'electricity supplied' includes electricity that a retailer has supplied to an ICP for which the retailer is responsible without an arrangement in place with a consumer.	**electricity supplied** means, for any particular period, the information relating to the quantities of **electricity** supplied by **retailers** ~~across **points of connection** to **consumers**~~, sourced directly from the **retailer's** financial records, including quantities— (a) that are metered or unmetered; and (b) supplied through normal **customer** supply and billing arrangements; and (c) supplied under sponsorship arrangements; and (d) supplied under any other arrangement; and (e) supplied at an **ICP** where there is no arrangement with a **consumer**	As a result of submissions received and further consideration, the Authority has decided to withdraw this amendment from the Code Review Programme of amendments and consider it a later stage to enable further consultation.
005-026	The Code includes the following definitions: • a definition of "de-energisation" that also defines the terms "de-energise" and "de-energised";	**de-energisation** means the operation of any isolator, **circuit breaker**, or switch, or the removal of any fuse or link, so that no **electricity** can flow through a **point of connection** on a **network**, and **de-energise** and **de-energised** have corresponding meanings ~~**de-energise** has the meaning given to it in the definition of **energisation**~~ **energisation** means the operation of an isolator, **circuit breaker**, or switch, or the placing of a fuse or link, so that **electricity** can flow through a **point of connection** on a	As proposed.

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	• a separate definition of "de-energise"; and • a definition of "energisation" that also defines "de-energise", "de-energised", and "de-energisation". These multiple definitions are unnecessary and confusing.	**network**, and~~—~~ ~~(a) **energise** and **energised** have corresponding meanings; and~~ ~~(b) **de-energise** means to reverse the process of **energisation** and **de-energised** and **de-energisation** have corresponding meanings~~	
009-027	The definition of event date refers to "the date on which an arrangement between a **customer** and a **trader** for the supply of **electricity** at the **ICP** comes into effect". The term event date is only used in Part 11 of the Code, primarily in Schedule 11.3. The switch occurs when the gaining trader begins trading electricity at the ICP or assumes responsibility for the ICP. It is clear from the	**event date**, in relation to an **ICP**, means ~~the date on which an arrangement between a **customer** and a **trader** for the supply of **electricity** at the **ICP** comes into effect~~ the earlier of the following dates: (a) the date on which the gaining **trader** under clauses 1(1), 8(1) or 13(1) of Schedule 11.3 commences trading **electricity** at the **ICP**: (b) the date on which the gaining **trader** otherwise assumes responsibility under clause 11.18(1) for the **ICP**.	The Authority does not agree with submissions that suggest that the proposed Code amendment could have the unintended consequence of requiring an earlier date to apply for ICPs re-gained through a switch. The Authority's view is that the proposed definition of "**event date**" cannot be interpreted to relate to the date of a previous switch. Furthermore, the drafting proposed by Genesis and Meridian creates the possibility for two different dates being the "**event date**", which would make the Code unclear. The drafting is as proposed, subject to some minor adjustments to the clause references as follows: **event date**, in relation to an **ICP**, means ~~the date on which an arrangement between a **customer** and a **trader** for the supply of **electricity** at the **ICP** comes into effect~~ the earlier of the following dates: (a) the date on which the gaining **trader** commences trading **electricity** at the **ICP** under clauses 1(1), 8(1) or 13(1) of Schedule 11.3:

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	provisions of Schedule 11.3 that the term "event date" refers to the date on which the switch occurs. However, the definition could be read to refer to the date on which the arrangement between the trader and the customer becomes a binding agreement. That interpretation is not the intended meaning of event date. The definition of event date also does not mention arrangements with embedded generators. Finally, the definition of event date does not address the second scenario of switching under Schedule 11.3, when there is no arrangement with a customer but instead the gaining trader assumes responsibility for the		(b) the date on which the gaining **trader** otherwise assumes responsibility under clause 11.18(1) for the **ICP**

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	ICP under clause 11.18(1). Such a situation may occur where a retailer assumes responsibility for an ICP in the trader default process, or an ICP that is in the registry as "ready" but the customer agreement is not finalised.		
082-028	It is not clear from the definition of "metering installation" that a metering installation includes metering components, which is the intended effect. Consequently, it is not clear that the definitions of "metering", "metering installation" (under paragraph (a) of that definition), and "metering component" complement each other in the way the Authority intends under the Code.	**metering** means the process used to measure **electricity** conveyed **metering component** means a component of a **metering installation** including— (a) a **measuring transformer**: (b) all wiring and intermediate terminals in the **metering installation**: (c) a **control device**: (d) a **meter**: (e) a **data storage device**: (f) a **test facility**: (g) a fuse: (h) a **circuit breaker**: (i) **communication equipment**: (j) an **error compensation** device **metering installation** means— (a) equipment, including all **metering components**, used, or intended to be used, for **metering**: (b) in the context of **unmetered load**, the calculation process used to derive the quantity of **unmetered load**: (c) in the context of instances of both **metered electricity** quantities and **unmetered load**, both (a) and (b)	As proposed.

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013-029	The system operator uses special protection schemes to manage system security. Each special protection scheme is individually designed and agreed between the relevant asset owner and the system operator. Such a scheme may either reduce or increase demand or generation in order to counteract a particular condition. However, the definition of "special protection scheme" states that it includes reductions of demand and generation only, and does not refer to increases in demand and generation.	**special protection scheme** means a protection scheme that takes predetermined action, including reconfiguration of the **grid,** ~~reduction~~ changes of **demand**, or ~~reduction~~ changes of generation, to counteract a particular condition once that condition is detected. **Special protection schemes** allow a power system to be operated to a higher pre-event capacity limit while still in a **secure state**. **Automatic under frequency load shedding** systems and **instantaneous reserves** are excluded from the requirements for **special protection schemes**	As proposed.
015-030	The definition of 'value of expected unserved energy' can cause confusion because it uses the term 'expected unserved energy', which is also defined in the Code but is not in bold in the	In clause 1.1(1): **value of expected unserved energy** means the value of any ~~expected unserved energy~~ **expected unserved energy** that applies under clause 4 of Schedule 12.2 In Schedule 12.2: **4 Value of expected unserved energy** (1) The value of any **expected unserved energy** is— (a) $20,000 per **MWh**; or (b) such other value as the **Authority** may	As a result of submissions received, the Authority is now amending these clauses as follows: In clause 1.1(1): **value of expected unserved energy** means the value of any ~~expected unserved energy~~ **expected unserved energy** that applies under clause 4 of Schedule 12.2 or clause 12.39 In Schedule 12.2: **4 Value of expected unserved energy**

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	definition. Several references to 'value of expected unserved energy' in Part 12 of the Code also need to be in bold. The current drafting is confusing because it is not always clear whether the definition of 'value of expected unserved energy' or the definition of 'expected unserved energy' should apply.	determine. (2) The **Authority** may determine different ~~values of~~ **values of expected unserved energy** for different purposes and for different times. (3) If the **Authority** determines a ~~value of~~ **value of expected unserved energy** under this clause, the **Authority** must **publish** its determination. In Part 12: **12.27 Benchmark agreement** (1) The **benchmark agreement** set out in schedule F2 of section II of part F of the **rules** immediately before this Code came into force, continues in force and is deemed to be the **benchmark agreement** that applies at the commencement of this Code, with the following amendments: … (e) the references in clause 40.2 to the value of unserved energy in schedule F4 of section III of part F of the **rules** must be read as references to the ~~value of~~ **value of expected unserved energy** in clause 4 of Schedule 12.2: …. **12.39 Customer specific value of unserved energy** (1) In this clause, a reference to the value of unserved energy must be read as a reference to the ~~value of~~ **value of expected unserved energy** in clause 4 of Schedule 12.2. … (6) If the **Authority** approves the value of unserved energy proposed by **Transpower** or the **designated transmission customer** under subclause (2)(a), that value of unserved energy applies for the purposes of applying the **grid reliability standards** under clause 4 of Schedule 12.2 for the **grid injection point** or **grid exit point** instead of the ~~value of~~ **value of expected unserved energy** specified under clause 4 of Schedule 12.2. (7) If the **Authority** does not approve the value of unserved	(1) The value of any **expected unserved energy** is— (a) $20,000 per **MWh**; or (b) such other value as the **Authority** may determine. (2) The **Authority** may determine different ~~values of~~ **values of expected unserved energy** under this clause for different purposes and for different times. (3) If the **Authority** determines a ~~value of~~ **value of expected unserved energy** under this clause, the **Authority** must **publish** its determination. In Part 12: **12.27 Benchmark agreement** (1) The **benchmark agreement** set out in schedule F2 of section II of part F of the **rules** immediately before this Code came into force, continues in force and is deemed to be the **benchmark agreement** that applies at the commencement of this Code, with the following amendments: … (e) the references in clause 40.2 to the value of unserved energy in Schedule~~schedule~~ F4 of section III of part F of the **rules** must be read as references to the ~~value of~~ **value of expected unserved energy** in clause 4 of ~~s~~Schedule 12.2: …. **12.39 Customer specific value of expected unserved energy** ~~(1) In this clause, a reference to the value of unserved energy must be read as a reference to the value of **value of expected unserved energy** in clause 4 of Schedule 12.2.~~ (2) **Transpower** or a **designated transmission customer** may apply to the **Authority**—

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		energy proposed by **Transpower** or the **designated transmission customer** under subclause (2)(b), the ~~value of~~ **value of expected unserved energy** under clause 4 of Schedule 12.2 applies for the purposes of applying the **grid reliability standards** under clauses 12.35 to 12.37 for the **grid injection point** or **grid exit point**.	(a) if permitted under a **transmission agreement**, for provisional approval to use a different ~~value of~~ **value of expected unserved energy** ~~unserved energy~~ than the value specified in clause 4 of Schedule 12.2 for the purposes of determining whether to replace or enhance **connection assets** as provided for under that **transmission agreement**; or (b) for approval to use a different ~~value of~~ **value of expected unserved energy** ~~unserved energy~~ than ~~from~~ the value specified in clause 4 of Schedule 12.2 for the purposes of applying the **grid reliability standards** under clauses 12.35 to 12.37 for a **grid injection point** or **grid exit point**, regardless of whether **Transpower** or the **designated transmission customer** has applied for the **Authority's** provisional approval under subclause (4). (3) An application under subclause (2) must be made in writing to the **Authority**— (a) in the case of an application under subclause (2)(a), within 20 **business days** of the **designated transmission customer** proposing that different value to **Transpower** under the **transmission agreement**; and (b) in the case of an application under subclause (2)(b), within 20 **business days** of the **designated transmission customer** reaching an agreement with **Transpower** to which clauses 12.35 to 12.37 apply. (4) If **Transpower** or a **designated transmission customer** applies~~y~~ for approval of a different

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			~~value of~~ **value of expected unserved energy** ~~unserved energy~~ under subclause (2)(a), the **Authority** may provisionally approve that value if the **Authority** considers that the value is a reasonable estimate of the ~~value of~~ **value of expected unserved energy** ~~unserved energy~~ in respect of the **grid injection point** or **grid exit point** for the **designated transmission customer** concerned. (5) If **Transpower** or a **designated transmission customer** applies for approval of a different ~~value of~~ **value of expected unserved energy** ~~unserved energy~~ under subclause (2)(b) the **Authority**— (a) may approve that value if the **Authority** considers that the value is a reasonable estimate of the ~~value of~~ **value of expected unserved energy** ~~unserved energy~~ in respect of the **grid injection point** or **grid exit point** for the **designated transmission customer** concerned; and (b) may decline to approve that value despite having provisionally approved that value under subclause (4). (6) If the **Authority** approves the ~~value of~~ **value of expected unserved energy** ~~unserved energy~~ proposed by **Transpower** or the **designated transmission customer** under subclause (2)(ba), that ~~value of~~ **value of expected unserved energy** ~~unserved energy~~ applies for the purposes of applying the **grid reliability standards** under clauses 12.35 to 12.37 ~~4 of Schedule 12.2~~ for the **grid injection point** or **grid exit point** instead of the ~~value of~~ **value of expected unserved energy** specified under clause 4 of Schedule 12.2. (7) If the **Authority** does not approve the ~~value of~~

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			value of expected unserved energy ~~unserved energy~~ proposed by **Transpower** or the **designated transmission customer** under subclause (2)(b), the ~~value of~~ **value of expected unserved energy** under clause 4 of Schedule 12.2 applies for the purposes of applying the **grid reliability standards** under clauses 12.35 to 12.37 for the **grid injection point** or **grid exit point**. The Code has been amended so that the words "value of expected unserved energy" are followed by the words "in clause 4 of Schedule 12.2", in respect of clauses 12.43(8)(b),12.117(9), 12.141(3)(d)(i)(B), 12.141(3)(d)(ii)(A). In clause 12.43(8)(b): **12.43 Net benefits test** … (8) The estimate of **expected unserved energy** in MWh multiplied by the value per MWh of that **expected unserved energy** under subclause (1) must be based on— … (b) if **Transpower** and a **designated transmission customer** cannot agree on the amount and value of the **expected unserved energy** under paragraph (a), the **value of expected unserved energy** in clause 4 of Schedule 12.2 and **Transpower's** estimate of the **expected unserved energy** in respect of each affected **designated transmission customer** and end use **customer**.

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			In clause 12.117(9): **12.117 Permanent removal of interconnection assets from service** … (9) The estimate of **expected unserved energy** in MWh multiplied by the value per MWh of that **expected unserved energy** under subclause (2) must be based on the **value of expected unserved energy** in clause 4 of Schedule 12.2 and **Transpower's** estimate of the **expected unserved energy** in respect of each affected **designated transmission customer** and end use **customer**. In clause 12.141(3)(d): **12.141 Consideration of the likely effects of planned outages** … (3) In providing for the matters referred to in subclause (2), the **Outage Protocol** must include the following requirements: … (d) the estimate of **expected unserved energy** in MWh multiplied by the value per MWh of that **expected unserved energy** under subclause (2) must— (i) in the case of **connection assets**, be based on— (A) the estimated amount and value of the **expected unserved energy** as agreed between **Transpower** and each affected **designated transmission customer**; or (B) if **Transpower** and a

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			designated transmission customer cannot agree on the amount and value of the **expected unserved energy** under subsubparagraph (A), the **value of expected unserved energy** in clause 4 of Schedule 12.2 and **Transpower's** estimate of the **expected unserved energy** in respect of each affected **designated transmission customer** and end use **customer**; and (ii) in the case of **interconnection assets**, be based on— (A) the **value of expected unserved energy** in clause 4 of Schedule 12.2; and (B) **Transpower's** estimate of the **expected unserved energy** in respect of each affected **designated transmission customer** and end use **customer**.
004-031	Part 13 of the Code deals with two types of constraints: block security constraints and station security constraints. The definition of "sub-station dispatch groups" refers to the	**sub-station dispatch groups** means that grouping of ~~individual~~ **generating units** or **generating stations** within a **station dispatch group** into subgroups to take account of any **station security constraints** notified by the **system operator** in accordance with clauses ~~13.61(1)~~ 13.65(1) and ~~13.73(1)(k)~~ 13.73(1)(j) … **13.61 System operator to notify block security constraints** (1) The **system operator** must notify **generators** of the	As proposed, apart from the definition of sub-station dispatch groups and minor changes in clauses 13.75(1)(f) and (g) following a submission made by Transpower. This definition will now be amended as follows: **sub-station dispatch groups** means a ~~that~~ grouping of ~~individual~~ **generating units** or **generating stations** within a **station dispatch group** into subgroups to take account of any **station security**

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	system operator notifying of station security constraints under clauses 13.61 and 13.73(1)(k). Both cross references are incorrect. In addition, clause 13.102 currently requires the system operator to report to the market administrator on station security constraints notified under clause 13.75(1)(g), and block security constraints notified under clause 13.61 or clause 13.75(1)(f). However, it does not currently require the system operator to report on station security constraints notified under clause 13.65. Clause 13.102 should also refer to clause 13.65. Clauses 13.61 and 13.75 also refer to "constraints", and it would be better if they referred to either "block security	implication of any **block security constraints** that apply within the **block dispatch group**. The notification must include— (a) the **trading periods** for which the **block security constraint** applies; and (b) how the **block security constraint** divides the **generating stations** or **generating units** of a **block dispatch group** into **sub-block dispatch groups**. (2) If a notice has been sent in accordance with subclause (1), the notice remains valid until the earliest of— … (c) notification from the **system operator** that the **block security constraint** no longer exists; or …. … **13.75 Form of dispatch instruction** (1) When issuing a **dispatch instruction** under clause 13.72(1)(a), the **system operator** must specify— … (f) the **block security constraints** that occur within a **block dispatch group** and how ~~that~~ the **block security constraint** divides the **generating stations** or **generating units** of a **block dispatch group** into **sub-block dispatch groups** as part of such a **dispatch instruction**; and (g) the **station security constraints** that occur within a **station dispatch group** and how ~~that~~ the **station security constraint** divides the **generating stations** or **generating units** of a **station dispatch group** into **sub-station dispatch groups**~~.~~; and (h) if it is a **dispatch instruction** specified in clause 13.73(1)(i), the maximum reserve risk for the relevant **island**. … **13.102 Reporting obligations of system operator**	**constraints** notified by the **system operator** in accordance with clauses ~~13.61(1)~~ 13.65(1) and ~~13.73(1)(k)~~ 13.75(1)(g). **13.75 Form of dispatch instruction** (1) When issuing a **dispatch instruction** under clause 13.72(1)(a), the **system operator** must specify— … (f) ~~the~~ any **block security constraints** that occurs within a **block dispatch group** and how ~~that~~ the **block security constraint** divides the **generating stations** or **generating units** of a **block dispatch group** into **sub-block dispatch groups** as part of such a **dispatch instruction**; and (g) ~~the~~ any **station security constraints** that occurs within a **station dispatch group** and how ~~that~~ the **station security constraint** divides the **generating stations** or **generating units** of a **station dispatch group** into **sub-station dispatch groups**~~.~~; and

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	constraint" or "station security constraint", as the case may be.	(1) On each **trading day** the **system operator** must report to the **market administrator** in writing. The report must include— … (d) a summary of any **block security constraint** and **station security constraint** notices issued to **generators** in accordance with clauses 13.61(1), 13.65(1), and 13.75(f) and (g) during the previous **trading day**.	
091-032	Clause 8.69 of the Code requires the clearing manager to determine amounts owing as a result of washups under subpart 6 of Part 14. Subclause (4) provides that all amounts owing under the clause are subject to the priority order of payments "set out in clause 14.47". However, the cross reference to clause 14.47 should refer to clause 14.56. Clause 14.47 was the correct clause until the new Part 14 came into force on 24 March 2015. The clause that is equivalent to clause 14.47 in the new Part 14 is clause 14.56. This cross	**8.69 Clearing manager to determine wash up amounts payable and receivable** … (4) All amounts owing under this clause are subject to the priority order of payments set out in clause ~~14.47~~14.56.	As proposed.

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	reference has been updated in other clauses (for example, clause 8.68(6)).		
017B-033	It is unclear when the Authority may exercise its power to require an audit under clause 10.17 and, in particular, if that power is broader than the Authority's power to require an audit under clause 3 of Schedule 10.2. Additionally, clause 10.17(2) provides which auditors may conduct an audit, when all other detailed requirements for audits are contained in Schedule 10.2. Clause 10.17 also states that an audit must be undertaken by a particular type of auditor, when clause 3 of Schedule 10.2 also allows the Authority to itself conduct the audit.	**10.17 Audits** (1) The **Authority** may, under clause 3 of Schedule 10.2, require a **relevant participant** to have an **audit** undertaken. ~~(2) An **audit** must be undertaken by an **auditor** included in the list of approved **auditors published** by the **Authority** under clause 1(7) of Schedule 10.2.~~ (3) Schedule 10.2 applies to every such **audit**. … **Schedule 10.2** … **3 Authority and participant requested audits** (1) The **Authority** may, in its discretion, carry out an **audit**, or appoint an **auditor** to carry out an **audit**, to determine whether a **relevant participant** has complied with this Part. (2) If a **participant** reasonably considers that a **relevant participant** may not have complied with this Part, the **participant** may request in writing to the **Authority** that the **Authority** carry out an **audit** of the **relevant participant** or that the **Authority** appoints an **auditor** to carry out an **audit**. (3) Nothing in this Schedule affects the **Authority's** rights under the **Act** or the **regulations**. … **3A Auditor for audits** An **audit** must be undertaken by— (a) the **Authority**; or (b) an **auditor** included in the list of approved **auditors published** by the **Authority** under clause 1(7) as being approved for the type of audit required under clause 3.	As proposed, except that the Authority has decided not to add the proposed new clause 3A to Schedule 10.2, as it considers that it would be beneficial to consider the proposed new clause 3A as part of the "Review of participant audit regime" proposed Code amendment.

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024-034	Clause 4(3) of Schedule 10.6 places an obligation on a metering equipment provider to keep metering records in relation to metering installations for which it is responsible. A metering equipment provider does not remain responsible for the metering installation if it is switched (to another metering equipment provider), or decommissioned. However, even if a metering installation is switched or decommissioned, and/or a metering component is removed from a metering installation, the metering equipment provider is still obliged to keep the relevant metering records for at least 48 months. The existing clause does not make this clear.	**4 Metering equipment provider record keeping and documentation** … (3) A **metering equipment provider** must ~~keep~~ retain **metering records** relating to— (a) a **metering component** in a **metering installation** for which it is or was responsible, for at least 48 months after the **metering component** is removed from the **metering installation**, even if— (i) the **metering installation** is subsequently **decommissioned**; or (ii) the **metering equipment provider** ceases to be responsible for the **metering installation**; and (b) a **metering installation** for which it is responsible, for at least 48 months after the date on which— (i) the **metering installation** is **decommissioned**; or (ii) the **metering equipment provider** ceases to be responsible for the **metering installation**.	As proposed.
025-035	Clause 19(3) of Schedule 10.7 sets out exceptions to the	Clause 19(3) of Schedule 10.7 be amended as follows: **19 Modification of metering installations**	As proposed.

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	general rule in clause 19(1) that the certification of a metering installation is cancelled if the metering installation is modified. Subclause (3)(a) to (g) is a list of criteria, all of must be met for the certification to remain. One of the criteria – 19(3)(g) – provides that, for the certification of the metering installation to remain, there needs to be a control device that does not switch meter registers, and that has malfunctioned and been replaced with another certified control device that complies with subclause (3A). This is an error. The intention had been that subclause (3) should not deal with control devices. Instead, subclause (3A) should set out separate circumstances in	… (3) Despite subclauses (1) and (2)(a), the **certification** of a **metering installation** is not cancelled if— … (f) any change of the **metering installation's** parameters does not affect the **metrology layer**; ~~and~~ ~~(g) a **control device** that does not switch **meter** registers has malfunctioned and been replaced with another **certified control device** that complies with subclause (3A)~~. Clause 19(3A) of Schedule 10.7 be amended as follows: (3A) Despite subclause (1) and (2)(b), the **certification** of a **metering installation** is not cancelled if— (aa) ~~A replacement~~ a **control device** that does not switch **meter** registers has malfunctioned and been replaced with a **certified control device**; and ~~complies with this subclause if—~~ (a) the replacement **control device** has the same characteristics as the **control device** it replaces and— … Clause 20(1)(a) of Schedule 10.7 be amended as follows: **20 Cancellation of certification of metering installations** (1) The **certification** of a **metering installation** is automatically cancelled on the date on which any 1 of the following events takes place: (a) the **metering installation** is modified otherwise than under ~~sub~~clause 19(3), 19(3A), or 19(6): …	

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	which certification of the metering installation will not be cancelled if a control device has malfunctioned and is replaced with another certified control device.		
027-036	Schedule 10.7 contains requirements for certifying metering installations that incorporate meters or data storage devices. The Authority has identified two drafting issues that could cause confusion: (a) If a metering installation incorporates both a meter and a data storage device, an approved test house (ATH) is required to record the maximum interrogation cycle under clause 36(3) and not under	**26 Requirements for metering installation incorporating meter** (1) A **metering equipment provider** must ensure that each **meter** in a **metering installation** for which it is responsible is **certified** in accordance with this Part. (2) An **ATH** must, before it **certifies** a **metering installation** incorporating a **meter**, if the **meter** had previously been used in another **metering installation**, ensure that the **meter** has been **recalibrated** since it was removed from the previous **metering installation**, by— (a) an **approved calibration laboratory**; or (b) an **ATH**. (3) The **ATH** must, before it **certifies** a **metering installation** incorporating a **meter**, document in the **metering records**— (a) any regular maintenance required for the **meter** in accordance with the manufacturer's recommendations; and (b) any maintenance that has been carried out on the **meter** (for example battery monitoring and replacement). (4) An **ATH** must, before it **certifies** a **metering installation** incorporating a **meter**, record in the **metering installation certification report**, the maximum **interrogation** cycle for the **metering installation**. (5) The maximum **interrogation** cycle for a **metering**	As proposed.

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	clause 26(4). Clause 26(6) reflects that intent. However, clause 26(6) could usefully refer to the ATH's obligation being under clause 36. Clause 36(3) could also be clearer that it applies to a metering installation that incorporates both a meter and a data storage device. (b) Clauses 36 and 38 have identical headings, which is "Requirements for metering installation incorporating data storage device". Each subclause in clause 38 imposes a requirement on	**installation** referred to in subclause (4) is the period of memory availability given the **meter** configuration. (6) Subclause (4) does not apply to a **metering installation** incorporating both a **meter** and a **data storage device** (*see* clause 36 of Schedule 10.7).— ~~(a) a **meter**; and~~ ~~(b) a **data storage device**.~~ … **36 Requirements for metering installation incorporating data storage device** (1) A **metering equipment provider** must ensure that each **data storage device** incorporated in a **metering installation** for which it is responsible, is **certified** in accordance with this Part. (2) An **ATH** must, before it **certifies** a **metering installation** incorporating a **data storage device** that had previously been used in another **metering installation**, ensure that the **data storage device** has been **recalibrated** since it was removed from the previous **metering installation**, by— (a) an **approved calibration laboratory**; or (b) an **approved test laboratory**; or (c) an **ATH**. (3) An **ATH** must, before it **certifies** a **metering installation** incorporating a **data storage device** (including a **metering installation** incorporating both a **meter** and a **data storage device)**, record in the **metering installation certification report**, the maximum **interrogation** cycle for the **data storage device**. (4) The maximum **interrogation** cycle for a **metering installation** incorporating a **data storage device** is the shortest of the following periods: (a) the period of inherent data loss protection for the **metering installation**; and (b) the period of memory availability given the **data storage device** configuration; and (c) the longest period in which the accumulated drift	

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	an ATH who is certifying a metering installation. Accordingly, the heading to clause 38 could be amended to state it is "Requirements for certification of metering installation incorporating data storage device".	of a **data storage device** clock is expected to remain in compliance with the maximum time error set out in Table 1 of clause 2 of Schedule 15.2 for the category of the **metering installation**. … **38 Requirements for certification of metering installation incorporating data storage device** …	
028-037	Clause 45 of Schedule 10.7 relates to category 1 metering installations. It imposes obligations on the metering equipment provider (MEP) for such metering installations to ensure that an approved test house (ATH) inspects the metering installation. Under clause 45(1)(b), an alternative is for the MEP to ensure that a sample of the category 1 metering installations for which	**45 Category 1 metering installation inspection requirements** (1) A **metering equipment provider** must ensure that— (a) each **category 1 metering installation** for which it is responsible, other than an **interim certified metering installation**, has been inspected by an **ATH** within the period set out in Table 1 of Schedule 10.1 starting from the date of the **metering installation's** most recent **certification**; or (b) for each 12 month period commencing 1 January and ending 31 December, a sample, selected under subclause (2), of the **category 1 metering installations** for which it is responsible has been inspected by an **ATH** within the period set out in Table 1 of Schedule 10.1 starting from the date of the earliest **certification** date of a **metering installation** in the group. (2) A **metering equipment provider** must, for the purposes of subclause (1)(b), select a sample by— (a) producing a list of all **ICP identifiers** of each	As proposed.

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	it is responsible are inspected by an ATH in each 12 month period. The MEP must select the metering installations to be inspected for this purpose by compiling a list in accordance with subclause (2). The MEP must then select a sample of metering installations to be inspected from the list. There is a minor error in the process set out in subclause (2) for compiling the list and selecting the sample. The error relates to the sample size required, and is in clause 45(1)(c). Clause 45(1)(c) provides that the MEP must identify the sample size required "based on the number of **metering installations** identified in the list of **ICP identifiers** in paragraph (a)". The cross reference to paragraph (a) is not	**category 1 metering installation** for which it is responsible, other than **interim certified metering installations**; and (b) removing from the list of **ICP** ~~identifiers~~ **identifiers**, any **ICP identifier** for a **metering installation** that has been **certified** or inspected in the 84 months prior to the date on which the list was produced; and (c) identifying the applicable required minimum sample size set out in Table 8 of Schedule 10.1, based on the number of **metering installations** identified in the list of **ICP identifiers** ~~in~~ produced in accordance with paragraphs (a) and (b); and (d) randomly selecting a sample, of the size required under paragraph (c), from the list produced in accordance with ~~under~~ paragraphs (a) and (b). …	

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	correct. It should refer to the list of ICP identifiers under paragraphs (a) and (b).		
017A-038	Clause 15.37 states that it applies to "An audit to be undertaken in accordance with this Code…". This suggests that the clause applies to all audits under the Code. However, Parts 3, 9, 10, 11, 12, and 13 of the Code all contain provisions relating to how different types of audits must be carried out under those parts. Clause 15.37, and the process to which it refers in Schedule 15.1, are only intended to apply to audits carried out under Part 15, and in some cases, Part 11 (see clause 11.11). It is unclear when the Authority may exercise its power to require an audit under	**15.37 Audits** (1) The **Authority** may, under clause 12 of Schedule 15.1, require a **participant** to have an **audit** undertaken. ~~An **audit** to be undertaken in accordance with this Code must be undertaken by an **auditor** included in the list of approved **auditors published** by the **Authority** in accordance with clause 9(7) of Schedule 15.1.~~ ~~(2) The **Authority** may require a **participant** to have an **audit** undertaken.~~ (3) Clauses 12A to 19 of Schedule 15.1 apply to every such **audit**. … **Schedule 15.1** … **12 Authority and participant requested audits** (1) If at any time the **Authority** reasonably considers that a **participant** may not have complied with a clause in this Part or Part 11, the **Authority** may **audit** the **participant** or appoint an auditor to carry out an **audit**. (2) If a **participant** reasonably considers that another **participant** may have not complied with a clause in this Part or Part 11, the **participant** may request in writing to the **Authority** that the **Authority audit** the **participant** or that the **Authority** appoints an **auditor** to carry out an **audit**. **12A Auditor for audits** An **audit** must be undertaken by— (a) the **Authority**; or (b) an **auditor** included in the list of approved **auditors published** by the **Authority** under clause 9(7) as being approved for the type of	As proposed, except that the Authority has decided not to make the proposed amendments to clauses 11.11 and 15.37(3) or add the proposed new clause 12A to Schedule 15.1. The Authority considers that it would be beneficial to consider these amendments as part of the "Review of participant audit regime" proposed Code amendment.

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	clause 15.37(2) and, in particular, it if is broader than the power to require an audit provided in clause 12 of Schedule 15.1. It would be better if Part 15 contained only one power for the Authority to conduct an audit. Additionally, clause 15.37(1) specifies which auditors may conduct an audit, when all other detailed requirements for audits are contained in Schedule 15.1. Clause 15.37(1) also states that only an Authority-approved auditor can undertake an audit, when clause 12 of Schedule 15.1 also allows the Authority itself to conduct an audit. Clause 11.11 also refers to the audit-related clauses in Schedule 15.1. Clause 11.11 does not reflect that the	audit required under clause 12. … **Part 11** … **11.11 Audits requested by Authority or participant** (1) The **Authority** may carry out an **audit** or may appoint an auditor to carry out an **audit** in accordance with clause 12(1) of Schedule 15.1 (with all necessary amendments). (2) A **participant** may request that the **Authority** carry out an **audit** or appoint an auditor to carry out an **audit** in accordance with clause 12(2) of Schedule 15.1 (with all necessary amendments). (3) ~~An **audit** requested by the **Authority** or a **participant** must be carried out in accordance with clauses~~ Clauses 12A~~13~~ to 19 of Schedule 15.1 apply to every such **audit** (with all necessary amendments).	

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	Authority may appoint an auditor to conduct an audit rather than conducting the audit itself.		
041-039	Clause 3(a)(ii) of Schedule 11.3 refers to the market administrator approving the valid switch response code, but clauses 10(a)(ii) and 15(a) refer to the Authority approving valid switch response codes. It is the Authority who approves the valid switch response codes. It is also the Authority who deals with the withdrawal of a switch request under clauses 17 and 18 of Schedule 11.3, and with the exchange of information under clauses 19 and 20.	**3 Losing trader response to switch request** Within 3 **business days** after receipt of notification from the **registry** in accordance with clause 22, for each **ICP** the losing **trader** must establish an expected **event date** and must— (a) provide acknowledgement of the switch request by— (i) providing the expected **event date** to the **registry**; and (ii) if relevant for that **ICP**, providing a valid switch response code approved by the ~~**market administrator**~~ **Authority**, to the gaining **trader**; or …	This proposed amendment is no longer necessary as this change has been made by clause 5(2) of the Electricity Industry Participation Code Amendment (ICP Switching) 2015.
045A-040	Table 1 in Schedule 11.4 contains the information that a metering equipment provider must provide to the registry for	Amend column 3 of row 30 of Table 1 of Schedule 11.4 as follows: an identifier determined as follows: ~~that,—~~ (a) ~~for a~~ if the relevant **meter** or **data storage device** ~~with~~ has an AMI flag of "Y", ~~indicates that—(i)~~ the cumulative data channel ~~must be~~ identifier must be "Y"	As a result of a submission received from Vector, the Authority has decided to replace (a) of column 3 of row 30 of Table 1 of Schedule 11.4 with the following: (a) if the relevant **meter** or **data storage device** has an AMI flag of "Y", the cumulative data channel identifier must be "Y" and the other

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	each metering installation for which it is responsible. Row 30 contains obligations relating to the settlement indicator identifier. It requires that the cumulative data indicator in the registry be "Y" for cumulative data channels on an AMI meter. The inclusion of this indicator in the registry triggers a requirement that, if a switch happens at the ICP to which the metering installation is connected, the losing trader at the ICP must provide a cumulative register read in the CS switch completion file as part of its submission information. This requirement was included in the Code because, if the gaining trader in the switch intends to use non-half hour metering information,	~~included in the **trader's submission information**; and;(ii) any absolute data channel must not be included in the **trader's submission information**; or~~ (b) for any other **meter** or **data storage device**, or for a ~~load~~ control device, the data channel identifier must be the appropriate identifier ~~indicates whether the data channel must be included in the **trader's submission information**,~~ selected from ~~a~~ the list in the **registry**	data channel identifiers must be "N"; and

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	the gaining trader needs a cumulative meter read to start its customer invoicing and settlement processes. It was intended that a gaining trader should have the option of using non-half hour metering information, half-hour metering information, or a combination of both. However, the effect of the requirement in row 30 is that if a gaining trader used half-hour AMI metering information, it would breach the Code.		
094-041	Part 12A includes a number of transitional provisions that are now redundant because the dates that are referred to have now passed. Those transitional provisions are included in: (a) clause 12A.2(2), which provides that the	**12A.2 Negotiating use-of-system agreements** (1) A **distributor** and a **trader** must negotiate the terms of a **use-of-system agreement** (including any amendment to a **use-of-system agreement**) in good faith. ~~(2) This clause does not apply to an amendment to a **use-of-system agreement** if—~~ ~~(a) the **use-of-system agreement** was in force before 1 December 2011; and~~ ~~(b) the amendment is made before 1 July 2013.~~ **12A.3 Mediation** … ~~(9) This clause does not apply to an amendment to a **use-of-system agreement** if—~~	As proposed.

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	requirement to negotiate the terms of a use-of-system agreement in good faith does not apply to an amendment to a use-of-system agreement that was in force before 1 December 2011, if the amendment is made before 1 July 2013 (b) clause 12A.3(9), which provides that the requirements relating to mediation in clause 12A.3 do not apply to an amendment to a use-of-system agreement that was in force before 1 December 2011, if the amendment is	~~(a) the **use-of-system agreement** was in force before 1 December 2011; and~~ ~~(b) the amendment is made before 1 July 2013.~~ … **12A.7 Distributors must consult concerning changes to tariff structures** … ~~(5) This clause does not apply to a change to a tariff structure that is made by a **distributor** before 1 May 2012.~~ … **12A.13 Authority may publicise EIEPs that must be used** (1) The **Authority** may **publicise** 1 or more **EIEPs** that set out standard formats that **distributors** and **traders** must use when exchanging information. (2) When **publicising** an **EIEP** under subclause (1), the **Authority** must specify the date on which the **EIEP** will come into effect~~, which must be no earlier than 1 November 2014~~. … ~~(6) Despite subclause (4), the **Authority** may **publicise** the **EIEPs** described as EIEP1, EIEP2 and EIEP3 under this clause, despite the **Authority** having consulted with **participants** that the **Authority** considers likely to be affected by those EIEPs, before this clause came into force.~~ **12A.16 Transitional provision relating to EIEPs** … ~~(4) If a **distributor** and a **trader** agree to exchange information in a way other than in accordance with an **EIEP** to which this clause applies, the **distributor** and **trader** need not comply with the requirement in clause 12A.14(2)(a)(ii) to record that agreement in the **use-of-system agreement** between the **distributor** and **trader** until 1 November 2014.~~	

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	made before 1 July 2013 (c) clause 12A.7(5), which provides that clause 12A.7, which requires distributors to consult concerning changes to tariff structures, does not apply to changes made before 1 May 2012. (d) Clause 12A.13(2) provides that when publicising an EIEP under clause 12A.13(1), the Authority must specify the date on which the EIEP will come into effect, which must be no earlier than 1 November 2014. The		

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	reference to 1 November 2014 is now redundant because that date has passed. (e) Clause 12A.13(4) requires the Authority to consult on each EIEP that it publicises. However, Clause 12A.13(6) provides that despite clause 12A.13(4), the Authority may publicise EIEP1, EIEP2 and EIEP3, despite the Authority having consulted on those EIEPs before clause 12A.13 came into force. EIEP1, EIEP2, and EIEP3 have been publicised by the Authority		

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	and came into effect on 1 November 2014. Accordingly, clause 12A.13(6) is now redundant. (f) Clause 12A.16 relates to any EIEP with which a distributor or trader was required to comply immediately before the clause came into force, which is EIEP12. Clause 12A.16(4) provides that an agreement to record any agreement to exchange information in a way other than in accordance with EIEP12 does not need to be included		

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	in a use-of-system agreement until 1 November 2014. As that date has now passed, clause 12A.16(4) is now redundant. (g) Clause 12A.4(8) and 12A.6(5) also include redundant transitional provisions. However it is proposed that both of those clauses be revoked as part of separate Code amendments (see items 50 and 93).		
056-042	Clause 13.101(1)(a) provides that if the system operator declares a grid emergency, it must, within 12 hours of the conclusion of the grid emergency, provide a	**13.101 Reporting requirements in respect of grid emergencies** (1) If the **system operator** declares a **grid emergency**,— (a) the **system operator** must, within 12 hours of the conclusion of the **grid emergency**, ~~provide~~ **publish** a written report ~~to the **Authority** setting out~~ that describes the basis on which the **system operator** decided ~~decision~~ to declare the **grid**	As proposed. (The Authority will also need to amend the "information system" definition to specify how the system operator needs to make the information publicly available).

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	written report to the Authority setting out the basis on which it decided to declare the grid emergency. The Authority must then publish this report through the information system. Because the system operator prepares this report and has the most significant role in managing grid emergencies under the Code, it is more practical and efficient for the system operator to publish the report. In addition, if the system operator were to publish this report through the information system, it would be unnecessary and inefficient for the system operator also to have to provide the report to the Authority, because the Authority could access the report from the location at which the system	**emergency** ~~was made. The **Authority** must **publish** this report through the **information system**~~; and … 	

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	operator publishes it.		
057-043	Clause 13.114(1) requires all information exchanged in relation to clauses 13.108 to 13.116 to be sent electronically using the information system. Clause 13.118 requires all information relating to auctions to be exchanged through the information system. Clause 13.118 effectively repeats clause 13.114(1) because all information exchanged in relation to clauses 13.108 to 13.116 relates to auctions.	**13.114 Information to be ~~transmitted~~ exchanged through information system** (1) All information relating to **auctions** must be exchanged ~~in relation to clauses 13.108 to 13.116 must be sent electronically using the facility contained in~~ through the **information system**. (2) If the **information system** is not available to send information under this clause the **clearing manager** must follow the backup procedures specified by the **market administrator**. (3) The backup procedures referred to in subclause (2) must be specified by the **market administrator** following consultation with **generators** and the **clearing manager**. ~~**13.118 Exchange information**~~ ~~All information relating to **auctions** must be exchanged through the **information system**.~~	As proposed.
059-044	Under the Code, a disclosing participant is a person who consumes electricity that is conveyed to the person directly from the national grid, or who buys electricity from the clearing manager.	**13.236A Disclosing participants must prepare and submit spot price risk disclosure statements** … (4) A **participant** is not required to comply with this clause for a quarter if it is a **disclosing participant** in relation to the quarter only because it is subject to a **wash-up** in that quarter.	As proposed.

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	Clause 13.236A(2) states that each disclosing participant, who will continue to be a disclosing participant in the next quarter, must prepare a spot price risk disclosure statement for that quarter. This means that a disclosing participant who has ceased to trade, but who has to keep purchasing from the clearing manager in relation to wash-up periods, needs to submit 'nil reports' for their non-existent purchases in future quarters.		
061-045	Clause 2(b) of Schedule 13.8 obliges the system operator to provide an application for approval for a dispatch-capable load station to the Authority and to advise a number of other parties. One of these parties is the distributor from whose network the	**2 System operator to provide application to Authority and advise others of application** On receipt of an application, the **system operator** must— (a) provide a copy of the application to the **Authority**; and (b) advise the following **participants** that it has received the application: (i) the relevant **grid owner**: (ii) eachthe ~~the~~ **distributor** that has a~~from whose~~ **network** from which a device that comprises or forms part of the proposed~~the~~ **dispatch-capable load station** draws **electricity**:	As proposed.

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	dispatch-capable load station draws electricity. This is not always applicable – for example, in the case of directly connected customers.	…	
064-046	Clauses 15.5A and 15.5B set out the requirements for dispatchable load purchasers in relation to preparing dispatchable load information. Both clause 15.5A and clause 15.5B require a dispatchable load purchaser to prepare dispatchable load information using volume information. The only difference between clause 15.5A and 15.5B is that clause 15.5B applies in respect of a dispatch-capable load station's metering installation that is not at a point of connection, but that is located within premises that are	**15.5A Dispatchable load purchaser must prepare dispatchable load information** (1) Each **dispatchable load purchaser** must prepare **dispatchable load information** using **volume information** prepared in accordance with Schedule 15.2. (2) ~~Unless~~ If clause 15.5B applies to a **dispatch-capable load station's metering installation**, ~~in preparing **dispatchable load information**,~~ the **dispatchable load purchaser** responsible for the **dispatch-capable load station** must comply with clause 15.5B in relation to the **dispatch-capable load station** ~~use **volume information** prepared under Schedule 15.2~~. **15.5B Deriving volume information if metering installation is within premises that are connected to a point of connection** (1) This clause applies if a **dispatch-capable load station's metering installation** is not at a **point of connection** but is located within premises that are directly **connected** to a **point of connection**. (2) If this clause applies, the **dispatchable load purchaser** responsible for the **dispatch-capable load station** must prepare **dispatchable load information** using **volume information** prepared in accordance with Schedule 15.2 and derived from the **raw meter data**— …	As proposed.

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	directly connected to a point of connection. When clause 15.5B applies, the dispatchable load purchaser must adjust the raw meter data used to account for internal site losses. However, the dispatchable load purchaser must still prepare the volume information derived from the raw meter data in accordance with Schedule 15.2. The Authority considers that the words "unless clause 15.5B applies" in clause 15.5A(2) are confusing, because they suggest that if clause 15.5B applies, a dispatchable load purchaser is not required to use volume information prepared under Schedule 15.2. As set out above, that is not the case.		
095-047	Clause 15.38(1) lists functions that a reconciliation	**15.38 Functions requiring certification** (1) A **reconciliation participant** (except an **embedded generator** selling **electricity** directly to another	As proposed.

Reference number	Issue	Proposed Code Amendment	Decision
	participant must be certified to perform. The final item in the list is "provision of metering information to the pricing manager in accordance with subpart 4 of Part 13". The reference to "pricing manager" is incorrect. It should be a reference to the "grid owner." This error is the result of Code amendments in 2014. The Authority amended subpart 4 of Part 13 to provide an operational process where the grid owner receives the metering data, not the pricing manager (who does not have the facilities to do so). Clause 15.38(1)(f) should have been amended at that time, but was not.	**reconciliation participant**) must obtain and maintain **certification** in accordance with Schedule 15.1 in order to be permitted to perform, or to have performed by way of an agent or agents, any of the following functions in compliance with this Code: … (f) provision of **metering information** to the ~~**pricing manager**~~ **grid owner** in accordance with subpart 4 of Part 13.	
096-048	The Authority has previously amended clause 15.38(1)(d), splitting it into three separate paragraphs:	**15.38 Functions requiring certification** (1) A **reconciliation participant** (except an **embedded generator** selling electricity directly to another **reconciliation participant**) must obtain and maintain **certification** in accordance with Schedule 15.1 in order	As proposed.

Reference number	Issue	Proposed Code Amendment	Decision
	(d), (da), and (db). However, the certifications, the system for keeping track of certifications, and participants' systems all only refer to paragraph (d) and would need to be adjusted (at cost) to add in reference to the new paragraphs (da) and (db).	to be permitted to perform, or to have performed by way of an agent or agents, any of the following functions in compliance with this Code: … ~~(d) calculation of the number of **ICP days** and delivery of a report under clause 15.6:~~ ~~(da) delivery of **electricity supplied** information under clause 15.7:~~ ~~(db) delivery of information from **retailer** and **direct purchaser half hourly** metered **ICPs** under clause 15.8:~~ (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: (e) …	
076-049	Clause 9 of Schedule 15.3 requires reconciliation participants to round submission information, which is provided to the reconciliation manager, to two decimal places. The intention is to require rounding only when there are 3 or more decimal places in the submission information.	**9 Rounding of submission information** If **submission information** aggregated by a **reconciliation participant** under clause 8 is specified to more than 2 decimal places, the ~~A~~ **reconciliation participant** must round the **submission information**— (a) to 2 decimal places; and (b) so that if the digit to the right of the second decimal place is greater than or equal to 5, the second digit is rounded up, and if the digit to the right of the second decimal place is less than 5, the second digit is unchanged.	As proposed.

Reference number	Issue	Proposed Code Amendment	Decision
	However, there has been some confusion about whether reconciliation participants need to add a zero onto information that has only 1 decimal place (so there are 2 decimal places). For example, whether a reconciliation participant should change 1.5 to 1.50 in the submission information it provides to the reconciliation manager.		
No reference	The reference to clause 14.55 in clause 11.15B(1)(a) should refer to clause 14.41	**11.15B Trader contracts with customers to permit assignment by Authority** (1) Each **trader** must at all times ensure that the terms of each contract under which a **customer** of the **trader** purchases **electricity** from the **trader** permit— (a) the **Authority** to assign the rights and obligations of the **trader** under the contract to another **trader** if the **trader** commits an **event of default** under paragraph (a) or (b) or (f) or (h) of clause ~~14.55~~14.41; and …	Although not included in the consultation paper, the Authority considers that this change is technical and non-controversial in accordance with section 39(3)(a) of the Act.

Implementing the decision

2.3 The proposed amendments will come into force on 1 February 2016, except for the amendment to the definition of "contract for differences", which comes into force on 15 January 2016.

3 The decision promotes the efficient operation of the electricity industry

The decision promotes the efficient operation of the electricity industry

3.1 After considering submissions, the Authority considers that the proposed amendments, which make a variety of improvements to the Code:

(a) will promote the efficient operation of the electricity industry for the long-term benefit of consumers (thereby promoting the Authority's statutory objective):

(b) are preferable to the status quo.

3.2 Amendments made as a result of the 2015 Code Review Programme will improve the operational efficiency of New Zealand's electricity industry by reducing the cost for participants to transact in the industry.

3.3 For the 2015 Code Review Programme, the Authority identified 49 amendments that it proposed to make. Of these, 21 required consultation. In relation to the remaining number, the Authority was satisfied that the amendments met the requirements of section 39(3) of the Act and therefore did not require consultation (for example, an amendment may be "technical and non-controversial"). However, those amendments were included in the consultation paper.

The decision is not expected to materially affect competition and reliability

3.4 The Authority does not expect that amendments made as a result of the Code Review Programme 2015 will materially promote competition and/or affect the reliability of consumers' electricity supply (the first and second limbs of the Authority's statutory objective).

The benefits from making the amendments exceed the costs

3.5 The Authority has assessed the expected economic benefits described above against the costs of the amendments made as a result of the Code Review Programme 2015 and expects that its decision will deliver a net economic benefit.

3.6 The primary economic benefit described in the regulatory statements is a reduction in transaction costs across the industry, which is a productive efficiency benefit. The costs for the Authority and participants are largely either zero or negligible, as in many cases the amendments are removing unnecessary obligations or aligning the Code with industry practice.

3.7 The Authority considers that, measured over the next decade, the economic benefits will be larger than the costs.

4 The Authority has considered the points made in submissions

4.1 In making its decision the Authority has considered all of the points made in submissions. A paper has been prepared that shows the responses to each of the points made by submitters.