

Attachment 2: Meridian's suggested rule

Meridian suggestion

13.5A Conduct in relation to generators' offers and ancillary service agents' reserve offers

- (1) Each generator and ancillary service agent must ensure that its conduct in relation to offers and reserve offers is consistent with a high standard of trading conduct.
- (2) Subclause (1) applies when—
 - (a) a generator submits or revises an offer; or
 - (b) an ancillary service agent submits or revises a reserve offer.
- (3) A generator's or ancillary service agent's conduct in relation to offers and reserve offers is consistent with a high standard of trading conduct if:
 - (a) the generator or ancillary service agent's conduct is compliant with all provisions in the Code other than clause 13.5A;
 - (b) the generator or ancillary service agent can provide a legitimate business justification for its offers or reserve offers;
 - (c) the generator or ancillary service agent's conduct in relation to offers or reserve offers is not misleading or deceptive, or likely to mislead or deceive; and
 - (d) the generator or ancillary service agent's conduct in relation to offers or reserve offers does not threaten confidence in, or the integrity of, the wholesale market.

13.5B Two safe harbours for clause 13.5A

- (1) A generator complies with clause 13.5A if —
 - (a) the generator makes offers in respect of all of its generating capacity that is able to operate in a trading period; and
 - (b) when the generator decides to submit or revise an offer, it does so as soon as it can; and
 - (c) in the case of a generator that is pivotal, whose offers result in a substantial increase in the final price at which electricity is supplied in a trading period at any node at which the generator is pivotal —
 - (i) the generator's offers are generally consistent with offers it has made when it has not been pivotal; or
 - (ii) the generator does not benefit financially from an increase in the final price at which electricity is supplied in a trading period at a node at which the generator is pivotal; or
 - (iii) the structure and pricing of the generator's offers are intended to manage a risk identified by the generator, are proportionate to that risk, and it is not reasonable for the generator to manage the identified risk through other financial instruments due to the character or timing of the risk identified.
- (2) A generator complies with clause 13.5A if its conduct is consistent with conduct that would occur in a workably competitive market.
- (3) A generator does not breach clause 13.5A only because the generator does not comply with subclause (1) or (2).

Compare of current rule and Meridian suggestion

13.5A Conduct in relation to generators' offers and ancillary service agents' reserve offers

(1) Each generator and ancillary service agent must ensure that its conduct in relation to offers and reserve offers is consistent with a high standard of trading conduct.

(2) Subclause (1) applies when—

- (a) a generator submits or revises an offer; or
- (b) an ancillary service agent submits or revises a reserve offer.

(3) A generator's or ancillary service agent's conduct in relation to offers and reserve offers is consistent with a high standard of trading conduct if:

(a) the generator or ancillary service agent's conduct is compliant with all provisions in the Code other than clause 13.5A;

(b) the generator or ancillary service agent can provide a legitimate business justification for its offers or reserve offers;

(c) the generator or ancillary service agent's conduct in relation to offers or reserve offers is not misleading or deceptive, or likely to mislead or deceive; and

(d) the generator or ancillary service agent's conduct in relation to offers or reserve offers does not threaten confidence in, or the integrity of, the wholesale market.

13.5B ~~Safe~~Two safe harbours for clause 13.5A

(1) A generator complies with clause 13.5A if —

- (a) the generator makes offers in respect of all of its generating capacity that is able to operate in a trading period; and
- (b) when the generator decides to submit or revise an offer, it does so as soon as it can; and
- (c) in the case of a generator that is pivotal,—

(i) prices and quantities in the generator's, whose offers ~~do not~~ result in a ~~material~~substantial increase in the final price at which electricity is supplied in a trading period at any node at which the generator is pivotal, ~~compared with the final price at the node in an immediately preceding trading period or other comparable trading period in which the generator is not pivotal at that node; or —~~

(ii) the ~~generator's~~generator's offers are generally consistent with offers it has made when it has not been pivotal; or

(~~iii~~) the generator does not benefit financially from an increase in the final price at which electricity is supplied in a trading period at a node at which the generator is pivotal; ~~or~~

(2)(iii) the structure and pricing of the generator's offers are intended to manage a risk identified by the generator, are proportionate to that risk, and it is not reasonable for the generator to manage the identified risk through other financial instruments due to the character or timing of the risk identified.

(2) A generator complies with clause 13.5A if its conduct is consistent with conduct that would occur in workably competitive market.

(3) A generator does not breach clause 13.5A only because the generator does not comply with subclause (1) or (2).