



# New Zealand Gazette

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## ELECTRICITY INDUSTRY PARTICIPATION CODE AMENDMENT NOTICES 2011

PURSUANT TO SECTION 38(3)(B) OF THE  
ELECTRICITY INDUSTRY ACT 2010

**Notice of the Electricity Industry Participation (Scarcity Pricing) Code Amendment 2011**

- 1 Pursuant to section 38(3)(b) of the Electricity Industry Act 2010, the Electricity Authority (“Authority”) gives notice of the making of the Electricity Industry Participation (Scarcity Pricing) Code Amendment 2011.
- 2 The amendment comes into force on **1 June 2013**.
- 3 The amendment provides for the introduction of scarcity pricing by amending Part 1, Part 8, and Part 13 of the Electricity Industry Participation Code 2010 (“Code”). The amendment provides for:
  - (a) the system operator to notify all participants if it issues an island-wide instruction to disconnect demand;
  - (b) the pricing manager to adjust energy and reserve prices for any trading period where (a) applies in accordance with the following:
    - (i) the scaling up of all energy and reserve prices in the relevant island or islands to achieve a generation weighted average price (“GWAP”) of \$10,000/MWh if the GWAP prior to scaling is below \$10,000/MWh;
    - (ii) the scaling down of all energy and reserve prices in the relevant island or islands to achieve a GWAP of \$20,000/MWh if the GWAP prior to scaling is above \$20,000/MWh;
    - (iii) no change to energy and reserve prices in the relevant island or islands if the GWAP prior to scaling is greater than or equal to \$10,000/MWh and less than or equal to \$20,000/MWh;
    - (iv) no payment for constrained-on situations in an island or islands in which prices have been adjusted in accordance with 3(b)(ii);
    - (v) no adjustment to prices and reserve prices if:
      - (A) the pricing manager determines that a shortage was not island-wide or nationwide based on final pricing inputs; or
      - (B) the average of the GWAPs over the previous 336 trading periods for the relevant island or islands exceeds \$1,000 per MWh;
  - (c) the pricing manager to limit final prices following the resolution of infeasibilities caused by a shortage of reserve to the greater of:
    - (i) 3 times the highest scheduled energy offer price; and
    - (ii) the relevant scheduled fast instantaneous reserve or sustained instantaneous reserve offer price.
- 4 A copy of the amendment and the Code is available on the Electricity Authority’s website  
<http://www.ea.govt.nz/act-code-regs/code-regs/>
- 5 A copy of the amendment and the Code may also be inspected free of charge or purchased from the Electricity Authority, Level 7, ASB Bank Tower, 2 Hunter Street, Wellington.

Dated at Wellington this 26th day of October 2011.

DR. THOMAS BRENT LAYTON, Chairperson, Electricity Authority.

**Notice of the Electricity Industry Participation (Distributor Use-of-System Agreements  
and Distributor Tariffs) Code Amendment 2011**

1. Pursuant to section 38(3)(b) of the Electricity Industry Act 2010 (“Act”), the Electricity Authority (“Authority”) gives notice of the making of the Electricity Industry Participation (Distributor Use-of-System Agreements and Distributor Tariffs) Code Amendment 2011.
2. The amendment comes into force on **1 December 2011**.
3. The amendment inserts a new Part 12A into the Electricity Industry Participation Code 2010 (“Code”), and makes consequential amendments to Part 1, Part 6, Part 9, Part 10, and Part 11 of the Code. The amendment:
  - (a) requires distributors who do not send accounts for line function services to consumers directly to use more standardised tariff structures, including by:
    - (i) requiring such distributors to use standard tariff codes; and
    - (ii) requiring such distributors and traders to comply with Electricity Information Exchange Protocol 12 when the distributor changes its tariff rates; and
  - (b) requires distributors who do not send accounts to consumers directly to consult with traders when making material changes to tariff structures; and
  - (c) requires distributors to use more standardised use-of-system agreements by:
    - (i) specifying requirements that must be complied with if prudential requirements are included in a use-of-system agreement; and
    - (ii) requiring that each use-of-system agreement includes provisions indemnifying traders in respect of liability under the Consumer Guarantees Act 1993 for breaches of the acceptable quality guarantee, to the extent that those breaches were caused by events or conditions on a distributor’s network, unless the parties agree otherwise; and
  - (d) specifies requirements that distributors and traders must comply with when negotiating use-of-system agreements.
4. Pursuant to section 32 and clause 2 of Schedule 1 of the Act, the Authority gives notice that it incorporates by reference into the Code the following documents:
  - (a) the document titled Electricity Information Exchange Protocol 12; and
  - (b) the document titled Electricity Authority – Standard Tariff Codes.
5. A copy of the amendment, the documents incorporated by reference, and the Code is available on the Electricity Authority’s website  
<http://www.ea.govt.nz/act-code-regs/code-regs/>
6. A copy of the amendment, the documents incorporated by reference, and the Code may also be inspected free of charge or purchased from the Electricity Authority, Level 7, ASB Bank Tower, 2 Hunter Street, Wellington.

Dated at Wellington this 26th day of October 2011.

DR. THOMAS BRENT LAYTON, Chairperson, Electricity Authority.