



## Request to amend the Electricity Industry Participation Code 2010

### Proposer: Transpower

Transpower as the System Operator submitted a code amendment request (CAR) to the Authority in October 2025. The proposal was consulted on by the Authority via Code Omnibus # 6.<sup>1</sup>

The code amendment request is CAR180 on the Authority's register  
[13.11.2025 Code amendment requests.pdf](#)



## Request to amend the Electricity Industry Participation Code 2010

This form is to request:

- an amendment to an existing clause or clauses in the Electricity Industry Participation Code 2010 (Code)
- the removal of an existing clause or clauses in the Code
- a new clause or clauses in the Code

Please refer to the Code amendment request guidelines [insert link] when completing this form. The Guidelines contain more information about requesting a Code amendment and the Authority's process when it receives a request.

Please complete all relevant sections of this form, with as much information as you can. The more information you include in your request, the better we will understand and be able to assess your request. If there is not enough room in this form, you can attach more pages.

Email completed forms to [info@ea.govt.nz](mailto:info@ea.govt.nz).

<sup>1</sup> [Code amendment omnibus #6](#) | [Our consultations](#) | [Our projects](#) | [Electricity Authority](#)

## Section 1: Information to include for all requests

Complete this section for all Code amendment requests.

### The proposal

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| <p><b>1. Objective of the proposal</b></p> <p>What do you want the proposal to achieve?</p> <p>Provide supporting information on the problem or issue the proposal seeks to resolve</p>  | <p>To introduce a minimum offer price for intermittent generation of \$0.01/MWh, with the aim of “automating” the resolution of some oversupply situations.</p> <p>An oversupply (tie-breaker) situation occurs when more equally priced generation is offered at a single location than can be dispatched due to a network export limit. Neither the Code nor market systems currently resolve oversupply situations automatically. Resolution requires system operator (<b>SO</b>) discretion and manual processes, particularly where generation type differentiation or operational constraints must be considered.</p> <p>With up to 500 trading periods at risk of oversupply this summer due to rising intermittent generation, including embedded intermittent generation, this proposal is to use offer-price differentiation to automatically resolve oversupply, ensure secure dispatch, and improve system efficiency without changing the SO’s tools and processes.</p> |
| <p><b>2. Category of request</b></p> <p>State whether you think the request is minor, medium or complex, and why (applying the criteria in the Guidelines [insert link]).</p> <p>For minor requests, specify whether you think the nature of the amendment is technical and non-controversial.</p> | <p>Minor</p> <p>The majority of intermittent generators already offer at a minimum of \$0.01/MWh. Historical offer data (since 2008) shows that only one embedded intermittent generator (commissioned in 2023) has offered a small portion of its capacity at \$0/MWh.</p>  |
| <p><b>3. Clause(s) to which the proposal relates</b></p> <p>If the proposal relates to existing Code clause(s), state the full clause reference/s here.</p> <p>If the proposal relates to a new clause, state where you think this would best fit in the Code.</p>                                 | <p>We are proposing amendments to the following clauses of the Code:</p> <ul style="list-style-type: none"> <li>• Clause 1.1(1) (Interpretation)</li> <li>• Clause 13.15 (How price is to be specified in bids and offers)</li> <li>• Clause 13.26 (Exception for embedded generation)</li> <li>• Clause 13.116(2)(b) (Offers at 0)</li> <li>• New clause 13.107A (Non-zero generators may not bid)</li> </ul>   |

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| <p><b>4. Description of the proposed amendment</b></p> <p>Describe the Code amendments you are proposing (or attach a draft of the proposed Code amendment when submitting this form).</p> <p>Note: if you are providing draft wording of the proposed Code amendment, see the <a href="#">Code drafting manual</a> for guidance.</p>  | <p>The proposed Code amendments are attached.</p>  |
| <p><b>5. How the proposal supports the Authority’s main objective</b></p> <p>Identify how your proposal would support the Authority’s main objective of promoting competition in, reliable supply by, and/or efficient operation of the electricity industry for the long-term benefit of consumers.</p> <p>If the proposal is not expected to impact a limb of the main objective, use “No impact on this limb”</p> <p>See <a href="#">section 15(1) of the Act</a></p> | <p><b>Competition</b></p> <p>This proposal promotes competition by:</p> <ul style="list-style-type: none"> <li>• establishing a clear and consistent process for allocating dispatch in oversupply situations, reducing reliance on manual discretion</li> <li>• providing a level playing field by ensuring generators are dispatched based on their offers</li> <li>• encouraging generators to secure auction rights in must-run dispatch auctions (<b>MRDAs</b>) to reflect their relative flexibility, supporting more efficient market outcomes</li> <li>• delivering fairer and more transparent market outcomes.</li> </ul> <p><b>Reliability</b></p> <p>This proposal supports reliability by:</p> <ul style="list-style-type: none"> <li>• preventing inflexible generators with minimum operating levels from being dispatched off inappropriately, reducing the risk of plant instability or forced outages</li> <li>• reducing reliance on operator discretion and manual processes, which can introduce variability or errors, particularly during but not limited to stressed operating conditions</li> <li>• ensuring the market clearing process can automatically manage oversupply situations, which is increasingly important as more intermittent generation comes online.</li> </ul> <p><b>Efficiency</b></p> <p>This proposal supports efficiency, in both system operation and market outcomes, by:</p> <ul style="list-style-type: none"> <li>• automating resolution of oversupply situations</li> <li>• improving dispatch efficiency by allowing the market-clearing process to optimise based on offer prices</li> <li>• lowering the risk of inefficient or inconsistent outcomes from ad-hoc manual processes,</li> </ul> |

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|   | <p>supporting both short- and long-term efficient price signals.</p>  |
| <p><b>6. Application of the Authority's additional objective</b></p> <p>Identify whether your proposal relates to the dealings of industry participants with domestic consumers and small business consumers.</p> <p>If it does, identify how your proposal will protect the interests of domestic and small business consumers in relation to the supply of electricity to those consumers.</p> <p>See sections 15(2)-(3) of the Act</p>   | <p>This proposal does not relate to the dealings of industry participants with domestic or small business consumers.</p>  |
| <p><b>7. How the proposal complies with section 32 of the Act</b></p> <p>The Code may only contain provisions which are necessary or desirable to promote specific matters listed in <a href="#">section 32(1)</a> of the Act which are:</p> <ul style="list-style-type: none"> <li>a) competition in the electricity industry</li> <li>b) the reliable supply of electricity to consumers</li> <li>c) the efficient operation of the electricity industry</li> <li>d) the protection of the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers</li> <li>e) the performance by the Authority of its functions</li> <li>f) any other matter specifically referred to in the Act as a matter for inclusion in the Code.</li> </ul> <p>Identify which of the section 32(1) matters listed in the adjacent column your proposal relates to.</p> | <p>This proposal is desirable to promote the matters in subclauses (a), (b) and (c) of section 32(1). See section 5 above.</p>  |
| <p><b>8. Affected parties</b></p> <p>Who is likely to be substantially affected by the proposal?</p> <p>They could include other participants (such as generators, distributors metering equipment providers, intermittent generation</p>   | <p>Intermittent generators who currently offer at 0 price are likely to be affected by this proposal.</p> <p>However, as noted above, the majority of intermittent generators do not observe a 0 price offer strategy at this time.</p> |

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| <p>owners), consumers, market operation service providers.</p>   |  |
| <p><b>9. Urgency</b><br/> Identify whether you consider your proposal to be urgent (providing supporting rationale).<br/> <a href="#">Section 40 of the Act</a></p>  | <p>This proposal is not urgent in a section 40 sense, but it would be highly desirable for the proposed Code amendments to be in place for summer 2025/26 as there is potential for a persistent period of oversupply in Northland during summer 2025/26.</p>  |
| <p><b>10. Support for the proposal</b><br/> Do you consider there is widespread support for your proposal among the people likely to be affected? If so, provide supporting rationale.</p>                 | <p>The SO does not yet know if there is widespread support for this proposal.</p> <p>However, feedback from industry, including from our recent tie-breaker consultation, shows broad acceptance of the need to address oversupply issues to improve certainty and transparency. Stakeholders also acknowledge the considerable operational challenges faced by generators with relatively inflexible or must-run renewable plant such as geothermal, as well as thermal plant with minimum start-up times.</p> <p>The submissions we received in response to our tie-breaker consultation are published on our website: <a href="#">Invitation to Comment: Evolving market resource co-ordination: Tie-breaker provisions (Closed)   Transpower</a></p> |
| <p><b>11. Prior consultation</b><br/> Do you consider there has been adequate prior consultation on the proposal so that all relevant views have been considered? If so, provide supporting rationale.</p> | <p>The SO is not aware of any prior consultation on this proposal.</p>   |

## 12. Other relevant information

Is there any other relevant information you would like the Authority to consider?

The Code does not define how dispatch should be allocated in oversupply situations, where multiple outcomes are equally optimal, creating ambiguity and reliance on SO discretion. The current offer structure also does not adequately reflect key operational characteristics, such as minimum operating levels and minimum start times. This can result in inflexible generators being dispatched off, with the SO required to intervene when clause 13.82(2)(a) of the Code is invoked by generators.

With the continued growth of intermittent generation, including embedded intermittent generation, these situations are expected to become more frequent, driving up workload for the SO. Because these assessments can only be performed manually, the process is exposed to risks of error, inefficiency and inconsistency, and is potentially unmanageable if oversupply conditions persist over extended periods (e.g. throughout the summer season). This proposal seeks to “automate” this manual process.

In July 2025, the SO sought feedback on a proposed tie-breaker method for allocating dispatch when multiple generators submit competing offers. Stakeholders broadly supported the proposal while also recognising the operational challenges of inflexible or must-run generation, such as geothermal, and thermal plants with minimum start-up times. Several additional considerations were raised during our stakeholder engagement, including embedded generation offers and compliance, curtailment at the local network level, incentives, and negative pricing. One stakeholder also highlighted the urgency of the risk of persistent oversupply in Northland, estimating up to 500 trading periods during the 2025/2026 summer when oversupply could occur.

Using offer prices to distinguish between generation types will allow the market-clearing process to allocate dispatch automatically, providing a solution that balances certainty, efficiency, and simplicity. Other ways of addressing the oversupply problem would require market design review, potentially major Code changes, and potentially SO tool updates, which would take more time to implement.

## Section 2: Standard Code amendment requests

This section should be completed for all standard Code amendment requests. A request will be treated as a standard Code amendment request unless the Authority is satisfied that one of the following applies:

- the nature of the amendment is technical and non-controversial (question 2)
- the proposed amendment should be made urgently (question 9)
- there is widespread support for the amendment among the people likely to be affected by it (question 10), or
- there has been adequate prior consultation so that all relevant views have been considered (question 11).

You do not need to complete this section of the form if any of these apply. However, if the Authority does not agree with your assessment and decides to treat the request as a standard Code amendment request, we may come back to you and ask you to complete this section.

Provide a summary of the costs and benefits in the table below. Benefits can be qualitative and/or quantitative.

### Costs and benefits of the proposal

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|--|---|
| <p><b>13. Costs of the proposal</b><br/>Identify the expected costs of the proposal, including:</p> <ul style="list-style-type: none"> <li>• your assessment of the direct cost to develop and implement the proposed Code amendment, and</li> <li>• the consequential costs as a result of the amendments.</li> </ul> | <p>There will be no material costs to develop and (at least for the SO) to implement the proposed Code amendment.</p> <p>The majority of intermittent generators already offer at a minimum of \$0.01/MWh. This proposal will improve dispatch efficiency without materially affecting overall economic outcomes.</p> |
| <p><b>14. Benefits of the proposal</b><br/>Identify the expected benefits of the proposal</p>  | <p>See section 5 above.</p>   |
| <p><b>15. Net benefit of the proposal</b><br/>State whether you consider the proposal has a positive net benefit, and why.</p>   | <p>We consider the proposed Code amendment has a positive net benefit because the material benefits outlined in section 5 above are not offset by material costs.</p>   |

## Assessment of alternative options

|   | Alternative means of achieving proposal's objective<br>(repeat column as necessary)  |  |  |
|---|--|--|--|
|   | Alternative 1  | Alternative 2  | Alternative 3  |
| <b>16. Describe alternative option</b><br>Include a brief description of any alternative means identified of achieving your objective                         | Change the market design by introducing a tie-breaker solution prioritising different types of generation, or negative pricing.                        | Model local networks to reflect losses, allowing differentiation between generation types through loss factors.  | Continue with current process by applying market node constraints  |
| <b>17. Identify extent to which the alternative would achieve your objective</b>  | This option would directly address oversupply and allocation issues but requires significant market design changes and time to implement.              | This option would partly address the issue by creating differentiation, but effectiveness limited and introduces complexity outside current market boundary.<br><br>This option will not solve the problem when generators connected to the same local network have no loss difference between them. | This option is suitable only as a short-term workaround and is reliant on SO discretion and manual processes; may be unmanageable for persistent oversupply periods. |
| <b>18. Affected parties</b><br>Who is likely to be substantially affected by the alternative?   | All participants   | All participants   | All participants   |
| <b>19. Expected costs and benefits</b><br>Please include direct costs to develop the alternative and consequential costs and benefits to all affected parties | This option requires full market design review and Code changes, with consequential system tool changes; long lead time but provides durable solution. | This option requires fundamental changes to current modelling, as assets outside the market boundary would be represented and influence pricing; high implementation costs and complexity.   | This option has no system development cost but requires continuous monitoring, high operational burden and risk of inconsistency and error.                          |

|  | <b>Alternative means of achieving proposal's objective</b><br><i>(repeat column as necessary)</i>  |   |  |
|--|--|---|--|
| <b>20. Why do you prefer the proposal over this alternative?</b> | <p>Our preferred approach can be implemented faster with lower cost while still achieving efficient allocation.</p> <p>There is urgency due to the risk of persistent oversupply in Northland - up to 500 trading periods during the 2025/2026 summer when oversupply could occur.</p> | <p>Our preferred approach avoids the need for fundamental modelling changes outside the market boundary, reducing complexity and implementation risk.</p> | <p>Our preferred approach provides an automated, consistent solution without the need for SO discretion or manual processes.</p> |

## 1.1 Interpretation

- (1) In this Code, unless the context otherwise requires—

...

non-zero generating station means a generating station that—

- (a) is an intermittent generating station or  
(b) would be an intermittent generating station if the relevant generator had not been approved by the system operator under clause 13.3F as a dispatch notification generator

non-zero generator means the owner of a non-zero generating station. To avoid doubt, clauses referring to a non-zero generator apply only to the non-zero generating stations owned by the intermittent generator

### 13.15 How price is to be specified in bids or offers

- (1) Prices in **bids** or **offers** must be expressed in dollars and whole cents per **MWh** excluding any **GST**. There is no upper limit on the prices that may be specified and the lower limit is \$0.00/**MWh**, subject to subclause (2) and clauses 13.9(d), 13.24, 13.26, and 13.116.
- (2) The lowest price that may be specified in an offer for a non-zero generating station is \$0.01.

### 13.26 Exception for embedded generation

An **embedded generator** required to submit an **offer** in accordance with clause 8.25(5) for a generating station that is not a non-zero generating station may make an **offer** at a 0 price and clause 13.116(2) applies to the **embedded generator**.

### 13.116 Offers at 0

- (1) Subject to subclause (2), a **generator** may offer **electricity** to the **clearing manager** at a 0 price only if the **generator** has an authorisation from an **auction** in accordance with clauses 13.108 to 13.115.
- (2) A **generator** may offer **electricity** to the **clearing manager** at a 0 price without an authorisation from an **auction** only in relation to—
- (a) generating **plant** that comes within the scope of clauses 13.24 or 13.26; or
- (b) **offers** for a generating station that is not a non-zero generating station submitted before publication of **auction** results, but, if authorisation from an **auction** is not granted, such **offers** are cancelled or revised so that they no longer contain a 0 price before 1300 hours on the day before the **trading day** for which the **offers** apply.

### 13.107A Non-zero generators may not bid

A non-zero generator may not bid for auction rights. In this subpart, all references to a generator exclude non-zero generators.