

## **Electricity Industry (Exemption No. 239 (Electrica Limited)) Exemption Amendment Notice 2016**

In accordance with section 11(3) of the Electricity Industry Act 2010 (“Act”), the Electricity Authority (“Authority”) gives the following notice.

### **Notice**

**1. Title and commencement**—(1) This notice is the Electricity Industry (Exemption No. 239 (Electrica Limited)) Exemption Amendment Notice 2016.

(2) This notice comes into force on the day after the date it is notified in the *New Zealand Gazette*.

**2. Amendment to principal exemption**—Replace clause 3a of the Electricity Industry (Exemption No. 239 (Electrica Limited)) Exemption Notice 2016, published in the [New Zealand Gazette, 16 June 2016, Issue No. 54, Notice No. 2016-au3311](#) (“principal exemption”), with:

“a. the close of **31 August 2017**.”

**3. Reasons for this amendment**—The reasons for amending the principal exemption are:

- a. the Authority granted the principal exemption to Electrica Limited (“Electrica”) for the following reasons:
  - i. granting the exemption will assist a small new entrant trader to enter the market, which could lead to increased competition for the long-term benefit of consumers;
  - ii. granting the exemption will enable a conclusive audit outcome for Electrica;
  - iii. the proposed exemption will have little or no impact on other participants or service providers, and will not affect any other Code provisions;
  - iv. several other new entrant traders have been granted exemptions from clause 15.38 with similar criteria;
  - v. there is a Code amendment in progress to allow reconciliation participants, like Electrica, who meet certain criteria additional time to have an audit for certification; and
  - vi. granting the requested exemption meets the requirements in section 11(2) of the Act;
- b. granting the exemption removes an inefficient barrier for a small new entrant trader to enter the market, which could lead to increased competition for the long-term benefit of consumers;
- c. a new auditing regime, which comes into force on 1 June 2017, removes the requirement to obtain ISO quality certification as part of certification as a reconciliation participant;
- d. Electrica will satisfy the criteria under the new audit regime to have 12 months to obtain certification;
- e. the amendment allows Electrica to obtain certification as a reconciliation participant under the new auditing regime, reducing its costs to enter the market; and
- f. accordingly the Authority is satisfied that for the reasons set out in the principal exemption, the amendment is necessary or desirable for the purpose of achieving the Authority’s objective under section 15.

Dated at Wellington this 19th day of December 2016.

For and on behalf of the Electricity Authority:

HON ROGER SOWRY, ONZM, Member, Electricity Authority.

2016-au7290

---