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Vector Limited
101 Carlton Gore Road
PO Box 99882, Newmarket
Auckland 1149,
New Zealand
www.vector.co.nz
Corporate Telephone
+64-9-978 7788
Corporate Facsimile
+64-9-978 7799

Electricity Authority
PO Box 10041
Wellington

Sent by email to: submissions@ea.govt.nz

Wholesale Market Information Disclosure Obligations

1. Vector welcomes the opportunity to respond to the Electricity Authority's (Authority) consultation paper *Wholesale Market Information Disclosure Obligations*, dated 9 November 2012. No part of this submission is confidential and we are happy for it to be publicly released.
2. Vector's contact person for this submission is:
Sally Ma
Regulatory Analyst
09 978 8284
Sally.Ma@vector.co.nz

Introduction

3. The Authority is proposing to amend the current disclosure regime under clause 13.2 of the Electricity Industry Participation Code 2010 (the Code). The proposal widens the scope of the existing clause to cover all industry participants and requires the disclosure of all information that has a "material impact" on prices (subject to exclusions).
4. Vector supports the overall objectives of the proposal. However, Vector is concerned that, in practice, the proposals may not deliver the benefits sought under the re-drafting.

Comments regarding "all participants"

5. The original proposal by the Wholesale Advisory Group did not include industry participants such as direct connects, meter owners, traders and even small scale distributed generators. These industry participants are, however, included in the Authority's proposal under the widened definition, i.e. "all

participants". Vector is concerned that this widened scope may result in the provision of irrelevant information and unnecessary compliance costs for participants as they would need to routinely consider whether or not they hold any relevant information they should disclose, even if they do not.

6. It would be helpful if the Authority could set out exactly what new information is expected to be provided by each participant, and for which market. This would illustrate the likely real improvements under the proposed regime and demonstrate whether it is worth including *all* participants.
7. Depending on the outcome of this exercise, the Authority may want to reconsider widening the scope of the provision. For example, the exercise may reveal that the Authority could achieve its purpose by just widening the definition to participants who provide an ancillary service.

Comments regarding "material impact"

8. The proposed provision centres on the disclosure of information with a "material impact" on prices. However, the consultation paper does not go further and extrapolate what constitutes a "material impact", nor does it give industry participants guidance as to how to determine this.
9. Industry participants will need to develop new internal processes and procedures to ensure compliance with the proposal. This also includes processes for assessing whether information has a *material impact* on prices. The lack of clarity regarding the degree of precision such an assessment should entail makes it particularly difficult for new participants who do not have the expertise to readily judge what information meets this threshold. For instance, distributors have less understanding of what is likely to have a material impact on the wholesale market than gentailers.
10. If the proposed Code amendments are enacted, participants may be required to make detailed calculations of the likely impact of their actions on prices in attempt to ascertain whether there will be a material impact. This is unlikely to be an easy exercise and they may simply adopt more generic rules to specify that certain actions will have a material impact on prices. Under the proposed drafting either approach would seem to be permitted, but confirmation of this would be welcome.
11. Further, the consultation paper is silent on *where* public disclosure of the information is to be made. For instance, should it be disclosed on the participant's public website, or the Authority's Wholesale Information Trading System website?
12. Compliance with the new clause would be an unavoidable and onerous task, particularly for the new participants. Vector **recommends** that the Authority provide industry participants with guidance for determining what information

has a "material impact" on prices and how the public disclosure of such information should be made.

Yours sincerely,

A handwritten signature in blue ink that reads "R. Girdwood". The signature is written in a cursive style with a small flourish at the end.

Bruce Girdwood
Manager Regulatory Affairs