

Wholesale Advisory Group

Wholesale market information project recommendations paper

Report by the Wholesale Advisory Group

9 August 2012

Note: This paper contains the recommendations of the Wholesale Advisory Group. Content should not be interpreted as representing the views or policy of the Electricity Authority.

Contents

Wholesale Advisory Group	1
1 Introduction	2
2 Conclusions and recommendations	2
3 Approach to the project	3
3.2 Consideration of the issues	4
3.3 WAG proposals in the discussion paper	5
4 Feedback from industry participants and consumers	6
4.1 Introduction	6
4.2 Amendments to existing disclosure regime in the Code	6
4.3 Facilitated disclosure arrangement for snowpack and thermal fuel quantity information	7
5 Explanation of how the WAG's findings and advice are consistent with the Authority's statutory objective and Code amendment principles	10
5.2 Consistency with the Authority's statutory objective	10
5.3 Consistency with the Authority's Code amendment principles	11
6 Next steps	11
7 Appendices	12
Appendix A Proposed amendments to clause 13.2 of the Code	13
Appendix B Indicative template of facilitated disclosure of snowpack and thermal fuel quantities	15
Appendix C Additional suggestions for improving wholesale market information	17
Appendix D Wholesale market information project discussion paper – summary of submissions	19
Glossary of abbreviations and terms	58

Wholesale Advisory Group

This paper was approved by the members of the Wholesale Advisory Group (WAG) Membership of the Wholesale Advisory Group (WAG) changes from time to time, as members resign, appointments expire and new members are appointed.

This paper is approved for the Electricity Authority Board's consideration by the current members of the WAG who had been involved in the development of this recommendations paper, as at 9 August 2012.

Those members are:

- James Moulder, Chair
- Neal Barclay
- John Carnegie
- Stephen Peterson
- Bruce Rogers
- Richard Spearman
- John Woods

At the time this recommendations paper was approved there were two members new to the WAG who had not taken part in the development of the paper.

Those members are:

- Graeme Everett
- Scott Harnett

1 Introduction

1.1.1 The Wholesale Advisory Group (WAG) was established by the Electricity Authority (Authority) in May 2011 to provide independent advice to the Authority on the development of the Electricity Industry Participation Code 2010 (Code) and on market facilitation measures, focussing on:

- a) development of the wholesale electricity market, including matters relating to the generator/retailer interface, the generator/large customer interface;
- b) priorities for developing:
 - i) the Code, especially in regard to Part 13 (Trading arrangements) and Part 14 (Clearing and Settlement); and
 - ii) market facilitation measures in regard to wholesale market services.

1.1.2 The Wholesale Market Information Project (WMIP) is a key project on the WAG's work plan, included in July 2011 at the request of the Authority Board. The WMIP seeks to enhance information availability and accessibility to improve competition, pricing and security of supply in the wholesale electricity market.

1.1.3 The WAG has completed its review, including publishing a Discussion Paper in March 2012 and considering submissions. This paper describes the WAG's approach, and presents its conclusions and recommendations to the Board. In completing this work and submitting its report, the WAG considers that it has complied with the requirements of its terms of reference.

2 Conclusions and recommendations

2.1.1 The WAG:

- a) recommends that the Authority pursue the WAG's proposed amendments (attached as Appendix A) to the existing disclosure regime in the Code (clause 13.2) that clarify certain aspects of the obligations, scope and exclusions;
- b) recommends that the Authority pursue a "facilitated disclosure" approach to enhancing the availability and accessibility of thermal fuel quantity information and snowpack information, and review the effectiveness of the arrangement after 12 months of operation, while final agreement has yet to be achieved with all parties, it is likely that conversations between parties yet to agree to "facilitated disclosure" and the WAG Chair will conclude successfully;
- c) concludes that a case could not be made for including thermal fuel price information in the facilitated disclosure arrangement, largely as a result of the commercially sensitive nature of pricing information;
- d) recommends that the Authority should initiate with Transpower a review of the Planned Outage Co-ordination Protocol (POCP), and the associated Red Spider database of outage information, with a view to enhancing information on transmission and generation availability and outages that is of relevance to forward price curve evaluation and security of supply;
- e) recommends that the Authority review contractual arrangements for access to WITS, the Wholesale Information and Trading System, (and possibly other information systems such as

EM6 which draw on wholesale market data), to ensure the use of system agreements are not unduly limiting access to pricing and generation data;

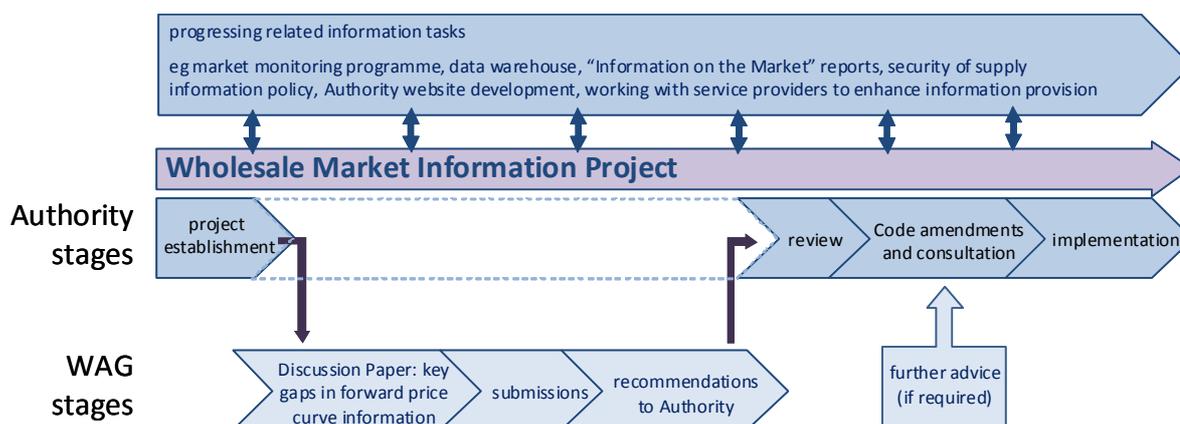
- f) concludes that the Authority's stress-testing regime is sufficiently comprehensive as to not require any further steps to enhance information on the market's contract cover; and
- g) concludes that no case could be made for the Authority pursuing enhancements in the other areas explored by the WAG, notably ASX contract trading prices and hydro/climate outlook information.

2.1.2 The WAG received a number of comments from submitters that it considers are outside the scope of the WMIP and/or are more appropriately considered by the Authority. The WAG has included these in Appendix B for completeness but they do not form part of the WAG's recommendations.

3 Approach to the project

3.1.1 A staged approach was adopted for the WMIP, as depicted in Figure 1 below. WMIP's relationship with other Authority information workstreams is also shown.

Figure 1: Approach to undertaking the WMIP



3.1.2 The WAG adopted the following methodology in order to identify whether a material information gap exists in the wholesale electricity market, and what, if any, cost-effective enhancements the Authority should consider pursuing in order to address it:

- a) undertake a "stocktake" of wholesale market information that can be readily obtained from publicly available websites;
- b) "step in the shoes" of key wholesale market interested parties (e.g. an active trader, a medium to large user, a provider of market services such as trading or demand aggregation), and determine what wholesale market information is required for a forward price curve determination;
- c) compare the outcomes of steps (a) and (b) and apply a "traffic light" rating to identify any significant gaps:
 - i) green light: necessary information is available and is generally accessible to a user without significant cost or resource investment;

- ii) orange light: not all necessary information is available and/or it is in a form that is not readily accessible requiring a reasonable level of expertise and/or resources; and
- iii) red light: necessary information is very limited or not available; and
- d) identify practicable options for addressing each of the significant gaps (orange or red light), a framework for assessing those options, and what, if any, cost-effective enhancements could be pursued.

3.1.3 The WAG was also mindful of related Authority workstreams including initiatives to improve hedge market liquidity, and to enhance the availability of information in support of Hydro Risk Curves.

3.2 Consideration of the issues

3.2.1 The WAG focussed on identifying key gaps in publicly available information that it considered is required for forward price curve evaluation. Following the stocktake and “traffic light” assessment described above, the WAG identified the following areas as having key information gaps:

- thermal fuel information;
- snowpack information;
- transmission and generation availability and outage information;
- ASX futures contract trading prices;
- information on the level of contract cover; and
- hydro and climate outlook information.

3.2.2 The WAG then explored what, if any, cost-effective enhancements could be pursued to address the information gaps it had identified. It considered the following generic options:

- a) laissez-faire (i.e. status quo / no intervention);
- b) facilitated disclosure (eg. publishing a source list, guidelines for disclosure);
- c) contractual disclosure (eg. Authority tendering for provision of information, and entering into disclosure contracts with holders of the information); and
- d) regulated disclosure (i.e. Code provisions requiring disclosure).

3.2.3 Supported by the results of its cost/benefit assessment, the WAG considered there was merit in exploring the prospects for a facilitated disclosure arrangement for thermal fuel quantity and snowpack information. The WAG members tasked the WAG Chair with progressing this. The WAG Chair discussed with each of the major generators the development of a voluntary disclosure standard for thermal fuel storage information, future thermal fuel contracted volumes, and snowpack.

3.2.4 At the request of the Authority, the WAG also considered the existing wholesale market information disclosure regime in the Code, and identified some possible enhancements to clause 13.2 of the Code.

3.3 WAG proposals in the discussion paper

3.3.1 Table 1 below summarises the WAG's observations and proposals that were set out in the Discussion Paper, which was released for stakeholder comment in March 2012.

Table 1: Summary of the WAG's observations and proposals in its March 2012 Discussion Paper

Area	WAG comment / proposal
Existing disclosure regime in the Code (clause 13.2)	<p>Proposed the Authority pursue Code enhancements clarifying:</p> <ul style="list-style-type: none"> • to whom the obligation applies; • what is the disclosure obligation; • scope of relevant markets; • when should the information be published; • making the information publicly available; • exclusions; • onus of proof.
Thermal fuels information	<p>Concluded that there is limited fuel quantity and deliverability information available on a regular and readily accessible basis.</p> <p>Concluded there is very little fuel price information available.</p> <p>Invited comment on the WAG's assessment of the costs and benefits of various options for fuel quantity and price information.</p> <p>Proposed the Authority pursue a facilitated disclosure approach to enhancing the availability and accessibility of thermal fuel quantity information.</p> <p>Proposed the Authority review effectiveness of this approach in 12 months to determine what, if any, further action is required.</p> <p>Set out a draft facilitated disclosure agreement for thermal fuel quantity information.</p> <p>Proposed the Authority continue the current laissez-faire approach for fuel price information (i.e. no intervention).</p>
Snowpack information	<p>Concluded there is no formal disclosure of snowpack estimates although ad hoc statements are made from time to time.</p> <p>Invited submitters to comment on the WAG's assessment of the costs and benefits of various options for snowpack information.</p> <p>Proposed the Authority pursue a facilitated disclosure approach for enhancing snowpack information.</p> <p>Proposed the Authority review effectiveness of this approach in 12 months to determine what, if any, further action is required.</p> <p>Set out a draft facilitated disclosure agreement for snowpack information.</p>

Area	WAG comment / proposal
Transmission and generation availability and outage information	<p>Invited comment on WAG's assessment of availability/accessibility of relevant information.</p> <p>Observed that the Authority and the System Operator were in discussions over improving the availability of information relevant to Hydro Risk Curves (HRCs) including generation/transmission availability/outage information, and possible improvements in the Planned Outage Co-ordination Protocol / Red Spider arrangements.</p> <p>Concluded that those discussions and the System Operator's intended consultation on the Security of Supply Forecasting and Information Policy (SoSFIP) provide the most appropriate forum for addressing the gaps identified by WAG.</p> <p>Suggested that subsequent WAG involvement could assist with ensuring co-ordination between the various workstreams at a suitable point in the future.</p>
ASX contract trading prices	Proposed that the current laissez-faire approach be continued, with the Authority taking no further action.
Contract cover information	Concluded that the Authority's stress-testing regime provides the most appropriate avenue at this time for enhancing information on the market's contract cover.
Hydro and climate outlook information	Proposed that the current laissez-faire approach be continued, with the Authority taking no further action.

4 Feedback from industry participants and consumers

4.1 Introduction

4.1.1 There were seven submissions on the discussion paper, from Contact Energy, Genesis Energy, Major Electricity Users' Group (MEUG), Meridian Energy, Mighty River Power, Transpower, and Trustpower.

4.1.2 A high level overview of the submitters' views on the key aspects of WAG's recommendations is set out below. The submissions are available in full, and in tabular summary form, from the Authority website¹.

4.2 Amendments to existing disclosure regime in the Code

4.2.1 In general terms there appears to be broad support for the Authority proceeding with a Code amendment proposal to address the identified issues along the lines proposed in the Discussion Paper (refer Table 6 of the paper for details). Of particular note:

- a) there was broad recognition that commercially sensitive information should be excluded from the disclosure requirements, but some differing views regarding the scope and drafting of the exclusion provisions (eg. greater consistency with the exclusions listed in relevant NZX continuous disclosure provisions, where the onus of proof should fall for justifying why information should be withheld);
- b) there was support for the Authority preparing and publishing guidelines to assist parties understand the disclosure obligations, including examples of what sort of information the

¹ <http://www.ea.govt.nz/our-work/consultations/advisory-group/wholesale-market-information-wag-discussion-paper/submissions/>

Authority envisages would be released under clause 13.2, how the Authority intends to monitor and enforce the obligations, and how participants could demonstrate that information falls within a stated exclusion; and

- c) submitters noted that a formal Code amendment consultation would be undertaken by the Authority (including publication of supporting material such as a Regulatory Statement), and anticipated commenting further at that point.

4.2.2 The WAG has developed a revised set of proposed amendments to clause 13.2, drawing on its consideration of the submissions received. In particular, the WAG concurs with the proposal to align the exclusions provisions with those listed in relevant NZX continuous disclosure provisions. The WAG was not persuaded to change the burden of proof from participants justifying why information should be withheld to the Authority justifying why it is required.

4.2.3 The WAG recommends that the Authority pursue Code amendments to the existing disclosure regime to clarify certain aspects of the obligations, scope and exclusions, drawing on WAG's findings and its consideration of submissions received. The WAG's proposed Code amendments for clause 13.2 are attached as Appendix A.

4.3 Facilitated disclosure arrangement for snowpack and thermal fuel quantity information

Snowpack information

4.3.1 There appears to be majority support among submitters for the WAG's assessment and conclusions on snowpack information and its conclusion that a facilitated disclosure arrangement (reviewed again in 12 months) appeared to be the appropriate approach. In formulating its recommendations, the WAG has considered the comments and suggestions made by submitters, in particular:

- a) the complexities and potential inaccuracies with snowpack information are noted by some submitters who stress the need to include appropriate supporting explanations and caveats when this information is collated and published; and
- b) Genesis considers that snowpack information is based on estimates and forecasts using individual assumptions, and therefore is potentially misleading; it notes that snowpack accounts for only a small percentage of inflows; it therefore considers snowpack information of marginal use and relevance; it considers that if a party values snowpack information, it should commission a third party to carry out modelling on its behalf.

4.3.2 The WAG has adopted many of the suggestions that were made in the submissions. The WAG does not consider that the concerns expressed by Genesis would cause the WAG to amend its preference for pursuing a facilitated disclosure approach now. Accordingly the WAG confirms its recommendation.

4.3.3 At the WAG meeting of 9 August 2012 Neal Barclay indicated that Meridian would start publishing its snowpack data whether or not other generators agreed to publish their thermal fuel quantities.

Thermal fuel quantity information

4.3.4 The majority of submitters supported the WAG's assessment of the options for enhancing thermal fuel quantity information and its conclusion that a facilitated disclosure arrangement (reviewed

again in 12 months) appeared to be the appropriate approach. Several comments and enhancements were suggested which WAG has considered in formulating its recommendations.

4.3.5 Two submitters did not agree with this proposal:

- a) Genesis supports provision of historic information (eg coal stockpile), but is very reluctant to provide information on forward supply contract positions even on an aggregated basis; Genesis cites confidentiality provisions and concerns that the benefits would not outweigh the risks and possible unintended consequences; Genesis asked for the opportunity to meet with WAG to further discuss the facilitated disclosure arrangements so that a suitable disclosure regime can be progressed that reflects only the necessary information for the market, while refraining from releasing commercially sensitive information that could be detrimental to the parties involved²; and
- b) MEUG has doubts about the WAG's analysis, and does not support the Stress Test Cost Benefit Analysis on which it was based; MEUG proposed that the facilitated disclosure arrangement be put aside and reviewed in 12 months.

4.3.6 The WAG does not consider that the concerns expressed by MEUG and Genesis would cause the WAG to amend its preference for pursuing a facilitated disclosure approach now. Accordingly the WAG confirms its recommendation.

4.3.7 However the Chair has been working with generators to agree on a facilitated disclosure of snowpack and thermal fuel quantities. At the WAG meeting of 9 August 2012, John Woods indicated that Contact would start publishing their thermal fuel quantities whether or not other generators do likewise. Contact and Meridian have subsequently provided the first instalment of data. Genesis is still undecided, but it was proposed that the WAG Chair would renew his discussions with Genesis staff, with the hope that Genesis will likely agree to participate, and publish its thermal fuel quantities.

An indicative template for the publication of a snowpack and thermal fuels facilitated disclosure is included in Appendix B.

Transmission and generation availability and outage information

4.3.8 The WAG identified the importance of transmission and generation availability and outage information, and expressed concerns over the current availability and accessibility of this information. In particular it noted that the information contained within Red Spider (related to the Planned Outage Co-ordination Protocol (POCP)) is complex, not readily accessible to all parties who might value it, and not always complete, nor up-to-date. The WAG noted that these issues were the subject of on-going discussion between the Authority and the system operator, and concluded that those discussions and the system operator's intended consultation on the Security of Supply Forecasting and Information Policy (SoSFIP) provide the most appropriate forum for addressing the gaps identified by WAG.

² Genesis may have formed the view that the WAG was recommending the inclusion of thermal fuel prices in the facilitated disclosure arrangement. This was not the WAG's proposal. The WAG did conclude that thermal price information was material yet not readily available/accessible, but after applying its assessment framework determined that a case could not be made for including thermal prices alongside quantities in the facilitated disclosure arrangement, citing commercial sensitivity as a key driver.

- 4.3.9 Submitters' views differ over the availability/accessibility of the information contained in Red Spider and what, if any action should be taken at this time. Of particular note:
- a) Genesis, MEUG, Meridian, and Mighty River Power all concur with the WAG's concerns (as outlined in the Discussion Paper) regarding the information in Red Spider;
 - b) MEUG notes that there is an important gap in the knowledge of most time of use (TOU) consumers about planned outages and possible effects on spot prices (noting the recent Authority enquiry into local net pivotal events); MEUG considers that the Authority/system operator discussions relate to achieving reliability objectives and not price effects affecting competition and market efficiency;
 - c) Transpower considers that in the past it would have been reasonable to assume that anyone interested in this information would have sufficient background to be able to understand it as presented, but acknowledges that the audience for this information may be widening; Transpower invites constructive suggestions on how the material could be presented in a more user-friendly form; Transpower also notes that the introduction of new financial instruments (eg financial transmission rights (FTRs)) is placing greater focus on the accuracy of published forecast outage information, and that the Grid Owner and FTR Manager functions within Transpower are working closely in this area; and
 - d) Contact considers that information disclosed via Red Spider, although voluntary, is well supported by the industry, and therefore Red Spider provides a reasonable level of information;

4.3.10 The WAG considered the submitters' views, and formed the view that the most appropriate course of action is for the Authority and Transpower to review the POCP and associated Red Spider database. The WAG suggests that the review should take into account WAG's conclusions on the importance of transmission and generation availability and outage information, and the concerns expressed by several submitters over the availability and accessibility of this information.

Other matters

- 4.3.11 All submitters concurred with the WAG's conclusions regarding ASX contract trading prices and its recommendation that the current laissez-faire approach be continued (ie no further action on the part of the Authority).
- 4.3.12 Having considered submissions on market contract cover information, the WAG concluded that the Authority's stress-testing regime is sufficiently comprehensive. Therefore, the WAG considers there is no need to take any further steps to enhance information in this area.
- 4.3.13 All submitters concurred with the WAG's conclusions regarding hydro and climate outlook information, and its recommendation that the current laissez-faire approach be continued (ie no further action on the part of the Authority).
- 4.3.14 The WAG received a number of comments from submitters that it considers are outside the scope of its work on the WMI Project and/or are more appropriately considered by the Authority. The WAG has included these in Appendix A for completeness, but they do not form part of WAG's recommendations.
- 4.3.15 Subsequent to the WAG publishing the Discussion Paper, the WAG also considered issues relating to the terms and conditions associated with the Wholesale Information and Trading System

(WITS) and whether these were unduly inhibiting reasonable access to, and use of, the information contained in WITS. The WAG recommends that the Authority review the use of systems agreement for WITS, (and possibly other information systems such as EM6 which draw on wholesale market data), to ensure that the terms are appropriate in light of the importance of these systems and the nature of the information they contain.

5 Explanation of how the WAG’s findings and advice are consistent with the Authority’s statutory objective and Code amendment principles

5.1.1 In making recommendations to the Board, the WAG’s terms of reference require it to:

- a) explain how the recommendations promote the Authority’s statutory objective, which is to “promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long term benefit of consumers”; and
- b) explain how the WAG has applied the Authority’s Code amendment principles (as published in Part 1 of the Authority’s consultation charter) to arrive at its recommendations.

5.2 Consistency with the Authority’s statutory objective

5.2.1 A well-functioning efficient market is central to delivering the Government’s objectives for the electricity sector, and information plays a very important role in facilitating this. As well as being of great value to participants in the market, and to interested parties more generally, access to high quality market information also helps the Authority to meet its objectives and functions under the Act, including in particular:

“to undertake market-facilitation measures (such as providing education, guidelines, information, and model arrangements), and to monitor the operation and effectiveness of market facilitation measures”

5.2.2 The Authority’s Statement of Intent (SOI) set out its intention to emphasise the following during 2011/12, amongst other things:

“Ensuring an effective industry and market monitoring function, which has appropriate disclosure of information to inform the marketplace and contributes to development of sound regulation.”

5.2.3 Improved access to information can reduce risk and uncertainty, reduce information asymmetries, lower barriers to entry, increase market liquidity and create greater confidence in the wholesale electricity market. In overall terms, this can reduce the cost of supply, which is of long term benefit to consumers. On the other hand, improved access to information will also generally lead to some economic costs (e.g. reduced incentives to innovate, facilitation of collusion, and greater information infrastructure costs), and these need to be weighed against the expected benefits. The net effect will vary according to each situation.

5.2.4 Furthermore, published information is often regarded as having the characteristics of a “public good” – the use of published information by one party does not reduce its availability to others, and it is difficult to exclude a party from accessing public information. Markets tend to under-produce public goods, thus action by a regulatory body such as the Authority may be appropriate to facilitate the provision of market information.

5.2.5 In assessing what Authority action, if any, might be appropriate to address each of the information gaps it had identified, the WAG was mindful of the need to consider these costs and benefits for each situation. Its assessment methodology was based around these costs and

benefits, and is described more fully in the Discussion Paper, together with the results of applying the assessment for each identified gap. The WAG's assessment led it to prefer:

- a) relatively low key measures that rely on market facilitation where it considered that the benefits would outweigh the costs (e.g. the proposed facilitated disclosure arrangement for enhancing thermal fuel quantity and snowpack information); and
- b) the status quo where it did not consider that a clear net benefit could be established for the Authority to actively pursue enhanced disclosure (e.g. thermal fuel price information, ASX contract trading prices, and hydro/climate outlook information).

5.3 Consistency with the Authority's Code amendment principles

5.3.1 In recommending a change to the disclosure regime in clause 13.2 the Code, the WAG considers that the requirements of the Authority's Code amendment principles (as published in Part 1 of the Authority's consultation charter) have been met. In particular, the current clause 13.2 is unclear in terms of the markets and parties covered by the disclosure provision, the precise nature of the disclosure obligation imposed on parties, and the extent to which some information may be excluded from disclosure.

5.3.2 For these reasons the WAG considers that Principle 2 (clear regulatory or market failure) is met. The WAG notes that the proposed amendment is consistent with Principle 1 (lawfulness). For reasons of practicality, the WAG did not undertake a quantitative assessment (Principle 3), but notes that the qualitative analysis clearly shows the existing clause 13.2 is difficult to interpret and apply. Nor has the WAG applied the remaining 'tie-breaker' Principles as this was deemed unnecessary when the qualitative analysis clearly shows the existing clause 13.2 to be unclear. However, the WAG is recommending the Authority amend clause 13.2 to clarify its meaning, and publish guidelines to help parties interpret the (revised) Code. The WAG notes that the proposed Code amendment together with and guidelines is consistent with Principle 8 (preference for non-prescriptive solutions).

6 Next steps

6.1.1 If the Authority concurs with the WAG's recommendations, then the key implementation actions for the Authority to undertake would be to:

- a) pursue the WAG's proposed Code amendments for clause 13.2 attached as Appendix A;
- b) undertake a joint Authority/Transpower review of POCP, and the associated Red Spider outage database to improve information on generation and transmission availability and planned outages;
- c) review the use of systems agreement for WITS (and possibly other information systems such as EM6 which draw on wholesale market data), to ensure that the terms do not unduly inhibit reasonable access to, and use of, the information contained; and
- d) monitor generators' disclosure of thermal fuel quantities and snowpack information pursuant to an agreed facilitated disclosure arrangement of the form developed by the WAG, and review the effectiveness of the arrangements in 12 months' time.

6.1.2 The WAG consider that the only remaining task for it under the WMIP is for the WAG Chair to finalise discussions with the parties that have not currently agreed to support facilitated disclosure as outlined in paragraph 4.3.7. In all other respects, the WAG considers that it has

completed its work on the WMIP. However, the WAG undertakes to make itself available to provide advice to the Authority as required on the Authority's further work on the WMIP.

7 Appendices

7.1.1 This paper has four appendices attached:

- a) Appendix A: Proposed amendments to clause 13.2 of the Code;
- b) Appendix B: Indicative template of facilitated disclosure of snowpack and thermal fuel quantities;
- c) Appendix C: Additional suggestions for improving wholesale market information: and
- d) Appendix D: Wholesale market information project discussion paper – summary of submissions.

James Moulder

Chair, Wholesale Advisory Group

Appendix A Proposed amendments to clause 13.2 of the Code

The WAG recommends that the Authority pursue the following amendments to the existing disclosure regime in the Code (clause 13.2) to clarify certain aspects of the obligations, scope and exclusions. Drafting was carried out by the Authority's legal section, and takes into account the submissions received on the clause provided by Transpower and Meridian.

13.2 Misleading or deceptive or incorrect information

- (1) A **participant** must not disclose to any person any information under this Part that, at the time the information was disclosed, was misleading or deceptive or likely to mislead or deceive when taken in the context of activities under this Part. In assessing whether information, at the time of disclosure, is misleading or deceptive or is likely to deceive or mislead, a **participant** must act reasonably and prudently.
- (2) If a **participant** discovers that any information previously disclosed by it to a person under this Part was misleading, deceptive or incorrect, the **participant** must immediately correct that information and disclose the corrected information to the person who originally received the incorrect information.

Compare: Electricity Governance Rules 2003 rule 2 section I part G

13.2A Participants must make information publicly available

- (1) Each **participant** must, in accordance with subclauses (2) and (4), make publicly available, and free of charge, information that—
 - (a) the **participant** holds about itself; and
 - (b) the **participant** expects, or ought reasonably to expect, if made publicly available, will have a material impact on the prices in—
 - (i) the wholesale market for **electricity**;
 - (ii) the market for **ancillary services**;
 - (iii) the market for financial hedge contracts for **electricity**.
- (2) The **participant** must make the information publicly available as soon as reasonably practicable after the **participant** became aware of the information.
- (3) Despite subclause (2), a **participant** is not required to make the information described in subclause (1) publicly available, if—
 - (a) the information is **excluded code information**; or
 - (b) making the information publicly available will commercially disadvantage the **participant** in a material manner; or
 - (c) the information is confidential and its confidentiality is maintained; or
 - (d) making the information publicly available will be a breach of law; or

- (e) the information is reasonably available in a usable form to other **participants**, regardless of whether the information is publicly available; or
 - (f) the information concerns an incomplete proposal or negotiation; or
 - (g) the information comprises matters of supposition or is insufficiently definite to warrant being made publicly available; or
 - (h) the information was generated for the internal management purposes of the **participant**; or
 - (i) the **participant** claims legal professional privilege or privilege against self-incrimination in respect of the information; or
 - (j) the information is a trade secret.
- (4) A **participant** who relies on subclause (3) must as soon as reasonably practicable, make the information publicly available, free of charge, if—
- (a) the information ceases to be described in 1 of the paragraphs in subclause (3);
 - and
 - (b) the information continues to be described in subclause (1).
- (5) If requested by the **Authority**, a **participant** who relies on subclause (3) must prove that the information continues to be described in subclause (3).
- (6) A **participant** must not enter into a confidentiality agreement with another person with the intent of avoiding the disclosure of information under this clause.

Appendix B Indicative template of facilitated disclosure of snowpack and thermal fuel quantities

B.1.1 This indicative template has formed the basis of the discussions amongst generators working towards a voluntary standard for publishing information on snowpack and thermal fuel quantities held and contracted for.

Voluntary Disclosure Standard – Fuels (VDS-001)

Preamble

The following disclosure standard has been developed by sections of the New Zealand Electricity Industry to foster competition through consistent approaches to the release of market information. This particular standard is concerned around the disclosure of thermal fuel storage and fuel delivery contracts of gas and coal (over the next three years) and snow pack hydro storage not reported in the Comit Hydro data set.

Definitions

The following definitions are provided under this standard to assist parties in voluntary compliance. Only volumes are to be disclosed, with volumes to be measured in GWh reflecting the technologies and efficiencies of each plant producing electricity. Where a degree of optionality is prevalent then a P50 assessment of outcomes should be assumed and reporting made on this basis. Double counting of volumes due to optionality needs to be avoided.

Fuel Storage: includes Hydro Storage, Gas Storage and Coal Storage.

De Minimis: volumes of Fuel Storage above [500 GWh] and/or Future Thermal Fuel Contract Portfolios above [500 GWh/pa] are anticipated as being disclosed under this standard.

Hydro Storage: includes all expected P50 inflows from snow pack over the period of expected release. Hydro Storage excludes all volumes currently captured by the Comit Hydro system.

Coal Storage: includes all stockpiled (on site at a generation facility and stored at transit points within New Zealand).

Gas Storage: includes all stored gas in a gas storage facility.

Future Thermal Fuel Contracts: includes Contracted Gas and Contracted Coal arrangements.

Contracted Gas: includes all gas supply contracts that the Generator would have a reasonable expectation of being able to utilise within any calendar year.

Contracted Coal: includes all coal supply contracts that the Generator would have a reasonable expectation of being able to utilise within any calendar year.

Disclosure Horizon: the duration of disclosure reflects the nature of each fuel type. With both Contracted Coal and Contracted Gas volumes being annual volumes for the next three years, and Hydro Storage being on a rolling [6 monthly] basis.

Frequency of Reporting: Quarterly or Monthly in the event of a material change (under this standard it is expected that Hydro Storage will be reported on a monthly basis during the key inflow periods).

Disclosure

Voluntary of disclosure of fuel positions is to be reported³ as detailed in the by participants to this standard for both Fuel Storage and Future Thermal Fuel Contracts above the *de-minimis* and within the Disclosure Horizon.

Period	Fuel Storage Volumes					Contracted Volumes ⁴				
	Coal	Gas	Hydro			Coal		Gas		Hydro
			P20	P50	P80	Firm	Not Firm	Firm	Not Firm	
Balance Cal 2012	123 GWh	47 GWh	230 GWh	300 GWh	415 GWh	321 GWh	100 GWh	321 GWh	100 GWh	N/A
Cal 2013	N/A	N/A	N/A	N/A	N/A	123 GWh	100 GWh	123 GWh	10 GWh	N/A
Cal 2014	N/A	N/A	N/A	N/A	N/A	123 GWh	100 GWh	123 GWh	10 GWh	N/A
Cal 2015	N/A	N/A	N/A	N/A	N/A	123 GWh	100 GWh	123 GWh	10 GWh	N/A

Participation

The following parties are providing data under this standard:

Party	Fuel Storage Disclosure	Future Thermal Fuel Contracts
ABC Generation	YES	YES
DEF Power Limited	YES	N/A
HJK Energy	YES	NO
WER Power	NO	No
ZXS Gentailer Limited	YES	YES
ASD Corporation	NO	Yes

³ See Frequency of Reporting

⁴ Future Thermal Fuel Contracts

Appendix C Additional suggestions for improving wholesale market information

C.1 Introduction

C.1.1 The WAG received a number of comments from submitters that it considers are outside the scope of its WMIP and/or are more appropriately considered by the Authority. The WAG has included these here for completeness but they do not form part of WAG's recommendations.

C.2 Restrictions on use of non-confidential information created pursuant to SOSPA

C.2.1 Transpower raises an issue it considers is relevant to the WAG's WMIP. It notes the current restrictions on access to and use of non-confidential information created pursuant to the System Operator Service Provider Agreement (SOSPA) and to Service Provider Agreements (SPAs) more generally. In essence Transpower considers that the drafting of certain aspects of the SOSPA (in particular refer to clauses 6 and 7) may impose unintended or unwarranted constraints (eg may potentially stifle innovative uses of non-confidential data). Transpower considers that the parties ideally placed to operationalise the Authority's policy intent of improved access to information are the service providers.

C.2.2 The WAG has not formed a view on the matters raised by Transpower, but wishes to bring these views to the attention of the Authority.

C.3 Security of Supply Forecasting and Information Policy

C.3.1 Transpower notes that the WAG referenced the Authority/system operator discussions regarding Hydro Risk Curves (HRC) information and the current review of the Security of Supply Forecasting and Information Policy (SoSFIP). Transpower stresses the on-going need for the system operator to enter agreements that allow submitting parties to provide it with information on a confidential basis. In order for it to fulfil its obligations under SoSFIP the system operator relies on participants making their information available. When information is commercially sensitive, Transpower in its capacity as the system operator enters confidentiality agreements with submitting parties. Transpower notes that in its role as system operator, it cannot compel market participants to supply information and must rely on co-operation. Transpower submitted that the ability to ensure confidentiality is important in encouraging good information flow. Transpower in its capacity as system operator supports the broad direction of the WAG's work on information disclosure. Transpower trusts that its ability to secure the information it requires as system operator, using confidentiality agreements if necessary, will not be impaired in any way by proposed Code changes that may result from the WMIP.

C.3.2 The WAG suggests that the Authority consider the possible implications on Transpower's access to information it requires while acting as system operator, as part of:

- a) the proposed 13.2 Code amendment review; and
- b) any initiatives the Authority may be undertaking relating to HRCs or the SoSFIP review.

C.4 Information relating to Financial Transmission Rights

C.4.1 Several submitters noted that there would likely be information availability issues associated with the introduction of Financial Transmission Rights (FTRs). The WAG formed the view that any such

issues would be more appropriately addressed by the Authority as part of implementing the FTR regime and associated arrangements.

C.5 Possible additional information

C.5.1 Some submitters suggested additional areas where they considered enhanced information availability would be of benefit:

- a) Genesis considers there is a lack of analysis on the value of demand-side information (eg large industrial outages) and that there would be benefits in increased disclosure of ancillary service market information; and
- b) Meridian suggests a number of additional areas:
 - i) making submission of bid and offer information to the Weekly Dispatch Schedule (WDS) compulsory;
 - ii) mandating publication of the system operator's demand forecast input into forward price schedules;
 - iii) requiring publication of the grid operator's requests for generation and ancillary services to cover line outages;
 - iv) information availability with respect to FTRs (refer Section C.4 above);
 - v) addressing existing gaps in recent generation data in the Centralised Data Set (CDS); and
 - vi) a centralised database of plant commissioning dates.

C.5.2 The WAG considers it more appropriate that these suggestions be forwarded to the Authority for consideration as part of on-going wholesale market initiatives.

Appendix D Wholesale market information project discussion paper – summary of submissions

Submissions closed 7 May 2012

Submitters

Contact Energy	Genesis Energy	Meridian Energy	Major Electricity Users' Group	Mighty River Power
Transpower	Trustpower			

General Comments
Contact Energy
In Contact's view the Wholesale Market Information Project and the WAG Discussion Paper are useful and relevant in that they present a good assessment of current wholesale market information availability; explore the key information gaps identified by the WAG and propose some good approaches to addressing the gaps in certain areas.
Genesis Energy
<p><i>Need to differentiate between the requirement for data versus the requirement for information</i></p> <p>Genesis Energy is concerned that the WAG's consultation paper does not clearly differentiate between the market's need for data versus the need for information and that the WAG seeks to establish facilitated information disclosure regimes that would release commercially-sensitive information to the market. We consider that the release of commercially-sensitive information will be detrimental to those parties holding this information while being of questionable benefit to the market.</p> <p>We have no concerns releasing primary data¹ that may be of use to the market (for example, the amount of fuel burned). In addition, we will always be forthcoming with any information the System Operator requires for its security of supply assessment as this assessment provides assurance to the market and does not put any party at a commercial disadvantage.</p> <p>However, we do have serious concerns that the WAG's search for useful information to enhance the operation of the electricity market has become too broad in its scope in that it now seeks to release commercially-sensitive information such as contracted fuel prices. Even though this information may be perceived as useful to some parties, releasing it places the company holding this information at a severe competition disadvantage, particularly if it is released for an uncertain market benefit. We consider that the WAG must clearly prioritise between information that is relevant and necessary for the market² and information that is just interesting to some parties and a nice to have. A hierarchy of data and information should be developed, with the purpose and benefits of the required information clearly stated.</p> <p>¹ At the left hand side of the spectrum of information, set out in Figure one of the consultation paper.</p> <p>² While also considering the costs and benefits of releasing this potentially commercially-sensitive information.</p> <p><i>Information asymmetry</i></p> <p>The consultation paper notes that one of the key benefits of information provision will be a reduction of information asymmetries.³ We note that the commercial-sensitive nature of some market information, and the cost to source and analyse such information, means there will always be a limit on the information available to all parties in a market. If any participant wishes to have a greater understanding of market data, and believes that the information will be of value to their company, then they are free to commission a party⁴ to obtain and analyse this information. We do not agree that it is appropriate for the market to subsidise the provision of this information.⁵</p>

Furthermore, we consider that this ignores one of the reasons the electricity market exists, that is for the purpose of price and forward prices discovery and to present participants with the opportunity to make their own assessment of the risks and subsequently accept or hedge against that risk.

3 Paragraph 6.3.2 of the consultation paper.

4 Be it internal resources or a third party.

5 This point is obliquely supported in paragraph 8.7.3 of the consultation paper, where the WAG notes that provision of hydro and climate outlook information “may lessen the incentive for parties to invest in their own systems”.

Concerns with WAG’s approach to thermal fuel information

We note that one of the drivers for releasing thermal fuel information was the findings of the Energy Link June 2011 report. The report concludes that:

“...there are currently three key areas where the market as a whole would benefit from better information:

.....fuel prices for generation: gas and coal prices are key drivers of electricity spot prices. Disclosure has improved recently, in particular by Contact Energy, and we expect it to improve further if and when partial SOE sales occur, but there is no guarantee that disclosure will be consistent or meet any minimum requirements”.⁷

However, the purpose of this report was the evaluation of the progress that the major generators had made towards achieving the government’s goal of a liquid electricity hedge market and for Energy Link to recommend any actions to address shortcomings identified in the evaluation.⁸ The report did not consider the commercial impacts of releasing such information. We note that it is the very fact that gas and coal prices are key drivers of electricity spot prices means that much of the information is linked to parties’ bids and offers and therefore is commercially-sensitive.

⁷ Page 27, Evaluation of Hedge Market Liquidity, prepared by Energy Link for the Electricity Authority, June 2011.

⁸ Page one, Evaluation of Hedge Market Liquidity, prepared by Energy Link for the Electricity Authority, June 2011.

Request to discuss Draft Facilitated Disclosure regime with WAG

We request an opportunity to further discuss the draft facilitated disclosure regime with the WAG so that a suitable disclosure regime can be progressed that reflects only the necessary information for the market, while refraining from releasing commercially-sensitive information that could be detrimental to the parties involved.

MEUG

The paper notes in paragraph 4.2 “the quickly developing forward markets still had gaps which needed to be addressed”. The paper then focuses on (paragraph 5.2.1) “information critical to forward price curve evaluation”. This is unfortunate.

A robust spot market with prices that are efficient is essential for developing a robust derivatives market. The events of 26th March 2011 and 13th December 2011 demonstrate significant problems with information to ensure discovery of efficient spot prices and effective information to facilitate responses to spot price changes when the market is stressed. While WAG missed the opportunity to consider information for the spot and ancillary services, we have been reassured that work has since been picked up by the Authority directly.

Meridian Energy

Meridian supports the work of WAG and the WMIP to enhance the information available to improve competition, pricing and security of supply in the electricity market. In particular, we note the positive progress made in developing a Draft Facilitated Disclosure Statement to provide for the regular release of information on thermal fuel storage and contract volumes, and estimates of energy stored as snowpack. Meridian considers information on thermal fuel storage and contracts to be critical in improving transparency in the wholesale and futures markets, ultimately leading to more effective price discovery.

Similarly, we recognise that greater transparency on estimates of snowpack will provide a more complete picture of future hydro-electric generation. As indicated to the WAG Chair, we are happy to provide our current estimate of snowpack volumes in the Waitaki catchment and the South Island, and potential generation from this snowpack, as part of a Facilitated Disclosure Agreement.

Mighty River Power

Mighty River Power considers that access to accurate, timely and relevant market information is essential for the functioning of an efficient and competitive electricity market.

Mighty River Power supports the WAGs approach, the identification of the priority areas and the proposed disclosure standard for thermal fuels and snowpack.

Transpower**Security of Supply Forecasting and Information Policy**

The WAG has assessed the discussions that are in train between the system operator and the Authority, and the current review of the Security of Supply Forecasting and Information Policy (SoSFIP). We agree with their assessment that these are the most appropriate ways to enhance the availability of information relevant to the hydro risk curves (HRCs) and improve the security of supply policy framework.

However, we must re-confirm the ongoing need for the System Operator to enter agreements that allow submitting parties to provide it with information on a confidential basis. In order to fulfil its obligations under the SoSFIP, the System Operator relies on participants making their information available. When information is commercially sensitive, the System Operator enters confidentiality agreements with submitting parties. This provides the System Operator with access to high quality information that would not be available without such an agreement. The use of this information improves the accuracy of the System Operator's determination of security of supply risks in the interests of all market participants. The System Operator cannot compel market participants to supply information and must rely on co-operation. In this environment, the ability to ensure that information remains confidential is an important way of encouraging good information flow. Please note that we consider that these arrangements work well and see no need for the System Operator to have the authority to compel information provision.

The System Operator supports the broad direction of the WAG's work on information disclosure. While the System Operator will make use of any relevant reliable information that allows it to fulfil its obligations under the SoSFIP, it will also continue to seek and obtain commercially sensitive information that falls outside the scope of any information disclosure requirements on participants. The System Operator trusts that its ability to secure this information through confidentiality agreements will not be impaired in any way by any Code changes that may result from the Wholesale Market Information Project.

Restrictions on access to or use of non-confidential information created pursuant to the service provider agreements

An issue that goes slightly beyond the Code-related mandate of the Wholesale Market Information Project, but which is nevertheless relevant to it, is the current restrictions on access to and use of non-confidential information created pursuant to the service provider agreements. The System Operator Service Provider Agreement (SOSPA) is a case in point.

The SOSPA contains the following provisions:

6. INTELLECTUAL PROPERTY

6.3 Ownership and use of intellectual property: *The Provider acknowledges that it will not:*

...

6.3.2 *except with the Commission's prior written consent, use the **data** or **processed data** for any purpose other than providing the **services** (including that, without limitation, the **Provider** may not sell, license, or in any other way commercialise or profit from, any **data** or **processed data** that it obtains in its role as **system operator**),*

provided that:

6.3.3 *no written consent will be required if such **data** or **processed data** has entered the public domain (that is **data** is able to be obtained by any member of the public without charge, such as from a website);...*

7. CONFIDENTIALITY AND ACCESS TO INFORMATION

7.1 Provider obligations: The Provider must:

7.1.1 protect the confidentiality of **confidential data** as provided for in the **rules**, the **regulations** and this **agreement** and use such data only for the purposes of this **agreement**;

...

7.1.3 ensure that **data** and **processed data** not required to be disclosed under the **regulations**, the **rules** or otherwise at law is only disclosed to such of its employees, agents, auditors and professional advisors as need to know such **data** and **processed data**;...

confidential data means **data** or **processed data** which is either:

(a) designated as confidential by the person who supplies it to the **system operator**; or

(b) by its nature, clearly confidential,

but excludes:

(c) information which, at the time it was received was, or thereafter without breach of the **rules**, the **regulations** or this **agreement** by the **Provider** becomes, in the public domain;

(d) information that was independently of the **rules**, the **regulations** or this **agreement**, acquired or developed by the **Provider**;

data means all information (including information in electronic form or transferred into electronic form by the **Provider**) received by the **Provider** directly or indirectly from **participants** or the **Commission** pursuant to the **rules**, the **regulations** or this **agreement**;

processed data means **data** that has been processed pursuant to the **regulations** or the **rules** by use of the **software** or otherwise;

Versions of clauses 6.3 and 7.1.1 appear in the other service provider agreements (SPAs). Clause 7.1.3 is unique to the SOSPA.

The most significant problem with these provisions is that clause 7.1.3 does not require the data or processed data to be confidential in any way. Under clause 7.1.3, even public domain data cannot be “disclosed” externally by the System Operator, which obviously restricts what the data can be used for enormously. This is in contrast to both clauses 6.3 and 7.1.1. Effectively, the blunt instrument of clause 7.1.3 defeats the purpose of the more precise approaches in clauses 6.3 and 7.1.1.

In our view the SPAs should be concerned with protecting the use and disclosure of confidential data only (clause 7.1.1). Data that is not confidential, whether because it is in the public domain or for some other reason, should not be subject to restrictions (clause 6.3 (which has corollaries in the other SPAs) and clause 7.1.3). Clause 7.1.3, and clause 6.3 to a lesser but still material extent, potentially stifle innovative uses of non-confidential data.

The parties ideally placed to operationalise the Authority’s policy intent of improved access to information are the service providers. Hence, we suggest that WAG may wish to consider this issue as part of the wider Wholesale Market Information Project and bring it to the attention of the Authority when it makes its final recommendations.

TrustPower

TrustPower supports all proposals to create an efficient market, and supports the view that information is key to obtaining this goal. We have considered carefully all proposals set out in the paper by the Wholesale Advisory Group and are of the view that the Wholesale Market information stocktake is an accurate reflection of the information available to interested parties. We are supportive of all proposals set out in the paper.

1. Can you suggest any other publicly available information that is missing from the data stocktake?	
Submitter	Comment
Contact Energy	There is no mention of the NZX in the publicly available information. Publicly listed companies already have continuous disclosure obligations. This includes, in Contact's case, monthly operating statistics, market presentations, annual and interim results and the disclosure of other significant events impacting the business.
Genesis	No.
Meridian	Meridian has no further suggestions of publicly available information.
MEUG	In some cases continuous disclosures to NZX and COMU will have a role.
MRP	No – sources provided are adequate.
Transpower	Access to and use of non confidential information created pursuant to the service provider agreements is currently restricted by terms of those agreements. <i>[Refer to the comments included in the "general" section earlier in this summary].</i> We believe these restrictions are inappropriate and ultimately inefficient.
Trustpower	[supportive of all proposals in the paper; no additional comment]

2. Do you have any other observations or comments to make about the wholesale market data available, or the data stocktake outcomes?	
Submitter	Comment
Contact Energy	Given the inherent volatility in a hydro dominated market, there is in general an over-emphasis on the impact of coal and gas prices on wholesale electricity prices. The other observations in section 5 seem reasonable.
Genesis	<p>We note that there is a lack of analysis on the value of demand-side information such as large industrial outages and the forward sales of product. This information would mirror the supply-side hedge and fuel disclosure proposals and would provide a more comprehensive view of the market. We note that demand-side will now be more active in the market through the introduction of measures such as the demand-side bidding and forecasting and dispatchable demand. We consider that there would also be benefits from more information on the ancillary markets and in particular, the frequency keeping market. There is limited transparency of the frequency keeping market at present.</p> <p>We note that some parties have faced delays when trying to access Red Spider and that the data is not presented in a clear and easily understandable manner. Improvements in these two areas could assist market participants.</p> <p>Refer to our comments in the cover letter regarding the need to differentiate between data and information. <i>[as included under "General" earlier in this submission summary table]</i></p>
Meridian	<p>Price schedules. The stocktake concludes that sufficient information is available on day-ahead prices. Meridian notes that the WDS schedule provides information on spot prices up to one week out, but the quality of this price information is uncertain due to the voluntary submission of bids and offers to WDS. The current System Operator process also often results in planned transmission outages not being included in the WDS schedule. Week-ahead price information is of clear relevance to near-term futures prices. We suggest that WAG consider making submission of bid and offer information to WDS compulsory.</p> <p>Demand. The stocktake concludes that sufficient information is available on historic, forecast and peak demand. Meridian notes that the demand forecast information available is focussed on long-term projections, and is updated relatively infrequently. Meridian notes that near-term (e.g. week ahead) demand forecasts are critical for forming a view on the wholesale market and also influence the formation of near-term futures prices. We suggest that WAG consider mandating publication of the System Operator's demand forecast input into forward price schedules.</p> <p>Contract position. The stocktake concludes that limited information is available on the contract position of the market. Meridian considers that there is currently sufficient information on contract positions available to the market (such as through the hedge disclosure website), noting the commercial sensitivity of information relating to an individual participant's contract position.</p> <p>It is unclear how this information is "critical to forward price information". Meridian suggests that WAG consider explicitly whether contract information is critical to the stated focus of the WMIP.</p>

2. Do you have any other observations or comments to make about the wholesale market data available, or the data stocktake outcomes?	
Submitter	Comment
	<p>Hedge contract prices. The stocktake concludes that ASX contract prices are only readily available for the previous 6 days. Meridian notes that historical ASX price data is available from d-cyphaTrade under subscription. While subscription charges are not immaterial, Meridian considers that interested parties would be sufficiently resourced to pay for this data, and hence there is adequate information available.</p> <p>Transmission and generation availability. Meridian agrees with WAG's conclusion that Red Spider provides a reasonable level of information with respect to transmission and generation availability, while noting that such information is not always complete. As a joint initiative between industry participants and Transpower, we consider it appropriate that industry lead any review and development of the Red Spider service rather than adopting a regulatory response at this point. We agree the System Operator's review of the Hydro Risk Curve methodology is the most appropriate forum to progress these discussions.</p> <p>WAG should also give consideration to requiring publication of the Grid Operator's requests for generation and ancillary services to cover line outages, in order to enhance information on transmission availability.</p> <p>FTR information. We note there is no specific discussion of Financial Transmission Rights (FTRs) in the stocktake. As the FTR Allocation Plan and associated policies are not yet finalised, it is unclear what information on FTR holdings will be available to which parties. Meridian recommends that WAG consider information availability with respect to FTRs as part of the WMIP.</p> <p>Generation. The stocktake concludes that information is readily available on recent generation. Meridian notes that generation data for some plants (e.g. Mahinerangi Wind Farm) is not currently provided in the Centralised Data Set. Meridian considers a complete information set is desirable and recommends the Authority encourage participants to fill any outstanding gaps in generation information (including any gaps in real-time data provided through em6-live).</p> <p>New generation capacity. The stocktake concludes that there is sufficient information available on new plant. Meridian notes that information on forthcoming plant commissioning dates is not always up-to-date. We recommend that WAG investigate the potential for a centralised database of plant commissioning which is updated on an ongoing basis.</p>
MEUG	No.
MRP	<p>Agree with conclusions of the paper. In particular we agree information around snowpack is of importance to the market.</p> <p>Agree it is appropriate not to duplicate the outcomes of other review processes that may be addressing information asymmetries already.</p>
Transpower	The requirement to register to access POCP data was originally sought by POCP participants. It should not represent a significant barrier to accessing the information, as any industry participant, as defined by section 7 of the Electricity Industry Act 2010, or anyone whose POCP registration is

2. Do you have any other observations or comments to make about the wholesale market data available, or the data stocktake outcomes?	
Submitter	Comment
	supported by an industry participant, can register to access POCP data.
Trustpower	[supportive of all proposals in the paper; no additional comment]

3. What comments do you have on the set of information WAG has identified as being critical for wholesale market stakeholder evaluation of the forward price curve?	
Submitter	Comment
Contact Energy	The information identified by the WAG seems reasonable.
Genesis	The consultation paper has stated that there is a deficiency of real-time gas information. While this does not appear to be an issue for those parties dealing with gas, we note that this issue is being addressed via information being inputted into Red Spider. We recommend that the Red Spider work is prioritised to address this identified gap. Refer to our comments in the cover letter regarding the prioritisation of what information is considered critical for the market. <i>[as included under "General" earlier in this submission summary table]</i>
Meridian	See above.
MEUG	The list is useful.
MRP	Agree areas identified are the appropriate areas. As noted in our cover letter, we consider the EA should increase the transparency of the current hedge disclosure regime by making public reporting breaches.
Transpower	The summary appears reasonable.
Trustpower	[supportive of all proposals in the paper; no additional comment]

4. Do you agree with the commentary on current availability / accessibility of this information and the “traffic light” assessment outcomes?	
Submitter	Comment
Contact Energy	The information identified by the WAG seems reasonable.
Genesis	Refer to comments for question two and three.
Meridian	See above.
MEUG	Table 3 helps identify the possible information gaps then analysed in the balance of the paper.
MRP	Yes.
Transpower	<p>Note the point made in response to Q1 above about access to and use of non confidential information created pursuant to the service provider agreements is currently restricted by terms of those agreements.</p> <p>The requirement to register to access POCP information was originally sought by POCP participants. It should not represent a significant barrier to accessing the information, as any industry participant, as defined by section 7 of the Electricity Industry Act 2010, or anyone whose POCP registration is supported by an industry participant, can register to access POCP data. We note that the Grid Owner publishes its own outage plan on its website (www.transpower.co.nz) and this information can be accessed without the need for registration.</p> <p>With respect to complexity, in the past it would have been reasonable to assume that anyone interested in information of this sort would have a sufficient background in the industry to be able to understand the way it is presented. Nevertheless, we appreciate that the audience for this information may be widening and would welcome any constructive suggestions as to how the material might be presented in a more readily assimilable form.</p> <p>With respect to the degree to which the information is up-to-date, the material necessarily refers only to planned outages. The nature of unplanned outages is such that they are generally not able to be forecast other than at an aggregate level.</p> <p>Although Transpower supplies the platform for “Red Spider”, the information contained in the tool is maintained by the registered participants. We believe that, in general, the Grid Owner’s planned outage information on “Red Spider” is as up-to-date as it reasonably can be. However, we cannot vouch for other parties’ POCP updates and it may be worth re-visiting how POCP could be used more effectively by all parties.</p> <p>We appreciate that the introduction of new financial instruments, such as financial transmission rights (FTRs), is placing a greater focus on the accuracy of the published forecast outage information. The Grid Owner and FTR Manager functions within Transpower are working closely together to ensure that the FTR grid and outage information provided by the Grid Owner meet the FTR Manager’s requirements.</p>
Trustpower	[supportive of all proposals in the paper; no additional comment]

5. What comments do you have on the discussion of possible amendments to clause 13.2(3) set out in Table 6?	
Submitter	Comment
Contact Energy	In general Contact supports the proposed increase to the breadth of available information.
Genesis	<p>We support the following aspects:</p> <ul style="list-style-type: none"> • expanding the relevant markets to the ancillary services market, given our comments noted in question two; and • removing the use of the defined term “published”; and • the list of exclusions noted under row six in Table six. <p>We would be comfortable with the obligations of the proposed clause 132A applying to all participants⁵ if WAG or the Electricity Authority can demonstrate that each of these parties has relevant information that is necessary for disclosure to the market.</p>
Meridian	<p>Specific comments on the proposed amendments are set out under questions 6-10. Meridian supports WAG’s proposal that the Authority prepare and publish a guidelines to assist interested parties understand the disclosure obligations. We recommend that the Authority take account of the existing NZX guidance notes on continuous disclosure in drafting such guidelines. We also recommend that these guidelines cover:</p> <ul style="list-style-type: none"> • Examples of what sort of information the Authority envisages would be released under clause 13.2; • How the Authority intends to monitor and enforce these obligations; <p>How participants could “demonstrate” that information falls within one of the stated exclusions.</p>
MEUG	Agree worth considering a refresh of the drafting of cl. 13.2(3).
MRP	We support the principles and intent to ensure all relevant participants are captured and the requirements defined to minimise unnecessary regulatory burden. We note the intent that the current disclosure provisions are to be considered as part of a wider and more comprehensive legal review by the EA. In the event the amendments proposed in the paper are considered reasonable, we would support them being subject to further consultation under a Code amendment process.
Transpower	<p>Transpower generally has no objection to the proposed amendments, subject to the responses to the questions 6 to 10 below and the following comments:</p> <ul style="list-style-type: none"> • The proposed new restriction on entering into confidentiality agreements for the purpose of avoiding disclosure under the relevant information regime should be removed or tightened. The purpose of any confidentiality agreement is to prevent the disclosure of the subject information in any circumstances (to the extent possible), including as relevant information. If the provision is not removed then it should only be triggered if the <i>dominant</i> purpose of the confidentiality agreement is to avoid disclosure under the relevant information regime. • The proposed new obligation to publish excluded relevant information once the exclusion ceases to apply should be subject to the information still meeting the threshold test for relevant information (i.e. it is still materially price sensitive in a relevant market).

⁵ As defined in Part 1 of the Electricity Industry Participation Code.

5. What comments do you have on the discussion of possible amendments to clause 13.2(3) set out in Table 6?	
Submitter	Comment
	A participant should not be required to demonstrate that an exclusion applies merely if requested to do so by the Authority. There should at least be a Code breach allegation before the participant is required to discharge the onus of demonstrating the applicability of an exclusion.
Trustpower	[supportive of all proposals in the paper; no additional comment]

6. Who do you think the obligation to disclose should be on? (refer row 1 of Table 6)	
Submitter	Comment
Contact Energy	Contact supports broadening the group who are expected to provide material information under the proposed changes to clause 13.2 and believes that broadening the group will more accurately reflect the parties who hold the information that will impact future prices.
Genesis	Refer to question five.
Meridian	Meridian supports an obligation on all industry participants as defined in Part 1 of the Code. We note that there are a number of participant types (e.g. Metering Equipment Providers, Approved Test Houses) that are unlikely to hold information “which will have a material impact on prices”. Nevertheless, it is appropriate that all market participants consider themselves whether this is the case. Referring to all participants defined in Part 1, rather than listing specific participants, may also assist in ‘future proofing’ the obligation in the event of new or modified categories of industry participant.
MEUG	Option 1 but subject to answer to Q9 below.
MRP	Agree it would seem appropriate to align the definition with market participants in the Code.
Transpower	Transpower has no objection to the disclosure obligation applying to all participants.
Trustpower	[supportive of all proposals in the paper; no additional comment]

7. How do you think the test should be expressed for the information that relevant parties should be required to disclose under a revised clause 13.2? (refer row 2 of Table 6)	
Submitter	Comment
Contact Energy	No comment.
Genesis	Genesis Energy is uncomfortable with how broad the scope of information requested is under this revised clause. Requiring parties to make all information that they expect may have a material impact on prices in the relevant market publicly available at no charge is unrealistic. Compiling this information on an on-going basis will require resources and will create an unnecessary additional cost for businesses. ⁶ We refer to our comments for question five where we note that the Electricity Authority should be required to justify why the information is required (similar to what is done under a section 46 request under the Electricity Industry Act 2010).
Meridian	Meridian supports the drafting of the disclosure obligation, as proposed by WAG.
MEUG	“Material impact on prices” needs to be defined.
MRP	No comment.
Transpower	Subject to the response to Q8 below, Transpower has no objection to the way that the test for the disclosure obligation is proposed to be expressed.
Trustpower	[supportive of all proposals in the paper; no additional comment]

⁶ We note by way of reference that the Official Information Act 1982 allows departments or Minister to charge for the supply of official information if it is a substantial information request.

8. Under what circumstances should relevant parties be excused from disclosing such information (ie what exclusions should apply to the disclosure obligation)? (refer row 6 of Table 6)	
Submitter	Comment
Contact Energy	Contact is of the view that when making changes to the disclosure requirements the Electricity Authority must maintain the ability for parties to exclude any information which they deem to be commercially sensitive.
Genesis	<p>We are comfortable with the list of exclusions outlined in row six of Table six. We particularly endorse the ability for participants to withhold information if making that information publicly available will commercially disadvantage the participant in a material manner.</p> <p>We disagree that the onus of proof should fall on participants to justify why information should be withheld. We consider that this is an inappropriate test and rather, the Electricity Authority should have to justify why the information is required.</p>
Meridian	<p>Meridian supports the exclusions, as drafted by WAG. In particular, we consider it vital that exclusions apply to information which would commercially disadvantage a participant if released, and to information which is confidential.</p> <p>However, we note that a number of exclusions which are present under the NZX continuous disclosure regime are not included here, including:</p> <ul style="list-style-type: none"> • the information is a trade secret; • the information comprises matters of supposition or is insufficiently definite to warrant disclosure; • the information is generated for the internal management purposes of the Issuer. <p>To the extent possible, we consider it desirable for alignment between the Code disclosure regime and the NZX continuous disclosure regime. As such, we recommend WAG consider inclusion of the above in the list of exclusions under clause 13.2.</p>
MEUG	No comment.
MRP	Agree list of exclusions appear appropriate.
Transpower	<p>Transpower agrees with the proposed exclusions, subject to the following comments:</p> <ul style="list-style-type: none"> • The exclusion for information that is reasonably available to other participants should make it clear that the exclusion applies even if the general public does not have access to that information. This would ensure that the exclusion covers information that is made available through information systems such as WITS that are not accessible by the general public. • There should be an additional exclusion for legally privileged and self-incriminating information, or at least confirmation that the normal privileges that apply to that sort of information are not displaced. <p>For consistency with the NXSZ / NZDX Listing Rules and the SOE Continuous Disclosure Rules there should be additional exclusions for:</p> <ul style="list-style-type: none"> - information that comprises matters of supposition or is insufficiently definite to warrant being made publicly available; and - information that is generated for internal management purposes of the disclosing participant.

8. Under what circumstances should relevant parties be excused from disclosing such information (ie what exclusions should apply to the disclosure obligation)? (refer row 6 of Table 6)

Submitter	Comment
Trustpower	[supportive of all proposals in the paper; no additional comment]

9. To which markets should the obligation to disclose information apply (refer row 3 of Table 6)	
Submitter	Comment
Contact Energy	No comment.
Genesis	Refer to question five.
Meridian	Meridian supports the definition of relevant markets, as proposed by WAG.
MEUG	Could be a problem when market participants must disclose information on financial derivatives but other non-market entities operating in the same financial derivatives market are not bound by Code disclosure requirements.
MRP	Relevant markets appear appropriate. We note the intention to commence a market for Financial Transmission Rights as of May 2013 and assume this would be captured under (c).
Transpower	Transpower has no objection to the proposed markets to which the disclosure obligation will apply.
Trustpower	[supportive of all proposals in the paper; no additional comment]

10. What comments do you have on the indicative drafting for a revised clause 13.2 as set out here beginning at para 7.3.3?	
Submitter	Comment
Contact Energy	<i>[Contact's comments on drafting are included in the final table of this submission summary along with other submitters' drafting comments]</i>
Genesis	As noted in question five, we consider that the onus should fall on the Electricity Authority to justify why information is required, rather than putting the onus of proof on why information should be withheld on the participant.
Meridian	Meridian has no comments to make on the proposed drafting.
MEUG	MEUG would like to see the yet to be undertaken "comprehensive legal review" (paragraph 7.3.2) before commenting.
MRP	No comments.
Transpower	<i>[Transpower's suggested changes to the indicative drafting are included in the final table of this submission summary along with other submitters' drafting comments]</i>
Trustpower	[supportive of all proposals in the paper; no additional comment]

11. Is there additional thermal fuel information you consider to be material to forward price curve evaluation? Please specify	
Submitter	Comment
Contact Energy	Contact's preference is for higher level measures such as those contained in the draft disclosure table in Appendix D. Contact believes this offers a more balanced approach.
Genesis	Refer to the comments on the use of the Newcastle Coal index in the cover letter. <i>[Relevant comments from cover letter]:</i> Coal: The Newcastle Coal index already provides a proxy for coal forward prices and the economic cost of replacement fuel. We consider that this index is a better indicator than the cost of fuel contracted by a thermal generator to meet their existing obligations;
Meridian	Meridian has no suggestions for additional thermal fuel information.
MEUG	Cannot form a view until "material" impact is defined (see also answer to Q7).
MRP	No.
Transpower	No.
Trustpower	[supportive of all proposals in the paper; no additional comment]

12. Do you agree with the WAG's assessment of the current availability / accessibility of thermal fuel information? What additional comments would you make?	
Submitter	Comment
Contact Energy	Contact agrees that participants who are not engaged in thermal generation are likely to benefit from an aggregated and centralised view of fuel supply.
Genesis	There is no convincing evidence that the asymmetry of information around thermal fuel information has led to market inefficiencies and/or market breakdowns. The WAG should focus on ensuring that data is available (for example, a Red Spider equivalent for gas as noted in question three) before seeking commercially-sensitive information from parties.
Meridian	Meridian agrees that there is an asymmetry in relation to thermal fuel supply information. As pointed out by the Authority, this was demonstrated during an outage of the Maui gas platform in December 2010.
MEUG	No surprise that thermal fuel information, particularly price information, is tightly held because of its commercial importance. However unless there is evidence thermal markets are uncompetitive, intervening to force disclosures should be considered very cautiously. It may be prudent to wait for the outcome of the Gas Industry Company Gas Transmission Investment Programme ⁷
MRP	Yes, no comments.
Transpower	The WAG's assessment seems reasonable. We have no further comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

⁷ <http://gasindustry.co.nz/work-programme/gas-transmission-investment-programme>

13. What comments do you have on the WAG's assessment of the costs and benefits of options to enhance thermal fuel quantity and deliverability information?	
Submitter	Comment
Contact Energy	In Contact's view the assessment seems sensible.
Genesis	<p>Refer to comments in cover letter regarding the risks of disclosing commercially-sensitive information.</p> <p><i>[Comments from cover letter]:</i></p> <p>Unintended consequences of releasing commercially-sensitive information</p> <p>The WAG needs to consider carefully the benefits of releasing commercially-sensitive information against the commercial impact on the specific parties that are required to release this information. There is a real risk of unintended consequences arising from the release of commercially-sensitive information and we note that it:</p> <ul style="list-style-type: none"> • may disincentivise parties from undertaking rational transactions because the transaction might need to be disclosed (for example, large forward purchases of fuel) and put the party at a disadvantage; • there will be wealth transfers from holders of commercially-sensitive information to those parties that can use that information for their commercial advantage; • when complex information is released, there is the possibility that it will be mistaken or misinterpreted by parties or it could give parties a misleading sense of concern or comfort regarding the market. There is the risk that parties may take actions that they perhaps wouldn't of, had the information not been released; and • the paper does not consider the impact of releasing this information to the market in respect of the disclosure regimes that the three State Owned Enterprises currently face and in future, may face under partial privatisation.⁸ <p>We consider that it is unclear whether the benefits discussed in the consultation paper would outweigh the costs of releasing commercially-sensitive information and the potential unintended consequences.</p>
Meridian	<p>We agree with WAG's assessment of costs and benefits.</p> <p>Meridian considers information on thermal fuel storage and contracts to be critical in improving transparency in the wholesale and futures markets, ultimately leading to more effective price discovery.</p>
MEUG	Appendix C assessment of upper bound benefits is not helpful as it does not differentiate the benefit due to enhanced thermal fuel information from other effects. Appendix C also appears to be related to the CBA for justifying the stress test. MEUG has comprehensively rebutted that analysis beforehand.
MRP	None, appear appropriate.
Transpower	No comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

⁸ The consultation paper only makes a cursory reference to this in paragraph 8.2.4.

14. Do you agree with the WAG's proposed approach for enhancing thermal fuel quantity and deliverability information? If not, what alternative approach do you propose, and why?	
Submitter	Comment
Contact Energy	<p>Contact's main concern with the disclosure proposed in Appendix D is the provision of information in GWh. In Contact's case volumes are contracted and can be sold to retail or wholesale customers or used in generation. Providing all contracted volumes in GWh has the potential to inaccurately reflect the volume to be utilised in generation. The decisions on how the gas will be used are made based on wholesale prices and the availability of alternative purchasers. Additionally, gas used in generation can be utilised through one of three different power stations, all with different efficiency levels. Therefore the provision of information on a GWh basis will require an estimated conversion factor to be applied.</p> <p>Contact's preference is that the provision of gas information be an aggregate of contracted volume in petajoules rather than any disclosure around individual contracts and conversion to GWh. This ensures consistent provision of information and maintains market sensitive contract information in-house.</p>
Genesis	<p>Refer to cover letter. <i>[Comments from cover letter]:</i> Concerns with WAG's approach to thermal fuel information Genesis Energy has particular concerns with the WAG's approach to the disclosure of thermal fuel information.</p> <p>We are comfortable with providing historic cost information on thermal fuel. We will continue to provide details of the coal stockpile tonnes in our financial reporting and we would have no problems providing that on a more regular basis. However, we are very reluctant to provide information on the fuel price structure or forward supply contract positions, even on an aggregated basis.</p> <p>Firstly, each of our supply contracts has confidentiality provisions that would restrict the disclosure of this information. Secondly, it is unclear what benefits would materialise from releasing this commercial information, given the risks and unintended consequences we have outlined in the previous section. We consider that the industry should have confidence that thermal plant operators will have contracted sufficient gas and coal to run their thermal plants at whatever level they have budgeted for and that these parties will manage their risks given the plant availability and hedged positions.</p> <p><i>[refer also to general comments included earlier in this summary]</i></p>
Meridian	<p>We agree with a facilitated disclosure approach to improving thermal fuel supply information, and undertaking a further review in 12 months' time. We note that the disclosure agreement as drafted focuses on thermal fuel storage and contract information – we support the provision of such information.</p> <p>Further to this, we note that WAG has identified gas production availability (e.g. platform outages) as an area where necessary information is limited or not available. This information gap is unlikely to be addressed by the facilitated disclosure agreement, as proposed. WAG may want to give consideration to measures specifically focussed on enhancing information on gas production availability.</p>

14. Do you agree with the WAG's proposed approach for enhancing thermal fuel quantity and deliverability information? If not, what alternative approach do you propose, and why?	
Submitter	Comment
MEUG	Following on from answers to Q12 and Q13 above, MEUG has doubts about the analysis.
MRP	Yes.
Transpower	No comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

15. What comments do you have on the WAG's assessment of the costs and benefits of options to enhance thermal fuel price information?	
Submitter	Comment
Contact Energy	No comment.
Genesis	<i>[Refer to comments included in the "General" section at the start of this submission summary, and also the responses to Q13 and Q14]</i>
Meridian	We agree with WAG's assessment of costs and benefits.
MEUG	See answer to Q14 above.
MRP	No comment.
Transpower	No comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

16. Do you agree with the WAG's proposed approach in relation to thermal fuel price information? If not, what alternative approach do you propose, and why?	
Submitter	Comment
Contact Energy	Contact agrees with the WAG's conclusion that while the availability of the information may be desirable, the commercial sensitivities relating to the disclosure of future contracted prices means that disclosure is not practical. In Contact's view a review in 12 months time is unlikely to result in any change in stance on maintaining this information as confidential. Contact therefore recommends that this proposal is removed from the recommendations.
Genesis	In regards to specific fuel types, we wish to note the following points: <ul style="list-style-type: none"> Coal: The Newcastle Coal index already provides a proxy for coal forward prices and the economic cost of replacement fuel. We consider that this index is a better indicator than the cost of fuel contracted by a thermal generator to meet their existing obligations; and Gas: Information on gas is more complex than coal information as the terms and conditions are determined by each individual gas supply agreement ("GSAs"). We have at least five GSAs, all on different terms and conditions and the prices in each GSA reflect the market conditions present at the time of signing. For these reasons, it is difficult to take gas price information and distil it forward to assist with the evaluation of the forward price curve. We do not support disclosing fuel price tranches as this is comparable to asking other generators to disclose their generation offers for example, for the next month or year. <p><i>[Refer also to comments included in the "General" section at the start of this submission summary, and also the responses to Q13 to Q15]</i></p>
Meridian	We agree with continuing the current laissez-faire approach to the provision of thermal fuel price information, and undertaking a further review in 12 months' time.
MEUG	Despite answers to Q 12 to 15 above, MEUG agrees with the proposal to retain the status quo and revisit this issue in 12 months.
MRP	Agree with conclusions that providing price information is commercially sensitive. MRP would be happy to assist in discussion around voluntary approaches to enhancing disclosure as indicated in the paper.
Transpower	No comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

17. What comments do you have on the draft facilitated disclosure regime for thermal fuel quantity information attached as Appendix D?	
Submitter	Comment
Contact Energy	In Contact's opinion the consistent and regular disclosure of information around storage levels is useful. However, Contact does not consider that the provision of commercially sensitive information relating to individual contracted gas volumes and prices is practical either now or in the future. As such Contact does not support this, but would support the provision of total contracted volumes. Refer to response to Q14 above.
Genesis	<i>[Refer to comments included in the "General" section at the start of this submission summary, and also the responses to Q13 to Q16]</i>
Meridian	Meridian strongly supports the disclosure of coal and gas storage volumes and coal and gas contracted volumes, as per the draft facilitated disclosure agreement. As above, WAG may want to give further consideration to enhancing information on gas production availability.
MEUG	Put aside until review in 12 months.
MRP	No comments, appear appropriate and note will be subject to revision through review process.
Transpower	The draft regime appears reasonable.
Trustpower	[supportive of all proposals in the paper; no additional comment]

18. Is there additional snowpack information you consider to be material to the forward price curve evaluation? Please specify	
Submitter	Comment
Contact Energy	In general, Contact's view is that a forward outlook on fuel availability from gas, coal or water should be on a similar footing. As such a simple measure, such as P50 inflows from snowpack, would be beneficial.
Genesis	No. We note that snowpack information is based on estimates and forecasts using individual assumptions. We consider that this, coupled with the small percentage of inflows that it accounts for, makes snowpack information of marginal use and relevance.
Meridian	Meridian has no suggestions for additional snowpack information.
MEUG	No.
MRP	No.
Transpower	No.
Trustpower	[supportive of all proposals in the paper; no additional comment]

19. Do you agree with the WAG's assessment of the current availability / accessibility of snowpack information? What additional comments would you make?	
Submitter	Comment
Contact Energy	Yes.
Genesis	<p>We agree with WAG's statement that snowpack modelling is "complex and involves estimates, assumptions and surrogate information".⁹ As noted above, we do not consider that the level of inaccuracy associated with snowpack information should be downplayed.</p> <p>We are concerned that this information could be potentially misleading if parties don't appreciate the assumptions behind its formation.¹⁰</p> <p>In addition to these concerns, it is also unclear what parties are actually seeking access to this information. If any participant wishes to have a greater understanding or better forecast accuracy for snowpack information and consider that this information is of sufficient value to their business, then we consider that the participant should be prepared to commission a third party to carry out modelling.¹¹</p> <p>We would be concerned if parties were only seeking snowpack information as they considered it analogous to thermal fuel information. Snowpack only represents a small proportion of hydro inflows and therefore does not provide a complete picture as would thermal fuel information.</p>
Meridian	Meridian agrees with WAG's assessment of snowpack information availability. In particular, we support WAG's statement around the complexity and uncertainty of snowpack modelling.
MEUG	No comment.
MRP	Yes.
Transpower	No comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

⁹ Paragraph 8.3.3 of the consultation paper

¹⁰ As noted in paragraph 8.3.6 of the consultation paper.

¹¹ This was an alternative backstop option identified in paragraph 8.3.7 of the consultation paper.

20. Do you agree with the WAG's assessment and proposed approach for enhancing snowpack information disclosure? If not, what alternative would you propose and why?	
Submitter	Comment
Contact Energy	Contact believes the assessment and proposed approach are reasonable. However, it will be important to ensure that snowpack information is understood. In particular, the assumptions regarding the level of spill (related to the speed of the snowmelt) need to be transparent. Additionally, snowmelt is more arbitrary and assumption based than the disclosure of thermal storage. It is therefore important that as part of the 12 month review some consideration is given to the accuracy of the information provided and how consistency can be achieved between providers of the information.
Genesis	Given our concerns about accuracy noted above in question 19, we question the value of a facilitated information disclosure regime for snowpack information. We disagree with WAG's conclusion that: <i>"...a facilitated or contractual regime did not provide accurate information, then a regulated regime could be put in place as a backstop".¹²</i> There is inherent inaccuracy in snowpack information. The form of the disclosure regime adopted will not remove this inaccuracy.
Meridian	[We] recognise that greater transparency on estimates of snowpack will provide a more complete picture of future hydro-electric generation. As indicated to the WAG Chair, we are happy to provide our current estimate of snowpack volumes in the Waitaki catchment and the South Island, and potential generation from this snowpack, as part of a Facilitated Disclosure Agreement. We agree with a facilitated disclosure approach to improving snowpack information, and undertaking a further review in 12 months' time. We support this approach on the basis that all hydro generators that receive inflows from snowpack and undertake modelling of snowpack will disclose the requested information.
MEUG	See answer to Q21 below for an alternative to be considered ahead of the proposal in Appendix D of the paper.
MRP	Yes.
Transpower	No comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

¹² Paragraph 8.3.7 of the consultation paper.

21. What comments do you have on the draft facilitated disclosure regime for snowpack information attached as Appendix D?	
Submitter	Comment
Contact Energy	Contact believes there is also a need to define “the period of expected releases”.
Genesis	Refer to our responses for questions 19 and 20.
Meridian	<p>Meridian currently estimates snowpack in the Waitaki catchment and for the South Island as a whole and calculates potential generation from this snowpack storage. Our snowpack model provides a single estimate of current storage (for each of the Waitaki catchment and the South Island), without reference to any confidence level.</p> <p>As indicated to the WAG Chair, we are happy to provide our estimate of snowpack volumes and potential generation from this snowpack as part of a Facilitated Disclosure Agreement. However, Meridian is currently unable to provide snowpack estimates at P20, P50 and P80 confidence levels as set out in the Draft Facilitated Disclosure Statement in Appendix D of WAG’s paper.</p> <p>Meridian is exploring opportunities to further improve our snowpack modelling capabilities and we are interested in sharing information with other parties with an expertise in this area. As improved modelling approaches are adopted, Meridian would expect to be able to provide more information to the market.</p> <p>Furthermore, as noted by WAG, modelling of snowpack volumes is complex and involves estimates, assumptions and surrogate information. Any estimate of storage is subject to significant uncertainty. Meridian takes account of this uncertainty in our use of this data. We strongly recommend that any publication of snowpack storage estimates is accompanied by an appropriate caveat acknowledging this inherent uncertainty.</p>
MEUG	May be worth pursuing but better option may be market driven requirement on Meridian as part of having listed debt to keep the debt market more informed by voluntarily disclosing snow pack statistics. Meridian should be asked if they have considered continuous disclosure requirements with respect to snow pack levels.
MRP	No comments, appear appropriate and note will be subject to revision through review process.
Transpower	No comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

22. Is there additional transmission and generation availability and outage information you consider to be material to the forward price curve evaluation? Please specify.	
Submitter	Comment
Contact Energy	No.
Genesis	There would be benefits if the information currently available in Red Spider was easier for participants to interpret.
Meridian	Meridian has no suggestions for additional transmission and generation availability information.
MEUG	Paragraph 8.4.1 lists physical asset capabilities. To assess the need for and price for a hedge, TOU consumers need to have an idea of price effects of planned outages.
MRP	No.
Transpower	No.
Trustpower	[supportive of all proposals in the paper; no additional comment]

23. Do you agree with the WAG's assessment of the current availability / accessibility of transmission and generation availability and outage information? What additional comments would you make?	
Submitter	Comment
Contact Energy	Contact's observation is that information disclosed via Red Spider, although voluntary, is well supported by the industry and provides a reasonable level of information.
Genesis	Yes. The consultation paper has stated that there is a deficiency of real-time gas information. While this does not appear to be an issue for those parties dealing with gas, we note that this issue is being addressed via information being inputted into Red Spider. We recommend that the Red Spider work is prioritised to address this identified gap.
Meridian	Meridian agrees with WAG's assessment of transmission and generation availability information. As noted above, we support WAG's conclusion that information contained in Red Spider is not necessarily complete or up-to-date. We suggest that WAG undertake a review of the accuracy of Red Spider content to determine the extent of the issue. We do not consider the current registration process for Red Spider provides any material limitation on access. WAG should also give consideration to requiring publication of the Grid Operator's requests for generation and ancillary services to cover line outages, in order to enhance information on transmission availability.
MEUG	WAG acknowledges this is a complex issue (paragraph 8.4.4) and decides discussions between the EA and system operator on Hydro Risk Curves (HRC's) will help solve the issue. We disagree. Those discussions might help improve confidence in HRC's but those forecast physical resource availability (ie GWh) to achieve reliability objectives and not price effects affecting competition and market efficiency. There is an important gap in the knowledge of most TOU consumers about planned outages and possible effects on spot prices. The recent inquiry by the Authority into local net pivotal events highlights how critical information and understanding on planned outages can be. Without better information and understanding of planned outage risks it's difficult for TOU consumers to assess the value of cap products offered by suppliers and consider other strategies to manage risks over those events. WAG needs to reconsider how useable planned outage information in relation to spot price risk can be improved.
MRP	While we agree broadly with the WAG analysis, we note that Red Spider is only required to be updated on a best endeavours basis which limits its effectiveness. Consideration should be given to the relative costs of improving its effectiveness, noting the SO is reviewing its Security of Supply Forecasting and Information Policy.
Transpower	The requirement to register to access POCP information was originally sought by POCP participants. It should not represent a significant barrier to accessing the information, as any industry participant, as defined by section 7 of the Electricity Industry Act 2010, or anyone whose POCP registration is supported by an industry participant, can register to access POCP data. However, it may be worth re-examining the continued need for registration. We note that the Grid Owner publishes its own outage plan on its website (www.transpower.co.nz) and this information can be accessed without

23. Do you agree with the WAG's assessment of the current availability / accessibility of transmission and generation availability and outage information? What additional comments would you make?	
Submitter	Comment
	<p>the need for registration.</p> <p>With respect to complexity, in the past it would have been reasonable to assume that anyone interested in information of this sort would have a sufficient background in the industry to be able to understand the way it is presented. Nevertheless, we appreciate that the audience for this information may be widening and would welcome any constructive suggestions as to how the material might be presented in a more readily assimilable form.</p> <p>With respect to the degree to which the information is up-to-date, the material necessarily refers only to planned outages. The nature of unplanned outages is such that they are generally not able to be forecast other than at an aggregate level.</p> <p>Although Transpower supplies the platform for "Red Spider", the information contained in the tool is maintained by the registered participants. We believe that, in general, the Grid Owner's planned outage information on "Red Spider" is as up-to-date as it reasonably can be. However, we cannot vouch for other parties' POCP updates and it may be worth re-visiting how POCP could be used more effectively by all parties.</p> <p>We appreciate that the introduction of new financial instruments, such as financial transmission rights (FTRs), is placing a greater focus on the accuracy of the published forecast outage information. The Grid Owner and FTR Manager functions within Transpower are working closely together to ensure that the FTR grid and outage information provided by the Grid Owner meet the FTR Manager's requirements.</p>
Trustpower	[supportive of all proposals in the paper; no additional comment]

24. Do you agree with the WAG's proposed approach regarding ASX contract trading prices? If not, what alternative would you propose and why?	
Submitter	Comment
Contact Energy	Yes.
Genesis	Yes.
Meridian	Meridian agrees with continuing the current laissez-faire approach to ASX contract prices. As above, we note that historical ASX price data is available from d-cyphaTrade under subscription, and hence consider that there is adequate forward price information available.
MEUG	Yes, agree with the proposal to retain the status quo. There are now many sources for summarised ASX futures curves available to interested parties.
MRP	Yes.
Transpower	Yes.
Trustpower	[supportive of all proposals in the paper; no additional comment]

25. Do you agree with the WAG's proposed approach regarding contract cover information? If not, what alternative would you propose and why?	
Submitter	Comment
Contact Energy	Yes.
Genesis	Yes. We do not support the Authority's stress test regime. ¹³
Meridian	Meridian agrees that the stress testing regime is the appropriate avenue for publishing consolidated information on the contract position of the market. As pointed out by WAG, we consider information on the contract position of individual participants to be commercially sensitive.
MEUG	<p>No. MEUG does not expect the stress test will be a useful source of information. This was discussed in MEUG feedback on the stress test dated 30th March 2012¹⁴. The text of paragraph 8 bullet point four of that feedback follows:</p> <p><i>MEUG is concerned that the stress test regime might be seen as being a source of aggregate industry statistics beyond what is likely to be achieved. For example the Wholesale Advisory Group (WAG) discussion paper "Wholesale Market Information" in relation to information gathered under the stress test regime states¹⁵:</i></p> <p><i>"The results which would be publicly released from the regime would provide an indication of the hedge cover available under each stress test for each quarter for participants collectively and individually, but without identifying the results of any individual participant."</i></p> <p><i>Contrary to the Wholesale Advisory Group view, MEUG does not see any robust aggregate contract cover statistics either for the base case or any stress test being obtained from the stress test regime. There may be some aggregate data but because the stress test is only partial, many disclosures will effectively have nil returns (eg feedback points 4¹⁶ and 5¹⁷ above and companies that do not use minimum forward cover approaches¹⁸) and the date of audited financial statements will differ from company to company, then the aggregate results will not be robust or comparable from quarter to quarter. Having a consultation round on the format of the summary results will help flush out any untested expectations such as those by WAG.</i></p>

¹³ Refer to comments in earlier submissions such as *Proposal fails to address the problem*, Genesis Energy submission to the Electricity Authority, 18 October 2011.

¹⁴ MEUG to EA, Feedback on draft spot price risk disclosure statement, 30th March 2012, refer <http://www.meug.co.nz/includes/download.aspx?ID=120656>

¹⁵ paragraph 8.6.5

¹⁶ Feedback point 4 stated "MEUG notes there will be "not applicable" answers to questions 2 to 8 of the draft SPRDS from disclosing participants where those parties do not have audited financial statements and are not the primary entity where risk management policies are set."

¹⁷ Feedback point 5 stated "MEUG notes that for disclosing participants that have an annual target ratio approach to risk management then while they will reply "yes" to question 7 in the draft SPRDS (ie do you have an explicit risk management policy?), the detailed analysis in the follow on question is only relevant for the immediate next quarter and therefore they will enter "not applicable" for question 8."

¹⁸ Refer Electricity Authority, Stress testing regime – stress tests: Base case, stress tests and application notes, 24th February 2012, refer paragraph 2.63 and 2.64 that discusses the situation "where a participant's risk management policy is not expressed in a form that sets a minimum or expected level of forward cover, it will not be feasible to calculate a meaningful target cover ratio".

25. Do you agree with the WAG's proposed approach regarding contract cover information? If not, what alternative would you propose and why?	
Submitter	Comment
MRP	<p>Yes and as noted in our cover letter, we consider the EA should increase the transparency of the current hedge disclosure regime by making public reporting breaches.</p> <p><i>[from cover letter]:</i></p> <p>The paper notes there is currently a hedge disclosure website which allows parties to view edited versions of contracts in place. Notwithstanding the paper's comments that the information provided does not allow for analysis of the overall contract position of the market, Mighty River Power is a strong supporter of hedge disclosure. We consider increased transparency of this regime is important to market development and have previously advocated that any breaches in reporting should be published by the Electricity Authority. We would like to put this option forward for consideration by the WAG.</p>
Transpower	No comment.
Trustpower	[supportive of all proposals in the paper; no additional comment]

26. Do you agree with the WAG's proposed approach regarding hydro and climate outlook information? If not, what alternative would you propose and why?	
Submitter	Comment
Contact Energy	Yes.
Genesis	Yes.
Meridian	While we agree with WAG's assessment that incorporating climate information into electricity generation and demand models may not be "straightforward", we do not consider this to be a suitable basis for not taking action. Nevertheless, Meridian agrees with continuing the current laissez-faire approach to hydro and climate outlook information, as we consider there to be appropriate information available in the public domain.
MEUG	Yes, agree with the proposal to retain the status quo.
MRP	Yes.
Transpower	Yes.
Trustpower	[supportive of all proposals in the paper; no additional comment]

Submissions on Code drafting

	Code Clause	Comment
Contact Energy	1 – make publicly available, and free of charge, information.	Contact believes the challenge is how to make the information accessible. While all participants could publish information on their own websites, a better solution would be for the EA to provide a platform for disclosure.
	2 – make information available as soon as practicable	Appendix D talks of disclosure being quarterly or monthly in the event of a material change. Do the requirements of Appendix D overrule the requirements to make the information available as soon as practicable?
	3 (e) – the information is reasonably available in a useable form to other participants	Refer to section 1 above. Contact assumes the disclosure of information to the NZX under its continuous disclosure requirements as a listed company, and the monthly operating statistics disclosed by Contact would be considered in “making information reasonably available.” This adds to the range of sources that will need to be monitored by participants to source information.
Genesis		
Meridian		
MEUG		
MRP		
Transpower		<p>13.2 Relevant Misleading or deceptive information</p> <p>(1) A participant must not disclose to any person any information under this Part that, at the time the information was disclosed, was misleading or deceptive or likely to mislead or deceive when taken in the context of activities under this Part. In assessing whether information, at the time of disclosure, is misleading or deceptive or is likely to deceive or mislead, a participant must act reasonably and prudently.</p> <p>(2) If a participant discovers that any information previously disclosed by it to a person under this Part was misleading, deceptive or incorrect, the participant must immediately <u>as soon as reasonably practicable</u> correct that information and disclose the corrected information to the person who originally received the incorrect information.</p> <p>13.2A Participants must make information publicly available</p> <p>(1) Each participant must, in accordance with subclauses <u>(2) and (4) but subject to subclause (3)</u>, make publicly available, and free of charge, information which that –</p> <p>(a) the participant holds about itself; and</p> <p>(b) the participant expects, or ought reasonably to expect, if made publicly available, will have a material impact on the prices in –</p> <p>(i) the wholesale spot market for electricity:</p>

		<p>(ii) the market for ancillary services: (iii) the market for financial hedge contracts for electricity.</p> <p>(2) The participant must make the information publicly available as soon as <u>reasonably</u> practicable after the participant became aware of the information.</p> <p>(3) Despite subclause (2), a participant is not required to make the information described in subclause (1) publicly available, if –</p> <p>(a) the information is excluded Code information; or</p> <p>(b) making the information publicly available will <u>is likely to</u> commercially disadvantage the participant in a material manner; or</p> <p>(c) the information is confidential and its confidentiality is maintained; or</p> <p>(d) making the information publicly available will be a breach of law; or</p> <p>(e) the information is reasonably available in a usable form to other participants, <u>whether or not the information is also reasonably available to the general public;</u> or</p> <p>(f) the information concerns an incomplete proposal or negotiation; <u>or</u></p> <p>(g) <u>the information comprises matters of supposition or is insufficiently definite to warrant being made publicly available;</u> or</p> <p>(h) <u>the information that was generated for the internal management purposes of the participant;</u> or</p> <p>(i) <u>the participant claims legal professional privilege or the privilege against self-incrimination in respect of the information.</u></p> <p>(4) A participant who has relied on subclause (3), must make the information publicly available, free of charge, as soon as <u>reasonably</u> practicable after the information ceases to fall within one of the paragraphs in subclause (3), <u>provided that the information is still information of the type referred to in subclause (1).</u></p> <p>(5) A participant <u>who has relied on subclause (3) has the onus of proving</u> must be able to demonstrate that the information falls within one of the paragraphs in subclause (3). , if the participant –</p> <p>(a) relies on subclause (3); and</p> <p>(b) is requested to demonstrate so by the Authority.</p> <p>(6) A participant must not enter into a confidentiality agreement with another person for the <u>dominant purpose of avoiding the disclosure of information under this clause</u> compliance with subclause (1).</p>
Trustpower		

Glossary of abbreviations and terms

Authority	Electricity Authority
CDS	Centralised Data Set
Code	Electricity Industry Participation Code 2010
FTRs	Financial Transmission Rights
HRCs	Hydro Risk Curves
MEUG	Major Electricity Users' Group
POCP	Planned Outage Co-ordination Protocol
SOI	Statement of Intent
SoSFIP	Security of Supply Forecasting and Information Policy
SOSPA	System Operator Service Provider Agreement
SPAs	Service Provider Agreements
WAG	Wholesale Advisory Group
WDS	Weekly Dispatch Schedule
WITS	Wholesale Information and Trading System
WMIP	Wholesale Market Information Project