

4 October 2017

Submissions
Electricity Authority
PO Box 10041
Wellington

Dear Authority

Re: Wholesale market information: review of disclosure regime consultation paper

Thank you for the opportunity to provide feedback on the Authority's consultation paper 'Wholesale market review of disclosure regime'. Our response to your questions are set out from page two.

As a general comment, for simplicity, and to reduce any administrative burden, we believe where possible Wholesale Market Information Disclosure Guidelines (WMI) should be aligned with the NZX Guidelines.

Please contact me should you wish to discuss any matter raised in this submission.

Yours sincerely



Louise Griffin
Head of Regulatory Affairs and Government Relations

Question	Comment
Q1. Do you agree with the issues the Authority has identified?	Yes.
Q2. Do you think the example definition of a 'reasonable person' in section 6.9 should be the final definition adopted? If not, how would you define a 'reasonable person'?	Yes. However, we believe this definition should be referenced in the Code, as it is the Code that sets out industry participants' responsibilities.
Q3. Do you agree the Authority should update the guidelines in the way it is proposing?	<p>We agree with the updating of the Guidelines but believe they should be referenced in the Code.</p> <p>We support the proposed amending of clause 13.2(2) by replacing the word 'immediately' with the words 'as soon as reasonably practicable'.</p> <p>We support the use of the Planned Outage Coordination Protocol (POCP) as the mechanism for disclosure of outage information, but, as noted above, think this should be referenced in the Code. We also think it is unclear as to whether end users will now be responsible for publicly disclosing planned outages.</p>
Q4. Can you suggest one or more case studies the Authority could consider using in the guidelines where parties have either disclosed, or not disclosed, information relating to wholesale markets in an effective way?	By and large we believe the disclosure requirements are working well.
Q5. Do you agree with the objectives of the proposed Code amendment? If not, why not?	Yes.

<p>Q6. Do you agree the costs of the proposed Code amendment to the exclusions will be minimal? If not, why not?</p>	<p>Yes. We agree the costs of the proposed Code amendment will be minimal but think that parties may incur some costs in trying to understand the Code and guidelines.</p>
<p>Q7. Do you agree the benefits of the proposed Code amendment outweigh its costs?</p>	<p>Yes.</p>
<p>Q8. Do you agree the proposed Code amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Act.</p>	<p>Yes.</p>
<p>Q9. Do you agree the proposed Code amendment complies with section 32(1) of the Act?</p>	<p>Yes.</p>
<p>Q10. Do you have any comments on the drafting of the proposed Code amendment?</p>	<p>No.</p>
<p>Other comments</p>	<p>While we are generally supportive of the Authority's proposal, we would also welcome a review of the disclosure requirements for electricity contracts to the Hedge Disclosure site for the following reasons:</p> <ul style="list-style-type: none"> (a) Daily ASX trade data is publicly available on the ASX website. Complete historic datasets for all instruments can also be accessed through a range of providers. The use of the Hedge Disclosure site to access this information is not fit for purpose. (b) Given the different disclosure requirements for participants versus non-participants (as defined by the Code), the dataset that is

	<p>available on Hedge Disclosure is incomplete and difficult to interpret.</p> <p>(c) The annual statutory declaration requirement under the Code to disclose electricity futures transactions is administratively burdensome and expensive to undertake, particularly given the ASX provides significant reporting on trading activity on a monthly and quarterly basis. This includes information on the level of trading undertaken by market makers versus other participants.</p> <p>In relation to other hedge contracts:</p> <p>(a) We would not support the public disclosure of counterparty names in transactions, as this may hinder the willingness of some parties to trade.</p> <p>(b) There is some discrepancy between the disclosure requirements for contracts for difference (CFD) Planned Outage Co-ordination Protocol and option transactions.</p> <p>(c) There is a discrepancy between disclosing 'as soon as practicably possible' and the five to 10 business days allowed to disclose a transaction.</p> <p>(d) The disclosure requirements for fixed price variable volume (FPVV) contracts are poorly defined.</p>
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