

# Improving visibility of competition in the over-the-counter contract market: clause 2.16 information notice

User:

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## Summary of information submitted

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### Contact information

#### *Organisation*

Fonterra

#### *Name*

Ben Cunliffe

[Redacted]

[Redacted]

### Submission

#### *Introduction (optional)*

Fonterra welcomes the opportunity to provide input to the Electricity Authority's paper proposing measures to improve the visibility of competition in the over the counter (OTC) contract market.

Fonterra is a dairy co-operative owned by over 8,000 New Zealand farming families with 27 manufacturing sites across the country, making us the country's largest exporter and a major supplier of dairy products to the domestic market.

With manufacturing operations spread throughout New Zealand, Fonterra is a major electricity user. We rely on stable and affordable access to electricity to support our operations. This reliable access underpins New Zealand's export competitiveness. Increasing wholesale electricity prices and lack of competition in the market are negatively impacting competitiveness, with a number of industrial closures in recent years. Fonterra supports ongoing work by the Government and the Authority to consider how best to reorientate New Zealand's energy system so that it better supports the interests of consumers and the country's ability to remain competitive internationally.

We support the use of market monitoring tools to derive insight on market dynamics. In our view, all wholesale market participants should be able to access electricity supply contracts and financial risk tools on an equal footing. To this end expansion of data collection may be necessary, however we believe careful consideration is required with respect to which data, the means of collection, and that insights from the additional data result in change for the benefit of consumers.

In the OTC market, requests for pricing that do not result in a deal are common. There are myriad reasons why that may be the case, and it is essential to consider these alongside the easily captured price/volume/date data to properly understand the dynamics of the market. We believe it is important to ensure visibility of these other factors is maintained in any aggregate reporting of uncontracted bids and offers – if this is lost, there is a risk of misinterpretation of data and of the issues facing participants.

We recommend further refinement as to how the Authority classifies what are acceptable offers, to ensure credibility of collected data is maintained.

Disclosure requirements as set out in the consultation will represent additional regulatory burden on participants, but we recognise greater visibility of interactions in the OTC market are important to improving transparency and competition in the market. Given these two factors we think it will be important to review the effectiveness of the change to ensure it is delivering benefits as intended.

Fonterra welcomes further engagement with the Authority on this matter.

***Q1. Do you agree with the Authority's proposed approach of collecting data on OTC bids and offers, including those resulting in trades?***

***Q2. Do you agree with the Authority's proposed approach of collecting information from large industrials through this clause 2.16 notice?***

***Q3. Do you agree with the Authority's proposed approach of not collecting information from non-integrated generators through this clause 2.16 notice? Do you have any thoughts on alternative ways of collecting information on non-integrated generators requests and responses to those requests?***

***Q4. Do you have feedback on our approach regarding collection of information on PPAs?***

***Q5. Do you agree with the Authority's proposed approach of collecting data from all retailers, thus including small, micro, and community retailers?***

***Q6. Do you agree with the Authority's proposed approach to collect data on requests made through energy brokers?***

***Q7. Do you agree with the Authority's preference to restrict the data collection to written requests and requests made through brokers but to exclude text messages and phone calls?***

***Q8. Do you agree with the Authority's proposed data collection from retailers and large industrials for requests larger than 0.1MW?***

***Q9. Do you agree with the Authority's proposed approach to restrict the data collection to include only buy requests?***

***Q10. Do you agree with our suggestion to collect information on the initial bids and final offers only? Or should we include a field to capture the number of negotiation steps?***

***Q11. Do you agree with the Authority's proposal to require quarterly provision of information?***

***Q12. Do you have any comments on the changes to the proposed data fields and/or the proposed file structures?***

***Q13. Do you have any comments on the proposal to require participants to provide information that might be classified as confidential?***

***Q14. Do you agree with the Authority's proposal to publish aggregated information provided by the selected participants, and do you have any comments on how to best maintain confidentiality while providing as much transparency as possible?***

***Q15. Pursuant to clause 2.21 do you consider that any of the information we propose to collect is confidential? If so, please explain how it is confidential in line with clause 2.21***

***Q16. Do you agree the benefits of the proposed clause 2.16 notice outweigh its costs? If not, what area(s) of the Authority's preliminary assessment of benefits and costs do you disagree with?***

***Q17. Do you agree the proposed clause 2.16 notice is preferable to the other options? If you disagree, please explain your preferred option with reference to the Authority's statutory objective in section 15 of Act.***

***Q18. Should the Authority consider further work to monitor competition in the industry?***

***Q19. Do you have any comments on the proposed data collection or about the notice in general?***

**Privacy (Please specify which question response require redaction prior to publication)**

***Does this submission contain sensitive information***

No

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