

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

User:

Submitted: 28/05/2025 4:22:37 pm

Reference: ca57359c-3d72-4d92-90e2-b2eb00482179

## Summary of information submitted

---

### Contact information

#### *Organisation*

Major Electricity Users' Group

#### *Name*

Karen Boyes

[REDACTED]

[REDACTED]

### Submission

#### *Introduction (optional)*

28 May 2025

Sarah Gillies  
Chief Executive  
Electricity Authority  
PO Box 10041  
WELLINGTON

Sent via the Electricity Authority's information portal

Dear Sarah

Improving visibility of competition in the OTC contract market

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on the Electricity Authority's (Authority) consultation paper "Improving visibility of competition in the over-the-counter contract market: clause 2.16 information notice" published on 6 May 2025.

2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on the Authority's website unaltered. Members may lodge separate submissions.

Support greater scrutiny of contracts

3. MEUG welcomes the Authority taking action to improve the transparency of, and competition in, the over-the-counter (OTC) hedge market. The consultation paper captures the issues that stakeholders, including MEUG, have raised with the OTC market (and hedging more broadly) and the work that has been done to date in this space. Work like the voluntary code of conduct is helpful but only goes so far. We refer the Authority to the MEUG document released earlier this week – Hedging in the electricity market – a large user perspective – which also covers the concerns MEUG has with contracting in the electricity market, and the affordability issues this creates for businesses.

4. We recognise that establishing a more enduring solution for increased disclosure and publication of information requires a more efficient, timely and consistent approach than relying on numerous ad hoc requests to market participants. MEUG members have worked with the Authority to respond to many information requests in recent years, which do require considerable time to often assemble the information requested. Many of these information requests have unfortunately been carried out after events of market stress, providing the Authority with delayed information on market conditions and the impacts on market participants.

5. We agree that a standardised approach would also enable the Authority to introduce a solution sooner, noting that the Authority is aiming for implementation by the third quarter of 2025.

Concern that proposed approach won't capture the necessary information

6. While supportive of the Authority's intent, we are concerned that the Authority's approach may not capture all the necessary information nor gather it in the most streamlined way possible. To establish a robust monitoring system that captures the nuances of the negotiation process between buyers and sellers, we consider that the Authority:

- Needs to capture the broadest set of information and not restrict the set of participants involved in the process. We support including all parties, including non-integrated generators and via brokers – to ensure a full picture of the offers that are being considered in the market.
- Must consider what level of information is needed to understand the process of establishing an OTC contract. By only capturing a final offer, you can only assess the agreements that were deemed suitable for both parties involved. To understand the real behaviour in the market, you need to see requests made, initial offers submitted and detail of the terms and conditions. From informal discussions with some members, it can often be the terms and conditions that may stop an agreement progressing, i.e. limited time to review / accept an offer (sometimes less than 24 hours) and forced inclusion of demand response provisions without adequate compensation.

Summarising this information in any published material could raise confidentiality issues or be hard for the Authority to summarise in a standardised consistent form (particularly when provided through free form fields). It is however important that this information is considered and fairly represented when presenting and publishing views on the state of contracting in the market.

- Must include all types of contracts. Much of the Authority's recent focus has been on peak and super peak contracts, but baseload contracts are still essential for many businesses, including our members.
- What are the actual costs on participants, as this does not seem to be quantified. This type of analysis is helpful when considering whether a central platform for gathering information could be more beneficial.
- Must fully consider the unintended consequences this intervention could have on the contracting market, and the way market participants engage. Confidentiality of information and proper aggregation of information will be essential to ensure this does not damage the market.

7. MEUG would welcome further discussions with the Authority to help refine the type of information that is best captured, to ensure the Authority can undertake meaningful monitoring of the OTC market.

8. We see monitoring competition and market behaviour as a key function of the Electricity Authority and want to ensure that any additional information gathering and monitoring leads to tangible actions to address any issues surfaced and ultimately provide tangible benefits to all consumers.

Next steps

9. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at [karen@meug.co.nz](mailto:karen@meug.co.nz).

Yours sincerely

Karen Boyes  
Major Electricity Users' Group

***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

---