



8 December 2025

Electricity Authority

By email to: monitoring@ea.govt.nz

Tēnā koe

Collecting energy margin information

Thank you for the opportunity to respond to the proposal to collect and publish energy margin information.

We support transparency within New Zealand's electricity market. Through the monthly publication of our operating stats, Contact has already taken efforts to provide the market with timely measures of our performance, as have other market participants. High electricity prices have been a hot topic in the past few years as a response to dwindling gas production and volatile hydrological conditions, and with heightened interest in the market, we are supportive of endeavours to make market dynamics better understood for observers. Equally, we believe it is important to ensure comparative market data to be accurate, reliable and timely.

Specifics of energy margin

In August 2024, the Authority required disclosure of energy margin data in response to the high prices of winter 2024. Market participants were given short notice to provide data on their revenue and costs associated with trading in the New Zealand electricity market, with relatively loose definitions of what was being requested. We requested clarification of datapoints being requested and subsequently provided this data with a host of contextual caveats attempting to demonstrate the make-up of our submissions – as did every other participant.

If the Authority were to proceed with the proposal to re-instate energy margin reporting on a more permanent basis, we would expect clearer definitions of the information the Authority expects us to disclose. Some examples of necessary clarifications include:

- Whether we should adopt a 'mark to market' or an 'average purchase cost' treatment for fuel such as gas. This is particularly relevant for generators with access to thermal storage. An accounting treatment would see expensive fuel enter storage, and much cheaper "average cost" fuel used for generation. We consider that this can be misleading in times of market stress.
- Whether costs such as EA levies are included. These were excluded from the cost of generation in the 2024 disclosures, however, we consider this a relevant cost in assessing energy margins.
- What treatment is expected of transmission costs. These are included in our financial reporting of direct generation costs, so expect they will also be part of the margin calculation.
- Whether we should include incremental opex costs of running plant
- Whether we should include incremental impact on depreciation, eg when running down OEM approved hours on thermal plant

If comparability is expected from any reporting, strong definitions are a must.

Frequency of collection

We support the reduced frequency of submissions to monthly versus weekly. Under the previous approach frequent wash-ups were required following weekly submissions due to data being interpolated, and market settlements occurring monthly. The administrative burden of monthly submissions is lower, and allows for more accurate representations of margin information.

We propose two further changes to the timing of data collection

- 1) Shift the disclosure date from calendar day 10 to business day 15. This allows for the receipt of settlements from the clearing manager before submitting, reducing wash-up changes for the most recent reporting month, and allows time for additional end-of-month reconciliations.
- 2) monthly partitioning of data instead of weekly partitioning. This reduces costs/efforts associated with the submission while helping align market information. Market settlements are provided as a monthly revenue/cost, and as such, any weekly representations may be misrepresentative due to averaging treatments and introduces additional calculations that can be inconsistent among participants. Furthermore, for weeks that cross months, data will be initially unreliable. Ideally, we would like to be able to provide margin data that relates and reflects other financial reporting we already produce.

Provision of Manawa inclusive data

Contact completed the acquisition of Manawa Energy in July 2025. Incorporating Manawa's data within Contact's technology platform is still ongoing, with the current roadmap expected to take multiple years to complete. We are still planning the transition of Manawa data and based on the current roadmap we may be unable to automate the collection/provisioning of Manawa data by the May 10 start date. We will be more certain closer to Q2 2026 and would be looking to engage with the Authority to seek an extension to full compliance (i.e. report on Contact alone) until we are confident accurate combined reporting can be stood up.

Given the level of interest in the 2024 energy margin reporting, we appreciate the opportunity to work with the Authority on improving the standard and process for data collection. We are open to working further with the Authority on any of the points mentioned above, particularly if reporting is expected to continue on an ongoing basis.

Please contact me at brett.woods@contactenergy.co.nz if you wish to discuss further.

Ngā Mihi



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