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Improving access to thermal fuel information: clause 2.16 information notice

Mercury welcomes the opportunity to provide feedback to the Electricity Authority on its consultation *for Improving access to thermal fuel information: clause 2.16 information notice* (the consultation). We strongly support the Authority's assessment that there is limited up-to-date information on the current and forecast availability of thermal fuels. While this consultation focuses on information for electricity generation, the limitation of up-to-date information also reflects a broader and persistent opacity present in the domestic gas market. We have noted the need for greater transparency of thermal fuels for a number of years, and most recently we highlighted this information gap to Transpower in December 2024 in response to their 2025 Security of Supply assessment

"... the persistent opaqueness of both gas and coal availability makes it difficult for other industry participants to accurately assess and manage their own risk positions. This could undermine the industry's overall ability to manage security of supply risks effectively, potentially leading to outcomes that are either overly conservative—resulting in higher costs, increased fuel burn, and unnecessary spill—or too lenient, exposing the industry to greater-than-expected risks to security of supply.

.. we believe improved reporting on coal stockpile levels is also essential. Currently, market participants receive coal pile information only on a quarterly basis. In our view, a more regular reporting cadence would align with best practices for enhancing transparency and market responsiveness. More frequent reporting is both achievable and valuable as there was a brief period a few years ago when weekly coal stockpile updates were provided. Relatedly, regular updates on snowpack levels would be helpful as these influence hydro availability.

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We have also drawn the Gas Industry Company (GIC) towards improving information transparency due to enduring difficulties in recontracting for gas as a result of increased prices, markedly shorter contract terms, and limited avenues for price discovery.¹ The Authority's approach complements this view, and as such we are supportive the proposed clause 2.16 notice.

While we support the Authority's overall intention of increasing transparency of thermal fuels, we believe there is value in improving both the disclosure of contracted gas volumes for thermal generation and the reporting of over-the-counter gas trades in an anonymised format. Understanding which parties hold contracted volumes is essential so that all market participants can make informed commercial and operational decisions, particularly during periods of tight supply. Additionally, improved price and volume discovery through enhanced reporting of gas demand and supply could support more efficient market outcomes. Ensuring disclosure of contracted thermal generation gas volumes across all major participants would improve transparency and enhance market efficiency.

Transpower's latest Energy Security outlook, published on 30 January, highlights "increased winter 2025 security of supply risk level compared to the December update due largely to reductions in modelled thermal fuel availability including reduced forecast gas and coal stockpiles."² It is in this context that we recommend the Authority consider increasing the frequency of reporting for critical fuel stock levels beyond what is currently proposed. Weekly reporting, rather than the proposed monthly cadence, would better reflect market trading frequency and ensure timely data availability. Given that hydro storage levels are already disclosed through near real-time public reporting, a similar approach should also be considered for coal stockpiles, gas storage levels and stored diesel to ensure a fulsome picture of critical fuel availability across the market.

¹ emsTradepoint is the sole avenue for price discovery and it is limited to ~4% of traded gas.

² Available from https://static.transpower.co.nz/public/bulk-upload/documents/Security%20of%20Supply%20Outlook_05February2025.pdf?VersionId=DWuiFeF_BhKqBzn9EKqzbn4_MYFUTtma



We recognise that daily reporting may come with some challenges for providers of this information so suggest consideration be given to introducing a 'best endeavours' requirement for this information. A "best endeavours" approach could support more frequent updates, potentially providing daily visibility where feasible, with weekly reporting as a minimum. Additionally, introducing a monthly outlook of forecast fuel availability for the next 12 months would further enhance market confidence and operational planning.

Yours sincerely,
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Regulatory Strategist

