

18 February 2025

Submissions  
Electricity Authority

Nova Energy Limited  
PO Box 3141, Wellington 6140

By email: [operationsconsult@ea.govt.nz](mailto:operationsconsult@ea.govt.nz)

**Consultation paper – Improving access to thermal fuel information: clause 2.16 information notice**

Nova Energy (Nova) agrees that transparency and information disclosure are crucial for the benefit of consumers and the industry. However, questions the assumption in this paper that additional information could have averted or mitigated the events of 2024.

In reality, key material information was disclosed in a timely manner, and the shortages were largely driven by factors such as an extended dry hydrological sequence, unsuccessful drilling in gas fields, and delays in new generation investment due to uncertainty around the Tiwai smelter supply contract renewal.

Areas of disclosure that the Authority could potentially improve upon include:

- a) working with the Gas Industry Company for major gas producers not subject to information disclosure requirements under the Code which would assist providing a clearer understanding of gas supply availability.
- b) specific definitions are introduced for thermal fuel generators, and a threshold could be introduced to classify those deemed to be a “large thermal electricity generator”, to provide clarity as to who have disclosure obligations.

In terms of gas transactions, Nova supports aggregating data in categories to help market participants make better decisions, as the quantity of available gas for generation is what is relevant. Nova also agrees that improving transparency for diesel generators, including their operational limits, would be beneficial for overall market understanding.

Nova Energy thanks the Authority for the opportunity to provide input and looks forward to seeing further collaboration with the wider industry on this.

Yours sincerely,



**Tamiris Robinson**  
Regulatory Advisor

**Nova submission: Improving access to thermal fuel information: clause 2.16 information notice**

Questions	Comments
<p>Q1. Do you agree the issues identified by the Authority are worthy of attention?</p>	<p>Nova agrees that transparency and information disclosure is necessary and beneficial for consumers and the industry and is amenable to assist in providing information. However, this paper seems to presume that there is information that, if made available, the events of 2024 might have been (to an extent) averted or mitigated. The reality is that all material information was disclosed in a timely fashion and the issues that led to the shortages in 2024 were the result of:</p> <ul style="list-style-type: none"> <li>a) An extended dry hydrological sequence together with low wind power</li> <li>b) Below expectation or failed drilling outcomes at most of NZ producing gas fields</li> <li>c) Delays in new generation investment due to uncertainty as to the future of the Tiwai smelter.</li> </ul> <p>It is unlikely that if the proposed disclosure regime had been in place before the shortages occurred, there would have been additional material information that might have led to different outcomes.</p> <p>As a general comment, Nova refers to its submission to the Authority on January 22 in respect of the 2021 Dry Year event review<sup>1</sup>: “For as long as the market has been in existence, parties have faulted thermal generators and the gas sector when New Zealand experiences a period of low hydro inflows and high electricity spot prices. Initiatives such as the Official Conservation Campaign, Customer Compensation Scheme, and Stress Tests have had the intended effect of incentivising market participants to manage their market exposure without reverting to lobbying of Government or regulators. However, MJ clearly encountered sentiment in some quarters that the market is not working as it should. The fundamental issue however is that in an environment with reducing thermal capacity and increased thermal fuel costs (gas, coal and ETS), it is rational to expect hydro generators to manage hydro storage more conservatively than they may have in the past. In addition to a more conservative seasonal management of storage, the appropriate response is also for hydro generators to reduce their contractual commitments to load, given the potential for needing to call on thermal back-up to meet that load. By doing so they would support the earlier build of new generation capacity”.</p>
<p>Q2. Are there any other areas that the Authority should consider, to ensure that all information relevant to the supply and demand outlook (including risks) is up to date, comprehensive, collated and presented in an integrated manner</p>	<p>In Nova’s view, there is not enough evidence to show that there is relevant, material information relevant to the supply and demand outlook being withheld. It would be helpful if the authority could specifically address cases where information became available to stakeholders later, even though it was known earlier.</p>

<sup>1</sup> <https://www.ea.govt.nz/documents/1999/Nova-2021-Dry-year-submission.pdf>

readily accessible to all stakeholders?	
Q4. Do you agree with the Authority's assessment of the problem with disclosures about thermal fuel availability?	<p>Nova accepts that there is the perception from some participants that there is material information asymmetry between gas market participants (thermal generators) and other market participants and acknowledges that the market could benefit from some of the additional information requirements. However, it believes that these requirements are more about providing participants with confidence, rather than ensuring they will gain any significant material benefit from the information.</p> <p>Another key issue is the absence of regulatory requirements from the Authority for some major gas producers (not covered by this proposed information notice) as that creates the potential for information asymmetry.</p>
<b>Solid Fuels</b>	
Q5. Do you have any comments on the provision of solid fuel information?	<p>This consultation paper notes that the Code does not currently define thermal fuel generators. While the paper mentions that the proposed notice includes a definition to ensure only large thermal generators are captured, this is not clearly articulated in the notice. In the absence of a coded definition, the notice should be more specific to avoid ambiguity and ensure that the intended scope is accurately defined and understood.</p> <p>The Authority may want to decide on and define the players that impact the market and establish a threshold of when one is deemed a "large generator" and those that are not. An example of a change to the status quo for 2026 is Fonterra and its recent news that it is taking over full ownership of the Whareroa cogeneration facilities.</p>
Q7. Is there any other information related to solid fuel the Authority should consider collecting?	Not at this stage.
<b>Gas storage</b>	
Q9. Do you consider that any of the information relating to gas storage is confidential, and if so, why?	<p>Yes – While Nova supports the publication of storage information, Nova's confidentiality provisions in its storage agreement should remain confidential.</p> <p>Furthermore, the storage information on deliverability capacity is already available to market and fuel available for generation is already disclosed by Nova.</p>
Q8. & Q10. Is there any other information related to gas storage	OMV, Methanex, Ahuroa, and Greymouth petroleum play a significant role in New Zealand's energy security and supply but are not under the same regulatory requirements from the Authority and there can often be silos or delays in information crucial to the market. The EA and Gas Industry Company (GIC) should collaborate more closely to share and require information, i.e., during drilling campaigns, to ensure timely updates on key

that the Authority should consider collecting?	<p>developments. There is a need for greater transparency regarding information from these parties to provide participants with an accurate understanding of market conditions.</p> <p>The Authority may want to consider disclosure of the limited extraction and injection rates forecast as Ahuroa gets close to Maximum/minimum capacity.</p>
<b>Contracted gas information</b>	
Q11. Do you have any comments on the provision of contracted thermal fuels information?	<p>Nova does not see the lack of information about contracted suppliers as a major issue. The concern lies in the deliverability and reserves risk that parties contracting for supply assume. The uncertainty is more about whether contracted volumes can be met, rather than whether the information is disclosed.</p> <p>The Authority should also consider working with the GIC to also require major gas users, like Methanex and Balance, to disclose similar contractual information, as they also have significant influence on gas availability for generators.</p> <p>Gas, being a traded product, can be bought and sold to different parties on an OTC basis or through the EMS Tradepoint market. It can also be stored and consumed later, meaning that contractual positions may not determine where gas is ultimately consumed until the day it is used. The ability to trade gas is a market efficiency that helps allocate it to its highest value use. While gas contract information is informative, it may not be determinative when assessing market efficiency.</p>
Q12. Do you consider that any of the information proposed to be collected on contracted gas supply is confidential, and if so, why?	Nova believes that requiring three specific participants to provide price information, while other competing gas producers are not subject to the same regulatory requirements is conducive to creating a competitive disadvantage and distorts dynamics in the gas market. This should be confidential.
Q13. Is there any other information related to contracted gas information the Authority should consider collecting?	Gas bought and sold through the EMS Tradepoint market is carbon inclusive. To provide a carbon-exclusive price, the Authority should consider offering guidance on how that should be calculated for carbon-inclusive gas prices, to ensure consistency.
<b>Gas transaction information</b>	
Q14. Do you support the provision of gas transactions information? If not, why not?	<p>Yes. Nova sees the main benefit as giving the market confidence, especially for those seeking to buy or sell gas, by ensuring there is no significant information imbalance.</p> <p>As for the right level of aggregation, Nova suggests aggregating quantities into different categories or buckets, rather than sharing specific contract details as what's most relevant and important is knowing the quantity for the purpose of generation.</p>

Q15. What impacts would <b>monthly</b> reporting of transaction information have on your organisation?	Monthly reporting would add a significant administrative burden on top of other existing information and reporting requirements. Nova's processes are set up for provision of weekly information, and this would be Nova's preference. If the Authority's goal is to have more timely information, a weekly reporting cycle is probably a better avenue to support that.
Q16. Would you support the provision of <b>weekly</b> summary data instead of <b>daily</b> data? If so, why?	Yes. Under the current regime of information disclosure established by the Authority under section 46, Nova has put processes in place to manage the additional administration required, and weekly data provision would most closely align with such processes. Additionally, the weekly variation is minimal so greater frequency would not result in providing better or more detailed information. Daily reporting is too onerous for little additional information.
Q17. Do you consider that any of the information proposed to be collected on gas transactions is confidential, and if so, why?	No.
Q18. Is there any other information the Authority should consider collecting?	Not at this stage.
<b>Diesel</b>	
Q21. Is there any other information the Authority should consider collecting?	<p>The Authority should consider requiring diesel generators to provide information on the following:</p> <ul style="list-style-type: none"> <li>• Whether continuous operation on diesel at maximum output for three months is feasible, and if not, how long the generators can sustain maximum output before needing a stand-down period, and how the stand-down period could be restarted.</li> <li>• Whether contingency plans exist for continuous operation on diesel, and the time required to implement those plans.</li> </ul>
<b>Reporting of information to the Authority</b>	
Q22. What impact would the proposed frequency of data collection have on your organisation?	It would be manageable for Nova, as it is already effectively providing the information required for one of the Authority's current Section 46 requests.

Publication of information	
Q23. Do you support the publication of information as proposed above? If not, why not?	Yes. Publication may help build confidence in market arrangements and show that there is no material asymmetry or imbalance of information, which will lead to better and quicker decisions by market participants.
Benefits, costs and alternatives	
Q25. What benefits do you anticipate for your organisation by having access to this information?	None considered significant enough.
Q26. Do you agree with the articulation of benefits and costs as articulated by the Authority? If not, why not?	Yes, noting that in Nova's view, the issue addresses in this paper is more about the perception of information asymmetry than it being a problem.
Q27. Do you agree the proposed clause 2.16 notices are preferable to the options identified above (or potential alternatives)? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of Act.	This is a good approach, and preferable to amending the code, which would require more resources, take longer, and cost more. It allows for an initial assessment of how effective it is, and then be reassessed.