

28 July 2025

Electricity Authority
P O Box 10041
Wellington 6143
Uploaded to <https://info.ea.govt.nz/sl/6d9d52>

Dear team,

Re: Consultation Paper— Improving visibility of competition in the over-the-counter contract market: additional consultation on clause 2.16 information notice

The Independent Electricity Generators Association Inc. (IEGA) appreciates the opportunity to make this submission on the Electricity Authority's (Authority) proposal to require all generators to provide information on OTC requests.¹

Consultation period

The urgency of this consultation process is unsatisfactory. The Authority encourages participants to keep informed by reading the Market Brief. The only Market Brief during the initial week-long consultation period was received by participants after the webinar about the consultation had finished and 2.5 days before the consultation closed. The email sent to participants notifying a one-week extension was sent 6 hours before the original deadline.

The proposal is now to place quarterly reporting obligations on all generators. When the Authority consulted on placing the same obligations on all retailers there was an almost 3-week consultation period (paper released on 6 May with submissions due 26 May). We disagree with the Authority that this one-week extension now provides a total of six weeks to consider the proposal. As the consultation paper highlights, no non-integrated generators submitted on the earlier paper so generators are likely starting from scratch to understand the problem definition and rationale underpinning the proposed s.2.16 notice.

The IEGA suggests the Authority seriously consider if it has stimulated enough engagement from generators to be able to say this process is consistent with the Authority's Consultation Charter and Good practice consultation.² In particular,

¹ The Committee has signed off this submission on behalf of members.

² See page 4 https://www.ea.govt.nz/documents/482/Consultation_Charter_2024.pdf

- (b) providing all people interested in or affected by a proposed Code amendment have an opportunity to be heard — this means that, as well as publicly notifying any proposed amendment and the reasons for it on the Authority’s website, the Authority may reach out to those that are particularly affected by an amendment or who may have relevant expertise
- (e) giving people sufficient time to submit on any proposed amendment — consultation timeframes will be adapted to reflect the level of complexity of the proposed amendment and other relevant considerations

Despite the short timeframes, the IEGA has prioritised providing the following feedback on the proposal which, if left unchanged would impose substantial transaction costs on IEGA members.

Proposed 2.16 Notice

The proposal is for **all** generators to submit a return for each calendar quarter. There are two issues with this obligation:

1. The Code definition of ‘generator’ “means, ... , a person who owns generating units connected to a network”. This includes a homeowner with a generating unit (solar PV panel) on their roof would have to file a quarterly return. We doubt this is the Authority’s intent.³

It is imperative that the 2.16 Notice includes a threshold for this obligation. The IEGA supports using the threshold in the Code relating to requirements to be dispatched. This threshold captures generators that are more likely to have an interest in the OTC market as well as being aware of, and able to be compliant with, the trading rules in the Code.

An alternative approach is placing this OTC obligation on generators that transact on the ASX. The OTC and ASX markets could be considered complimentary. If a generator has the scale and capability to deal on the ASX it is likely to also consider participating in the over-the-counter risk management market by initiating written EOI or RFP requests.

A battery is also a ‘generator’ – we suggest the Authority clarify if this obligation applies to battery owners.

2. Submitting an empty return every quarter imposes a cost on generators (and retailers and the Authority) when it is not clear what value this empty return provides to the Authority.⁴

The IEGA suggests a more efficient approach:

- the default is if there are no EOI or RFP requests during a quarter no return is required
- if a generator does an EOI / RFP request it should submit a return for that quarter

³ Meridian’s [submission](#) on the May 2025 consultation paper highlights that “not all retailers will be able to meet the requirements for being a Wholesale market counterparty under the FMCA or have sufficient creditworthiness to be able to transact in the Wholesale OTC market.” The IEGA has not researched whether the FMCA is also a constraint for generators.

⁴ One can calculate the level of participation in the risk management market by dividing the number of generators that provide returns with data over the total number of generators. There will already be confusion about the level or perceived value of participation in the risk management market as the Hedge Disclosure obligations (subpart 5 of Part 13) record completed risk management contracts – which may or may not have been initiated via a written EOI or RFP.

- every regulated generator (under this Notice) is required to make an annual return declaring that their reporting on EOI / RFP requests during the year is accurate / compliant (analogous to the annual declaration for stress test submissions)
- if the annual declaration process reveals a generator failed to submit a quarterly report (for two years running) the sanction could be a requirement to submit quarterly reports (including nil returns) for a year (to embed improved internal processes).

Confidentiality of information being requested

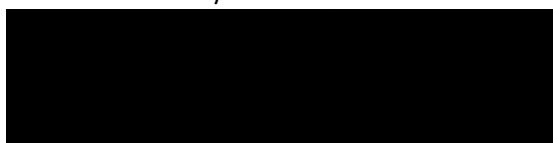
The proposal is for the Authority to collect a significant volume of highly commercially sensitive information which is integral to participants' trading and business strategies.

It is not clear if the Authority has made any changes based on feedback to "the information that will be published includes that as set out in the table" on pages 32-32 of the May consultation [paper](#). We agree with Mercury's submission that it is "important to maintain confidentiality so the identity of individuals data cannot be identified from the aggregate data, including by reverse engineering". It is critical that data is anonymised and aggregated before publication to protect commercially sensitive information. For example, what is the Authority's approach going to be if, in any reporting period, there has only been one buy and one sell request notified for a particular OTC product. This information can be anonymised but not aggregated to protect commercially sensitive information.

We agree with Genesis Energy's submission on the first paper that "The Authority should inform responding parties of its proposed data management policies and processes to give parties confidence there are robust mitigations in place against improper disclosure of commercially sensitive information."⁵

We would welcome the opportunity to discuss this submission with you.

Yours sincerely



Ben Gibson
Chair

⁵ Participants must have confidence the Authority's data handling systems and processes are robust. The Authority's December 2024 [quarter report](#) to the Minister of Energy revealed an external supplier's review of the security of the Authority's data platform "made 63 recommendations to harden the security posture of our data platform in line with current best practice. We have engaged experts at designing and building data platforms on Databricks to assist staff to implement these recommendations." The Authority was planning to implement all relevant recommendations by 30 June 2025. The text was unchanged in the March 2025 [quarter report](#) to the Minister. Source: page 23 section on 'Architecture and security review of data platform'