

31 July 2025

Electricity Authority  
Via information provision platform

**Additional consultation: Improving visibility of competition in the over-the-counter contract market**

Meridian appreciates the opportunity to provide further feedback on the Authority's consultation regarding improvements to the visibility of the over-the-counter (OTC) contract market. The extension to allow an additional week for preparation of submissions is also appreciated and should enable more meaningful feedback from stakeholders on the expanded scope of the proposal. The original consultation period of one week was not sufficient.

Meridian does not have strong views on the proposed scope expansion to:

- collect information from all generators (including non-integrated generators); and
- capture sell request.

We do not expect the reporting burden on Meridian to be materially affected by these scope changes.

Meridian strongly disagrees with the description of buy sell spreads in paragraph 3.10 of the consultation paper:

"The Authority proposes collecting data from the sell side as well. This provides important information around potential arbitrage as well as measuring market power via the difference between the price parties are offering to buy and sell."

The difference between a party's requests to buy and requests to sell is not a measure of market power. In Meridian's opinion, buy sell spreads are likely due to factors such as a firm being secure in its contract position and not wanting to engage in high-risk speculative activity, reaching internal energy or capacity limits such that further sales are high risk and are priced accordingly, general uncertainty about future prices, and market volatility. These factors would result in buy sell spreads for individual firms in even the most competitive of markets.

Meridian supports the other changes made to the proposal following the first round of consultation, including changes recommended by Meridian such as:

- clarification regarding interpretation of initial requests made in writing;
- removal of negotiation steps;
- explicit exclusion of requests for the standardised super-peak hedge contract made through auctions run by Aotearoa Energy;
- listing common decline reasons; and
- clarifying how to report request that straddle two quarter.

We also take this opportunity to reiterate Meridian's view that it would be preferable if both the reporting obligation on participants and publication obligations on the Authority were set out in the Code, in a similar fashion to the existing hedge disclosure obligations. This would:

- Be more efficient as it would align with existing hedge disclosure obligations and enable participants to readily understand the totality of their hedge disclosure obligations as well as provide clarity regarding what the Authority will do with the commercially sensitive information provided.
- Enable quality assurance steps like those in the existing hedge disclosure obligations (see clauses 13.227 to 13.229 of the Code) whereby counterparties review any reported information that relates to themselves to improve data quality, mitigate the risk of misreporting, and resolve any disputes regarding accuracy.

The consultation paper suggests a Code amendment is not preferred because the existing hedge disclosure obligations are on sellers. This is not a good reason to reject the option since the Code could easily specify different reporting obligations in respect of requestors for bids and offers.

Please contact me if you have any queries regarding this submission.

Nāku noa, nā



Sam Fleming  
Manager Regulatory and Government Relations