



28 May 2025

Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington 6011

Tēnā koutou,

Re: Submission on Clause 2.16 Information Notice – Improving Visibility of Competition in the OTC Contract Market

Electric Kiwi welcomes the opportunity to comment on the Electricity Authority's consultation on improving visibility of competition in the OTC market.

We broadly support this initiative and agree that increased transparency will help illuminate whether non-integrated retailers and large users face barriers to accessing hedge products on fair and reasonable terms. This is a necessary and worthwhile step.

That said, we encourage the Authority to recognise that data collection and transparency measures are ultimately downstream remedies. These should be viewed as complementary to, not substitutes for, tackling the underlying competition problems in hedge and wholesale markets.

As we outlined in previous submissions, including to the Level Playing Field Options Paper and the Risk Management Review, the real issue is not a lack of reporting requirements or transparency obligations. Rather, it is that the market structure provides vertically integrated gentailers with the ability and incentive to restrict access to hedges or impose non-economic terms - undermining the viability of new entrant and independent retailers.

While visibility measures may reveal uncompetitive conduct, they do little to constrain it. Worse, they place the onus on the Authority to detect, interpret, and act on concerning patterns - a costly, complex, and ongoing enforcement task that may never resolve root causes.



In our view, a competitive hedge market should have emerged voluntarily if the settings and incentives supported it. That it has not is evidence in itself. We are concerned that the Authority continues to rely heavily on symptomatic monitoring, while overlooking the costs and limitations of this approach. A more robust and enduring solution would be to pursue structural or access-based interventions that directly address competition distortions.

In our view, the most effective of these is corporate separation of the gentailers (legal separation between generation and retail businesses under common ownership, with arms' length rules). Corporate separation would align incentives, increase transparency, and eliminate many of the strategic behaviours that currently undermine the hedge market. It is a proven structural remedy used in other jurisdictions facing similar market dominance issues and should be central to the Authority's future reform considerations.

Yours sincerely,

Huia Burt,

CEO, Electric Kiwi

