6 July 2026

OTC bids and offers market summary July 2025 – March 2026

Market monitoring quarterly report

This document gives an overview of bids and offers activity in the Over-the-counter (OTC) hedge market. It is part of our regular monitoring of the OTC market.

The first report includes information from July 2025 to March 2026; subsequent reports will cover one quarter. It covers key statistics on requests made for hedges and responses to those requests, including response rates, volumes requested and offered, and pricing offered.

It uses data provided by participants as required by the Clause 2.16 OTC bids and offers data notice and is not reviewed for accuracy by the Authority. The results in this report reflect the data at the time of writing. Entries in the data identified by participants as potentially incorrect may be temporarily excluded at the time of writing until they can be corrected (as appropriate). If data inaccuracies are identified by a participant at a later date they may also be corrected. Corrections will result in updated information being published in future reports.

*Specific terms to do with the hedge market are defined in the **Glossary** at the end of this document.*

OTC bids and offers market summary – July 2025-March 2026

1. Summary

1.1. Baseload is the most requested contract type, though the number of requests for peak and super-peak were similar in the latest month.

1.2. March had the highest number of requests, which may reflect heightened uncertainty, including global geopolitical factors.

1.3. Retailers were the dominant buyers, accounting for the largest share of requests and close to 40% of requested volumes.

1.4. The majority of contracts requested were shorter than one year in duration.

1.5. Most requests were submitted more than one year in advance, although lead times have been declining, especially for baseload products.

1.6. Peak and super peak products usually had higher offer ratios than baseload, but lower volumes offered than requested. The lower offer ratio for baseload likely reflects the availability of alternative hedging instruments on the ASX.

1.7. Gentailers were the dominant suppliers, responsible for around 80% of the offers, and offering for all types of products requested.

1.8. Baseload offers were priced very similarly to ASX prices, although were higher in March, especially for the South Island. This may reflect large price movements on the ASX, and the higher number of OTC requests made in that month, including for other product types.

2. Requests

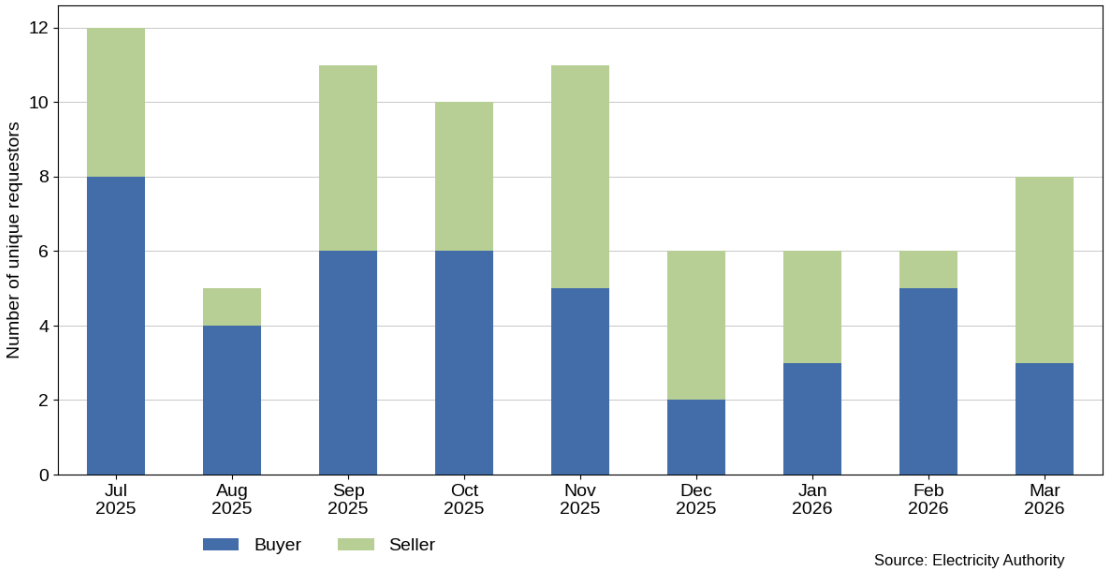
2.1. The number of products requested provides some information on the demand for OTC risk management products, as well as their shape and volume. Depending on hydro storage conditions and expectations of future market conditions, market participants may seek specific products to reduce their exposure to wholesale electricity prices, thereby lowering their risk. Competition can also impact on the number and type of requests – if requestors do not expect to receive competitive offers, they may refrain from requesting or might make requests with the sole intention of testing the market.

The number of requestors actively searching for products ranged between 5 and 12 per month

2.2. Information on the number of participants actively engaging in the OTC market is an indicator of both the demand and supply for hedge products, as well as overall market conditions. Retailers, industrials who purchase electricity from the clearing manager, and generators are required to submit information about requests if they request - in writing - to buy or sell OTC contracts of 0.1MW or larger.

2.3. Between July 2025-March 2026 there were at least 5 different participants per month requesting to buy or sell OTC products, as shown in Figure 1. Spring months (September-November 2025) had consistently more requestors engaging in the OTC market, with at least 10 different participants actively requesting products during these months, but the highest number of participants requesting products occurred in July 2025 (12 participants).

Figure 1 - Number of requestors actively engaging in the OTC market per month



2.4. We also monitor the number of participants who are not actively engaging in the OTC market but are captured by our notice—these are participants who do not make any written requests for contracts in a given quarter, but who are active in other quarters. There were around three such participants in each quarter.

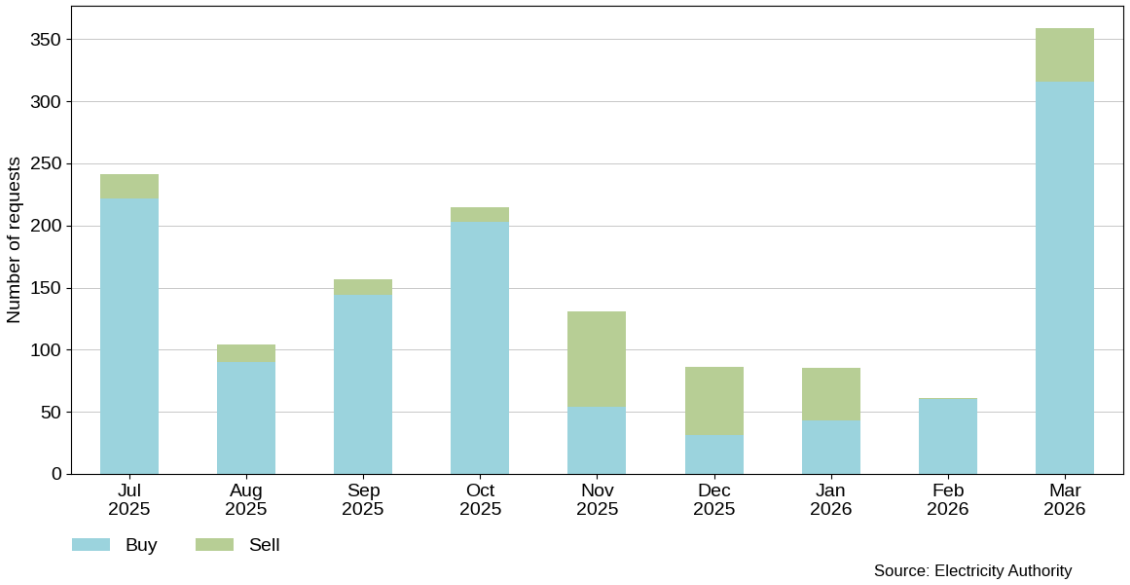
Most requests were to buy OTC products, typically submitted by retailers

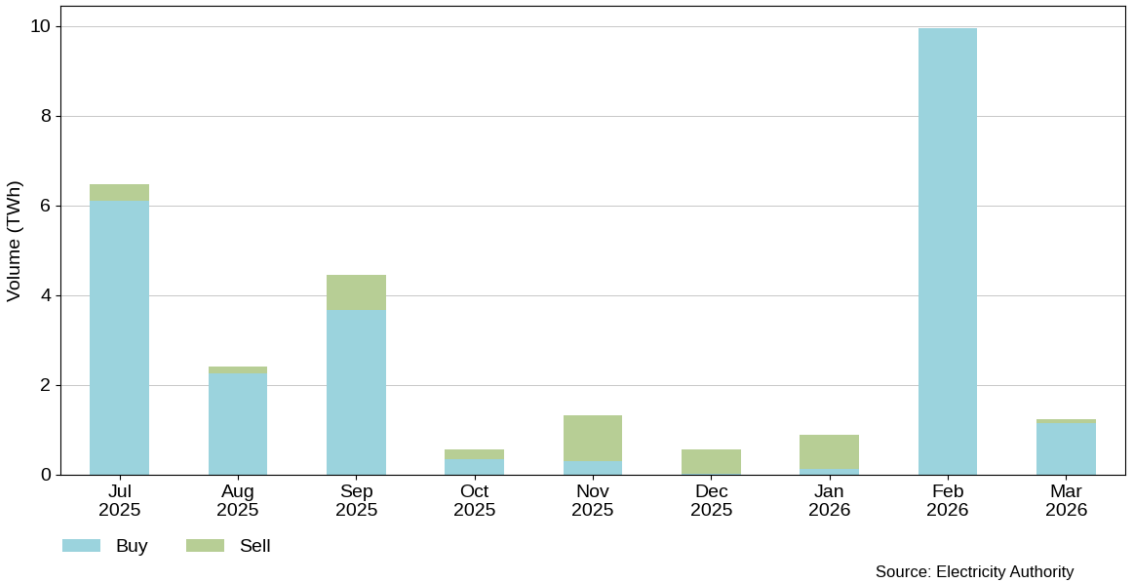
2.5. The Clause 2.16 OTC Bids and Offers Data Notice captures both buy and sell requests made by applicable participants under that notice[1].

2.6. Between July and October 2025, and again between February and March 2026, most requests were from participants seeking to buy products. In contrast, sell requests were more commonly observed between November 2025 and January 2026, as shown in Figure 2. High hydro inflows and storage during this time may explain the increase in sell requests (participants may have been in a better position to offer products).

[1] Refer to the Clause 2.16 notice: OTC bids and offers data for more information

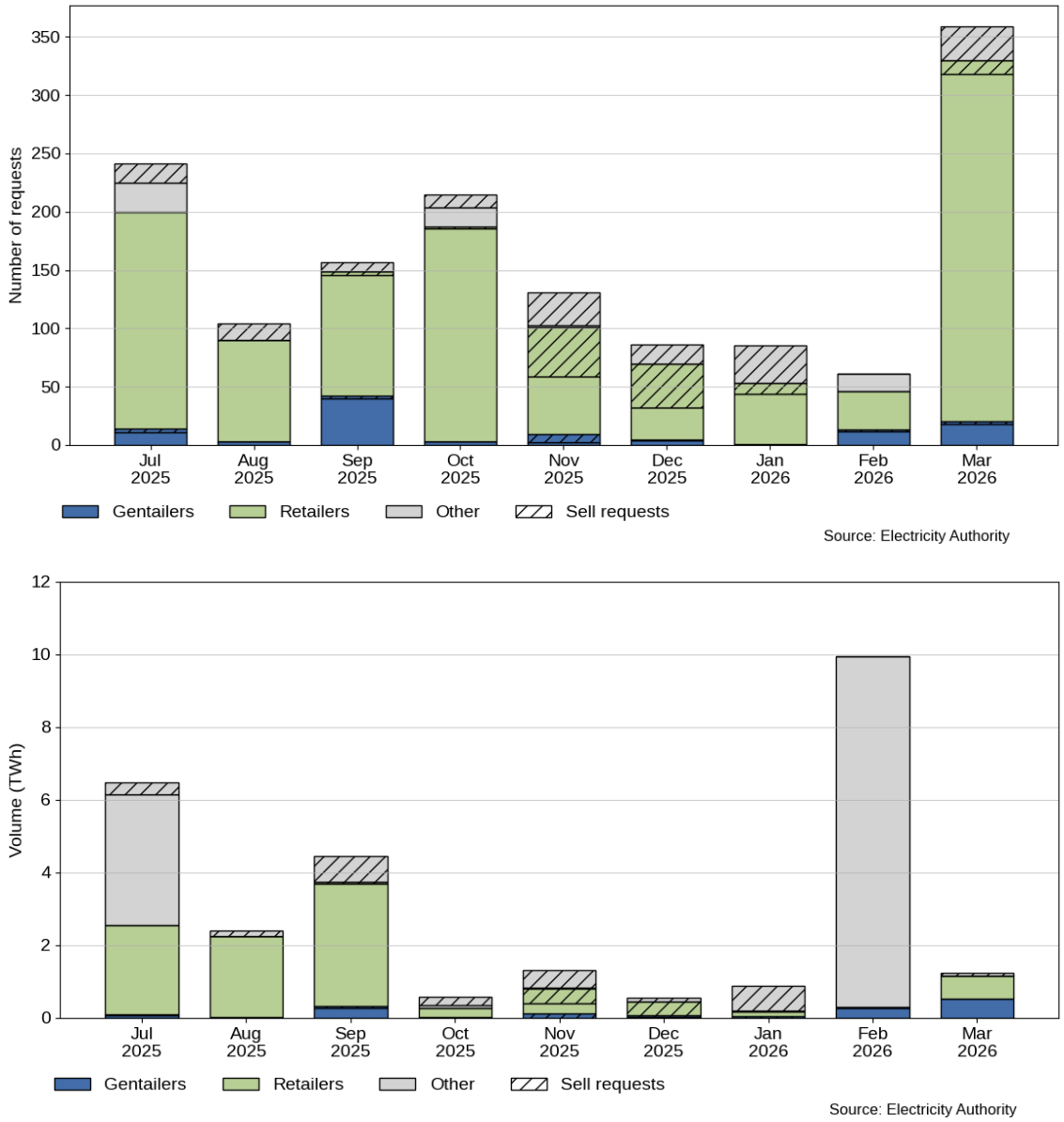
Figure 2 – Number and volume of buy and sell OTC requests per month





2.7. Retailers made most of the requests to buy OTC products, as shown in Figure 3. However, industrials accounted for around 55% of the total volume requested to buy between July 2025 and March 2026, while retailers requested around 39% of the total volume. Gentailers requested around 3% of the total buy volume. Generators accounted for the majority of volume requested to sell (around 70%).

Figure 3 – Number and volume of OTC requests by participant category per month



There was an increase in requests for peak and super-peak contracts in March 2026

2.8. Most OTC requests (both buy and sell) between July 2025 and March 2026 were for baseload products, as shown in Figure 4. Requests for baseload products peaked in July 2025 at 206 buy requests and 19 sell requests, then were lower in subsequent months until February 2026. In March 2026, there was a notable increase in requests across baseload, peak, and super-peak products.

2.9. For baseload products, the market behaviour illustrated in Figure 4 may be partly explained by hydro storage conditions, which were above average for most of the period between July 2025 and March 2026. In September, however, hydro storage fell to around 75% of the mean, which may have contributed to the increase in

requests observed between September and mid-October. During this period, there was also a rise in demand for shaped products.

2.10. The sharp increase in requests for March 2026 is likely related to the uncertainties caused by the USA-Iran war. Lower than average hydro inflows and declining hydro storage may also have contributed to the increase.

2.11. Retailers usually sought to buy baseload products but were the only participants requesting to buy super-peak products. Gentailers typically expressed interest in buying a mix of baseload and peak products, while industrials focused exclusively on baseload products.

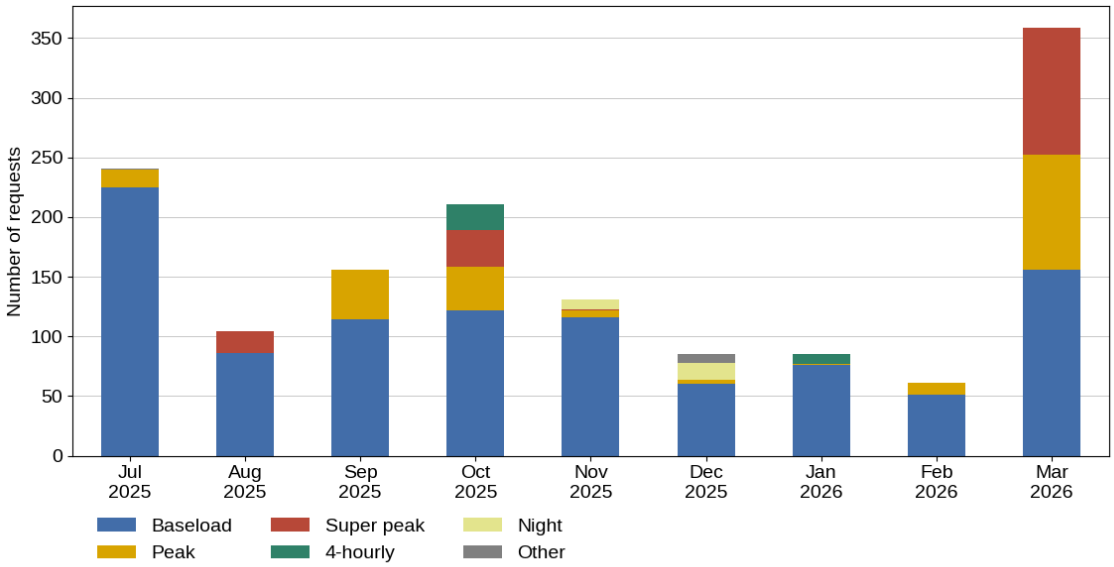
2.12. Retailers do not have the same natural hedge as gentailers and are therefore expected to actively procure risk management products. The variation in requests seen in the number of requests made by retailers over the months might be related to their perception of risk related to seasonal and market conditions, external factors such as the USA-Iran war, and the volume they manage to procure in other months.

2.13. Gentailers were the only participants submitting sell requests for peak products, while generators and retailers occasionally submitted sell requests for nighttime and other product types.

2.14. There were 7 buy requests made in October and November 2025 for super peak products with the same characteristics (location and trading periods) as the standardised super peak product that is sold via fortnightly auctions. All of those requests were made by retailers and were for slightly higher volumes than the volume available via auction.

2.15. There was a low auction volume of standardised super peak contracts in March 2026 (refer to Figure 16 in our March 2026 hedge market summary) which may have been influenced by the higher number of requests for other super peak contracts, although there does not appear to be a clear pattern over months between traded auction volumes and super peak requests.

Figure 4 – OTC monthly product requests according to product shape



Source: Electricity Authority

Requests for products with durations longer than one year are relatively uncommon

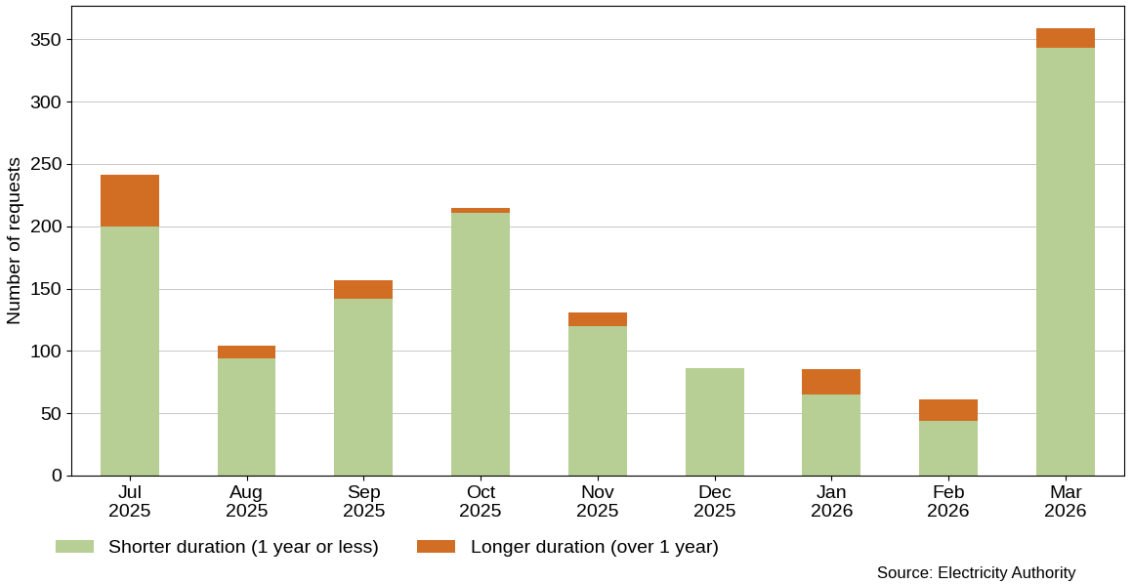
2.16. In this report we distinguish between shorter and longer duration requests, with shorter durations defined as less than one year.[2]

2.17. From Figure 5 we can see that most OTC product requests were for shorter-duration contracts. Shorter-duration contracts usually outnumbered longer-duration ones for both buy and sell requests and across different products. Longer duration contracts were usually requested by industrials, likely because of their more predictable electricity consumption patterns compared to other participants who supply residential and commercial demands.

2.18. The USA-Iran war did not seem to increase the interest for longer duration products, as the proportion of such requests in March was small.

[2] Contract effective and end dates covering one year or less.

Figure 5 - OTC monthly product requests according to contract duration



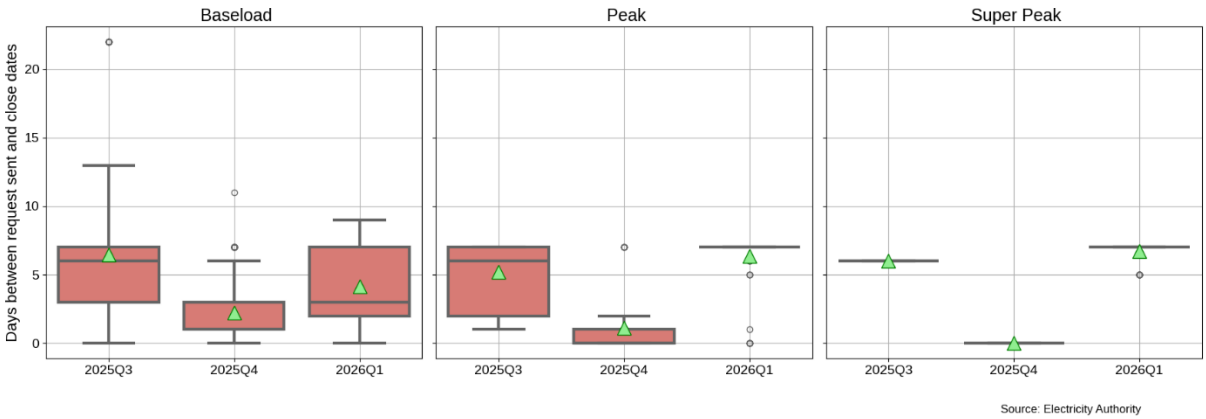
Counterparties usually have less than ten days to respond

2.19. When submitting product requests, participants in the OTC market specify a deadline for responding, either by making an offer or by providing reasons for not doing so.

2.20. Figure 6 shows that counterparties typically have fewer than 10 days to respond to a request, regardless of the product requested. While baseload products can sometimes have longer response intervals than other products, the average response window remains only a few days.

2.21. Requests made between October and December 2025 (labelled as 2025 Q4 in Figure 6) had shorter response intervals than in other quarters, with responses often expected almost immediately, particularly for super peak products.

Figure 6 – Days given to counterparties to respond to requests



Most contracts were requested more than a year in advance

2.22. Figure 7 shows how far in advance participants submitted requests for contracts, measured as the number of days between the request close date and the contract's

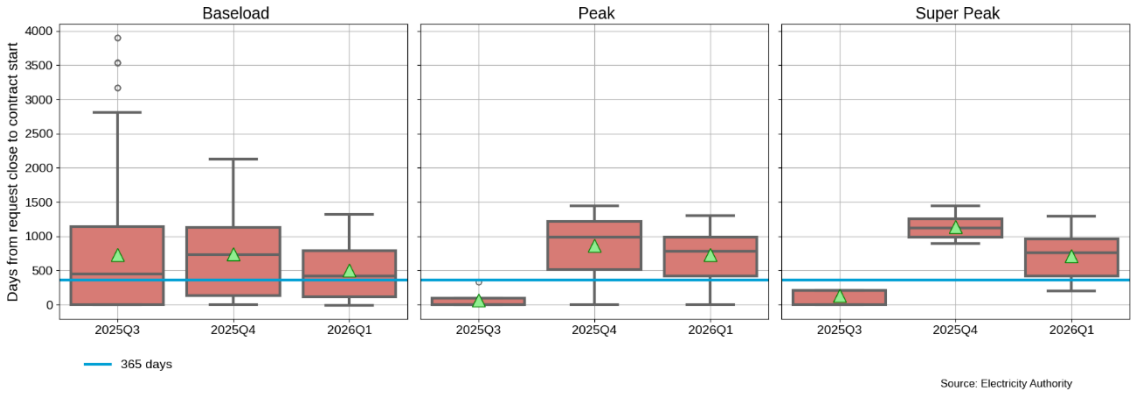
effective date (i.e. when the contracted volume would begin). Results are presented on a quarterly basis.

(a) Most contracts are requested more than one year before their effective date

(b) The average lead time for baseload products declined from around 900 days in Q3 2025 to approximately 600 days in Q1 2026.

2.23. For peak and super peak products, the average lead time was less than one year in Q3 2025 (around 240 and 140 days, respectively), but increased to around two years or more in subsequent quarters.

Figure 7 - Days between request close date and contract effective start date



3. Responses to requests

3.1. A more complete view requires consideration of both requests and responses. However, while a strong level of demand that is not matched by product availability (offers) may indicate potential competitive issues, it may also reflect other factors, such as temporary market constraints (eg, fuel shortages), respondents managing risks within their own portfolios, or reduced capacity arising from generation outages.

3.2. In this section we look at:

(a) product availability (proportion of requests with at least one offer, and how many offers received per request),

(b) requested and offered volume,

(c) proportion of non-conforming responses, and

(d) time taken to respond.

3.3. These indicators are aimed at understanding some of the competitive dynamics of the market. While no indicator can definitively measure competition, these indicators are enough to alert us to competition issues in the OTC market, and prompt us to look further, potentially asking questions of relevant participants.

The offer rate for shaped products was often higher than baseload

3.4. As shown in Figure 8 we can see that the proportion of requests that received at least one offer (offer rate) for peak and super peak products is often higher than for

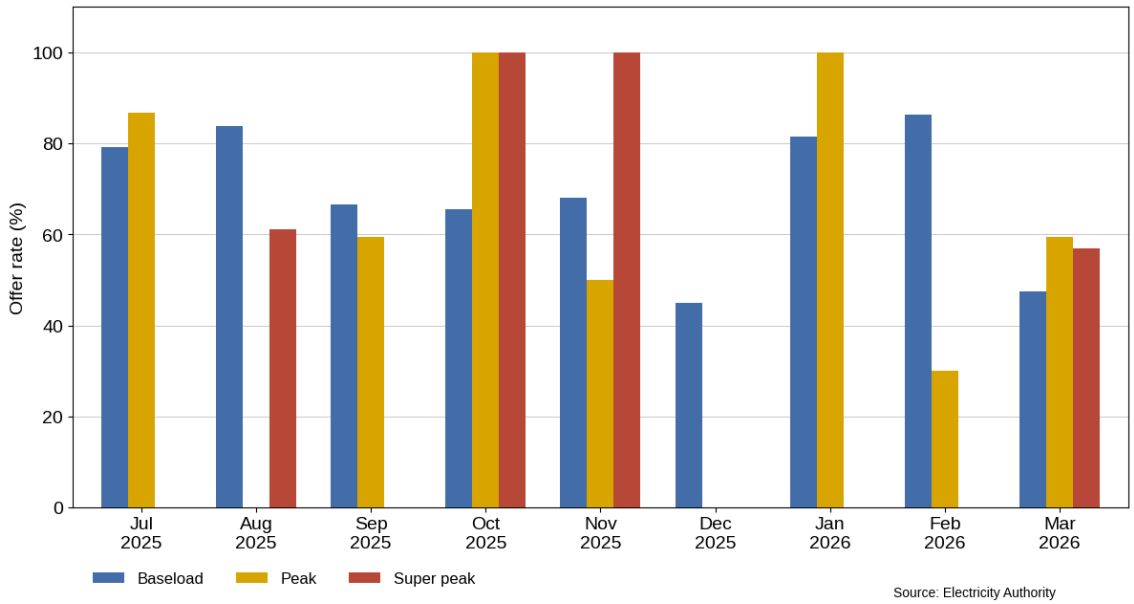
baseload products. This may be expected as baseload products can also be traded on the ASX and therefore have substitutes (to an extent since the ASX market can be harder to access for smaller participants).

3.5. Peak product requests generally had a high offer rate, typically around 60% or more, except in November 2025 and February 2026. Figure 8 suggests that the offer rate fluctuates from month to month, with higher rates often followed by lower ones in subsequent months. The relatively lower offer rate for peak products in March may be linked to a significant increase in requests during that month (for peak and other products). However, the lower offer rates for peak products in November and February are not clear, as counterparties did not provide reasons for not providing an offer.

3.6. Super peak products also had relatively high offer rate. In half of the months in which these products were requested, the offer rate reached 100% (October and November 2025). The lowest offer rate, as observed for peak products, occurred in March 2026 (around 57%). As with peak products, this appears to be linked to a marked increase in requests for super peak products compared to previous months.

3.7. All of the seven requests for super peak products with the same characteristics as the standardised super peak product received offers. Those offers were made by gentailers.

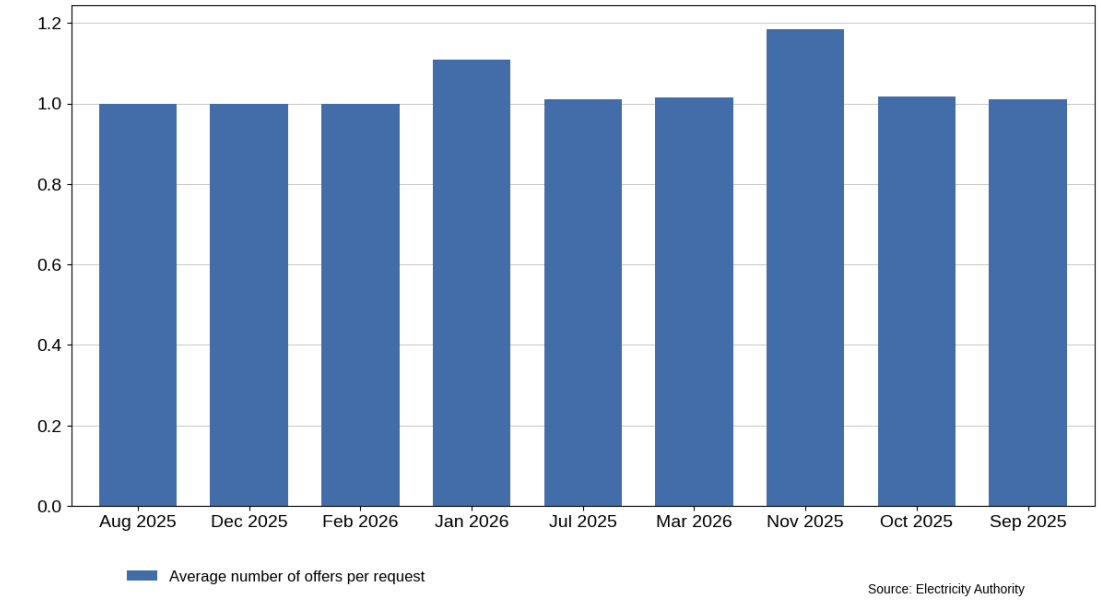
Figure 8 - Offer rate for baseload, peak, and super peak products



Some requests received multiple offers

3.8. When looking at those requests which received offers, we can see that sometimes those requests receive more than one offer, as shown in Figure 9. This typically occurs when the same counterparty submits multiple offers in response to a single product request.

Figure 9 – Number of offers versus requests, excluding requests which did not receive offers

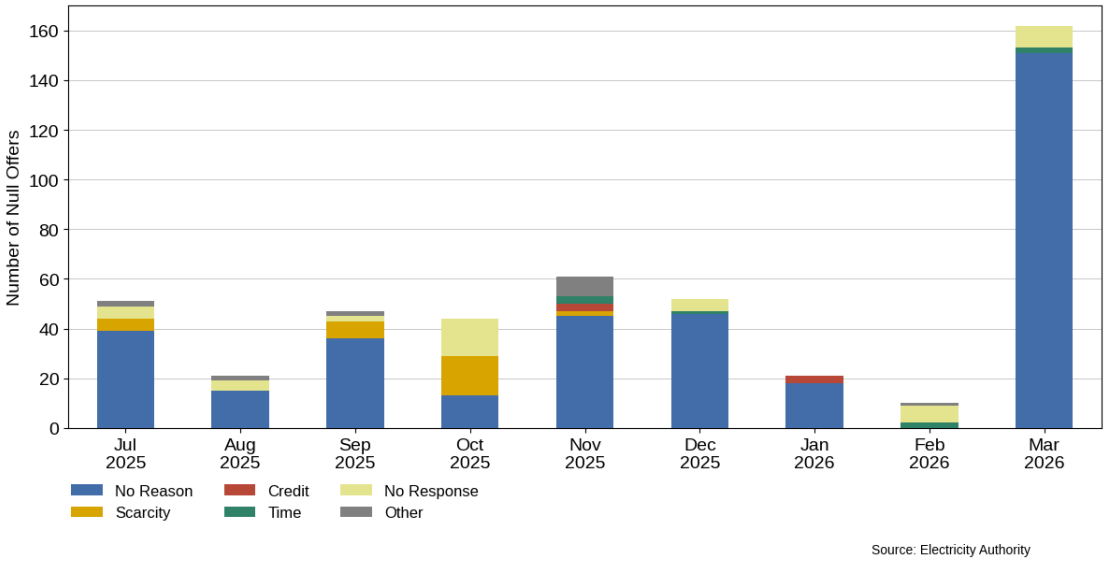


Requesting parties often do not know the reason for not receiving an offer

3.9. Not all requests result in offers. When requests do not receive offers, the requesting party may disclose any reasons provided by counterparties for not submitting an offer (if such reasons are given).

3.10. Between July 2025 and March 2026, Figure 10 shows that the most common outcome was that requesting parties did not know why counterparties failed to provide offers (i.e. counterparties did not give a reason). The next most commonly reported reason was scarcity, followed by time constraints and credit considerations.

Figure 10 - Number and reasons for null offers per month

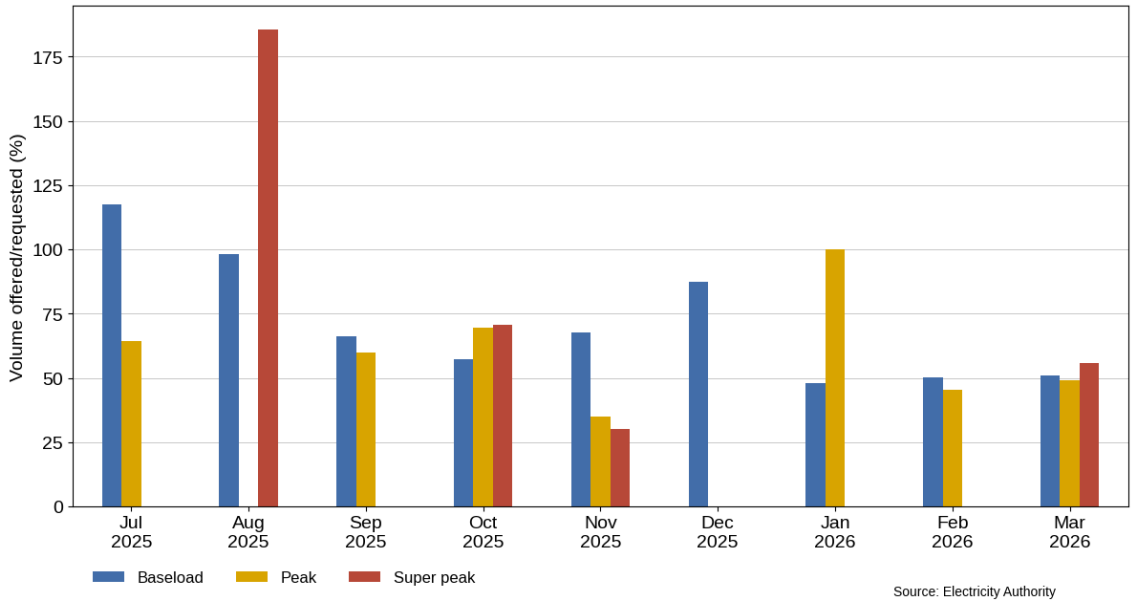


Volume offered is usually close to the volume requested for baseload but lower for peak and super peak

3.11. Comparing requested and offered volumes provides further insight into how effectively demand is met in the OTC market.

3.12. Figure 11 shows the offered volumes have been relatively close to requested volumes for baseload products until December 2025.[3] Offered volumes were usually lower than the requested volumes for shaped products (between around 35%-70% of requested volume). However, there were some exceptions, including cases where offered volumes exceeded requested volumes, such is the case for super peak products in August, and where offered volumes matched requested volumes for peak products (January).

Figure 11 – Offered versus requested volume ratios per month



Non-conforming offers have increased in 2026 so far

3.13. We are using ‘conforming’ and ‘nonconforming’ as neutral descriptions in this analysis.

3.14. A ‘nonconforming’ offer does not necessarily mean that an offer is not useful, or that it is a sign of misconduct. It means that a respondent did not offer exactly what was requested, which could be for various reasons.

3.15. In our analysis we classify conforming offers in two ways:

(a) Using the classification provided by requestors when disclosing information (a Y/N flag for conformity).

[3] We exclude requests that did not receive any offers.

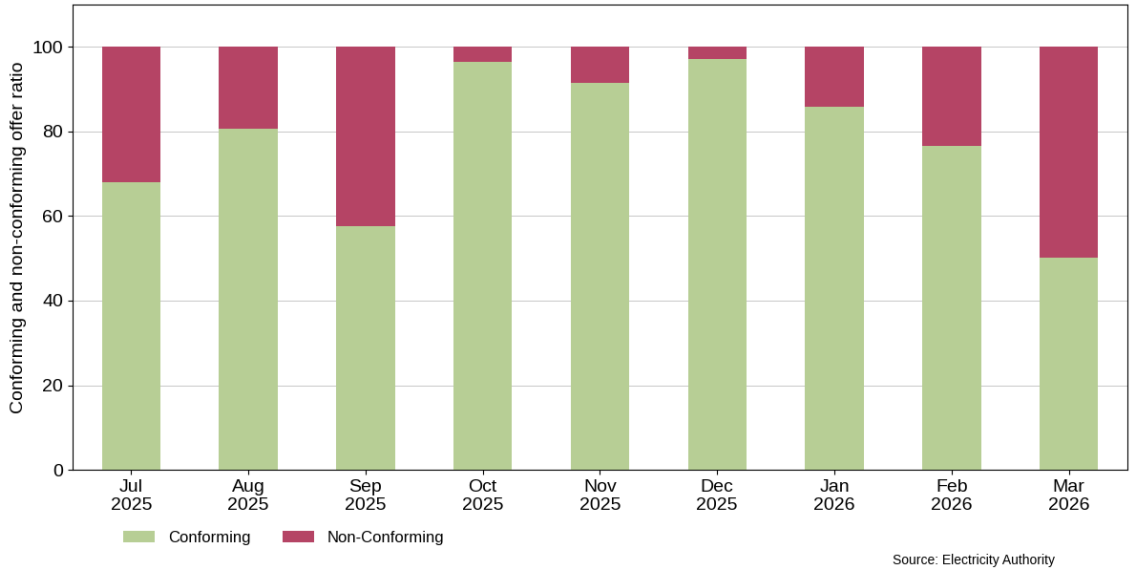
(b) Using our own definition of a conforming offer: all contract attributes of the offer match those requested (i.e. the same values for volume, location, trading periods, and effective dates). A non-conforming offer may differ from the request in any of these respects.

3.16. Figure 12 shows the proportion of conforming and non-conforming offers according to the classification provided by requestors. The data indicate that the share of non-conforming offers was lowest over the months of October to December 2025. September and March recorded the highest proportions of non-conforming offers, with around half of all offers in March non-conforming.

3.17. The non-conforming offers identified by requestors are mostly associated with baseload products, although the proportion of non-conforming offers for peak and super peak products was also high in March.

3.18. Differences between requested and offered volumes appear to be the most common reason for an offer being classified as non-conforming by requestors, followed by differences in effective start and end dates, and locational differences.

Figure 12 - Conforming and non-conforming offers per month according to inputs from requestors

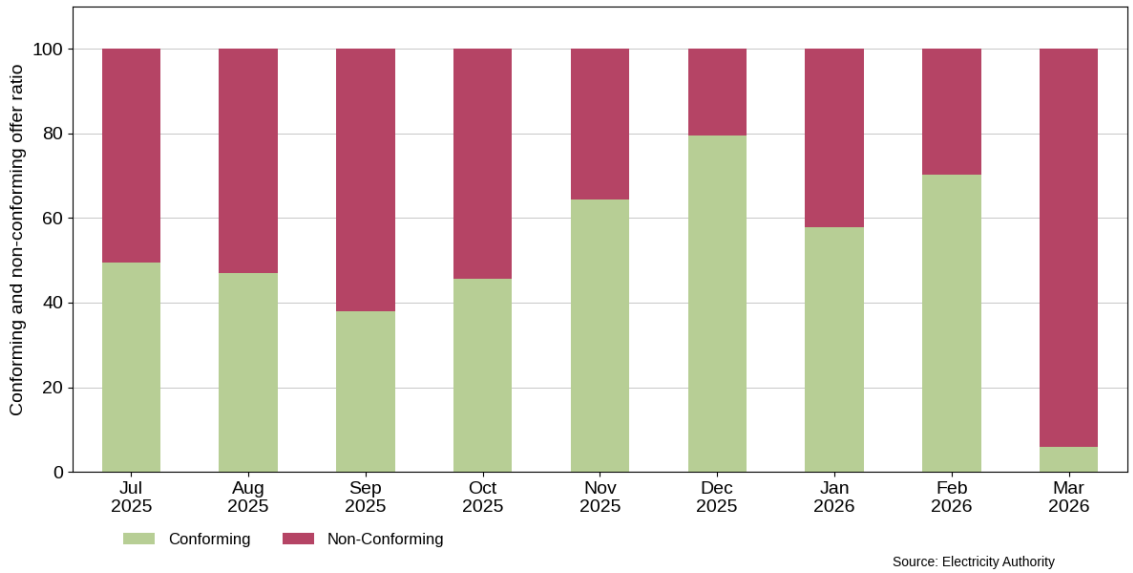


3.19. Figure 13 shows the non-conforming offer ratios based on our definition of conforming offers. Our criteria for classifying offers as non-conforming are wider than that used by requestors. There are therefore multiple cases where offers labelled as conforming by requestors are classified as non-conforming under our approach. In addition, there are several null values in the conformity flag field (i.e. cases where requestors did not provide this information), which also contributes to the differences.

3.20. The main differences where we have classified the offer as non-conforming but the requestor did not were where minimum or maximum volume of the contract differed, followed by total volume. This suggests that requestors may be more concerned about receiving conforming offers on other dimensions of the contract.

3.21. Both approaches indicate that non-conforming offers are primarily associated with baseload products, and that the proportion of non-conforming offers for peak and super peak products was higher in March. However, under our approach, a greater number of offers for peak and super peak products were classified as non-conforming, particularly between July and October.

Figure 13 - Conforming and non-conforming offers per month according to our understanding of conforming offers

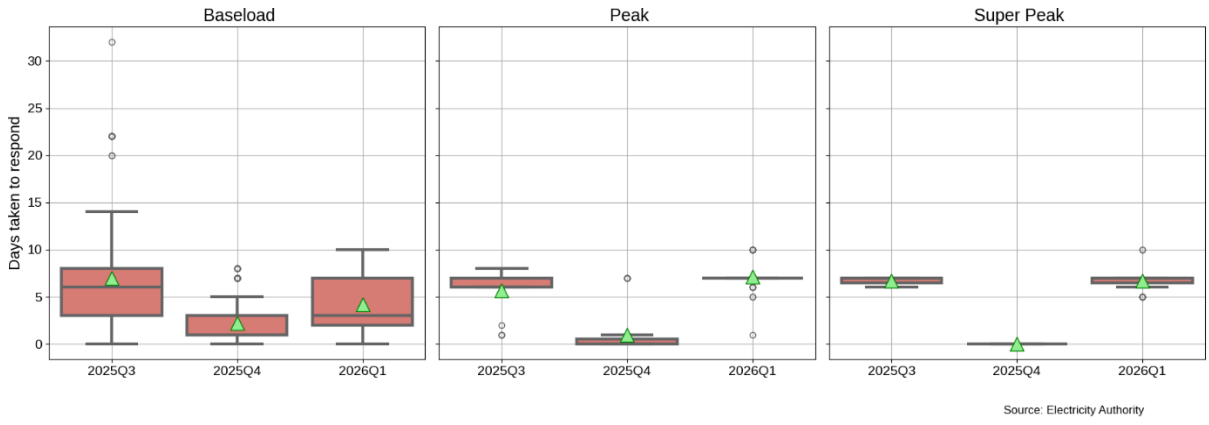


Responses to requests were sent within expected timeframes

3.22. As we discussed in paragraph 2.19, participants in the OTC market expect a response to their requests within a specified timeframe, typically a few days from the date the request is sent.

3.23. Figure 14 shows that counterparties typically respond within fewer than 10 days, regardless of the product requested, which is consistent with the timeframes specified by requestors. However, in some cases, counterparties take longer than initially expected to respond, which may reflect negotiations extending beyond the original response window.

Figure 14 – Days taken by counterparties to respond to requests



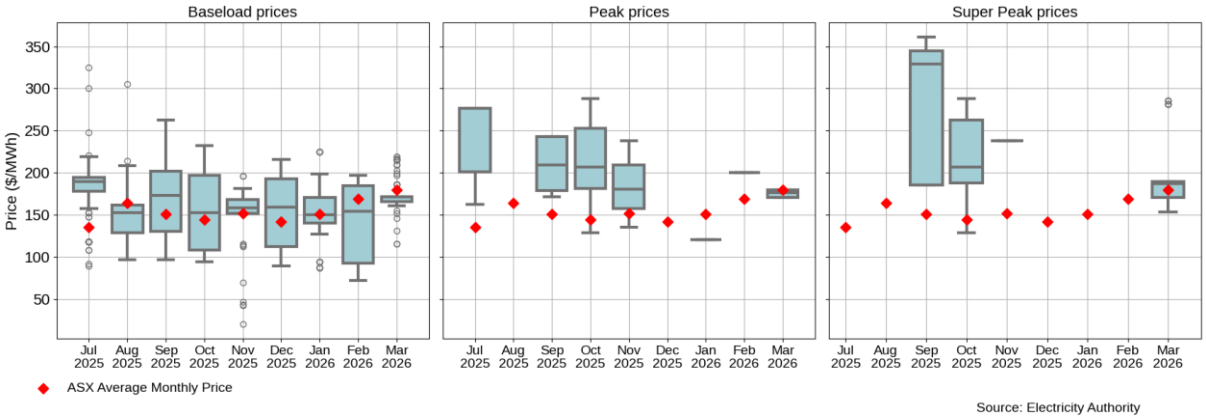
4. Prices

4.1. Offer prices provide an indication of participants' expectations for future wholesale electricity spot prices. Prices for products that trade regularly tend to move with broader market sentiment.

4.2. Figure 15 shows that median offer prices for baseload products were lower than those for shaped products, as expected. While some months had wider distributions than others, this does not appear to be related to the number of requests but could be related to changes in forward price curves. In September, October, December, and February the forward prices curves moved (up or down) more than most of the other months in the series.[4]

4.3. Median offer prices for peak and super peak products in 2026 were lower than those observed in 2025.

Figure 15 –Distribution of offered prices by product shape per month – including average monthly traded ASX contract prices

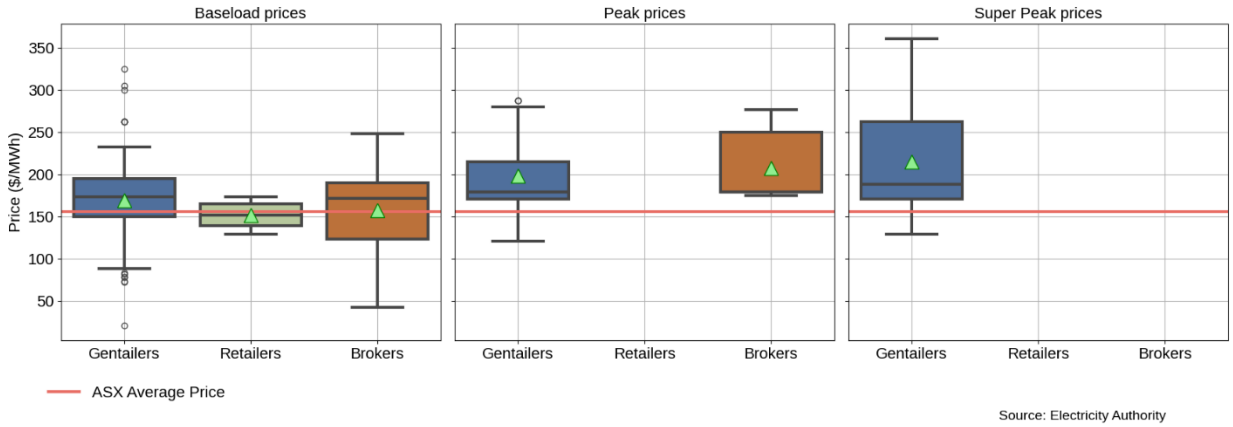


4.4. Baseload prices offered by gentailers and through brokers were usually between $50-$250/MWh, while the prices offered by retailers for the same product were usually between $130-$170/MWh, as shown in Figure 16. The difference might be related to the fact that retailers offer less products.

4.5. Shaped products were only offered by gentailers and through brokers. Peak products were priced around $120-$280/MWh by gentailers and through brokers while super peak products were priced between ~$130-$360/MWh by gentailers.

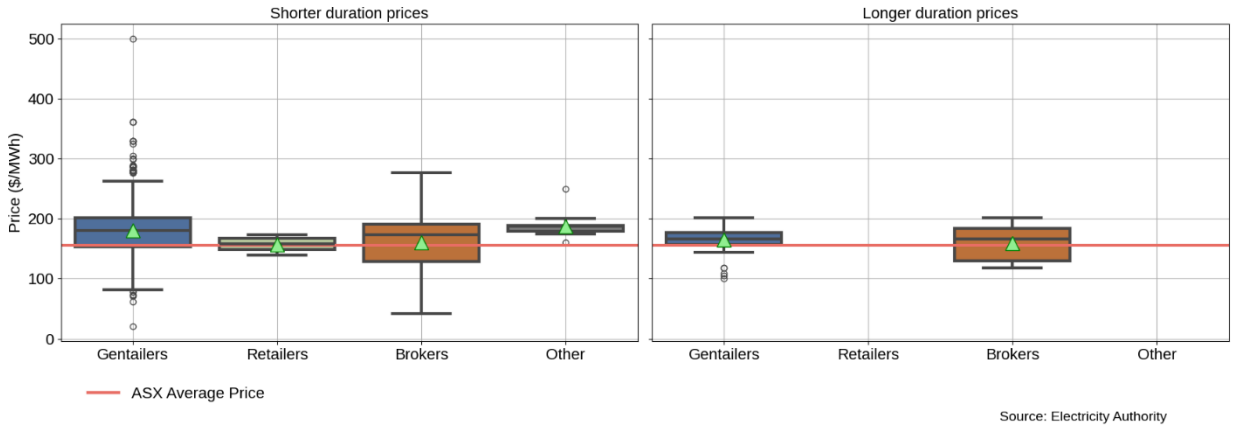
[4] Refer to Hedge market summaries | Electricity Authority for detailed analysis of prices curves.

Figure 16 - Distribution of offered prices by participant category with averaged monthly and quarterly traded ASX contract prices between July 2025-March2026 for comparison



4.6. Offer prices for shorter duration products had a wider distribution compared to longer duration ones (consistent with more requests and offers for shorter duration products), with more counterparty types offering products, as shown in Figure 17.

Figure 17 - Distribution of offered prices by participant category by contract duration with averaged monthly and quarterly traded ASX contract prices between July 2025-March2026 for comparison



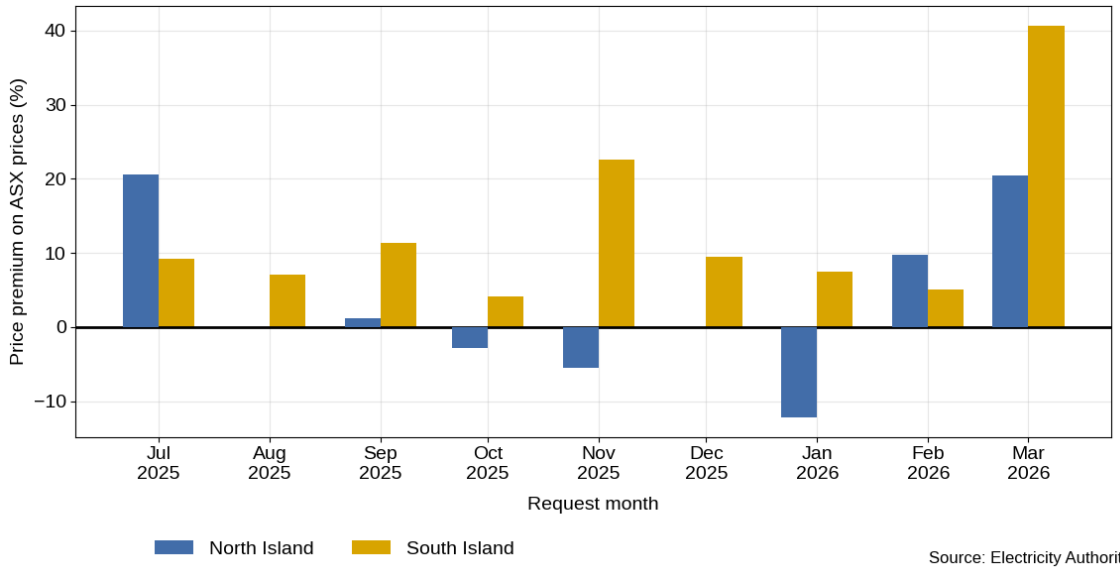
OTC prices compared to ASX baseload prices

4.7. Since ASX baseload hedges are regularly traded and closing prices are published, these prices are often used as a reference point for the OTC market. This is done by matching OTC hedge products to equivalent ASX products based on trading date and effective period.

4.8. In this document, we match ASX closing prices to the response sent dates for OTC offers, as this is likely the information counterparties had available at the time the offers were made.

4.9. Figure 18 shows the volume weighted average price premium of baseload products offered in the OTC market between July 2025 and March 2026. North Island over-the-counter hedges were matched to ASX baseload hedges at Ōtāhuhu and South Island over-the-counter hedges were matched to ASX baseload hedges at Benmore.

Figure 18 - Mean price premium relative to equivalent ASX baseload prices of offered baseload OTC CFDs

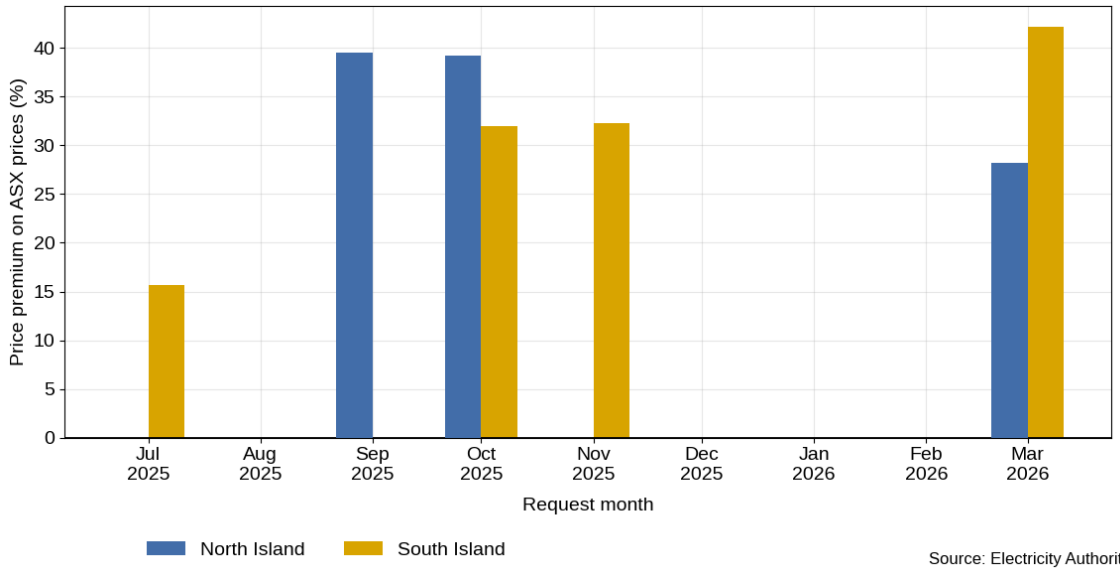


Source: Electricity Authority

4.10. Usually, baseload prices are priced relatively close to equivalent ASX products, with the premium often less than 10% (and often lower for the North Island). Higher premiums in November may be related to multiple requests for products effective 2 or more years in the future while higher premiums in March 2026 for both Islands may reflect the uncertainty caused by the USA-Iran war, large price movements on the ASX, the higher number of requests made in March, and higher offered volume.

4.11. Figure 19 shows the volume weighted average price premium of peak products offered in the OTC market between July 2025 and March 2026. Peak products are expected to have higher premia compared to baseload products.

Figure 19 - Mean price premium relative to equivalent ASX peak prices of offered peak OTC CFDs



Source: Electricity Authority

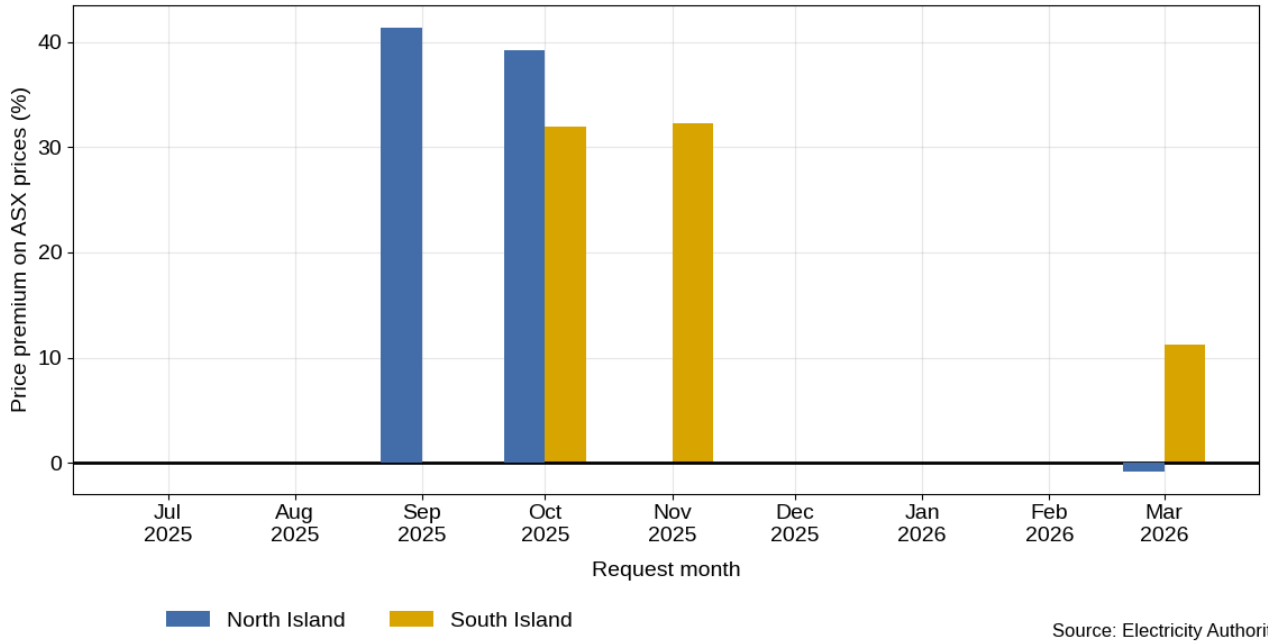
4.12. The premium for peak products ranged from around 16% to 42%, with the highest premium occurring for South Island peak products in March 2026.

4.13. Figure 20 shows the volume weighted average price premium of super peak products offered in the OTC market between July 2025 and March 2026. Super peak products are also expected to have higher premia compared to baseload products.

4.14. In contrast to baseload and peak products, super peak premia decreased in March 2026. For previous months, super peak premia were similar to peak premia for both islands. In March, however, the premium decreased to around 12% for the South Island and close to 0% for the North Island. This is despite the largest number of requests for super peak products during that month.

4.15. As with traded OTC super peak products (discussed in our monthly hedge summaries), offered OTC super peak products generally had higher premia compared to the standardised super peak product. Prices for the standardised product traded between July 2025 and March 2026 showed premia of around 20% for South Island contracts and 25%-35% for North Island contracts.

Figure 20 - Mean price premium relative to equivalent ASX baseload prices of offered super peak OTC CFDs, July 2025 to March 2026



Source: Electricity Authority

Glossary

Australian Securities Exchange (ASX) – an exchange market where New Zealand electricity futures are traded.

Baseload hedge – a baseload hedge is effective for every time period in a day.

Close position – the action of trading back something to cancel out a previous trade.

Closing future price – this is the price of a hedge product at the end of a business day and is often used as a reference point for observing price changes.

Contract for difference (CFD) – a type of hedge contract that is settled by paying the difference between the agreed hedge price and the spot prices during the effective period.

Effective period – the period in the future that a hedge contract will cover risk for.

Four major gentailers – The four large gentailers that make up the majority of New Zealand's electricity generation and retail market: Contact, Genesis, Mercury, and Meridian.

Future contract – a standardised derivative traded on an exchange and centrally cleared.

Hedge – a risk management or insurance contract that pays you back if electricity prices are higher or lower than agreed.

Levelized cost of electricity (LCOE) – an estimate of the cost of generating electricity that takes into account the lifetime costs across different technologies.

Long-dated – a contract that will be effective more than a year from the trading date.

Market maker – a party that provides market making in a financial market to improve the market liquidity (volume available to be traded quickly). In the ASX electricity futures market, the four major gentailers provide market making along with one commercial market maker. These five participants are called the market makers.

Market making – a service that provides liquidity (volume available to be traded quickly) in a financial market.

Monthly hedge – a hedge contract that will be effective for a single month of a year (ie, an Aug 2027 hedge would be effective for all of August 2027).

Over-the-counter (OTC) – a decentralised financial market where hedges are traded directly between two parties (or through a broker) without the oversight of a centralised exchange.

Peak hedge – a shaped hedge that is effective during at least some of both super-peak periods (6.00am-10.30am and 5.00pm-11.00pm) and the time in between, but not the time outside of 6.00am-11.00pm.

Position – how much someone is hedged. The position of their hedge portfolio.

Quarterly hedge – a hedge contract that will be effective for a single quarter of a year (ie, a Q1 2027 hedge would be effective Jan-Mar 2027).

Shaped hedge – a shaped hedge is available for only specific time periods in the day.

Short-dated – a contract that will be effective less than a year from the trading date.

Standardised super-peak product – a standardised super-peak hedge product co-designed by industry experts. Standardised super-peak products are effective between 7.00am to 10.30am and 5.00pm to 9.00pm. Other non-standard super-peak hedges may be effective for slightly different time ranges.

Super-peak hedge – a shaped hedge that is not effective outside of super-peak times (6.00am-10.30am and 5.00pm-11.00pm).

4-hourly hedge – a shaped hedge that divides the day into six four-hour blocks to offer different pricing and volume for each 4-hour block, but still encompasses the whole day.