13 July 2026

# Hedge market summary June 2026

Market monitoring monthly report

*This document gives an overview of hedge market activity over a month for the New Zealand electricity market. It covers key pricing, volume and market making information across the ASX and over-the-counter hedge market.*

*It uses data from the hedge disclosure obligations provided by participants 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.*

# Hedge market summary – June 2026

## 1. Summary

1.1. Throughout June 2026, future prices for all near-term contracts decreased, with September 2026 prices experiencing the largest decreases. Future prices for all long-term winter contracts have also decreased this month.

1.2. During the last standardised super-peak trading session in June, the average price premia relative to ASX baseload prices was 33% at Ōtāhuhu and 21% at Benmore.

1.3. Hedges that were effective in June 2026 were priced much higher than spot prices due to high hydro storage causing very low spot prices.

1.4. In June 2026, approximately 7.7TWh of ASX electricity futures were traded and approximately 0.8TWh of OTC hedges were traded.

1.5. A total of 30MW of standardised super-peak product was traded in June 2026 during the trading sessions.

1.6. In June 2026, market makers collectively gained an average of $0.09/MWh from opening and closing positions on the ASX within a single trading day.

## 2. Hedge prices

2.1. Hedge prices are an indication of how high or low participants in the electricity market expect the wholesale electricity spot price to be for future periods. Prices for products that trade regularly often move with market sentiment.

2.2. Only OTC trades classified as contracts for difference (CFDs), options, fixed price variable volume (FPVV) contracts or fixed price fixed volume (FPFV) contracts are included in this report.

2.3. The OTC trades that represent Meridian acquiring Flick's hedge book were excluded. This is because they are historic contracts being re-traded and would not be useful indicators of market conditions at the time of re-trading.

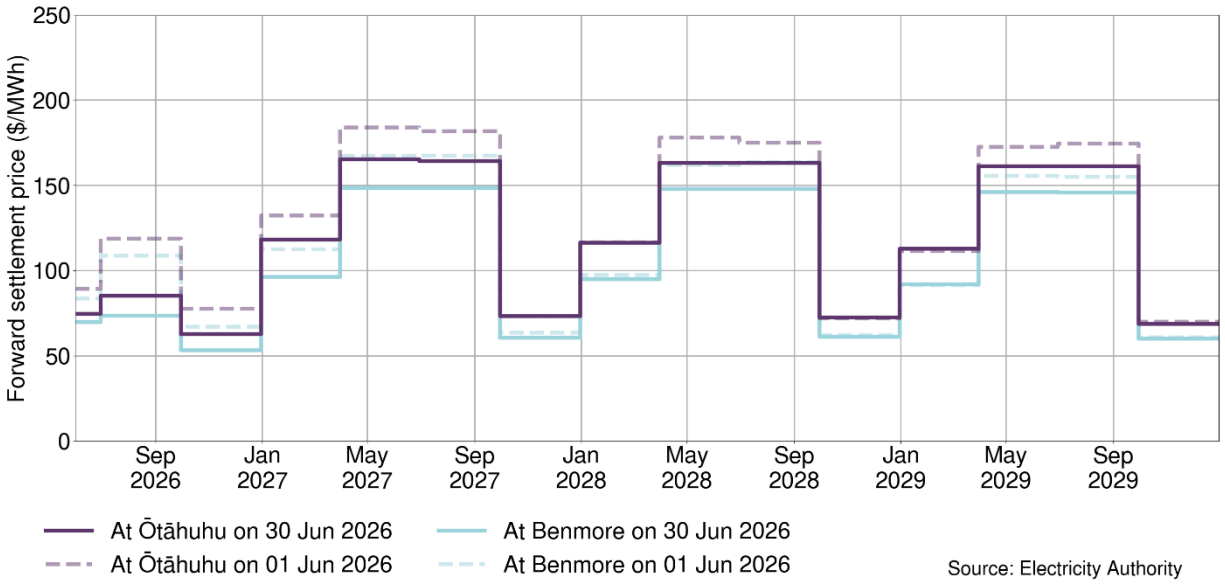
### Price movements in June 2026

2.4. There are several standardised products in the New Zealand electricity hedge market that trade regularly. That means we can easily track how future price sentiment is changing. The current view of future prices is often referred to as the forward price curve, which acts as a consensus of future spot price expectations.

2.5. When parts of the forward price curve move up or down significantly, we know something has happened to make participants expect either higher or lower forward prices. However, frequent trading and the volatile nature of wholesale electricity spot prices also mean that a certain amount of hedge price fluctuation is expected.

2.6. Figure 1 shows how the closing future price of standardised baseload quarterly hedges traded on the Australian Securities Exchange (ASX) changed throughout June 2026. This chart can also be used to see what participants expect the price to be during future periods. The hedge locations are at Ōtāhuhu (the North Island reference node) and Benmore (the South Island reference node).

**Figure 1: Quarterly ASX baseload closing future prices at the start and end of June 2026**



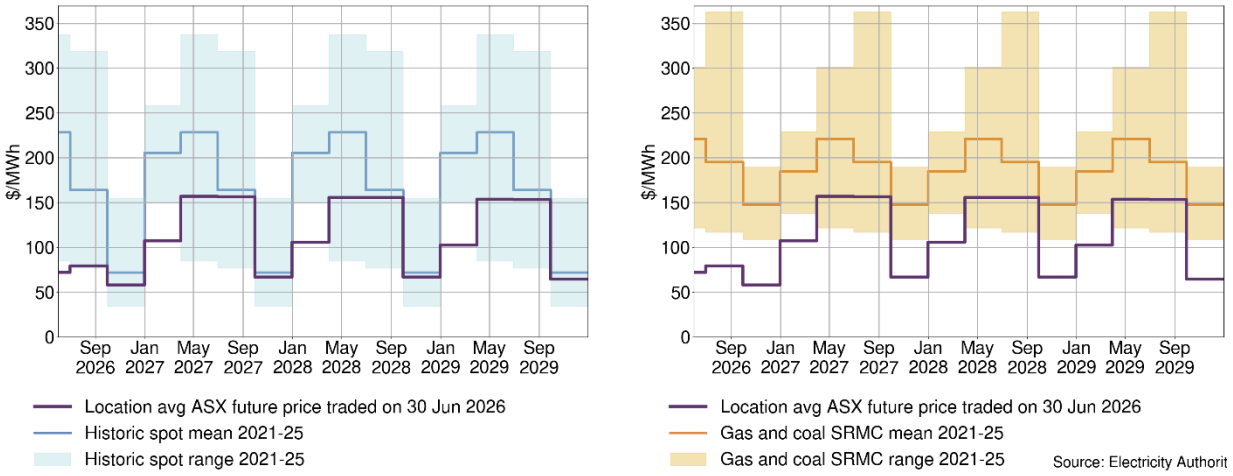

2.7. Throughout June 2026, future prices for all near-term contracts decreased, with prices for September 2026 decreasing the most – by $34/MWh at Ōtāhuhu and $35/MWh at Benmore. This is likely due to hydro inflows above the historic 90$^{th}$ percentile and high hydro storage during June.

2.8. Future prices for all long-term winter contracts also decreased, by an average of $15/MWh at Ōtāhuhu and $14/MWh at Benmore.

2.9. The forward curve shows participants expect prices to decline over the next four years. This is likely due to the large volume of possible new generation. Our Generation investment dashboard can help keep you informed about possible generation investment.

2.10. Figure 2 shows the latest future prices in the context of historic wholesale electricity spot prices and short run marginal costs of gas and coal fueled generation.

**Figure 2: ASX future price (average of Ōtāhuhu and Benmore) compared to historic average spot prices and historic average gas and coal short run marginal costs (SRMCs)**

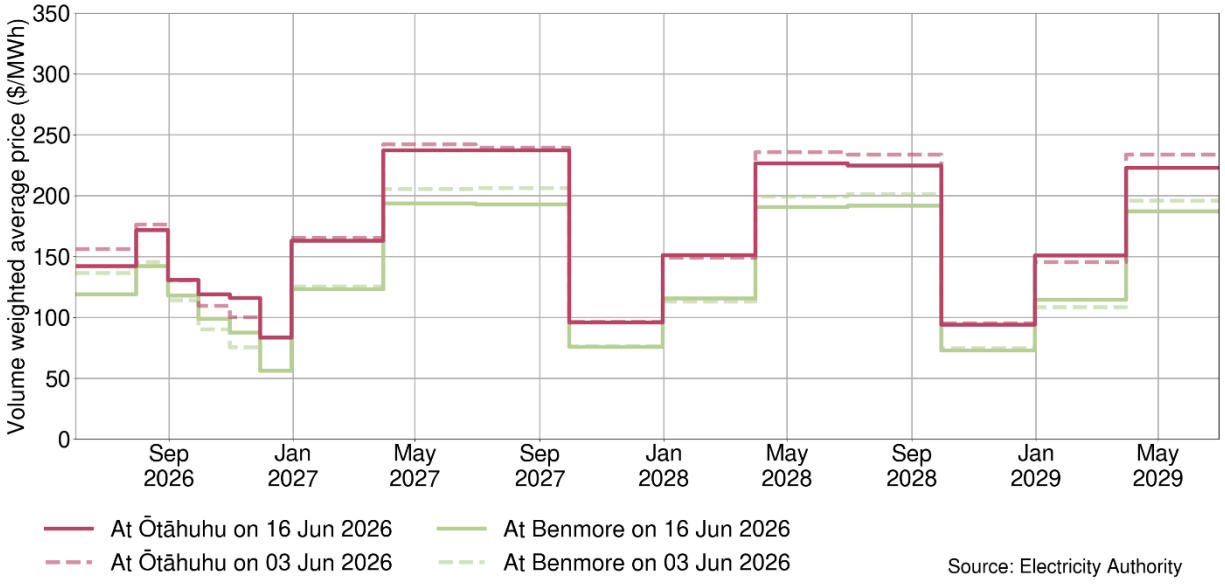



2.11. Prices for all future quarters are currently close to or lower than both the average historic spot price and the average short run marginal costs of gas and coal fueled thermal. This suggests lower future spot price expectations.

2.12. Figure 3 shows the volume weighted average price of the standardised super-peak product traded in June 2026. The standardised super-peak product has fortnightly trading sessions and the volume weighted average price of trades in a single session was used as a price reference for each product. If there were no trades in a session, the volume weighted average price of the orders in the session was used.

2.13. Standardised super-peak hedge prices are generally higher than ASX baseload prices because average spot prices at super-peak times are generally higher than average baseload prices.

**Figure 3: Volume weighted average price of standardised super-peak product in last two trading session**



2.14. Prices for July standardised super-peak contracts decreased by $14/MWh at Ōtāhuhu and $17/MWh at Benmore, likely due to high hydro storage. Prices for most other standardised super-peak contracts remained steady.

## Long-dated over-the-counter hedge price curve

2.15. While the standardised hedge markets only offer products between three to four years ahead of the present, OTC products can be for any period agreed upon by the trading parties. That means we can estimate hedge prices much further into the future by using the non-standardised hedges.

2.16. Figure 4 shows the volume weighted average price for all baseload and 4-hourly hedges (hedges effective for all time periods in a day) that are at least partially effective for future quarters. Future quarters were only included when five contracts or more were available to be averaged. The levelised cost of electricity (LCOE) estimate is also included for comparison.

**Figure 4: Baseload and 4-hourly over-the-counter (OTC) volume weighted average price, traded from June 2025, compared to levelised cost of electricity (LCOE) estimates**


2.17. Currently, long-term electricity hedge price estimates are similar to the levelised cost of electricity estimates. This is good because it indicates investment in generation is likely to be returned.

## Over-the-counter prices compared to ASX baseload prices

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

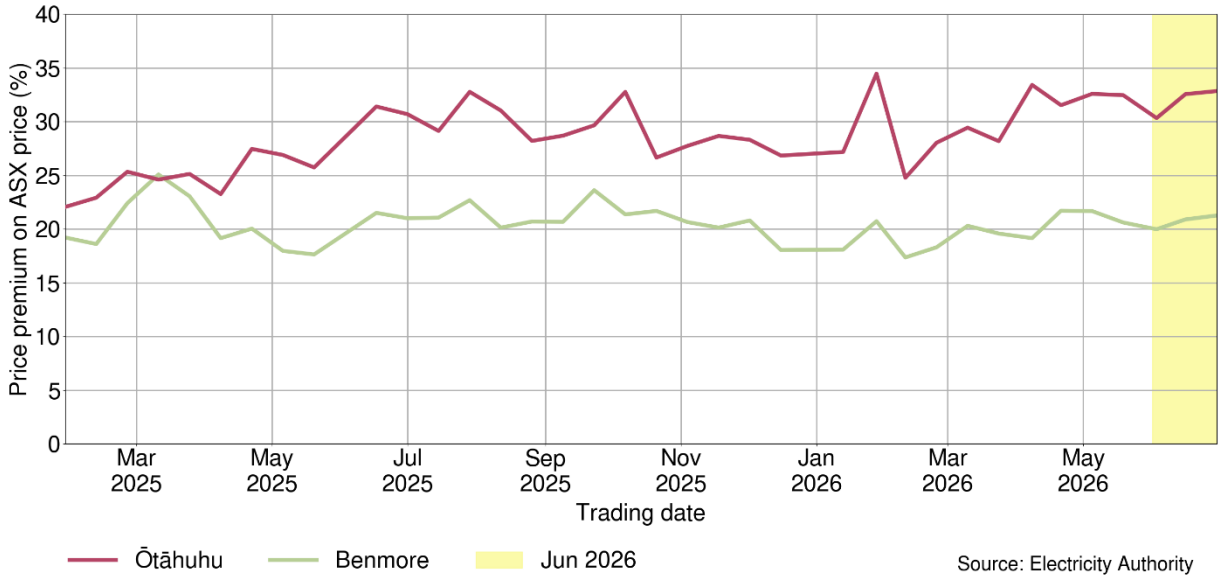
2.19. The ASX closing price from the last trading date before the trading date of the OTC hedge is used, because that is what the OTC traders would have available to them at the time of trading.

2.20. The price premium of the OTC product compared to the ASX baseload product is calculated to assess how closely the OTC products are being priced to the ASX baseload market.

2.21. Figure 5 shows the price premium of the standardised super-peak hedges that were quoted and traded in the trading sessions so far, compared to the ASX baseload closing future prices. Volume weighted average price premia were calculated from trades in the sessions to get the average price premium in each session.

2.22. It is expected that super-peak products would have high premia compared to ASX baseload products due to super-peak wholesale electricity spot prices being higher than baseload spot prices on average. There are also additional risk premia, such as peak capacity risk that contribute to the higher prices.

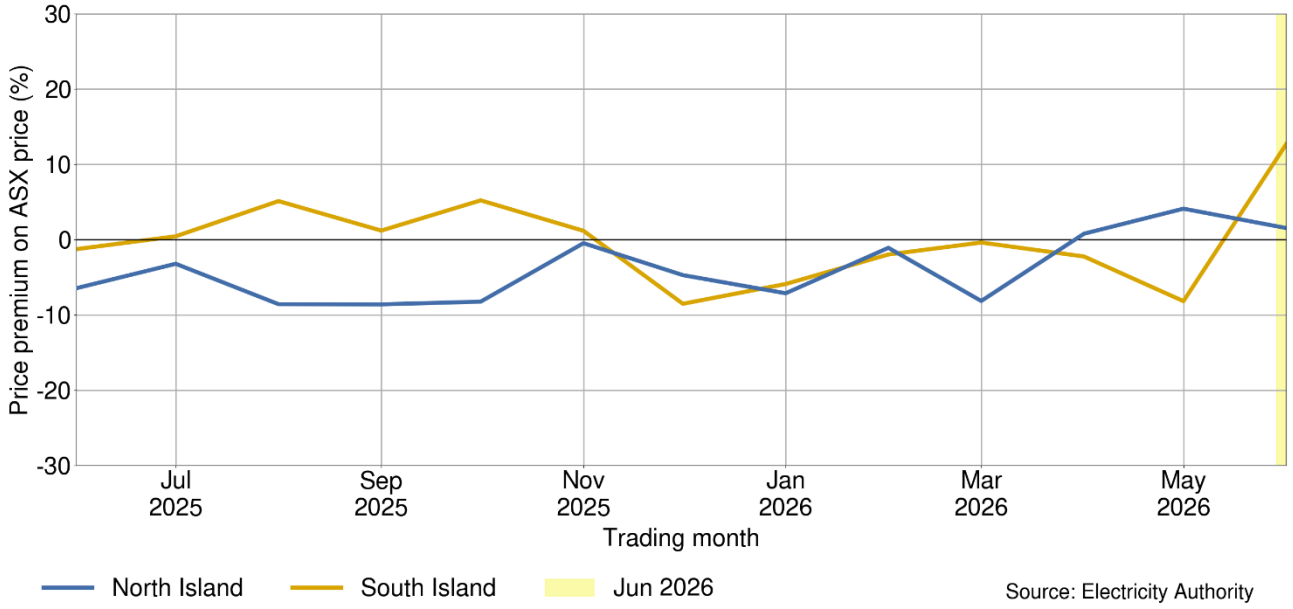
**Figure 5: Average price premium over equivalent ASX baseload prices of standardised super-peak product prices from trading sessions**




2.23. During the last standardised super-peak trading session in June, the average price premia was 33% at Ōtāhuhu and 21% at Benmore.

2.24. Figure 6 shows the volume weighted average price premium of monthly and quarterly baseload contracts for difference traded on the OTC hedge market for each month from June 2025. North Island OTC hedges were matched to ASX baseload hedges at Ōtāhuhu and South Island OTC hedges were matched to ASX baseload hedges at Benmore.

**Figure 6: Mean price premium relative to equivalent ASX baseload prices of baseload over-the-counter monthly and quarterly hedge contracts for difference, June 2025 to June 2026**



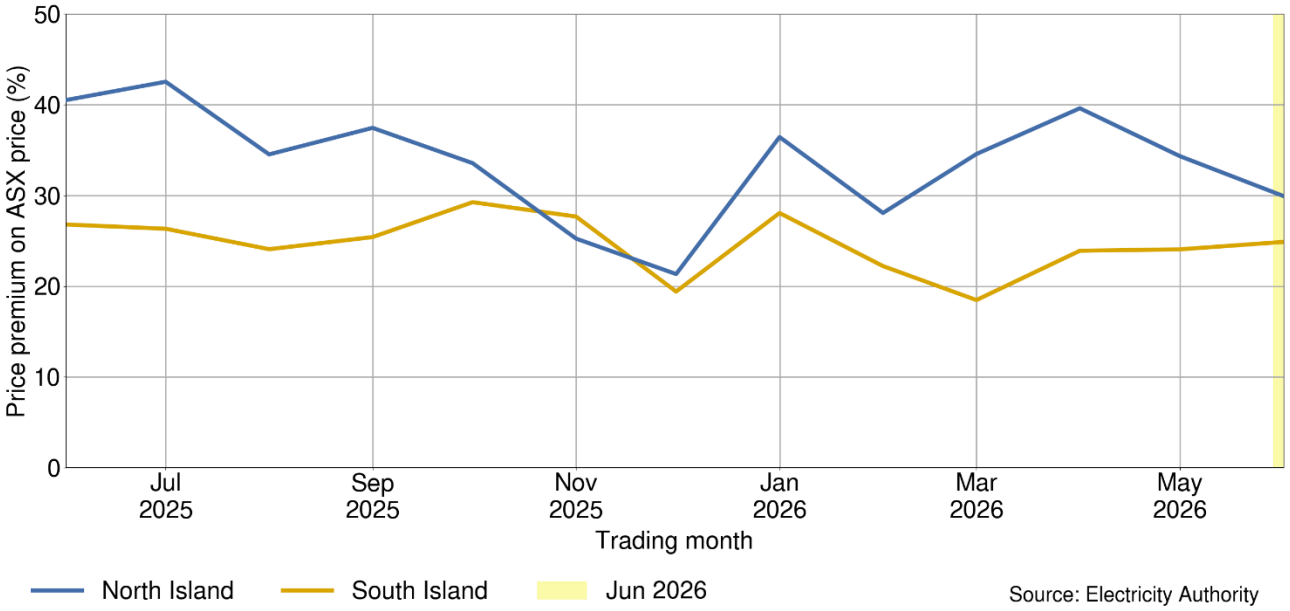

2.25. For the most part, OTC baseload products are priced very close to equivalent ASX products. This indicates the participants in the OTC trade market are not disadvantaged compared to those who can trade on the ASX market when it comes to baseload hedge pricing.

2.26. In June 2026, the average price premia for baseload OTC monthly and quarterly contracts for difference were 1.5% for North Island hedges and 12.7% for South Island Hedges.

2.27. The average price premia for South Island baseload was higher this month due to ASX volatility resulting lower prices for baseload Benmore contracts at times.

2.28. Figure 7 shows the price premia for OTC monthly and quarterly super-peak contracts for difference, including those that are and are not the standardised super-peak product.

**Figure 7: Mean price premium over equivalent ASX baseload prices of super-peak over-the-counter monthly and quarterly hedge contracts for difference, June 2025 to June 2026**




2.29. In June 2026, the average price premia for super-peak OTC monthly and quarterly contracts for difference was 30% for North Island hedges and 25% for South Island Hedges.

## Hedge market prices compared to wholesale electricity spot prices

2.30. After a contract effective period is complete, the contract is settled based on the wholesale electricity spot price during that effective period. The standardised super-peak product and the contracts sold on the ASX market are contracts for difference. A contract for difference is settled by paying the difference between the hedge contract price and the average wholesale electricity spot price over the contract effective period.

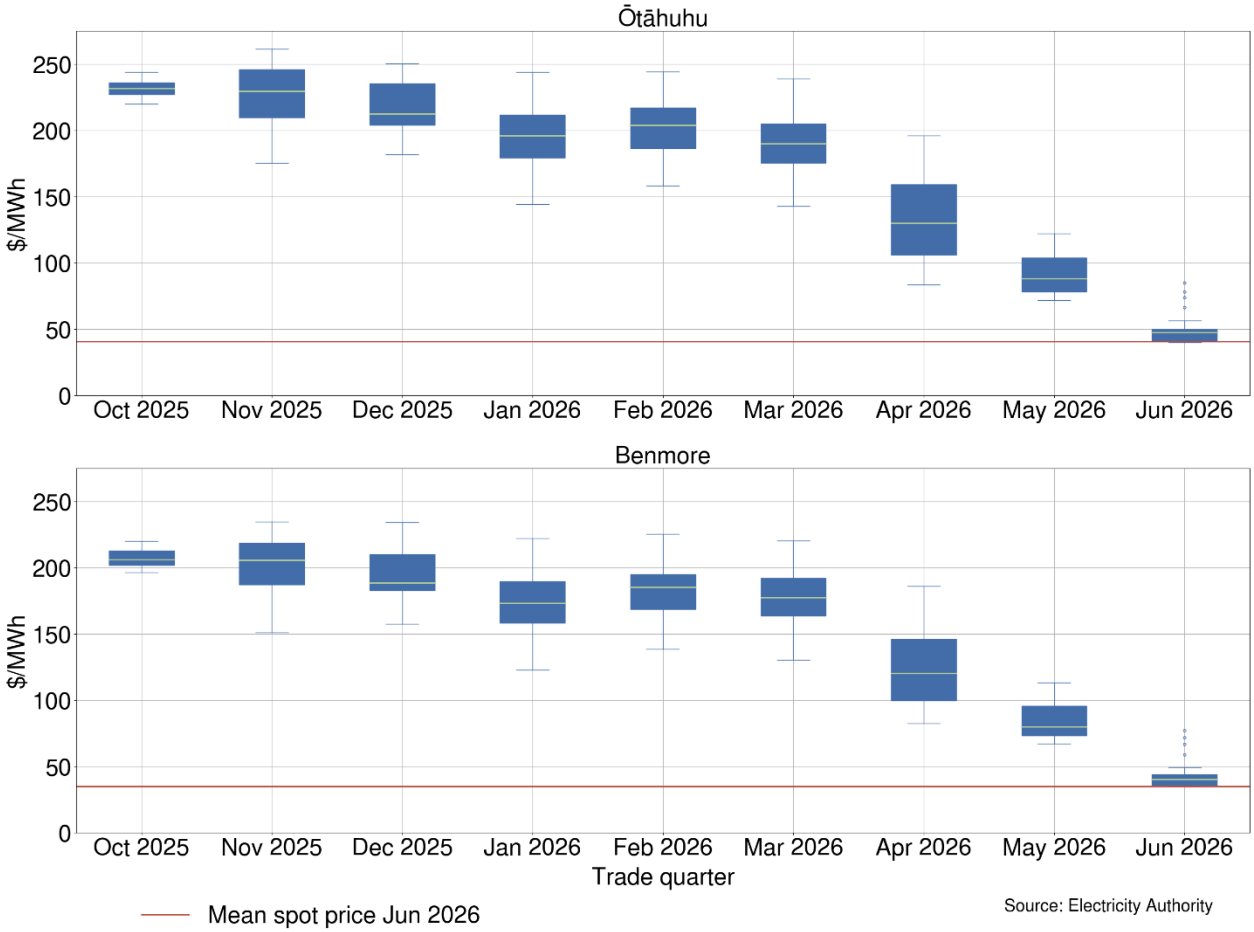
2.31. When the contract price is lower than the average spot price, the contract seller must pay the contract buyer the difference for the agreed upon amount of generation volume. When the contract price is higher, the contract buyer must pay the contract seller the difference.

2.32. Hedge contracts are a mechanism to manage a volatile spot price. As with most risk management options of this nature, sometimes the hedges settle to a party's benefit and sometimes they don't. But overall, despite how a hedge ends up, both parties have benefitted from price certainty and security.

2.33. Changes in hedge contract prices over time show how market expectations of wholesale electricity prices evolve. As participants incorporate new information about market drivers, hedge prices adjust to reflect the market's updated assessment of future prices.

2.34. Figure 8 shows the average electricity spot price for June 2026 compared to the distribution of ASX closing prices for June 2026 baseload hedges (monthly baseload hedges that are effective during the period of June 2026) by the month the hedges were priced.

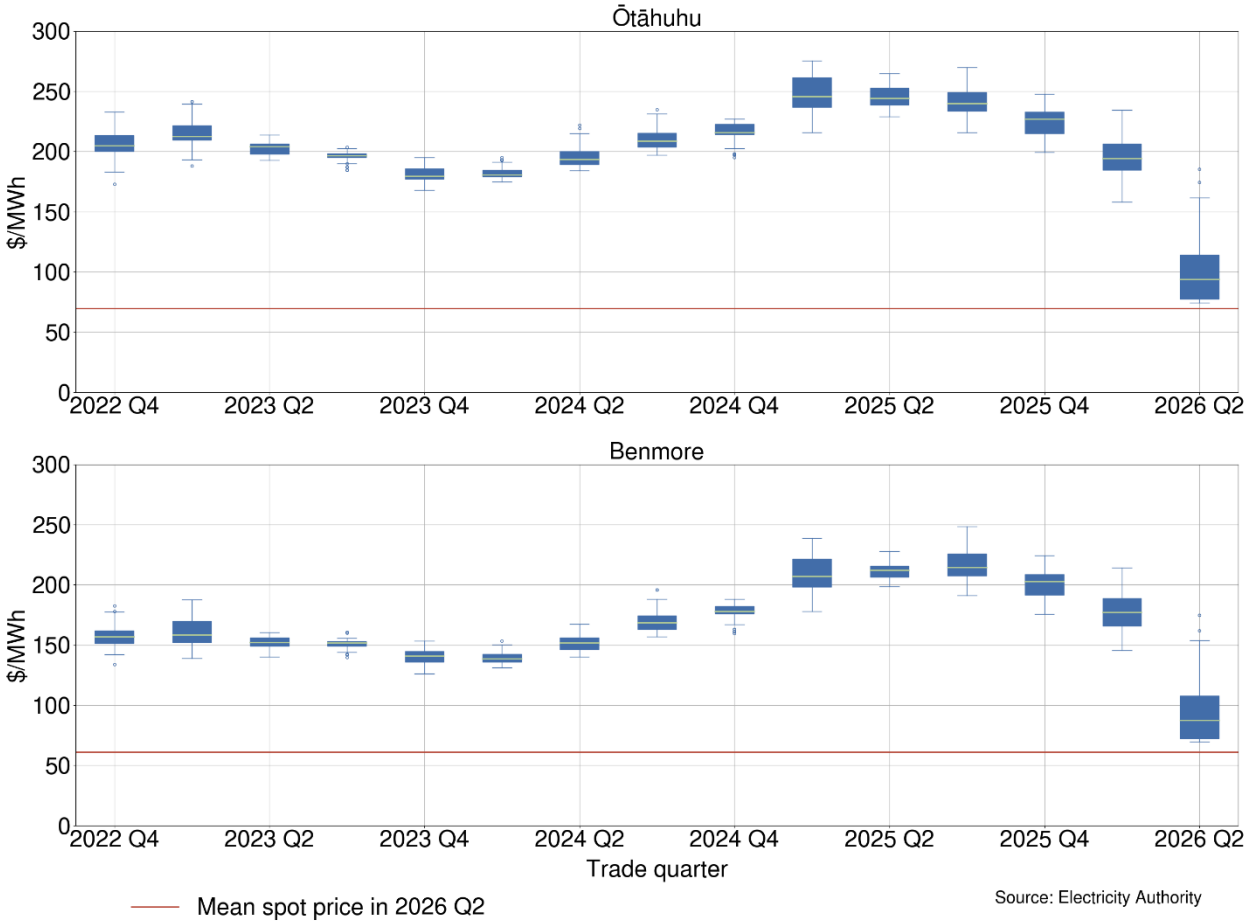
**Figure 8: ASX settlement prices of June 2026 contracts by month the price was quoted compared to average wholesale electricity spot price in June 2026**




2.35. ASX hedge prices for June 2026 were high compared to spot prices because of high hydro storage in June. Those who bought June 2026 hedges are likely to be paying the difference between hedge and spot price to those who sold the hedges.

2.36. Figure 9 shows the average Q2 2026 price compared to the baseload ASX hedge prices.

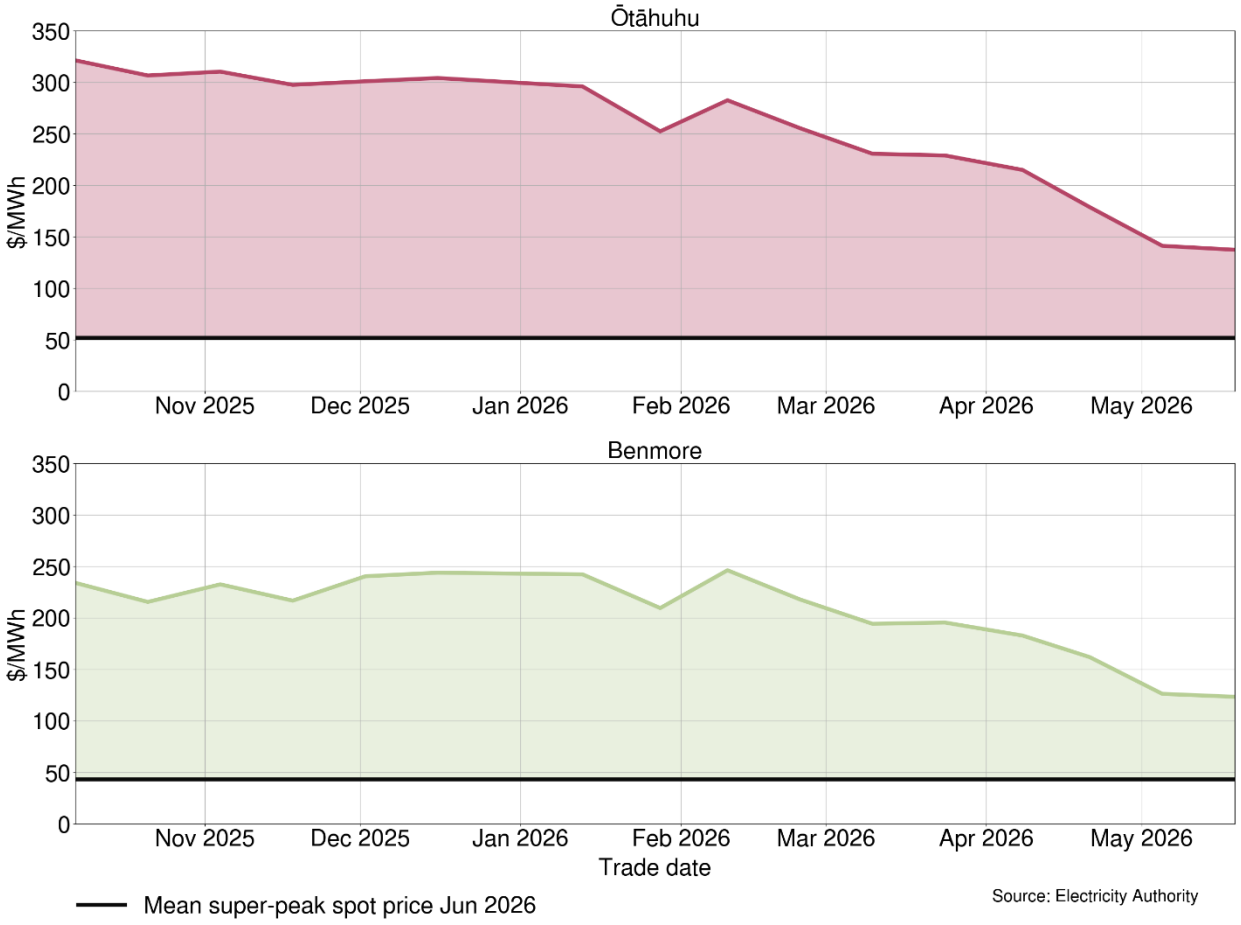
**Figure 9: ASX settlement prices of Q2 2026 contracts by quarter the price was quoted compared to average wholesale electricity spot price in Q2 2026**




2.37. The Q2 2026 ASX hedges were generally priced higher than the average Q2 2026 spot price.

2.38. Figure 10 shows the volume weighted average price in each trading session for the standardised super-peak product effective in June 2026 compared to the average wholesale electricity spot price during super-peak times in June 2026.

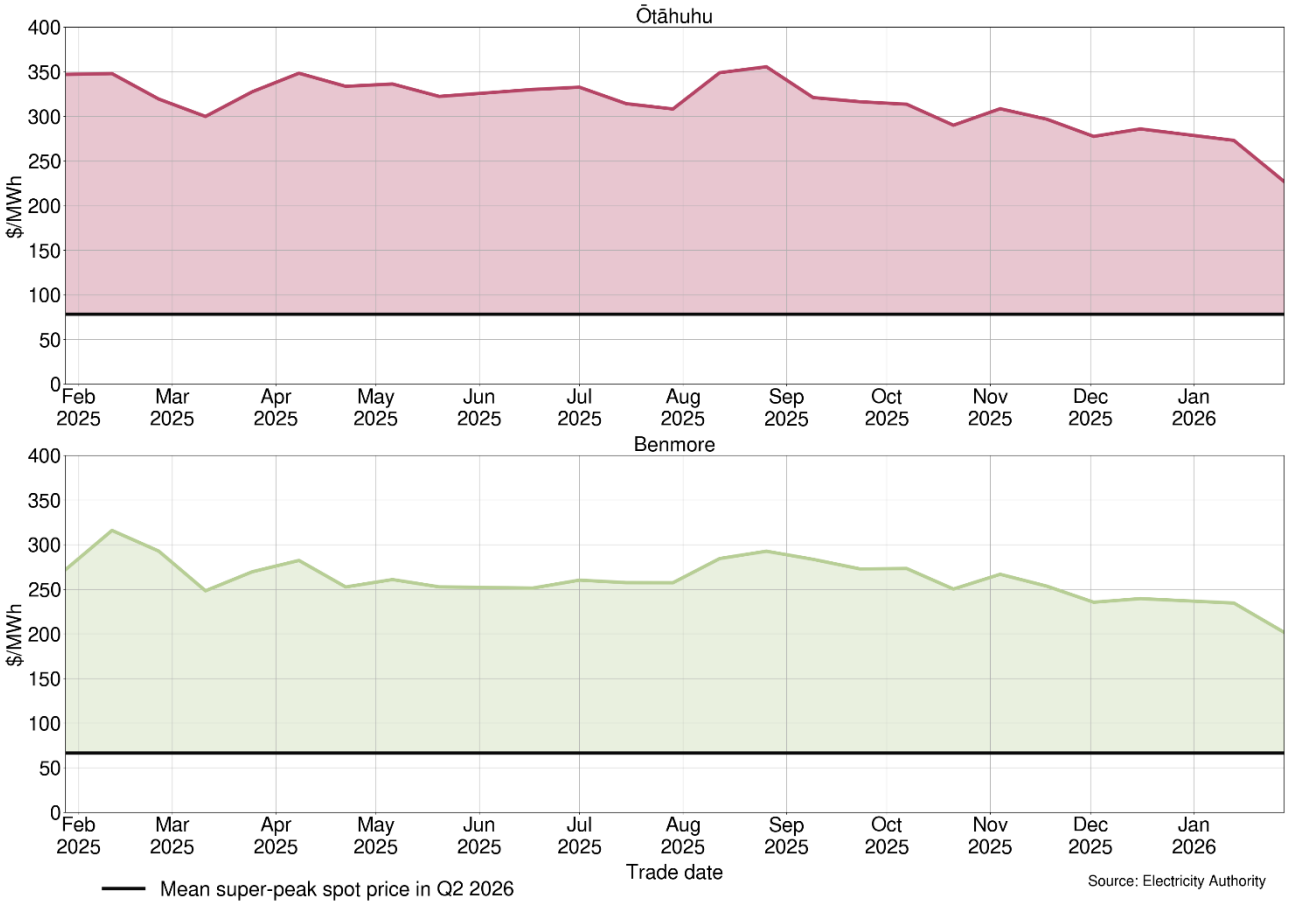
**Figure 10: Standardised super-peak volume weighted average prices of June 2026 contracts by date traded compared to average wholesale electricity spot price at super peak times in June 2026**




2.39. As with the ASX baseload June 2026 futures, the standardised super-peak product was generally priced high compared to the average spot price for the June 2026 period.

2.40. Figure 11 shows the average Q2 2026 super-peak price compared to the standardised super-peak hedge prices.

**Figure 11: Standardised super-peak volume weighted average prices of Q2 2026 contracts by date traded compared to average wholesale electricity spot price at super peak times in Q2 2026**




2.41. The standardised super-peak product was generally priced high compared to the average spot price for the Q4 2025 period.

# 3. Volume traded

3.1. The amount of hedge volume being traded is a good indicator of how the hedge market is doing overall. If prices being quoted are perceived as being too high in the circumstances or not enough volume is being offered, we would expect less trading to occur.

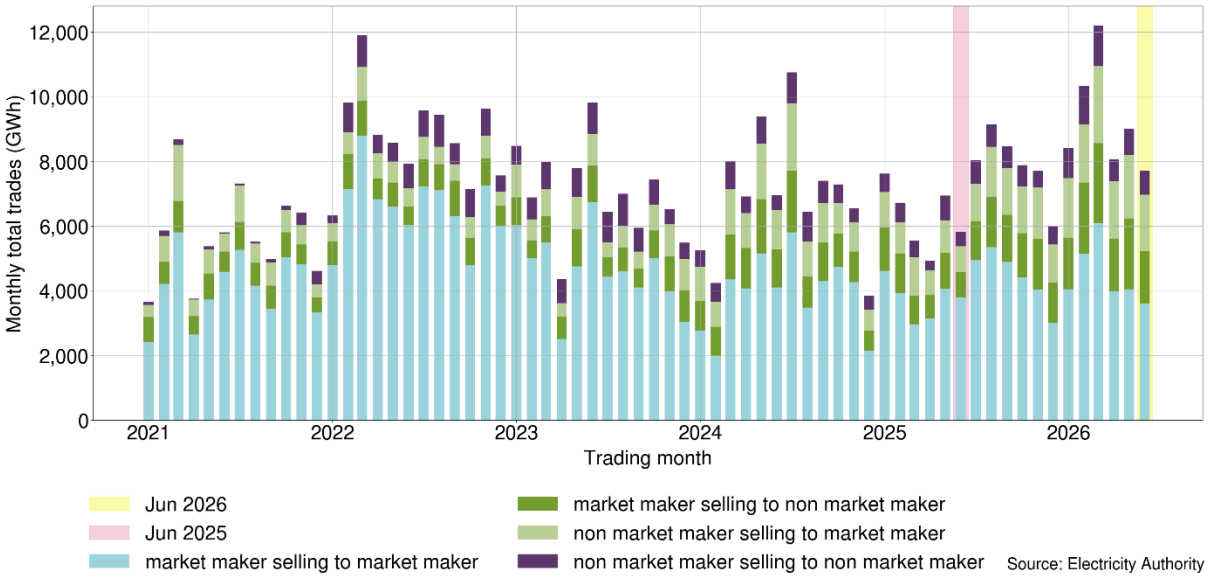
3.2. The OTC trades that represent Meridian acquiring Flick's hedge book were excluded. This is because they are historic contracts being re-traded and would not be useful indicators of market conditions at the time of re-trading.

## Trade volume by month traded and participant type

3.3. Most of the volume on the ASX market is traded between the five ASX New Zealand electricity futures market makers. This is because market makers must put in orders for a minimum amount of volume across certain contracts each business day in order to meet their market making obligations. This also means that the volume traded on the ASX is often higher than the volume traded on the OTC market due to market makers trading with each other and closing their positions.

3.4. Figure 12 shows the total volume of electricity futures traded on the ASX since January 2021 by month traded. This total volume is grouped based on whether the participants trading are market makers or not.

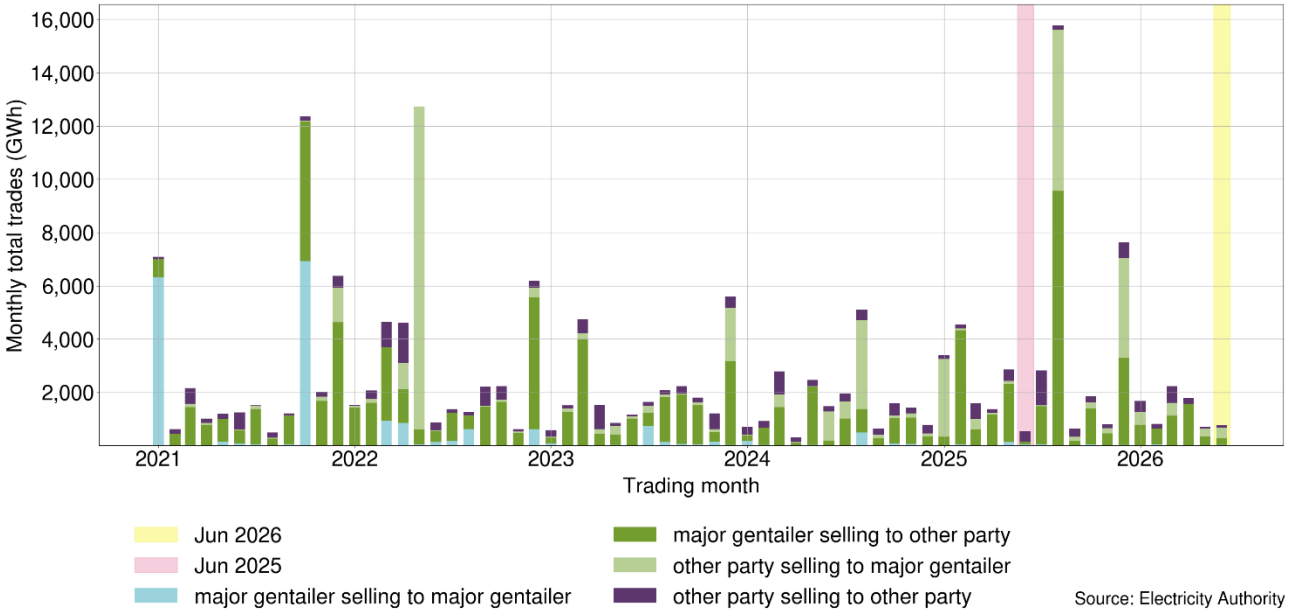
**Figure 12: Monthly total volume traded on ASX by participant type, January 2021 to June 2026**




3.5. In June 2026, ~7.7TWh of future generation volume was traded on the ASX. This is ~1.9TWh more than June 2025. Of that 7.7TWh, 47% was between market makers.

3.6. Figure 13 shows the total volume of OTC hedges traded since January 2021 by month traded. This total volume is grouped based on whether the participants trading were one of the four major gentailers or not. Sometimes very long-duration contracts are traded (ie, a contract effective for more than five years). These large contracts can lead to extremely large volumes traded in some months.

**Figure 13: Monthly total volume traded over-the-counter by participant type, January 2021 to June 2026**



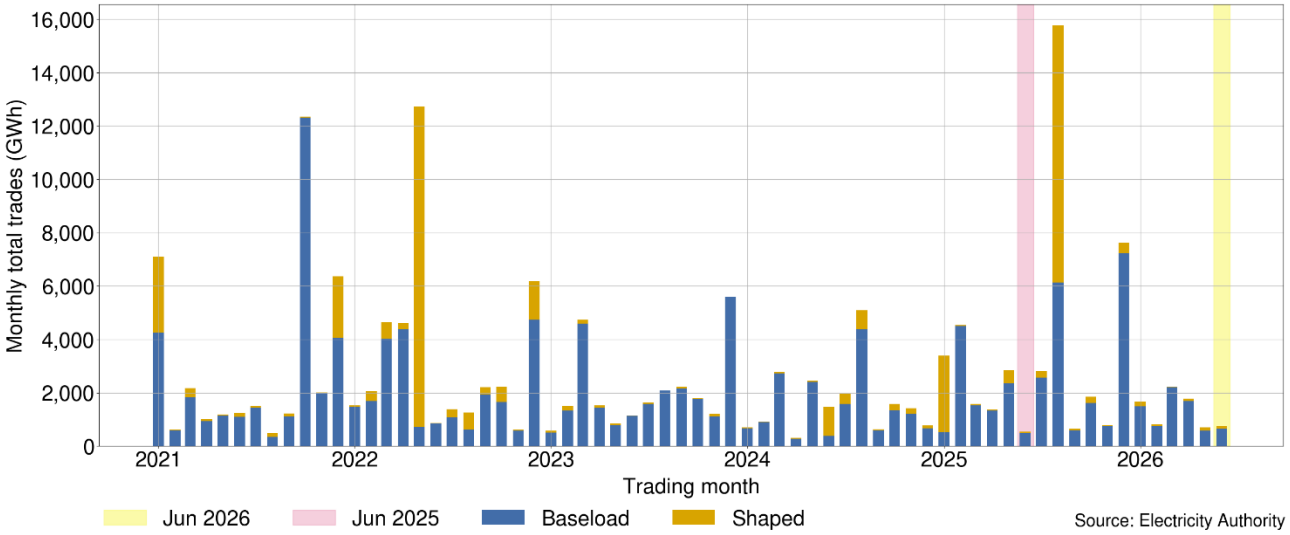

3.7. In June 2026, ~0.8TWh of future generation volume was traded over-the-counter. This is ~ 0.2TWh more than in June 2025. Of that 0.8TWh, 33% was a major gentailer selling to a participant who is not a major gentailer. Approximately 13% of trades were between two parties who are not major gentailers.

## Trade volume by month traded and shape

3.8. In the OTC market, hedges can be any shape. This means they can only be effective for whatever time periods the trading parties agree to. Commonly traded shapes include baseload (all trading periods), 4-hourly (all trading periods in 4-hour groups), peak (from the morning peak to the evening peak), and super-peak (just the morning and evening peaks without the period between the peaks). Everything that is not baseload is often referred to as a shaped hedge.

3.9. Figure 14 shows the total volume of OTC hedges traded since January 2021 by month traded and grouped by whether the hedges were shaped or baseload.

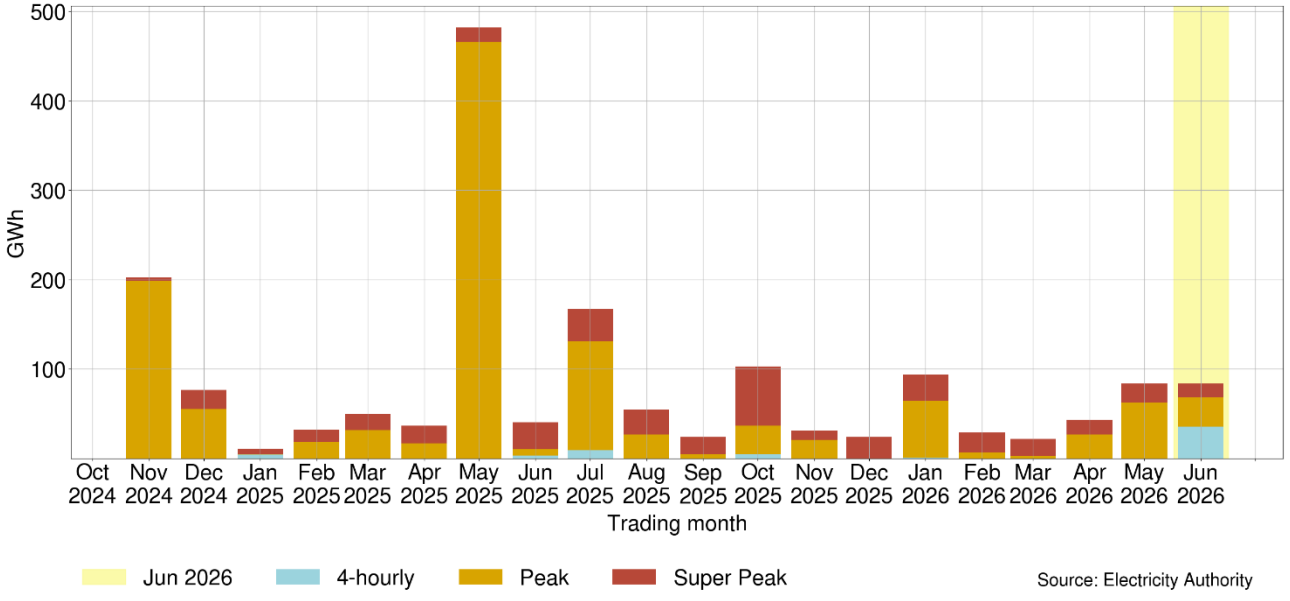
**Figure 14: Monthly total volume traded over-the-counter by whether baseload or shaped, January 2021 to June 2026**




3.10. Of the ~0.8TWh traded over the counter in June 2026, 15% of the volume was for shaped hedges.

3.11. Figure 15 shows the amount of volume traded over-the-counter for contracts for difference with each of the common shapes.

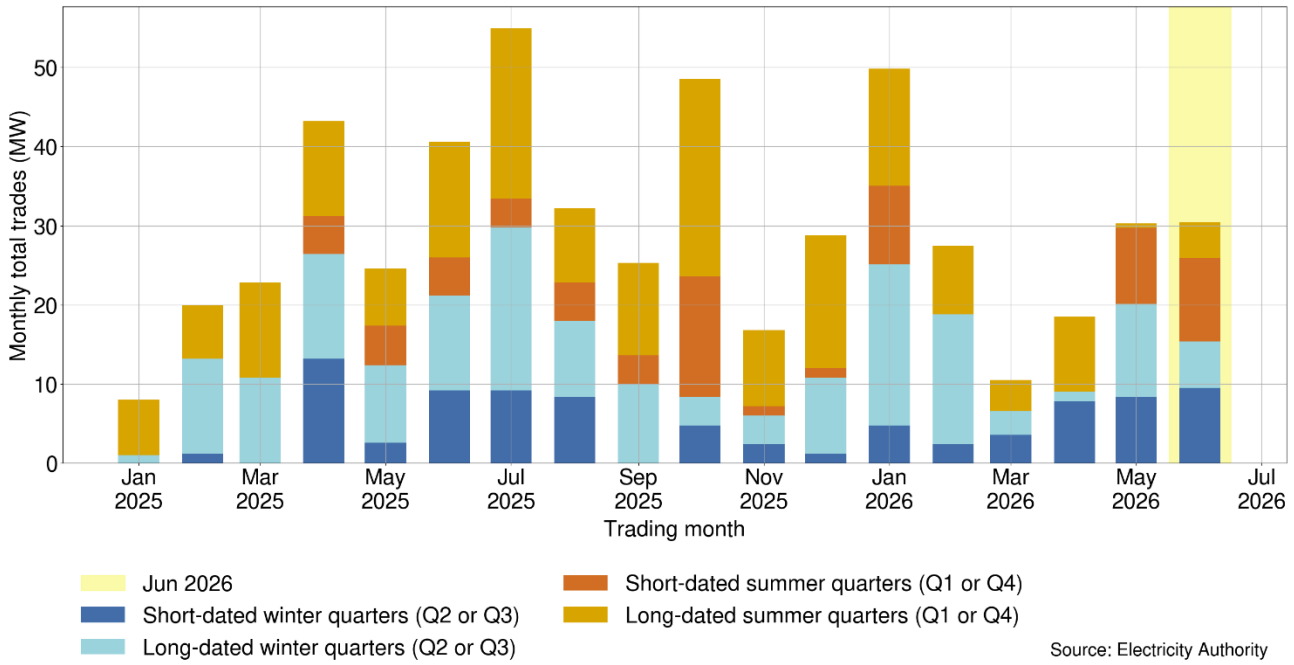
**Figure 15: Monthly total volume traded over-the-counter for 4-hourly, peak and super-peak contracts for difference, November 2024 to June 2026**




3.12. In June 2026, 35GWh of 4-hourly, 33GWh of peak, and 16GWh of super-peak contracts for difference were traded.

3.13. Figure 16 shows the volume of standardised super-peak product that has been traded each month in the trading sessions. This volume has been grouped by the type of contract being traded with respect to which quarters the contract covers and how far in advance the hedge is being traded.

**Figure 16: Monthly total volume traded in standardised super-peak trading sessions by type of contract, January 2025 to June 2026**




3.14. In June 2026, 30MW of standardised super-peak product volume was traded in the fortnightly trading sessions.

3.15. Approximately 51% of that volume was for hedging winter quarters (Q2-3).

## Hedged volume by effective quarter

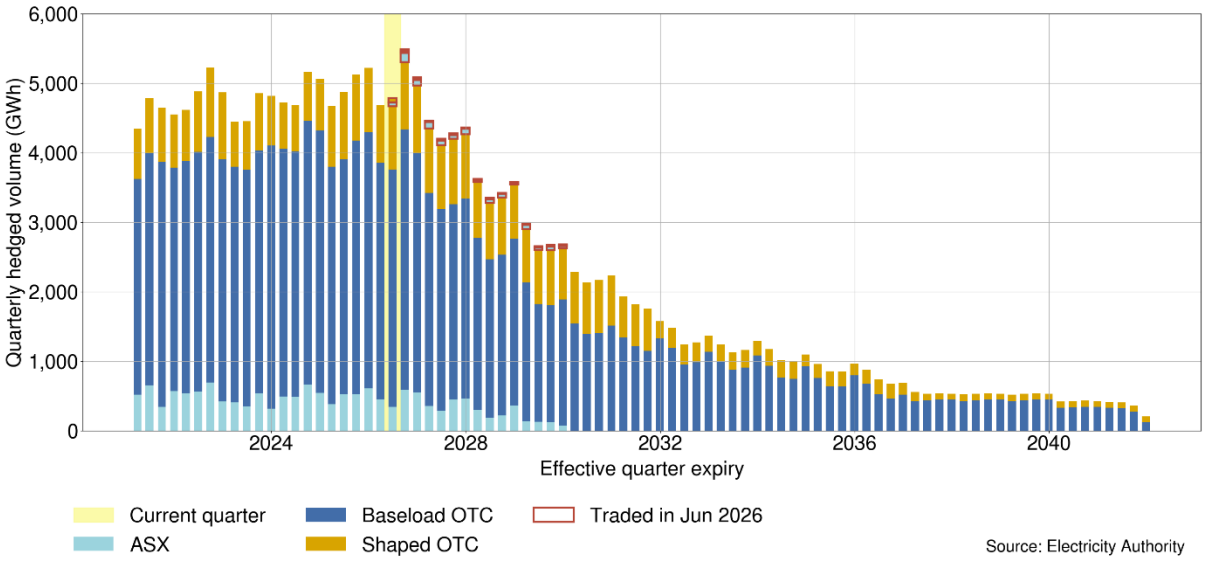
3.16. On the hedge market, volume traded is not equal to the amount of electricity demand that is hedged. This is because participants may buy a hedge and then sell it back, or sell it on to another party. When a hedge is not traded back, this is considered holding a hedge position. Being hedged requires holding a position.

3.17. Even though more volume is traded on the ASX, that volume is often traded back and not often held as a position. Thus, even though the volume traded is usually lower on the OTC market, more hedge positions are held from OTC trades.

3.18. We can estimate the amount that future periods are hedged by calculating the net volume position of each participant for each hedge period in the future and then summing the positive positions.

3.19. Figure 17 shows the total volume hedged by effective quarter. Hedge volume is coloured by whether it was traded on the ASX or over-the-counter and whether the OTC hedges were shaped or baseload. Hedges traded in June 2026 have been indicated with a red outline.

**Figure 17: Quarterly total volume hedged on the ASX and over-the-counter (OTC) markets by effective quarter, effective from January 2021**




3.20. For the current quarter (Q2 2026), approximately 4.8TWh of volume is hedged. For comparison, the average total electricity demand for Q2 from 2021-25 was 10.4TWh.

3.21. For the coming winter quarters, approximately 5.5TWh is hedged for Q3 2027. For comparison, average total electricity demand for Q3 between 2021-25 was 11.2TWh.

# 4. ASX market making

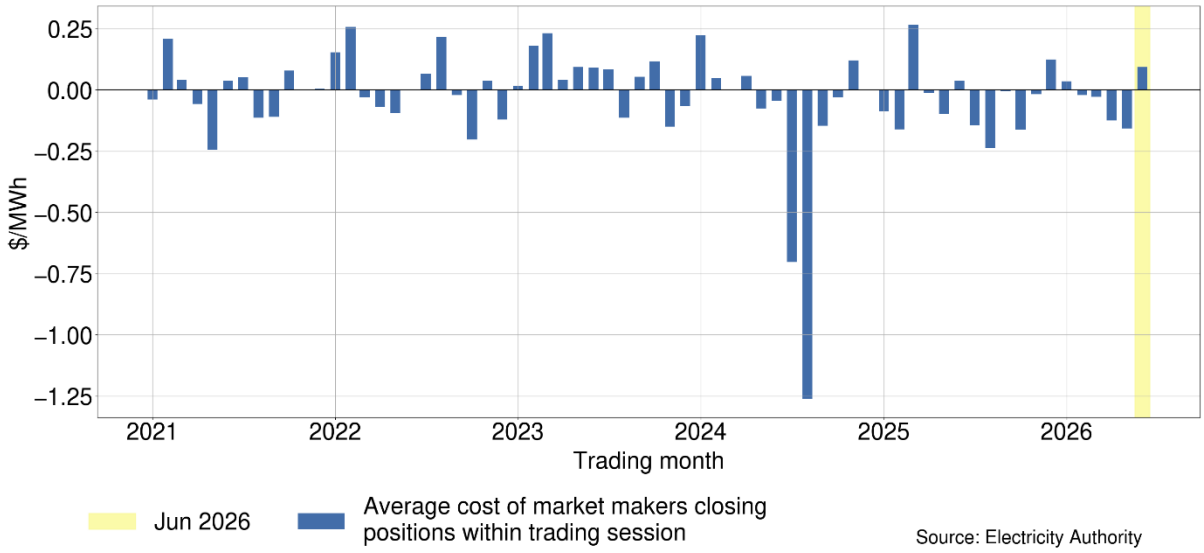
4.1. There are five market makers that must market make certain ASX products. These market makers are the four major gentailers (Mercury, Meridian, Contact and Genesis) and one commercial market maker. Each market maker is required to place buy orders and sell orders for a certain minimum volume every market making session.

4.2. When a market maker trades as a result of the orders they are required to place, they will often want to trade back the contracts they acquired so they are not left holding a position they did not intend to hold. This is called closing their position. When there is a price difference between the opening and closing of a position, money can be lost or gained by the party closing their position.

4.3. Market makers often open and close positions within a single trading session, rather than taking on the risk of holding a position long-term in hopes the market will move in a way that allows them to make a profit when closing the position. These short-term position closes can be costly, but some may consider them lower risk than holding the positions.

4.4. Figure 18 shows the monthly total cost or profit to market makers as a whole resulting from fully or partially closing their positions within the same trading session in which they were opened. This is divided by total volume being closed by the market makers within a session to show average cost or profit per MWh. A high average cost of closing positions indicates that the market is in a period of stress.

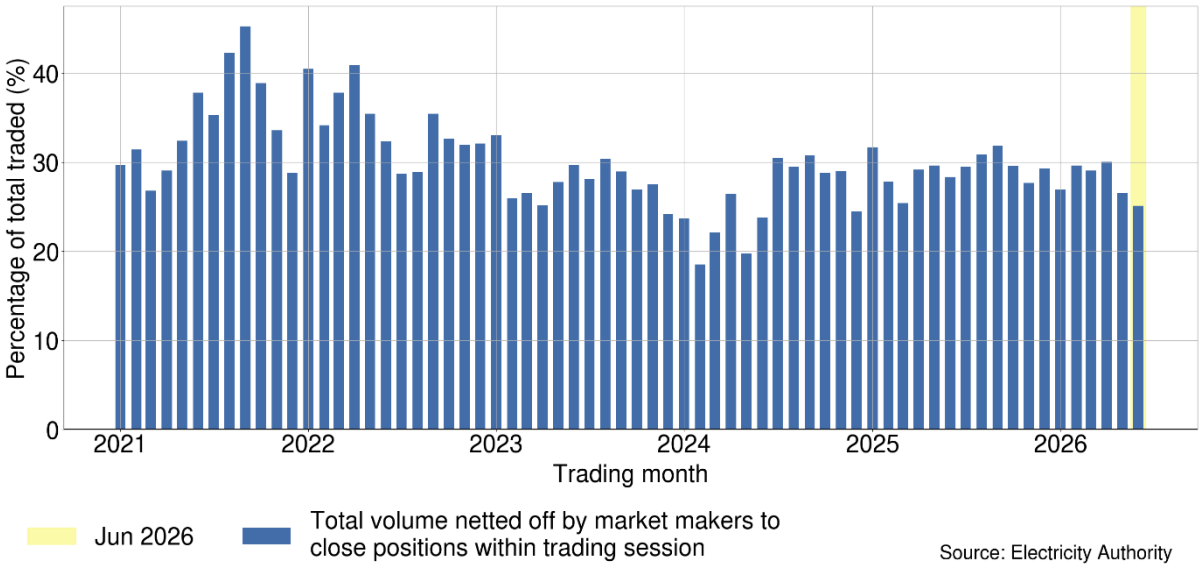
**Figure 18: Total profit and loss to market makers from closing positions within trading session per MWh of volume closed, January 2021 to June 2026**




4.5. In June 2026, market makers collectively gained an average of $0.09/MWh from quickly closing positions on the ASX.

4.6. Figure 19 shows the volume traded by market makers closing their positions within a session as a percentage of total ASX volume traded.

**Figure 19: Total volume traded due to market makers closing positions within trading session as a percentage of total volume traded on the ASX**




4.7. In June 2026, 25% of volume traded on the ASX was a market maker closing a position that they opened earlier in the same trading session.

# 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.