Submission response form

Transpower NZ Ltd. Trading as Energy Market Services

Please email your submission to wholesaleconsultation@ea.govt.nz by 5pm, Wednesday 22 July 2026

Name	Maggie Keshaboina, EMS Manager
Organisation	Transpower NZ Ltd. Trading as Energy Market Services

Questions	Comments
Q1. Do you agree that Authority should ensure the Code arrangements enable the FTR hub network to develop?	Yes. We appreciate the opportunity to respond to the Authority's consultation "Review of the application of loss and constraint excess to the settlement of Financial Transmission Rights" published 23 June 2026. We are pleased that the Authority has responded to the issue we had raised as the FTR Manager. The calculation of Loss and Constraint Excess (LCE) under Schedule 14.3 requires specialist software to undertake a lengthy calculation. The FTR Manager is obliged to consult with participants and the EA at regular intervals to increase the number of hubs that make up the FTR Market. As the number of hubs increases, the calculation time grows exponentially, thus affecting the FTR Manager's ability to meet Part 14.16 and Schedule 14.3 in the Code. There are currently eight hubs comprising the FTR Market. It is our conclusion that adding two or more further hubs would mean the duration of the FTR rentals calculation would cause the FTR Manager to breach its obligations under EA Part 14.16 and Schedule 14.3. The EA's analysis shows that the FTR grid closely approximates the whole grid, and that adding further hubs would increase that close approximation. LCE allocated to for FTR settlements already exceeds 91%. We strongly support the proposal to have all LCE made available to the FTR manager and to revoke Schedule 14.3 from the Code. We consider the proposal necessary for the future growth of the FTR Market.
Q2. Do you support the allocation of all available LCE to the settlement of the FTR market? Why/why not?	Yes.
Q3. Do you agree with the objectives of the proposed amendment? If not, why not?	Yes.
Q4. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	Yes.
Q5. Do you agree with the costs identified by the Authority? Are there additional costs we have not considered?	Yes, we agree with the costs identified by the Authority. Additional costs for the decommissioning of the information exchange from the System Operator to the FTR Manager will also need to be funded. These costs have not yet been estimated.

	The proposed Code changes make this information exchange redundant.
Q6. Do you agree with the benefits identified by the Authority? Are there additional benefits we have not considered?	Yes, we agree with the benefits identified by the Authority. Additional benefits arising from the removal of the need for the Grid owner to provide monthly forecast auction files, to the FTR Manager (estimated saving 48 hours of effort p.a.) have not been considered. Further the benefits arising from the removal of the need for the System Operator to provide dispatch schedule information to the FTR Manager have also been omitted. Benefits arise through the avoidance of future costs arising from the need to maintain this information exchange and the need for the FTR Manager's software to be updated to reflect either changes to SPD or the market design. For example, the FTR Manager's costs to implement real-time pricing were estimated at $290,000 - $580,000. Source - https://www.ea.govt.nz/documents/1467/249312019-RTP-updated-cost-benefit-model.xlsx
Q7. Do you agree the benefits of the proposed amendment outweigh its costs?	Yes.
Q8. Do you agree the proposed amendment would give effect to the Authority's statutory objective and the matters listed in section 32(1) of the Act?	Yes.
Q9. Do you have any comments on the drafting of the proposed amendment?	No.