

OTC bids and offers market summary April-June 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. 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. The data itself 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 – April to June 2026

1. Summary

- 1.1. Baseload was the most requested contract type during this quarter, though the number of requests for peak and super-peak contracts increased in June.
- 1.2. May had the highest number of requests (closely followed by June), which may be consistent with seasonal hedging activity ahead of winter.
- 1.3. In April, numbers of requests and of unique requestors were the lowest of any month since our data collection began in July 2025.
- 1.4. Retailers accounted for the largest share of buy requests. However, the largest share of requested volume was often associated with gentailers and generators, indicating that these participants tended to request fewer but larger contracts.
- 1.5. The majority of contracts requested were shorter than one year in duration. Gentailers were the only counterparty offering prices for longer duration contracts this quarter.
- 1.6. Most requests this quarter were submitted less than one year before the contract effective date (in contrast to previous quarters), although lead times varied across product types.
- 1.7. Peak and super-peak products generally had higher offer rates than baseload products – but often had a lower ‘volume offered to volume requested’ ratio.
- 1.8. Baseload offers were generally priced close to equivalent ASX products, although South Island premia increased in May. Peak and super-peak contracts showed higher premia than baseload products, reflecting the additional value market participants place on these more targeted hedge products. The average premium on super-peak products was slightly higher this quarter than in past quarters.

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 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 four and eight per month

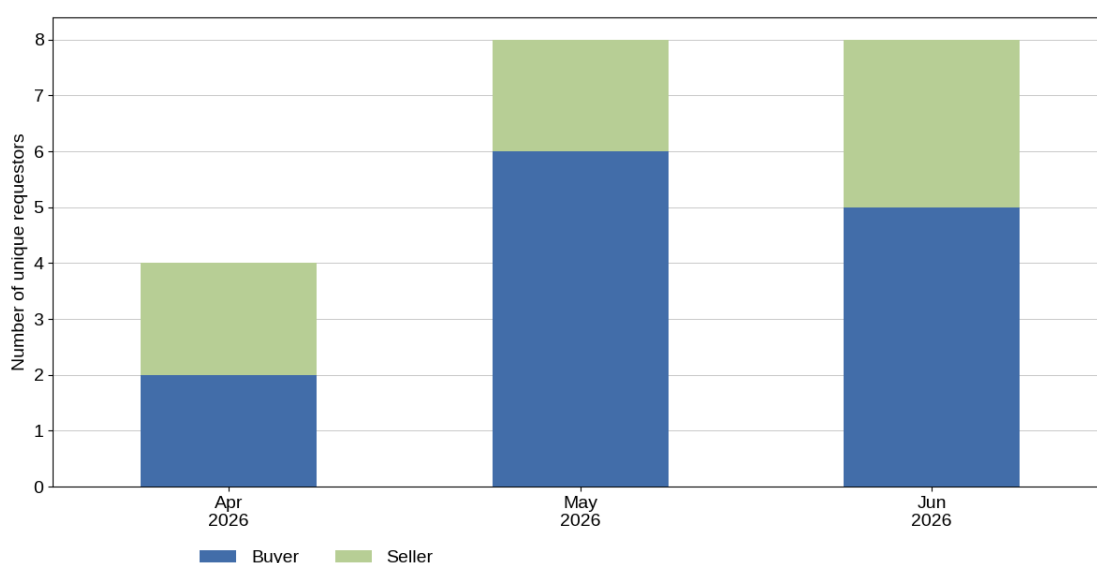
- 2.2. Information on the number of participants actively engaging in the OTC market is an indicator of both the demand and supply for hedge products, as well as overall

market conditions. Retailers, industrials who purchase electricity from the clearing manager, and generators are required to submit information in writing about their requests to buy or sell OTC contracts of 0.1MW or larger.

2.3. Figure 1 shows that in April there were just four different participants requesting to buy or sell OTC products, the lowest number since our data collection began in July 2025. In May and June the number increased to eight participants. Reasons for the relatively small number of requestors active in the OTC market in April could include the following:

- (a) A high number of requests were made in March 2026, suggesting participants had already made adjustments to their hedge book.
- (b) Increased hydro storage, strong hydro inflows and adequate thermal storage during the quarter might have alleviated supply-side and price volatility concerns related to winter.
- (c) Lower wholesale spot prices may have reduced short-term price pressure – average weekly wholesale prices were below or around \$100/MWh through most of the year until June.¹

Figure 1 - Number of requestors actively engaging in the OTC market per month between April and June 2026



Source: Electricity Authority

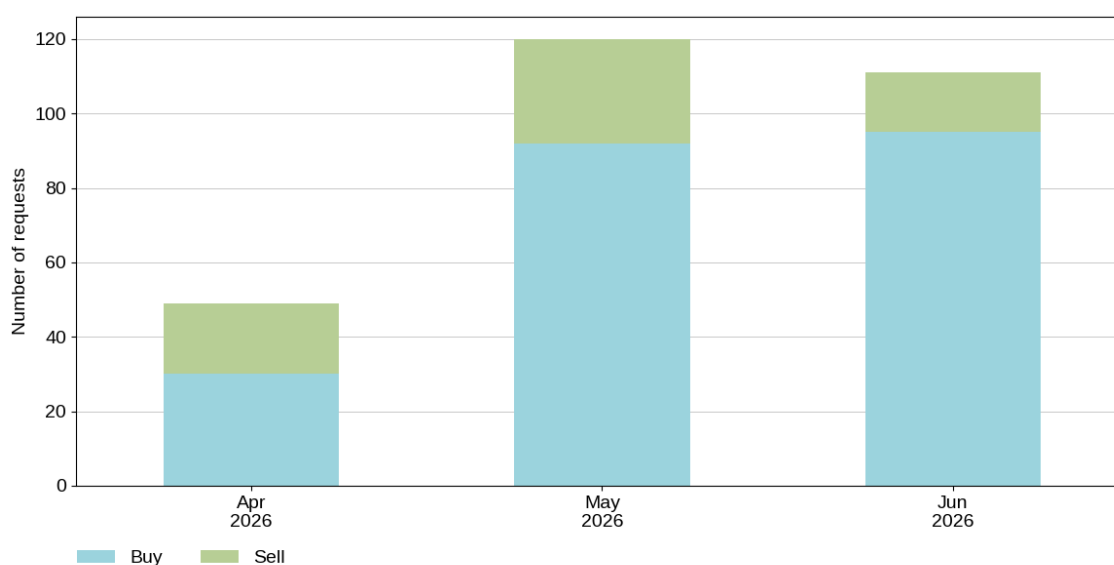
2.4. We also monitor the number of participants who are not actively engaging in the OTC market but are captured by our notice. These are participants who do not make any written requests for contracts in a given quarter, but who are active in other quarters. There were five such participants in the second quarter of 2026.

¹ [Electricity Authority - EMI \(market statistics and tools\)](#)

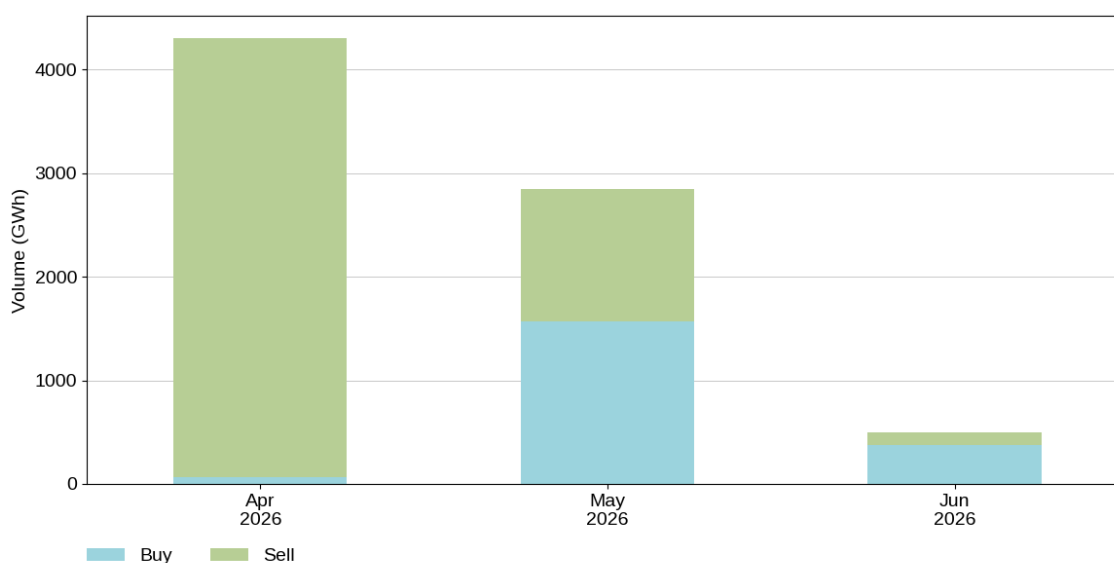
Most requests were to buy OTC products, typically submitted by retailers

- 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.²
- 2.6. In Q2 2026 most requests were from participants seeking to buy products. Sell requests were higher in April, at around 39% of all requests made during that month. In May and June the proportion of sell requests fell to around 23% and 14% respectively, as shown in Figure 2.

Figure 2 – Number and volume of buy and sell OTC requests per month between April and June 2026



Source: Electricity Authority

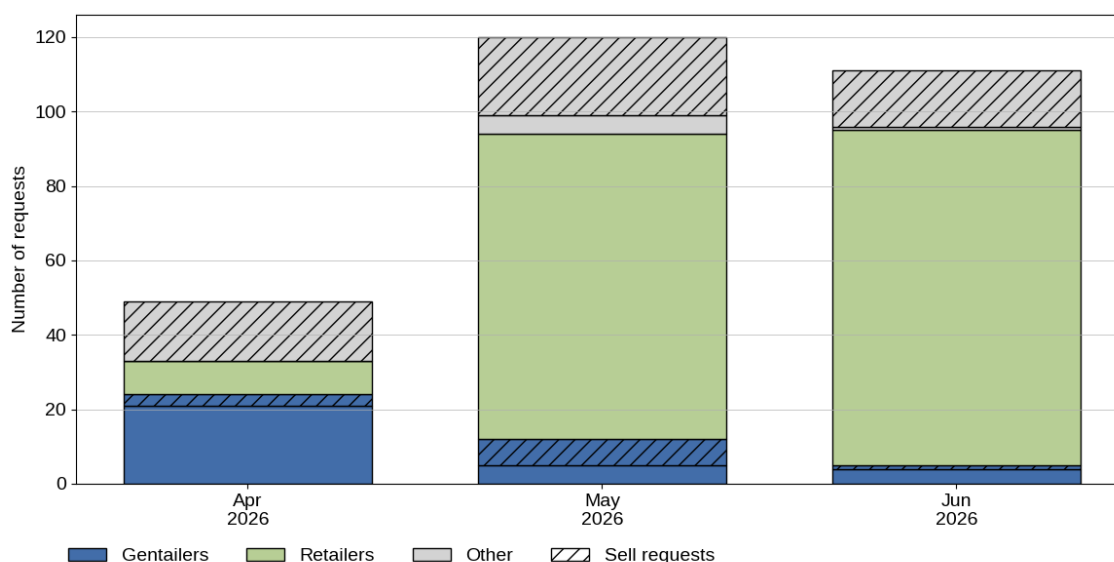


Source: Electricity Authority

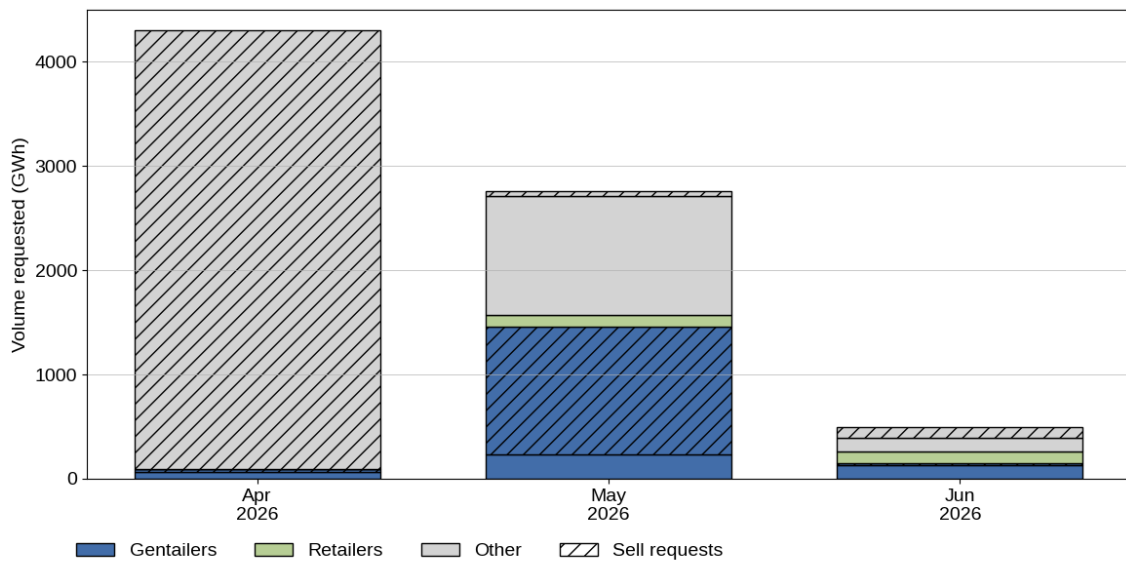
² Refer to the [Clause 2.16 notice: OTC bids and offers data](#) for more information.

- 2.7. The large volume offered in April is due to several sell requests for power purchase agreements (PPAs) spanning multiple years. The lower volume requested in June compared to April and May might be related to the types of product requested and their duration. These will be discussed in the following sections.
- 2.8. Figure 3 shows that in April retailers made around 30% of all buy requests, increasing to 89% and 95% in May and June. Retailers were mostly interested in procuring monthly and quarterly contracts effective in September 2026 and/or later.
- 2.9. Gentailers made more buy requests in April (around 70% of all requests), usually for month or quarter-long contracts spanning the winter months – and they often looked to buy shaped products. This might indicate a movement towards realigning their hedge books ahead of winter.
- 2.10. While other participants (including industrials and generators) accounted for only around 5% of the buy requests per month, the volume they requested accounted for around 78% of the total volume requested in May, and around 36% of the total volume in June.
- 2.11. Sell requests were made mainly by generators (more than 80% in April and June and around 75% in May), with a small proportion coming from gentailers. However, in May more than 90% of sell volumes were requests from gentailers.

Figure 3 – Number and volume of OTC requests by participant category per month between April and June 2026



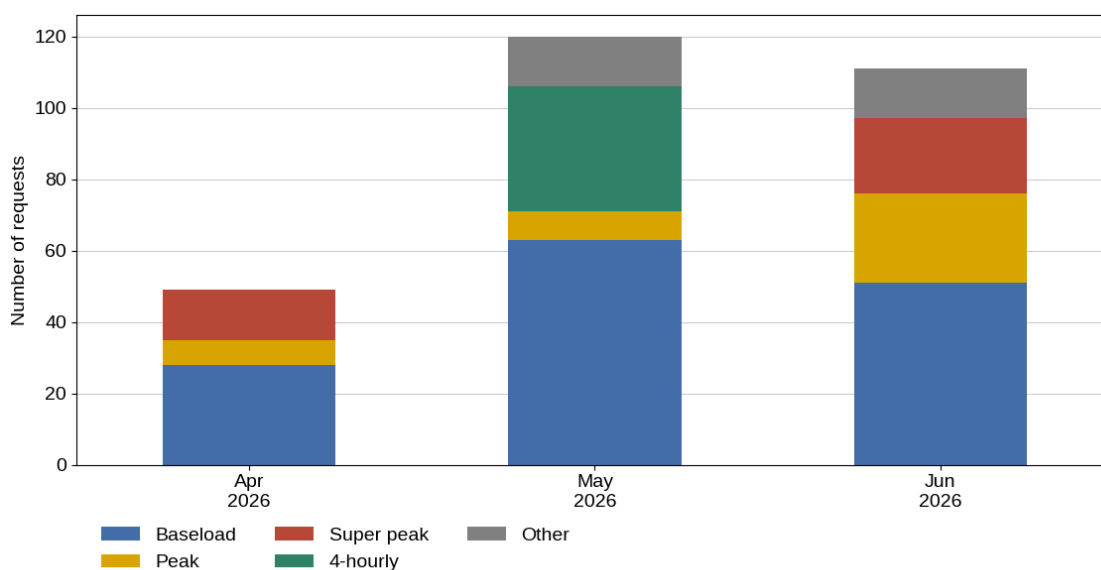
Source: Electricity Authority



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

- 2.12. Most OTC requests (both buy and sell) from April to June were for baseload products, as shown in Figure 4. Proportionately, April had the highest percent of requests for baseload products (57%), although the total number is lower than other months (28 against 63 in May and 51 in June).
- 2.13. For baseload products, the market behaviour illustrated in Figure 4 often reflects retailers looking for month and quarter-long products effective post-winter 2026 (September 2026 onwards).
- 2.14. April and June had the highest number of requests for shaped products. April also had the highest proportion of requests for super-peak products (29% of the requests compared to 19% in June). Products labelled as “other” consist of sell requests effective on certain times of the day (non-standard).

Figure 4 – OTC monthly product requests according to product shape between April and June 2026



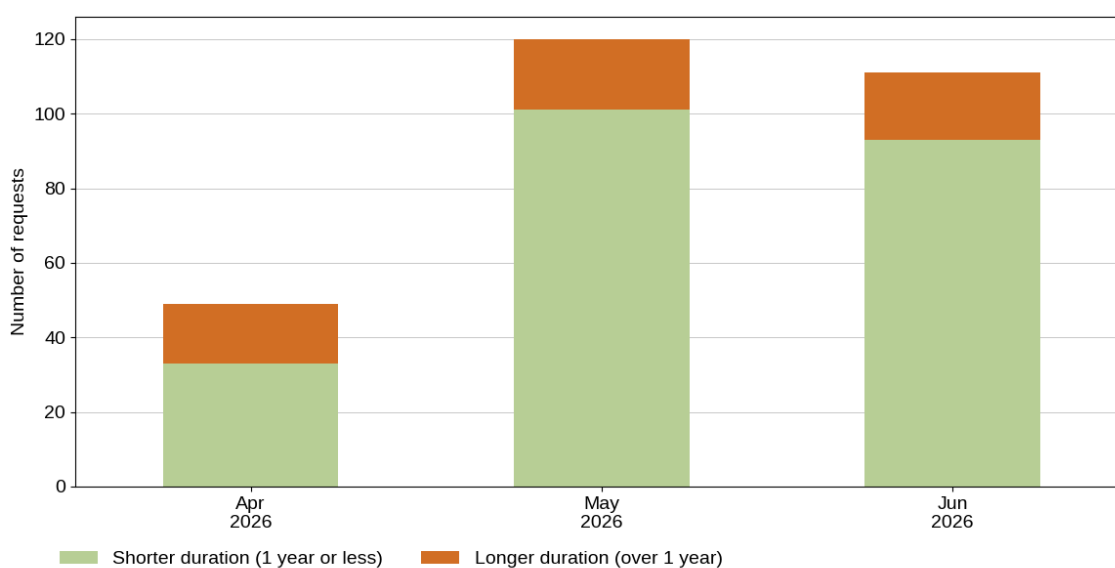
Source: Electricity Authority

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

2.15. In this report we distinguish between shorter and longer duration requests, with shorter durations defined as less than one year.³

2.16. Most OTC product requests continue to be for shorter-duration contracts (see Figure 5) across different products. Longer duration contracts were usually requested by retailers (often seeking to buy products) or generators (sell requests).

Figure 5 - OTC monthly product requests according to contract duration between April and June 2026



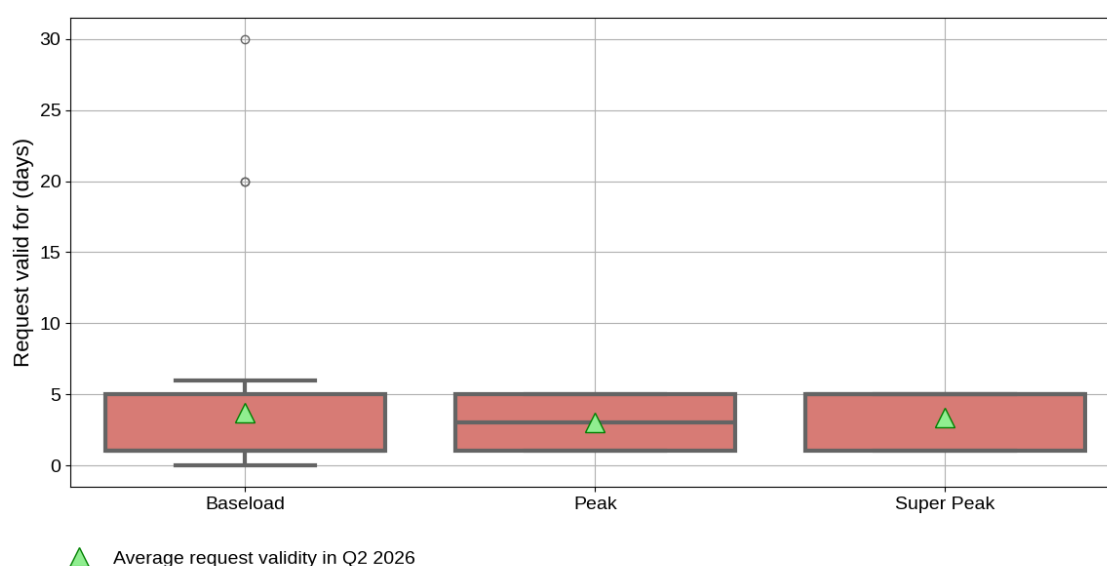
Source: Electricity Authority

³ Contract effective and end dates covering one year or less.

Counterparties are usually given five days or less to respond

- 2.17. 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.
- 2.18. Figure 6 shows that counterparties typically had five days or less to respond to a request between April and June (Q2 2026), 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.
- 2.19. The time given to respond indicates that requestors expect responses within a relatively short timeframe. This is likely reasonable considering that most requests between April and June were for commonly traded contracts (such as baseload or shaped products, and often for short durations).

Figure 6 – Days given to counterparties to respond to requests – Q2 2026

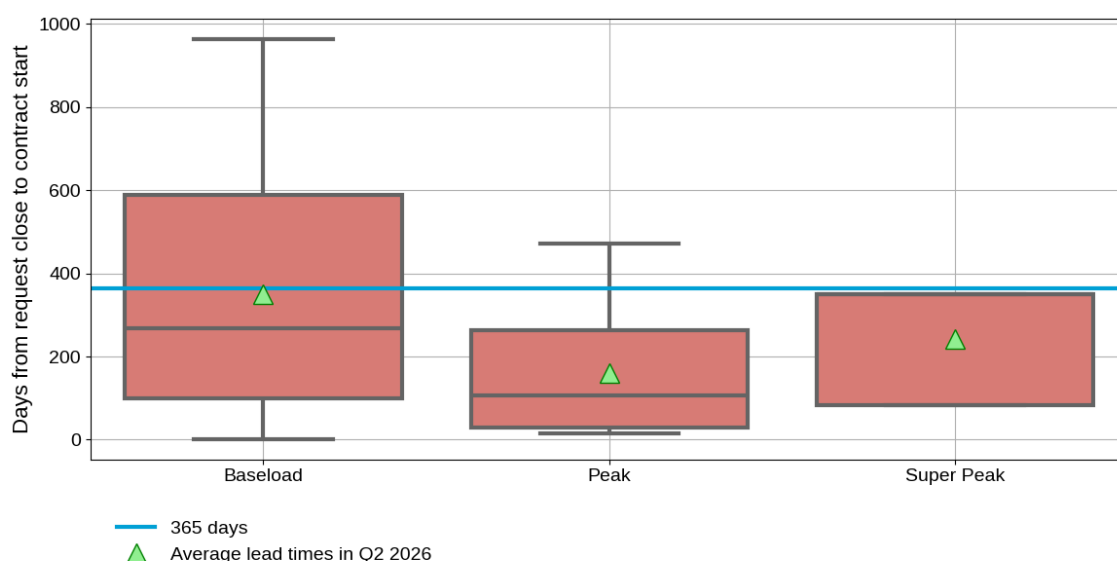


Source: Electricity Authority

Contracts requested in Q2 2026 usually were requested less than a year in advance

- 2.20. 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 (ie, when the contracted volume would begin). Results are presented on a quarterly basis.
- (a) In Q2 2026 (between April and June), products were usually requested less than one year in advance.
 - (b) The average lead time for baseload contracts was 288 days. This is a reduction compared to the last three quarters, where baseload contracts were usually requested more than a year in advance.
 - (c) For peak and super-peak products the average lead times were 160 and 243 days.

Figure 7 - Days between request close date and contract effective start date – Q2 2026



Source: Electricity Authority

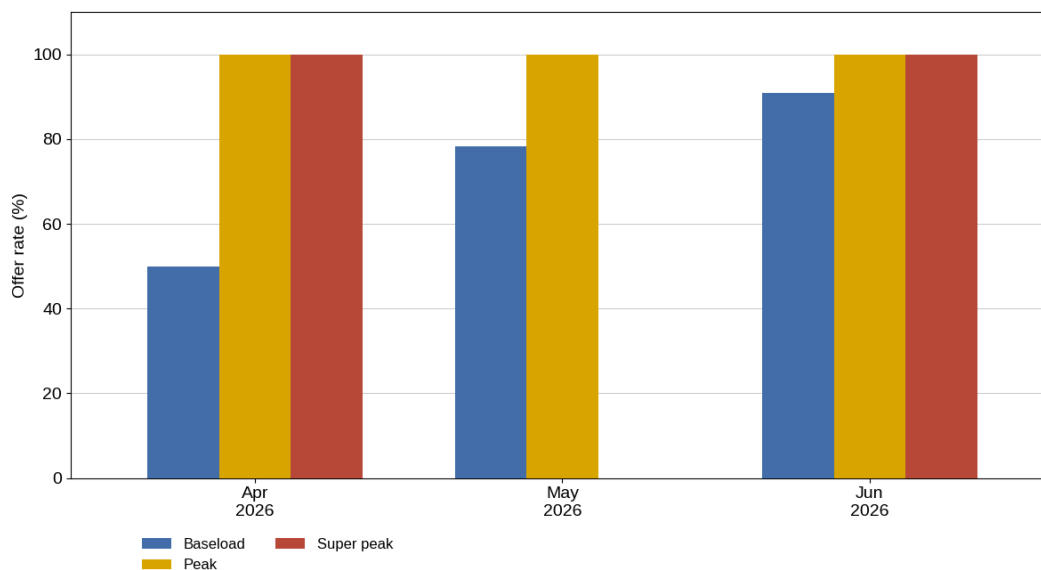
3. Responses to requests

- 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 competition concerns, 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 were received per request)
 - (b) requested and offered volume
 - (c) proportion of non-conforming responses
 - (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 useful in identifying patterns that warrant further investigation and engagement with relevant participants.

The offer rate for shaped products was often higher than baseload

- 3.4. Figure 8 shows that the proportion of requests that received at least one offer (offer rate) for peak and super-peak products, which continue to be usually 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).

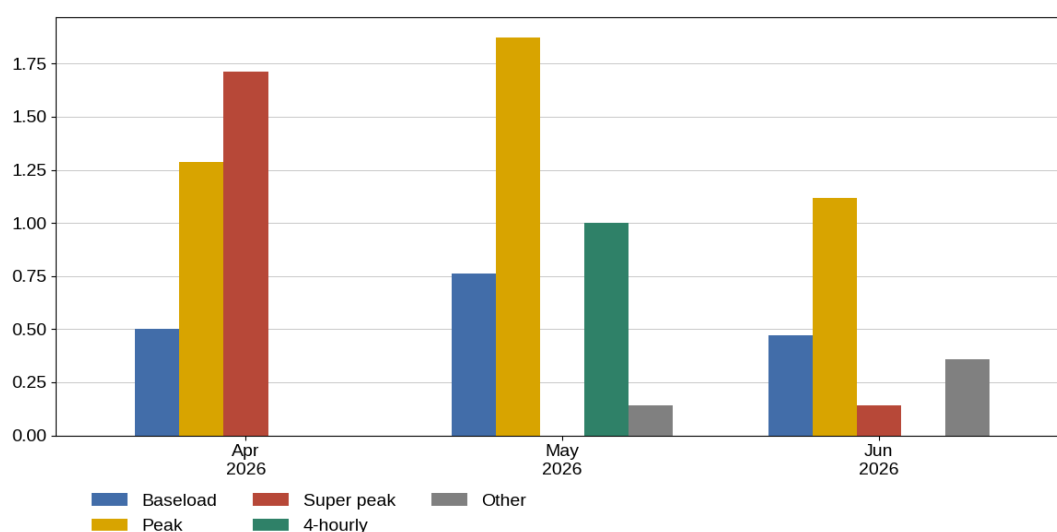
Figure 8 - Offer rate for baseload, peak, and super-peak products per month between April and June 2026



Some requests received multiple offers

- 3.5. When looking at requests and offers, we can see that sometimes those requests received more than one offer, as shown in Figure 9. Multiple offers may arise because more than one offer is submitted in response to a request from the same responding party or offers are received from different parties. The ratio of offers to requests can also be less than one when a request is sent to multiple counterparties but not all of them reply with an offer.
- 3.6. Requests for peak products this quarter had offer rates above 1, meaning there were often multiple offers in response to requests to this type of product. Super-peak requests also often received multiple offers in April but showed a lower offer ratio in June.
- 3.7. Besides a higher number of requests for super-peak products in June compared to April (21 versus 14 in April), the lower offer ratio for super-peak products in June can also be partially explained by requests not matching with counterparties' portfolios, causing them to decline to make an offer.
- 3.8. Requests for 4-hourly contracts received a matching number of offers while other types of requests usually received fewer offers (not all requests received offers).

Figure 9 – Average number of offers per request between April and June 2026

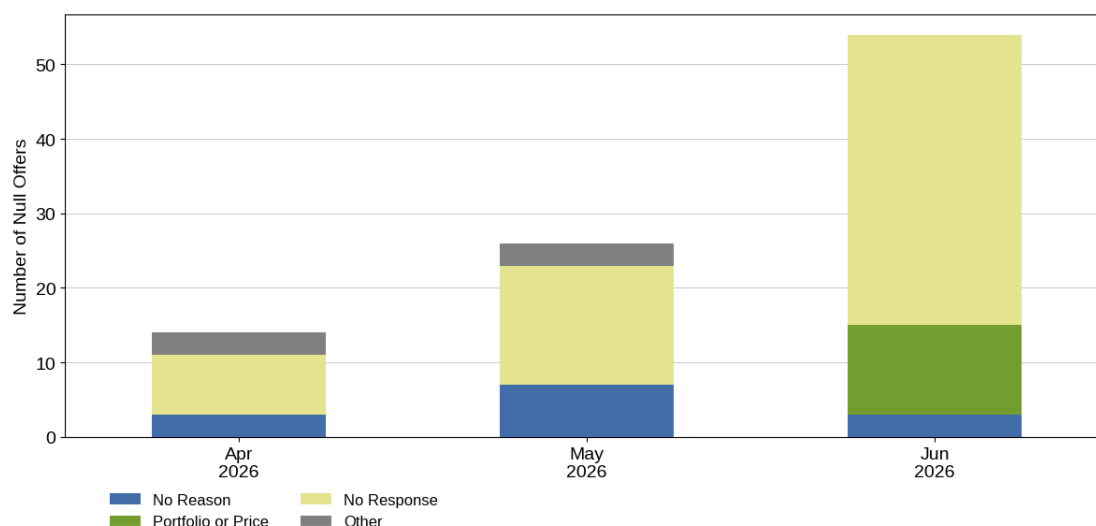


Source: Electricity Authority

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 April and June, Figure 10 shows that the most common outcome was that requesting parties did not know why counterparties failed to provide offers (ie, the requesting party reported that no reason was given for the lack of an offer or simply that they did not receive a response from the counterparty).
- 3.11. In June, requesters sometimes pointed out that the counterparties did not provide firm offer prices (sometimes not providing prices at all). There were also some cases of requests with no offers due to requests not matching with counterparties' portfolios.

Figure 10 - Number and reasons for null offers per month between April and June 2026

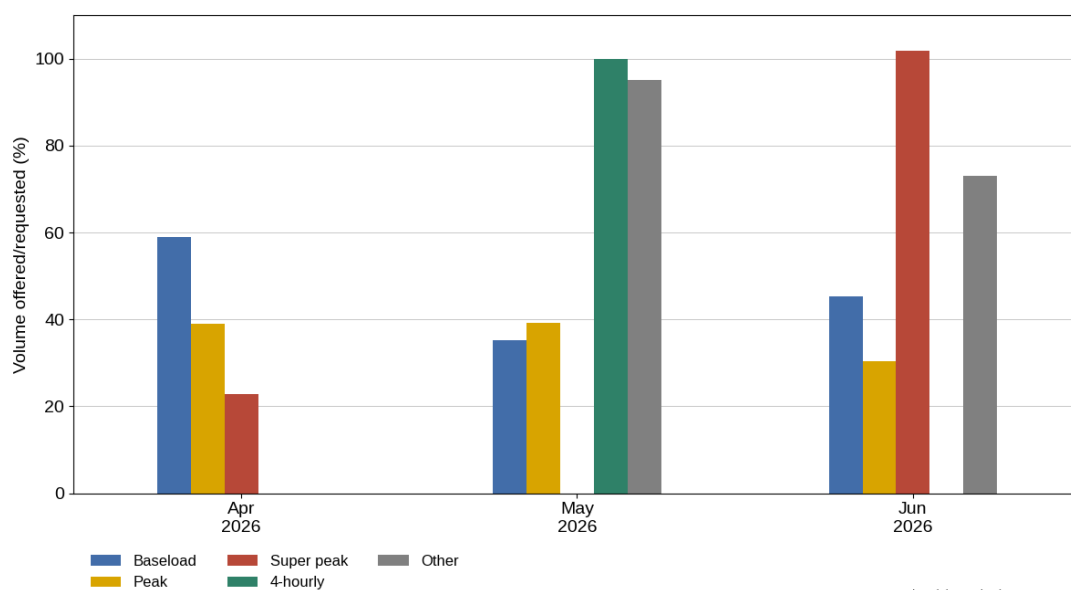


Source: Electricity Authority

Volume offered was usually lower than volume requested, especially for peak products

- 3.12. Comparing requested and offered volumes provides further insight into how effectively demand is met in the OTC market.
- 3.13. Figure 11 shows the offered volumes were usually lower than the requested volumes. This can happen when counterparties offer less volume to a specific request (for instance when the offer is effective for a shorter period than what was requested) or can be related to how the negotiation evolved since we only have visibility on initial bids and final offers.

Figure 11 – Offered versus requested volume ratios per month between April and June 2026



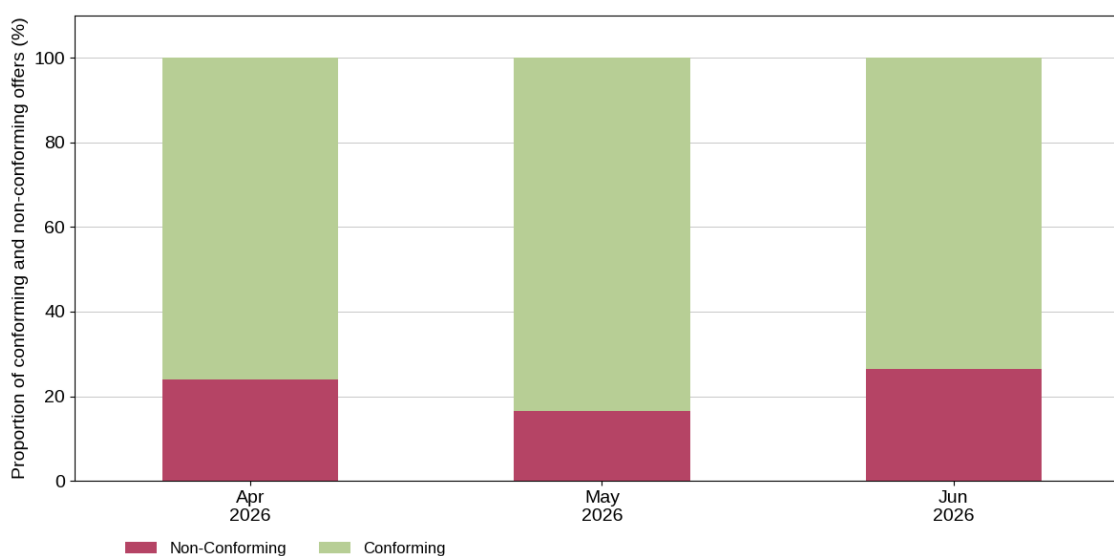
Non-conforming offers are relatively stable at around 20%

- 3.14. We are using 'conforming' and 'nonconforming' as neutral descriptions in this analysis.
- 3.15. 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.
- 3.16. In our analysis we classify conforming offers in two ways:
- via the classification provided by requestors when disclosing information (a Y/N flag for conformity)
 - via a conformity score based on how many contract attributes of the offer match those requested. The scores vary from 0 (non-conforming on all dimensions) to 7 (fully conforming) according to:
 - requested and offered duration
 - requested and offered contract start times
 - requested and offered shapes

- (iv) requested and offered location
- (v) requested and offered day types
- (vi) requested and offered volumes MW
- (vii) requested and offered contract type.

3.17. Figure 12 shows the proportion of conforming and non-conforming offers according to the classification provided by requestors. The data indicate that, per month, around 20% of the offers were classified as non-conforming by the requestors.

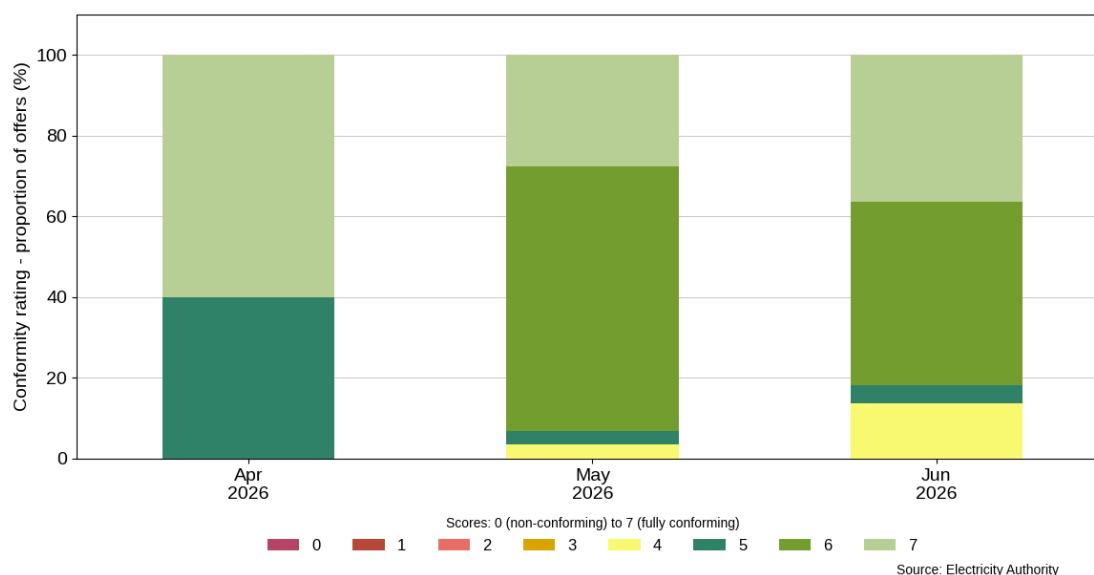
Figure 12 - Conforming and non-conforming offers per month according to inputs from requestors between April and June 2026



3.18. Figure 13 shows the non-conforming offer ratios according to our conformity score. The most common source of non-conformity for scores lower than 7 was differences between requested and offered volumes, followed by differences in the requested and offered start dates and product shapes.

3.19. Our conformity score seems stricter than the classification provided by the requesters as our method identified more offers that could be labelled as non-conforming. We also identify that when an offer is non-conforming, it is usually non-conforming on only one or two dimensions (and occasionally three). These are mainly related to offered volume values not matching the requested volume. Requestors nevertheless classified most of these offers as conforming, suggesting that such differences may not have been considered material.

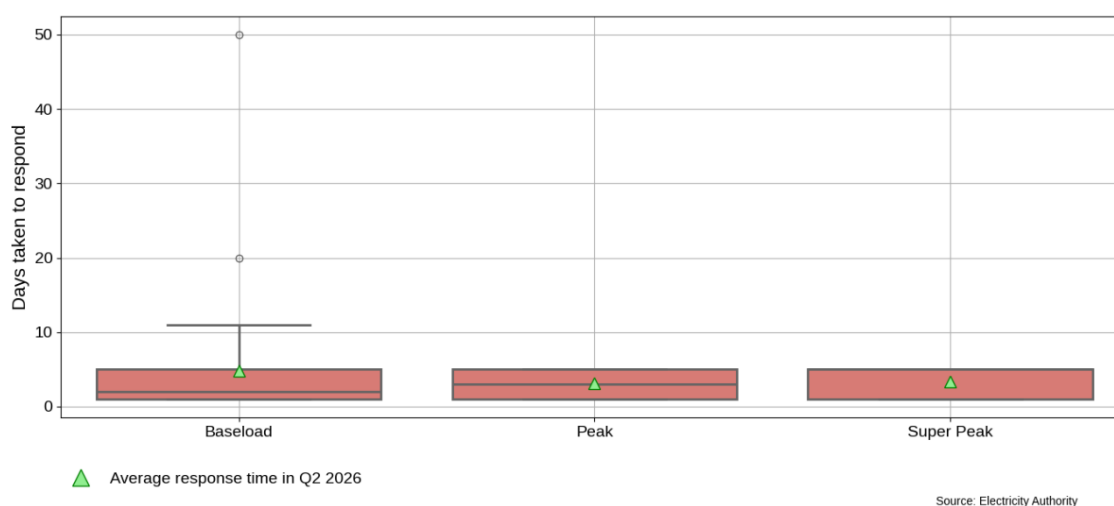
Figure 13 - Conforming and non-conforming offers per month according to our classification method – April-June 2026



Responses to requests were sent within expected timeframes

- 3.20. As we discussed in paragraph 2.17, participants in the OTC market expect a response to their requests within a specified timeframe, typically a few days from the date of the request.
- 3.21. Figure 14 shows that counterparties typically respond within fewer than five days on average, regardless of the product requested, consistent with the timeframes specified by requestors. However, in some cases, counterparties took 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 – Q2 2026

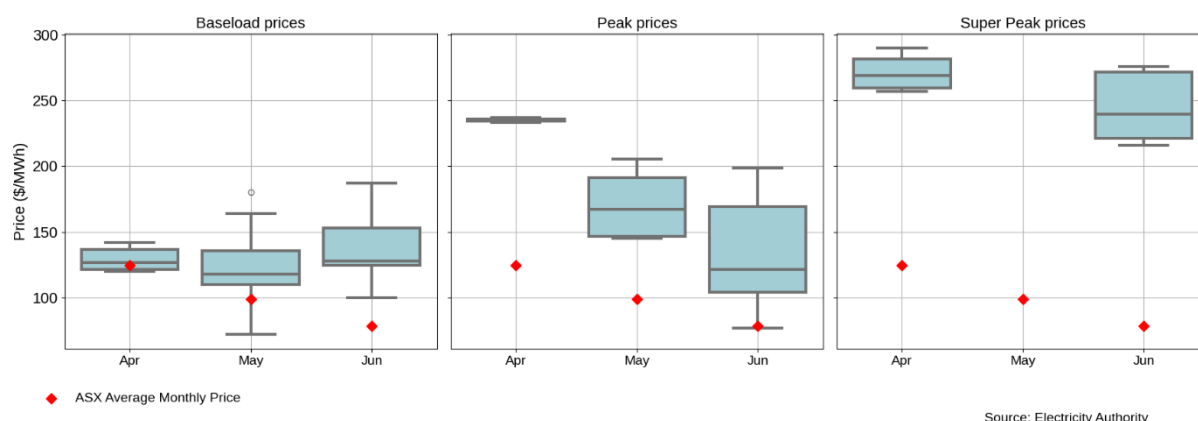


4. Prices

- 4.1. Offer prices, together with risk premia and other commercial considerations, 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 usually lower than those for shaped products, consistent with the typical pricing relationship between baseload and shaped products. In June, however, the median price for peak products was slightly lower than baseload. This is related to a few sell requests for baseload products which were priced relatively high (some of them options) and requests for longer duration baseload contracts (around five years).
- 4.3. Median offer prices for peak and super-peak products were higher in April and lower in June, following the trend of ASX prices. Lower prices for peak products relative to ASX prices in June may also be partially due to the characteristics of the requests, all of them being buy requests, often for quarter-long contracts requested less than six months in advance.
- 4.4. Wider distributions were observed in May and June. This may reflect a combination of increased market activity and greater diversity in the products requested.

Figure 15 –Distribution of offered prices by product shape per month between April and June 2026– including average monthly traded ASX contract prices

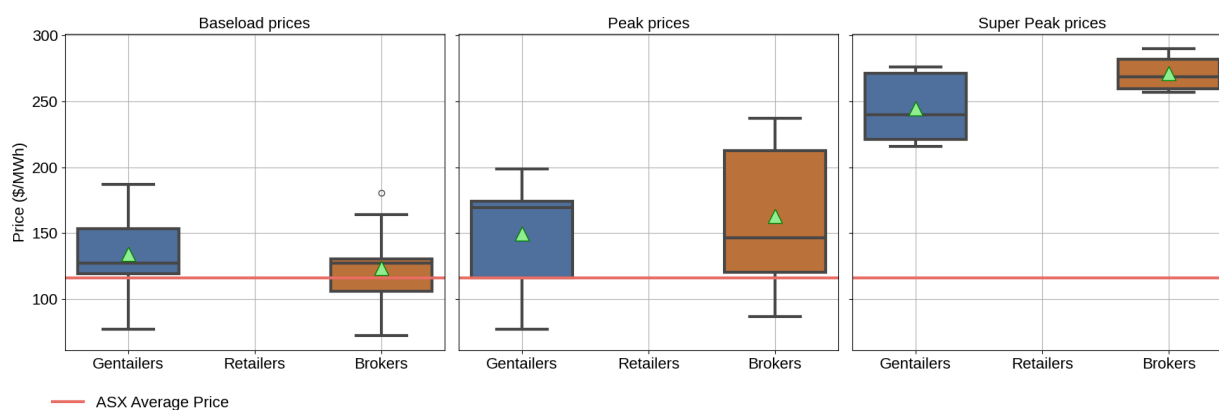


- 4.5. Distribution of prices per counterparty type showed that baseload prices offered by gentailers and through brokers⁴ were usually below \$150/MWh, as shown in Figure 16. Prices for peak products were usually between \$120-\$212/MWh while super-peak products were usually priced between \$221-\$282/MWh.⁵ Shaped products were also offered by gentailers and brokers. There were no offers from retailers for all three products. Prices were similar across offers through brokers and by gentailers for baseload and peak products, but slightly higher offers were received through brokers for super-peak products.

⁴ We understand that brokers are usually agents in the electricity hedge market and their offered prices are reflective of the prices provided to them by a third party. We often do not have visibility on who those third parties are, as brokers can opt to anonymise such information. We are proposing changes to the current notice to enhance our visibility of the details of requests made via brokers.

⁵ The prices represent the interquartile range where 50% of the prices are located.

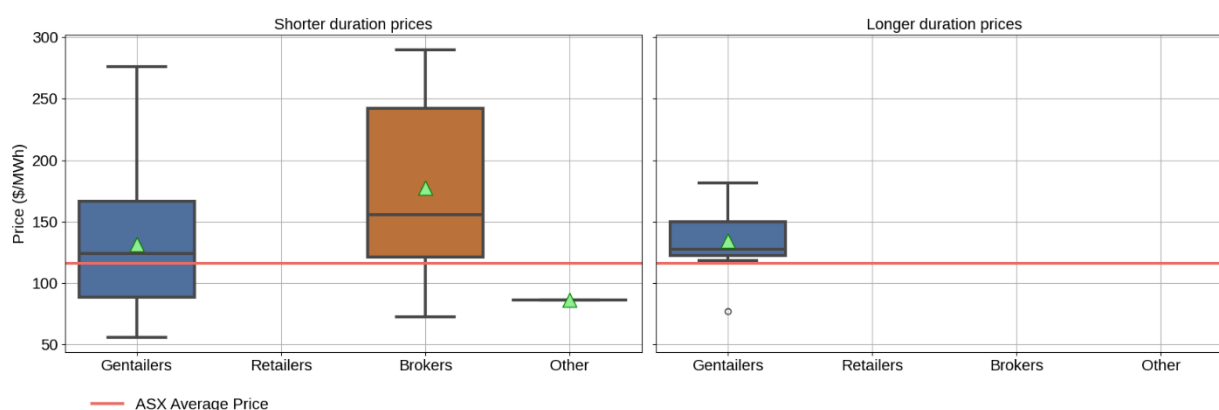
Figure 16 - Distribution of offered prices by participant category with averaged monthly and quarterly traded ASX contract prices between April-June 2026 for comparison



Source: Electricity Authority

- 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. Only gentailers offered prices for longer duration products this quarter.

Figure 17 - Distribution of offered prices by participant category by contract duration with averaged monthly and quarterly traded ASX contract prices between April-June 2026 for comparison



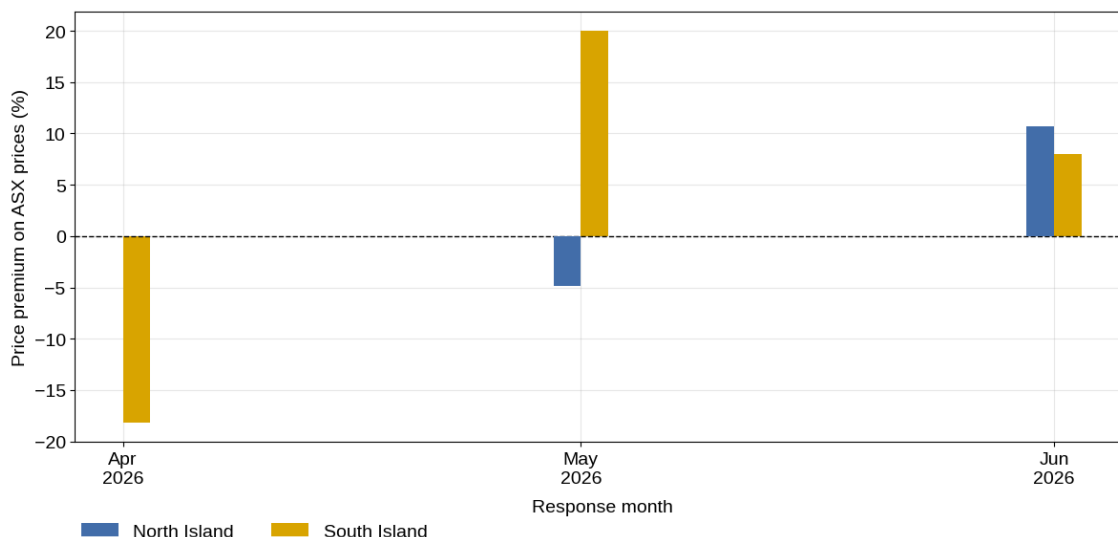
Source: Electricity Authority

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 April-June. North Island over-the-counter

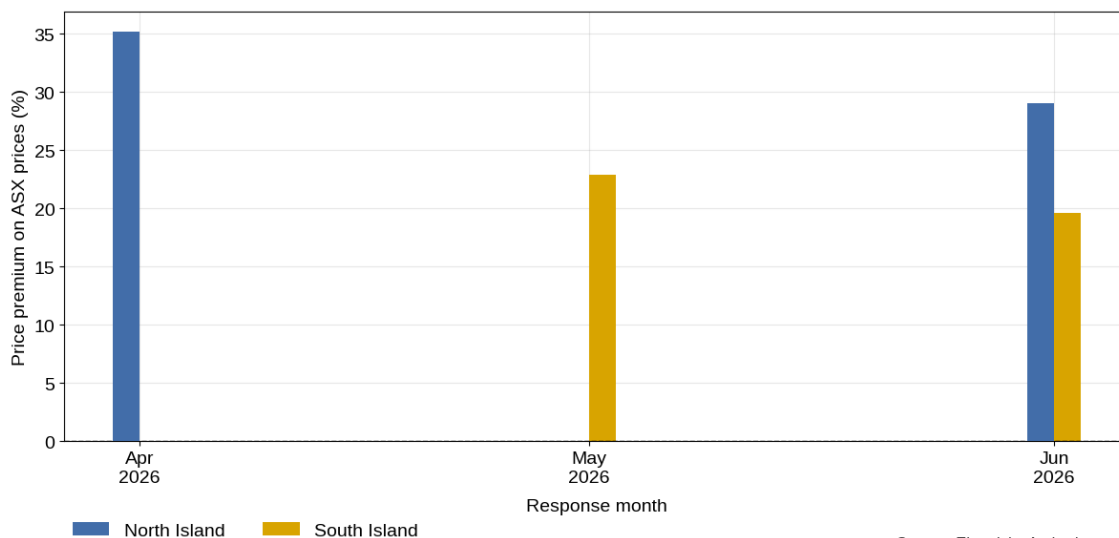
hedges were matched to ASX baseload hedges at Ōtāhuhu and South Island over-the-counter hedges were matched to ASX baseload hedges at Benmore.

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



- 4.10. Baseload prices are usually relatively close to equivalent ASX products' prices. Between April and June, North Island price premia ranged from around -5% to around 10%. South Island average price premia were lowest in April and highest in May. In April most requests for baseload products were for month-long contracts effective after winter 2026. In May most requests for baseload products were for quarterly, yearly or two-year contracts, often effective in 2027 or 2028.
- 4.11. Figure 19 shows the volume weighted average price premium of peak products offered in the OTC market between April-June. Peak products are expected to have higher premia compared to baseload products due to their more targeted risk coverage relative to baseload products (ie, they cover a smaller portion of the day when usually electricity demand is higher).

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

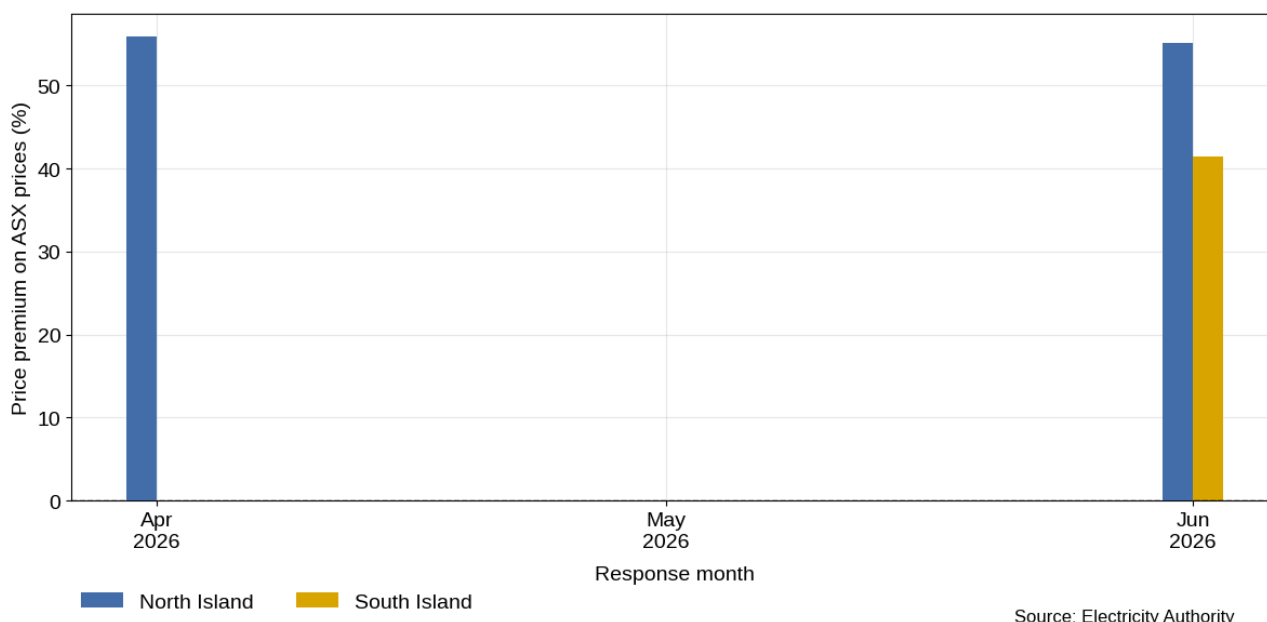


4.12. The average premium for peak products ranged from around 20% to 35%, with the highest average premium occurring in April 2026. These premia are similar to previous months.

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

4.14. Average super-peak premia offered were around 55% for North Island and 42% for South Island. These averages were slightly higher than in previous months. There were no requests matching the characteristics of the standard super peak product between April-June 2026.

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



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.