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29 March 2022

Nova Energy Limited  
PO Box 3141, Wellington 6140

Submissions  
Electricity Authority  
PO Box 10041  
Wellington 6143

By email: [wholesaleconsultation@ea.govt.nz](mailto:wholesaleconsultation@ea.govt.nz)

**RE: Consultation Paper – Commercial Market-making Scheme Code Amendment**

Nova Energy (Nova) is pleased to see progress being made with the commercial market making scheme and is supportive of the proposed Code amendments. The prospective addition of a fifth market maker on a fully commercial basis, plus the addition of the rolling 20 day and refresh arrangements should all improve the robustness and efficiency of the market.

Nova's responses to the specific questions raised by the Authority are attached.

Yours sincerely



Paul Baker

Commercial & Regulatory Manager

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**Nova submission:**

**Commercial Market-making Scheme Code Amendment**

<b>Q</b>	<b>Question</b>	<b>Response</b>
Q1.	Do you have any feedback on the Authority's proposal to align regulated market-making obligations with commercial market-making obligations?	The Authority's proposal is consistent with Nova's views on developing an active hedge market funded by market participants rather than relying on the existing market makers.
Q2.	Do you agree that the total volume should remain at 12 MW per contract, if not why?	Yes. Nova's earlier submission supported that volume as being the most economic option in terms of performance for cost.
Q3.	Do you agree that the spread between bid and offer prices should remain at a maximum of 3% if not why?	Yes, as for Q2. A spread of greater than 3% creates a barrier for retailers to cover their exposure to spot prices and achieve an adequate margin on their retail book.
Q4.	Do you agree that changing to a rolling 20 trading days exemption scheme will benefit the New Zealand electricity futures market if not why?	Yes, the rolling 20 trading days makes a lot of sense.
Q5.	Do you propose an alternative solution to maintaining market-making services through a calendar month?	No
Q6.	Do you agree that introducing a refresh obligation will benefit the New Zealand electricity futures market if not why?	Yes
Q7.	Do you have any feedback on the Authority's cost-benefit analysis set out in Appendix A?	The conclusion reached by the Authority is consistent with Nova's expectations, albeit that Nova does not have the benefit of the quantitative information used by the Authority.