

Electricity Authority
By email: HME.feedback@ea.govt.nz

20 July 2020

Securing Access to Exchange Data

Mercury welcomes the opportunity to provide a submission to the Electricity Authority on the consultation paper "Hedge Market Enhancements: Securing access to exchange data."

Mercury supports the Electricity Authority ("EA") amending the Code to ensure it can retain access to exchange traded data. We agree this information is important for the EA to have so it can effectively carry out its responsibilities for market monitoring and enforcement under the Code. We also agree there is likely to be a positive net benefit to the proposal, but we would recommend the EA quantifies this to not rely only on a qualitative or high-level assessment.

Our responses to the questions in the consultation paper are attached as Appendix 1.

If you have any questions on this submission please direct them to John Bright, Regulatory Strategist at john.bright@mercury.co.nz.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Bright".

John Bright
Regulatory Strategist

#	Question	Mercury's response
1(a)	Has the Authority correctly identified an issue with its access to participants' deanonymised tick data?	Yes. The EA is required to carry out market monitoring and enforcement with respect to the hedge market and it needs to ensure it can access data for these functions.
1(b)	Are there other issues that the Authority has not identified?	Not that Mercury is aware of.
1(c)	Have the benefits of addressing the issue been correctly articulated? Has the Authority missed any benefits, or are the benefits identified mis-specified?	We agree that the EA having access to data will serve to enhance the performance of its statutory functions.
1(d)	How else could the Authority use de-anonymised tick data to better perform its functions for the long-term benefit of consumers?	No comment.
2(a)	Are there other options to address this issue that the Authority has not identified? If so, please provide a brief description of the alternative and its merits.	Not that Mercury is aware of.
2(b)	Has the Authority correctly analysed the options that is has identified? If not, please explain why.	Yes.
3(a)	Are there any other opportunities the Authority should consider as part of its proposal? If so, please provide a brief description of the opportunity and its merits.	No comment.
3(b)	Has the Authority correctly analysed the opportunities that is has identified? If not, please explain why.	Yes.
3(c)	Are there any other opportunities the Authority should consider addressing with the proposed code change? If so, please provide a brief description of the opportunity.	Not that Mercury is aware of.
3(d)	Has the Authority correctly analysed the options that is has identified? If not, please explain why.	Yes.
4(a)	Do you have any feedback on the Authority's cost benefit analysis set out in Appendix A?	<p>Mercury would support a clearer attempt being made to quantify the various costs and benefits associated with the proposal. In general, as we are unaware of the EA's arrangements, we do not attempt to quantify any of the following ourselves but leave this for the EA to decide whether they are material:</p> <ul style="list-style-type: none"> • One cost which may have been overlooked is the additional data storage required to host the additional data – potentially for a long period of time; • Another cost which may have been overlooked is any incremental change in risk associated with data theft or privacy breaches; • We otherwise agree benefits would accrue on issues such as those mentioned in the paper – more effective performance, increased market confidence, and administrative and compliance cost efficiencies. The largest benefits are likely to come in the form of more effective monitoring/compliance and increased market confidence. The EA could quantify these, for example, by surveying participants perhaps using a willingness to pay metric.
4(b)	Do you have any feedback on the Regulatory statement in Appendix B?	No comment.
4(c)	Do you have any feedback on the Code amendment set out in Appendix C?	No comment.