

21 July 2020

Jo Thornton
Project Co-ordinator, Hedge Market Enhancements
Electricity Authority
By email to HME.feedback@ea.govt.nz

Dear Jo

Consultation paper – Hedge Market Enhancements securing access to exchange data

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Authority (EA) consultation paper "Hedge Market Enhancements – Securing access to exchange data" 23rd June 2020.¹
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. Responses to questions in the consultation paper follow:

Question	MEUG response
1(a) Has the Authority correctly identified an issue with its access to participants' de-anonymised tick data?	Yes.
1(b) Are there other issues that the Authority has not identified?	Not that MEUG is aware of. The proposal has flexibility to assist solve other issues that might be identified later.
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?	MEUG agrees with the analysis of benefits in section 4.

¹ URL <https://www.ea.govt.nz/dmsdocument/26936-hme-securing-access-to-exchange-data-consultation-paper> at <https://www.ea.govt.nz/development/work-programme/risk-management/hedge-market-development/consultations/#c18424>.

Question	MEUG response
1(d) How else could the Authority use de-anonymised tick data to better perform its functions for the long-term benefit of consumers?	Other opportunities may arise as the EA gains experience with analysing real time tick data. The benefits identified to date in section 4 are sufficient to make the proposal worthwhile.
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.	Same response to question 1(b) above.
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.	Same response to questions 1(b) and 2(b) above.
3(b) Has the Authority correctly analysed the opportunities that is has identified? If not, please explain why.	MEUG agrees with the analysis, after tick data has been secured and experience gained, of considering future access to other exchange data.
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.	No comment.
3(d) Has the Authority correctly analysed the options that is has identified? If not, please explain why.	This question is the same as 3(b)

Question	MEUG response
<p>4(a) Do you have any feedback on the Authority's cost benefit analysis set out in Appendix A?</p>	<p>MEUG agrees with the assessment of quantifiable costs and benefits and much larger, though unquantified, benefits in the Cost Benefit Analysis in Appendix A.</p> <p>The overwhelming unquantified benefit of greater confidence in the market that will be derived from this Code amendment was succinctly set out in paragraph [4.4] of the consultation paper:</p> <p><i>"Through automated data analysis, the Authority could undertake more proactive monitoring and reporting of market performance. This would allow the Authority to produce timely and relevant market reports. These reports would provide greater transparency around market performance and would contribute to greater confidence in the market amongst users."</i></p>
<p>4(c) Do you have any feedback on the Regulatory statement in Appendix B?</p>	<p>MEUG agrees with the analysis and conclusions of the Regulatory Statement in Appendix B.</p>
<p>4(d) Do you have any feedback on the Code amendment set out in Appendix C?</p>	<p>No comment.</p>

4. We look forward to viewing the submissions of other parties and a decision by the EA before the 3rd November 2020 expiry of the current urgent Code amendment provisions expire.

Yours sincerely



Ralph Matthes
Executive Director