

21 July 2020

Andy Doube and Tom Georg
Electricity Authority
P O Box 10041
Wellington 6140

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

Dear Andy and Tom,

Re: Consultation paper - Hedge Market Enhancements securing access to exchange data

This submission is on behalf of Ecotricity, Flick Electric, Pulse and Vocus.

We agree the Electricity Authority (Authority) should continue to have access to tick data from electricity industry participants trading on an exchange traded platform/s (currently the ASX) after 3 November 2020.

We acknowledge that the proposed Code amendment mirrors the current voluntary arrangement for collecting tick data. If possible, we suggest it would be more efficient to regulate the provider of the exchange-traded platform to provide the Authority with tick data, rather than placing the obligation on each industry participant that trades on the ASX.

We would be concerned if the Authority decided that ASX data no longer needed to be available on the Hedge Disclosure website. Information currently available from the Hedge Disclosure website is hugely valuable, including ASX trades. This Hedge Disclosure website is a one-stop source of information about the full range of hedge contracts, including ASX contracts, that provides any / all participants with a comprehensive forward price curve. Being able to compare ASX and other hedge contracts by extracting the same standard set of data from one source is valuable. This enables a comparison of individual contracts for different hedge products using a range of data points including price, volume, term and trade date.

We submit the Authority should publish on the Hedge Disclosure website the data that is currently lodged manually by contract counterparties using the anonymised data it proposes receiving from an exchange traded platform under this Code amendment (paragraph 6.10(c)).

If data currently received from electricitycontracts.co.nz "is of low quality and requires significant cleaning"¹ then sourcing and publishing this data from the exchange platform provider will provide benefits to users of the Hedge Disclosure website as well as the Authority.





We query whether it will also be important to have access to the same data on trades between non-electricity industry participants in the future if the structure of market making or other changes to

¹ Paragraph A.9.

the hedge market mean increased involvement of these organisations on NZ’s exchange traded platform/s for electricity. We note the Authority has no jurisdiction over non-electricity participants but trades between non-electricity participants could influence price outcomes and be important context for the Authority’s monitoring and enforcement activities. This might form part of the consideration of the future options for market making (ie encouraging wider non-industry participation in market making will mean the Authority can only ever have access to a subset of total tick data).

We agree that access to the tick data enables thorough analysis of the performance of the exchange traded platform. It is important this analysis and associated commentary is balanced taking into account the perspectives of all market participants. The consultation paper also states that having direct access to tick data enables the Authority to independently assess and monitor market maker performance². If market making is mandated the Authority will also be able to use this data for compliance. Under a voluntary scheme, compliance is governed by the contract the market makers have with the exchange traded platform.

Yours sincerely,

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² The benefits of this are discussed in paragraph 4.5