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Electricity Authority  
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### **Improving access to thermal fuel information**

Meridian appreciates the opportunity to provide feedback on the Authority's consultation paper 'Improving access to thermal fuel information: clause 2.16 information notice'.

In summary, we are supportive of the Authority's proposal to increase the collection and availability of thermal fuel information. Additional thermal fuel information will support efficient market decisions and assist in managing system security. Last winter, the sudden and unexpected decline in gas availability caught Meridian, and many others, by surprise and resulted in the market needing to take late actions to balance supply and demand. Better access to regular, published information on thermal fuel reserves, deliverability and contracts will assist in avoiding a repeat of this situation in the future.

Markets operate best on good information. It is for this reason that we regularly publish information on hydro storage, snow storage, inflows, lake levels and consent conditions. Other hydro generators do the same and such information is also widely available from other sources. This means that all market participants can make informed decisions about the likely impact of hydrology and can adjust their positions accordingly. There has long been a lack of equivalent publicly available thermal fuel information. We welcome the Authority's steps to collect more information on thermal fuel. However, unless this information is made available to market participants, it will do nothing to inform operating decisions or improve market efficiency. Meridian strongly advocates that, unless there is very clear reason, all thermal fuel information collected by the Authority should be published. While a suitable balance needs to be struck between detailed information being made available to the market and commercial contract sensitivities, appropriate anonymisation or aggregation of data should address these issues if publishing information in full is not possible.

With regard to the frequency of publication, we would support as much information being published weekly as possible. Meridian runs its operating models on a weekly basis; having more regular inputs will help improve the accuracy of our modelling and the efficiency of our decision making. This will ultimately support fulfilment of a key intent of an information provision regime: better informed decision making.

A confident, informed market should be the key desire of all market participants and we strongly advocate for as much information as possible being made available on a regular basis to reach this goal. We have set out further details on our suggested changes to the Authority's proposal in our responses to the specific consultation questions in Appendix A.

Meridian also proposes that, following the implementation of the notice (e.g. after three months), the Authority should undertake a review to ensure that this regime is delivering the behaviour changes and the benefits envisaged. We note that previous efforts to encourage greater thermal fuel disclosure have not resulted in a discernible difference in information being made available. This remains a critical and urgent issue for the sector. Reviewing its effectiveness shortly after implementation will help ensure the intervention is delivering the benefits expected and, if not, will provide an opportunity for further steps to be taken.

Meridian is happy to answer any questions that the Authority has about this submission. We are happy for this submission to be published in full.

Nāku noa, nā

Georgina Lomax-Sawyers  
**Regulatory Counsel**

## Appendix A: Responses to consultation questions

	Consultation Question	Meridian Response
1.	Do you agree the issues identified by the Authority are worthy of attention?	<p>Meridian strongly supports the Authority seeking to address these issues and views them as entirely worthy of attention.</p> <p>From our experience, the information asymmetry has real impacts on decision making. For example, last winter we were surprised by the gas shortages that the market experienced due to the lack of visibility of gas storage, contracts, and deliveries.</p> <p>Furthermore, the asymmetry in information between thermal fuel generators and other market participants has created an unequal playing field, as lack of information also informs trading decisions and pricing.</p>
2.	Are there any other areas that the Authority should consider to ensure that all information relevant to the supply and demand outlook (including risks) is up to date, comprehensive, collated and presented in an integrated manner readily accessible to all stakeholders?	<p>Further to what is proposed, Meridian would support greater information being provided to the market on:</p> <ul style="list-style-type: none"> <li>the inputs to the System Operator’s Electricity Risk Curves and risk modelling assumptions. The SO’s risk framework acts as a central reference point for those within and outside the industry to gauge system security risk and is crucial to unlocking access to contingent storage when energy in the system is short. The credibility of the SO’s input assumptions is vital to ensuring that risk indicators can be relied on. Meridian would support the publication of as much of this input information as possible to ensure appropriate scrutiny and enable a diversity of views on the critical issue of system risk.</li> <li>the remaining operating hours for the certification of individual generating plants. This will assist parties to make better informed assessments on the future supply-demand balance.</li> </ul>
3.	Are there any other relevant information disclosure arrangements that the Authority should consider?	There are no additional information disclosure arrangements that Meridian thinks the Authority should consider.
4.	Do you agree with the Authority’s assessment of the problem with disclosures about thermal fuel availability?	<p>Meridian agrees with the Authority’s assessment of the issues present with the current information disclosure mechanisms.</p> <p>Notwithstanding this, in our view issue (b) goes beyond ‘not providing confidence that can undermine competition in the electricity market’. All market participants have a responsibility to ensure security of supply. However, a lack of visibility of thermal fuel information (in particular, the difficult-to-assess area of what thermal fuel arrangements, both contractual and MOU, have been put in place to ensure that additional fuel supplies will come to market should renewable energy supply fall unexpectedly short) currently makes it</p>

		<p>difficult to make informed decisions regarding security of supply risks.</p> <p>Therefore, we consider the inadequacy of current information disclosure obligations also affects market participants' ability to monitor and manage security of supply risks.</p>
<i>Solid fuels</i>		
5.	Do you have any comments on the provision of solid fuel information?	<p>We support the provision of the information specified.</p> <p>We consider this to be a useful extension to the information that is already provided regarding solid fuel burn and solid fuel spend.</p>
6.	Do you consider that any of the information proposed to be collected on solid fuel is confidential, and if so, why?	<p>Meridian considers most of the information proposed to be collected cannot be considered confidential. Some of the information is already available from third parties or otherwise published sporadically by thermal generators.</p> <p>Even where information relates to potentially commercially sensitive matters, Meridian's view is that there is an overriding public good in making this information available as it will assist with efficient decision making and ensuring secure supply in a sector which underpins the entire economy.</p>
7.	Is there any other information related to solid fuel the Authority should consider collecting?	<p>Yes, Meridian recommends the Authority should also collect information relating to:</p> <ul style="list-style-type: none"> <li>• any import or export restrictions on solid fuel;</li> <li>• information regarding solid fuel that has been ordered and in transit (with an indication of the estimated arrival time);</li> <li>• flexible fuel potential and arrangements that can guarantee additional supplies if needed; and</li> <li>• any other information that would provide clarity on how firm the supply is – ie force majeure clauses in contracts, how much solid fuel can be accessed if needed quickly, with what limitations, and broadly at what price.</li> </ul> <p>While the proposed information to be collected provides useful insights on the market, it does not provide the full picture of availability that is necessary, particularly where security of supply is at risk.</p>
<i>Gas storage</i>		
8.	Do you have any comments on the provision of gas storage information?	<p>Meridian considers that this would be useful information that will provide more visibility about gas availability. However, we note that there is little difference between gas that is stored in a storage facility and gas that is "stored" in a field, so long as there is sufficient flexibility (at a cost) to extract more in a timely fashion.</p>
9.	Do you consider that any of the information relating to gas storage is confidential, and if so, why?	<p>Meridian considers most of the information proposed to be collected cannot be considered confidential. Some of the information is already available from third parties or otherwise published sporadically by thermal generators.</p>

		Even where information relates to potentially commercially sensitive matters, Meridian's view is that there is an overriding public good in making this information available as it will assist with efficient decision making and ensuring secure supply in a sector which underpins the entire economy.
10.	Is there any other information related to gas storage that the Authority should consider collecting?	Meridian does not think there is more information required.
<i>Contracted gas information</i>		
11.	Do you have any comments on the provision of contracted thermal fuels information?	We support the provision of contracted thermal fuels information as proposed and suggest one further piece of information that would be useful to be collected below.
12.	Do you consider that any of the information proposed to be collected on contracted gas supply is confidential, and if so, why?	Meridian considers most of the information proposed to be collected cannot be considered confidential. Some of the information is already available from third parties or otherwise published sporadically by thermal generators.  Even where information relates to potentially commercially sensitive matters, Meridian's view is that there is an overriding public good in making this information available as it will assist with efficient decision making and ensuring secure supply in a sector which underpins the entire economy.
13.	Is there any other information related to contracted gas information the Authority should consider collecting?	In addition to the proposed information, Meridian strongly recommends collecting information on contract suspension clauses (e.g. if gas production is lower than expected). It is very important to have awareness over this information as it directly goes to how firm the contracts are. As noted already, this information is critical to getting the full picture of supply, which is essential when security of supply is at risk.
<i>Gas transaction information</i>		
14.	Do you support the provision of gas transactions information? If not, why not?	Meridian is supportive of the proposed information on gas transactions being provided and has suggested some additional information that could also be collected to provide further visibility of the gas market below.
15.	What impacts would monthly reporting of transaction information have on your organisation?	Meridian will not be a provider of thermal information so will not be impacted in that sense. As a market participant, the more frequently information is published the better. We would support as much information being published weekly as possible. Meridian runs its operating models on a weekly basis; having more regular inputs will help improve the accuracy of our modelling and the efficiency of our decision making.  We also support the proposal for significant changes to thermal fuel availability to be notified as soon as practical (i.e. outside of the standard regular reporting cycle).

16.	Would you support the provision of weekly summary data instead of daily data? If so, why?	In general, the more frequently information is published, the more useful it is to inform market decisions.
17.	Do you consider that any of the information proposed to be collected on gas transactions is confidential, and if so, why?	Meridian considers most of the information proposed to be collected cannot be considered confidential. Some of the information is already available from third parties or otherwise published sporadically by thermal generators.  Even where information relates to potentially commercially sensitive matters, Meridian's view is that there is an overriding public good in making this information available as it will assist with efficient decision making and ensuring secure supply in a sector which underpins the entire economy.
18.	Is there any other information the Authority should consider collecting?	Yes. In addition to the information proposed, we would also support collection of the following gas information: <ul style="list-style-type: none"> <li>• delivery location;</li> <li>• dependency of the electricity sector on particular gas fields (e.g. whether an interruption at a particular gas field has the potential to impact on one or more contracts); and</li> <li>• the merit order of contract interruptability (i.e. which contracts will be suspended first where deliverability issues arise).</li> </ul> <p>This information would provide greater insight on the resilience of the gas sector (and the susceptibility of the electricity market to significant gas supply disruptions).</p>
<i>Diesel</i>		
19.	Do you support the provision of diesel information? If not, why not?	Meridian is supportive of the provision of diesel information. However, we note that information regarding planned deliveries does not provide much insight into the market, as it is typically only needed in stress situations, therefore it may well be that the planned deliveries are zero for any particular period.
20.	Do you consider that any of the information relating to diesel is confidential, and if so, why?	Meridian considers most of the information proposed to be collected cannot be considered confidential. Some of the information is already available from third parties or otherwise published sporadically by thermal generators.  Even where information relates to potentially commercially sensitive matters, Meridian's view is that there is an overriding public good in making this information available as it will assist with efficient decision making and ensuring secure supply in a sector which underpins the entire economy.
21.	Is there any other information the Authority should consider collecting?	There is no additional information that Meridian considers the Authority should collect.
<i>Reporting of information to the Authority</i>		
22.	What impact would the proposed frequency of data collection have on your organisation?	Meridian will not be a provider of thermal information so will not be impacted in that sense. As a market participant, the more frequently information is published the better. We would support as much information being

		<p>published weekly as possible. Meridian runs its operating models on a weekly basis; having more regular inputs will help improve the accuracy of our modelling and the efficiency of our decision making.</p> <p>We also support the proposal for significant changes to thermal fuel availability to be notified as soon as practical (i.e. outside of the standard regular reporting cycle)</p>
<i>Publication of information</i>		
23.	Do you support the publication of information as proposed above? If not, why not?	Meridian is very supportive of the publication of the information proposed, however we also seek further publication of information as set out below.
24.	Is there any other information, covered by the proposed notice, that the Authority should consider publishing?	<p>As noted in our cover letter, we welcome the Authority's steps to collect more information on thermal fuel. However, unless this information is made available to market participants, it will do nothing to inform operating decisions or improve market efficiency or security of supply. Meridian strongly advocates that, unless there is very clear reason, all thermal fuel information collected by the Authority should be published. The inclusion of confidentiality provisions in commercial contracts should not be a reason in itself to withhold information from publication. There is a very clear public benefit in making as much information as possible available, not least the improved management of security of supply risks. The Code requires the Authority to undertake a balancing exercise when it comes to confidential information. The reasons for keeping the information confidential need to be outweighed by the considerations which make it desirable for the Authority to publish the information. These considerations should include the significant benefits that will be derived from more confident and informed market participants, all of which aligns with the Authority's objectives and functions.</p> <p>Meridian acknowledges that there may be a need for a suitable balance between detailed information being made available to the market and commercial contract sensitivities. We would be supportive of appropriate anonymisation or aggregation of data if publishing information in full is not possible.</p> <p>Although our strong preference is for all information collected to be published (with anonymisation or aggregation if needed), we particularly support publication of the 12-month outlook for minimum / maximum expected contracted gas supply. This would align with the information that the Authority receives and is particularly important for an assessment of how likely the need is for contingent storage access in the year ahead.</p> <p>Ultimately, the more information that market participants have that is forward looking and provides data on the flexibility that exists for each particular thermal fuel, the better. This information will assist with participants</p>

		<p>making informed decisions, particularly regarding security of supply risks. This more efficient decision-making is in the long-term interests of consumers.</p> <p>In terms of frequency of publication, as noted above, we would support as much information being published weekly as possible. Meridian runs its operating models on a weekly basis; having more regular inputs will help improve the accuracy of our modelling and the efficiency of our decision making.</p> <p>Meridian also proposes that following the implementation of the notice, a review or 'check-in' after three months is conducted. This would allow participants and the Authority to consider if the regime is working, if the necessary information is being provided and if any improvements could be made to the notice.</p>
<i>Benefits, costs and alternatives</i>		
25.	What benefits do you anticipate for your organisation by having access to this information?	<p>Meridian anticipates significant benefits from having access to this information, as we have noted at various points.</p> <p>In particular, there will be significant benefits from having greater access to information to allow us to make informed decisions. Having more information allows us to make the appropriate decisions particularly in circumstances of security of supply.</p> <p>There would also be a benefit in ensuring there is a level playing field in the market, with all participants having access to the same information which will in turn support market confidence.</p>
26.	Do you agree with the articulation of benefits and costs as articulated by the Authority? If not, why not?	<p>Meridian agrees with the benefits and costs as identified by the Authority.</p> <p>Namely, we agree that the proposal will assist in building confidence in the market and reduce inefficient information asymmetry. These benefits, in Meridian's view, significantly outweigh any costs which might arise for parties subject to the notice.</p>
27.	Do you agree the proposed clause 2.16 notices are preferable to the options identified above (or potential alternatives)? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of Act.	<p>Meridian is strongly supportive of the proposed clause 2.16 notice and agrees that it is the correct mechanism to collect this information.</p>