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Submissions
Electricity Authority

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By email: monitoring@ea.govt.nz

Nova Energy submission to the Electricity Authority's consultation paper: Collecting energy margin information

Nova Energy (Nova) supports the Authority's objective of strengthening market monitoring and transparency, particularly during periods of scarcity. Nova's submission focuses on ensuring that any ongoing reporting regime is proportionate to market power, practical for smaller participants, and calibrated to avoid unintended competitive impacts.

We have highlighted areas where further refinement would improve workability, such as the proposed threshold, the treatment of estimated weekly data, publication settings, and timing considerations, while also offering alternative options that may achieve the Authority's objectives at lower cost.

Nova appreciates the opportunity to comment and is happy to engage further as the proposal is developed.

Yours sincerely,

Tamiris Robinson

Regulatory Advisor

Nova Energy

Nova submission: Collecting energy margin information

Questions	Comments
Q1. Do you agree the Authority should require generators to provide energy margin data?	<p>While Nova supports the Authority's broader objective of strengthening market monitoring and transparency, we do not consider an ongoing energy margin reporting regime to be justified on the evidence presented. As outlined in our responses to Questions 2 and 3, the Authority has not demonstrated a clear need for collecting this information on a continuous basis.</p> <p>Nova therefore does not support the requirement as proposed, and encourages the Authority to consider more targeted or lower-cost approaches that better align obligations with market power and information needs.</p>
Q2. Do you agree with the assessment of the costs and benefit?	<p>Overall, Nova considers the benefits are plausible but not yet well demonstrated or quantified. Nova agrees that energy margin information can provide market insights. However, we do not fully agree with the Authority's assessment that costs are "low" (para 4.4). For organisations with limited specialist resource, even small recurring reporting tasks can carry high opportunity costs.</p> <p>The Authority also notes that it received queries from parties after publication of the 2024 dataset (para 3.7), but the consultation paper does not identify who used the information or what public benefit was derived. It may be helpful for the Authority to clarify this as part of its final assessment.</p>
Q3. Do you agree the proposed notice is preferable to the other options? If you disagree, please explain your preferred option in terms consistency with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010. Is there another means of meeting the objective?	<p>Nova agrees that a structured and predictable reporting framework is preferable to repeated ad-hoc section 46 requests issued during scarcity conditions. In Nova's view the use of publicly available financial disclosure statements, particularly for listed gentailers who are already subject to continuous disclosure obligations, is the preferred option. These disclosures already provide insight into revenue, cost drivers, and financial position, and they are analysed heavily by the investment community.</p> <p>The consultation paper expresses concern that such disclosures "may not provide the granular detail required" (para 4.11), but does not give examples of the specific gaps or why weekly granularity is necessary outside of scarcity events.</p> <p>As an alternative, a hybrid approach could combine the use of existing public financial disclosures for baseline transparency with more detailed weekly reporting required only during periods of scarcity or for participants whose scale means they have the potential to influence wholesale market outcomes.</p>

<p>Q4. Do you agree with the criteria regarding who is required to comply with this proposed notice?</p>	<p>Nova supports the principle that any ongoing reporting obligation should be targeted at participants with the potential to exercise market power. However, we have concerns that the proposed threshold does not align well with that objective.</p> <p>The consultation paper states the regime is intended to apply to participants “most likely to have market power” (para 5.2). However, the 100 GWh threshold appears arbitrary and set at a level significantly below any reasonable proxy for market power. In practice, it would capture Nova, despite our relatively small size and market share of well under 5%, while also encompassing months that are unrepresentative of a participant’s normal operations. This sits uneasily alongside other EA workstreams, such as Energy Competition Task Force initiatives, where thresholds based on 5% market share or “major gentailer” status have been used to determine when additional obligations are appropriate.</p> <p>Nova is comfortable complying if required but recommend a higher or alternative threshold that better targets the stated purpose.</p>
<p>Q5. Do you agree that these are the right categories to collect financial information for calculating energy margins?</p>	<p>Nova agrees that the proposed categories align with the information collected in 2024. These are broadly suitable for the purpose of calculating energy margins. However, we would like to highlight that:</p> <ul style="list-style-type: none"> • Retail revenue will be estimated weekly, as reconciliation volumes are only available monthly and subject to wash-ups. • Weekly data may create misinterpretation risk if published without context, particularly for smaller portfolios where week-to-week volatility is not meaningful. • The Authority may wish to allow (or require) supporting notes to explain estimation methodologies or unusual data points.
<p>Q6. Do you agree that data should be reported by week but submitted monthly? For participants only: Are there any timing issues we should be aware of in regard to the due date?</p>	<p>Yes — Nova supports the shift to monthly submission. There are, however, some practical considerations:</p> <ul style="list-style-type: none"> • As said above (Q5), weekly data will necessarily rely on estimates, particularly for retail revenue, because reconciliation volumes are only published monthly and are themselves subject to wash-ups. Nova raised this point during the 2024 disclosure process. • The Authority should clarify how partial weeks (weeks straddling two months) are to be handled within the monthly reporting cycle. • While Nova can align the reporting process with existing internal accrual and weekly reporting frameworks, the proposed deadline of the 6th working day may still be challenging in months with heavier financial reporting loads. A slightly longer timeframe would be helpful.

<p>Q7. Do you support publishing the information provided, excluding Collecting energy margin information 16 market making costs? If not, why not?</p>	<p>Nova has significant concerns about publishing weekly financial data for all captured participants. For smaller participants like Nova, weekly revenue and cost movements can make commercial positions unusually transparent. This level of transparency, especially on a weekly basis, could deteriorate competitive neutrality rather than enhance it.</p> <p>We therefore recommend the Authority consider:</p> <ul style="list-style-type: none"> • a monthly publication frequency, • additional aggregation of data, or • limiting publication to participants with demonstrable market power.
<p>Q8. Do you have any comments on the drafting of the proposed amendment?</p>	