Standardised super-peak hedge contract: clause 2.16 information notice

MAREX

Preamble

We appreciate the opportunity to comment on the proposal to formalise information requirements for standardised super peak hedge trading. Our interest in this consultation stems from our long-standing involvement in New Zealand's hedge markets. We view standardised shaped products as an important market addition, provided they are supported by practical rules that enhance confidence without imposing unnecessary cost.

Our experience across exchange-traded and OTC hedging and market facilitation informs our feedback. The success of new hedge products depends not only on transparency, but also on workable processes for platforms and participants. Stable, predictable and light-touch rules allow the market to grow while meeting Authority's monitoring objectives.

We support a structured approach to information collection that is consistent with monitoring purposes, protects participant anonymity, and allows platforms to evolve over time. Our comments aim to help ensure the regime promotes liquidity, innovation, and competitive hedging outcomes.

Q1. Do you agree with how the Authority has characterised issues with the current arrangement for collecting information on the standardised super-peak contract?

In general, yes. We agree that greater legal certainty and consistency are needed as the market develops. The current arrangements rely on voluntary cooperation, which may be workable at low levels of participant but become less robust as the market scales, liquidity grows, and additional platforms or service providers emerge.

We agree with the Authority's identification of three key issues:

1. **Legal certainty**: A Code-based obligation would provide clarity for market participants and platform providers, particularly as the market scales or new trading models are introduced.
2. **Timeliness and consistency**: While data is typically provided promptly, there is no defined timing requirement. Predictable and consistent publication timing is more valuable than speed, supporting operational certainty and system automation.
3. **Future-proofing**: Applying clause 2.16 notice requirements to current and future OTC platform providers will reduce transition risk if the product evolves, migrates between platforms, or moves towards clearing in time.

However, proportionality is important. Any Code obligation should remain light-touch and reflect market's size and stage of development. Requirements should avoid unnecessary compliance costs, use common OTC data fields already employed by providers, and maintain flexibility to not constrain innovation or prematurely replicate exchange-style reporting. Certainty should support market growth without undermining efficiency or growth and innovation.

Q2. Do you agree this is the right time to formalise the collection of information on trading of the standardised super-peak hedge contract?

Yes, we agree that it is an appropriate time to formalise information collection, provided the approach remains proportionate and flexible. Participation has grown since launch, and the data is now relied on by market users, analysts and service providers. While the initial exemption was reasonable during the product's early phase, the absence of a formal framework now creates uncertainty for participants and platform providers.

This timing is reasonable for three reasons:

1. **The market is transitioning from pilot to established product:** The product now trades regularly, has a steady base of participants and is used in shaped hedging strategies. Informal arrangements are no longer aligned with how the information is relied upon.
2. **Operational certainty for platforms:** Clear Code requirements support efficient investment in systems, automation and data delivery, improving consistency and reliability of information provided to the Authority.
3. **Platform neutrality and future proofing:** A platform-neutral rule supports market growth if trading evolves, new providers enter or clearing is introduced, maintaining participant confidence and encourages competition between service providers rather than locking in process through custom agreements.

However, the data collection framework must match scale and cost. Super peak trading generates more granular data than typical OTC activity. Any formal requirement should therefore focus on core, decision-relevant outcomes, avoid mandating unnecessary formatting or compliance costs, and retain flexibility as the product evolves.

In summary, formalising data collection is appropriate, but it should prioritise reliable access to key trading outcomes and consistent publication timing, in a way that protects innovation and keeps compliance costs low.

Q3. Do you agree with the Authority's proposed approach of formalised information disclosure and publication using a notice under clause 2.16 of the Code?

We generally agree with using a clause 2.16 notice to formalise information disclosure, provided it is applied proportionately and remains consistent with the Authority's monitoring functions under the Act.

A clause 2.16 notice has clear advantages. It provides a transparent and consistent framework for current and future platforms, avoids reliance on informal bilateral agreements if the product moves or evolves, and it appropriately limited to monitoring and market facilitation rather than regulating commercial activity.

Our support for this approach depends on how the notice is applied. From a platform perspective, this approach gives certainty around the Authority's expectations for data delivery and publication timing. The proposed notice should be clearly confined to the purpose stated in section 45(a) and not expand into prescriptive reporting standards or act as a de facto regulatory framework governing platform design, production operation or commercial rules. To remain workable and consistent with the Act, the approach should focus on monitoring outcomes rather than detailed operational rules, avoid treating OTC shaped hedges like an exchange-traded market, rely on data already collected in the normal course of business, and retain flexibility as market practice develops.

Provided the notice remains limited to its monitoring purpose and does not impose disproportionate compliance costs, we consider it an appropriate and practical tool to support transparency and confidence in the product.

Q4. Do you agree the notice should apply to all participants who operate an electronic platform on which super-peak electricity contracts are available for trade?

Yes, applying the notice equally to all operators of an electronic platform offering super peak electricity contracts is appropriate. A neutral approach promotes fairness, avoids reliance on informal arrangements, and ensures no platform is advantaged or disadvantaged by differing obligations. This supports competition based on service quality and innovation, rather than compliance burden.

A platform-based obligation makes sense, as operators already hold the relevant data through normal operations. Collecting information from the party that holds it avoids duplication, reduces costs for market participants, and keeps reporting straightforward.

To be effective, the notice should recognise differences in platform structures and systems. Therefore, it should focus on the outputs required for monitoring and market confidence rather than mandating a single technical format, and allow flexibility to align with different system architectures while ensuring consistent core information.

Overall, a platform-neutral rule is appropriate, provided it remains focused on monitoring outcomes rather than detailed system design.

Q5. Do you agree the information should be provided to the Authority no later than 5pm on the day of a trading event?

In principle, we agree with the objective of a clear and predictable publication timeframe. However, a fixed deadline of 5pm on the day of a trading event may be unnecessarily tight and could introduce operational risk, particularly where trading events run late, require validation or dispute resolution, or are affected by technical issues.

The priority should be predictable timing rather than speed. A consistent timing window provides market confidence without encouraging rushed processes, manual intervention or reduced validation.

Two practical factors are relevant. First, trading events can be affected by user-driven delays, making a clock-based deadline difficult to meet in all circumstances and may reduce validation. Second, automation is most effective when aligned to predictable windows. A rule of same-day publication is workable if the requirement is to deliver by a certain time after the event is formally closed, rather than a hard clock-based deadline.

A more workable and equally effective approach would be to require data delivery within a defined period after the trading event closes (for example, within four hours), or by a fixed time on the following business day.

In summary, we support a clear timing requirement but recommend a window that balances certainty with operational practicality.

Q6. Do you agree with the information that must be provided to the Authority in the proposed notice?

We agree with the principle of providing the core information already supplied to the Authority. Maintaining a consistent dataset and avoiding new or expanded data requirements at this stage is appropriate, reflects current trading practice, and avoids unnecessary cost or rework for platforms and participants.

While the proposed data fields are broadly appropriate, there are two practical points that should be clarified.

First, the level of granularity should not become prescriptive. The proposal refers to a log of every action, including bids, offers, trades and changes which is workable, provided the notice allows flexibility in technical formatting and does not mandate a rigid log structure. Platforms differ in how actions are stored and displayed, and the notice should specify required outcomes and core data fields rather than a fixed technical framework.

Second, the scope of reportable actions should be limited to meaningful market activity. Trading events generate system-level actions, such as logins, timeouts, error messages and background processing, which do not contribute to price formation or market behaviour.

In summary, we support the proposed dataset provided the notice remains focused on participant actions relevant to price and volume, allows flexibility in file structure and formatting, and prioritises meaningful monitoring rather than exhaustive system logging.

Q7. Do you agree with keeping the information confidential by removing the names and codes of the participants, traders and system operators? Is there any other information that should be kept confidential?

We agree that removing participant names, trader identifiers and system operator identifiers should remain the default approach. This is appropriate given the purpose of publication is to support confidence, price discovery and market monitoring, not to expose commercial strategy or individual trading behaviour.

Effective anonymisation supports competition and participation. In a relatively small market, concerns about identity or strategy being inferred could discourage genuine bidding behaviour, reducing liquidity and undermining the development of shaped hedges.

Two additional confidentiality considerations should be addressed.

First, high granular, time-ordered logs may allow trading strategies to be inferred even where identifiers are removed. Distinctive bidding patterns can be recongisable in a small participant set. To mitigate this risk, published data should focus on outcomes, such as final bids, offers and trades, rather than timestamp level action sequences, and allow aggregation of certain repetitive actions that do not affect market outcomes.

Second, system-level and platform-specific data should not be published. Fields relating to system performance, automated processes or platform architecture are not relevant for market transparency and may expose intellectual property or security sensitive information. Confidentiality protections should explicitly extend to these system-generated fields.

In summary, the following should remain confidential: all participant and trader identifiers, any data that could enable strategies to be reverse-engineered in a small market, system-generated fields, and internal codes or metadata not relevant to market outcomes. Subject to these protections, we support publication of meaningful market data that enhances transparency while protecting competition and security.

Q8. Do you have any thoughts on alternative ways of collecting the information?

From a platform perspective, the key consideration is not the collection mechanism itself, but that it is predictable, low cost and technically workable. Any approach should rely on data already generated through normal trading, avoid bespoke formatting or complex technical standards, and focus on information needed for monitoring rather than operational control.

In principle, there are alternative approaches, but each has limitations at the current stage of market development. On option is an industry-developed standardised data API, which could improve automation and reduce manual effort. However, introducing a fixed API too early risks locating in technical constraints that may limit platform innovation, and would

require coordination and cost sharing that may not be justified given the current market size.

Another option is a contractual framework between the Authority and platforms to govern data provision, confidentiality and changes in data requirements. While workable, this approach may be unnecessarily heavy for a single shaped hedge product and may not adequately address transition risk if platforms or products evolve.

Both alternatives may be appropriate as the market grows, but at the current stage neither offers a clear advantage over a simple, proportionate Code notice.

Q9. Are any of these other options preferable to using an information collection notice under clause 2.16 of the Code?

We do not consider any of the alternative options preferable at this stage. A clause 2.16 notice is the most proportionate mechanism for a small but growing product. It provides legal certainty, avoids the need for extensive commercial arrangements, and can be applied neutrally across all current and future platforms.

The alternative options introduce greater cost or complexity without delivery materially better outcomes. Section 46 notices are better suited to investigations or one-off information requests rather than ongoing reporting. Contractual arrangements risk inconsistency across providers and unnecessary commercial negotiation, while informal arrangements no longer provide sufficient certainty as participation increases.

A clause 2.16 notice is therefore the appropriate mechanism, provided it remains tightly scoped to monitoring and transparency and does not evolve into prescriptive operational requirements or specific technical formats. This approach offers the best balance between certainty, competition, platform flexibility and cost.

Q10. Do you have any comments on our proposal to publish the price and volume of all bids, offers, and trades?

We support the publication of price and volume for all bids, offers and trades, provided participant anonymity is preserved. Publishing this information helps build confidence and supports price discovery.

Two practical considerations are relevant. First, the level of granularity should focus on meaningful market information. In a small market, publishing highly granular, time-stamped bid changes may allow trading strategies to be inferred even where identities are removed. Publishing final bids and offers at the close of each stage, together with all traded volumes, would likely achieve the same transparency objectives without exposing commercially sensitive bidding sequences.

Second, publication should prioritise consistency and a predictable release schedule rather than speed alone. A reliable and repeatable release window builds greater confidence than variable, session-by-session timing.

In summary, we support publication of price and volume data, with a focus on outcome-relevant information and appropriate protection of sequence-based strategic detail.

Q11. Do you agree the Authority should publish analysis using the received information in other forms?

Yes, provided any published analysis does not inadvertently reveal trading strategies in a small market. Market-wide summaries, aggregated statistics, forward indicators and liquidity trends would be valuable in helping participants understand how the product is developing.

However, analysis should avoid commentary that infers likely buyer or seller types, load shapes or participant behaviour. While such analysis may be appropriate in larger markets, in a small shaped hedge market these inferences can be commercially sensitive and may influence bidding behaviour.

We therefore support publication of analysis that focuses on prices, volumes and liquidity, rather than inferred trading intent or participant characteristics.

Q12. Do you think a forward price curve for super-peak hedge contracts published by the Authority would be valuable?

A publicly accessible forward curve could be valuable if clearly presented as indicative and methodologically transparent. At this stage of market development, it could help new participants assess market value and support internal valuation and risk processes.

Two risks should be managed. First, the market is still thin, so a forward curve based on limited trades could influence behaviour rather than reflect it, creating a feedback loop. Second, the curve should not be influenced treated as a benchmark for collateral or financial valuation, as participants rely on commercial modelling that accounts for load shape, generation expectations and portfolio positions. A single public curve should complement, not replace, these approaches.

In summary, a forward curve is useful if clearly labelled as indicative, methodologically transparent, and not relied upon as an implicit benchmark for valuation or risk.

Q13. Do you have any feedback on the requirement for information to be provided in the first quarter of 2026?

We support an implementation date in the first quarter of 2026, provided the final notice is confirmed early enough to allow platforms to plan and adjust systems. The lead time is

more important than the exact date, as even unchanged data fields may require development and testing for delivery timing, formatting or file transfer.

To minimise cost and operational risk, we recommend:

- Clear specification of required information and timing when the notice is finalised
- Adequate time for testing and onboarding before first delivery
- Flexibility to refine data formatting in collaboration with platforms without triggering compliance issues

If the notice is finalised early with sufficient clarity, a first-quarter start is achievable. If finalisation is delayed or additional requirements are introduced, timing may need adjustment. Predictable certainty is more important than speed, as a stable, well-tested process will build greater confidence than a rushed launch.

Q14. Do you agree with our assessment of the costs? Are there any other costs that we should consider?

We agree that overall costs of complying with a clause 2.16 notice are likely modest if the dataset does not change. However, several potential costs should be considered.

1. **System development and testing** – even with unchanged fields, new delivery methods or time-bound requirements may require development, regression testing, and operational monitoring. These are largely upfront costs but should be acknowledged.
2. **Compliance processes for verification** – meeting a tight deadline, such as a 5pm requirement, may lead to pressure to automate verification in order to avoid delays. Automation involves testing and process development, increasing costs beyond simple file transfer.
3. **Ongoing maintenance and support** – new file transfer systems incur ongoing obligations, including software upgrades, security patching, authentication management, and support for encryption or protocol changes. While relatively small annually, these are continuous costs.
4. **Future dataset changes** – without a clear limit to current data fields, there is a risk that new fields or formats could be expected later, creating additional costs. The notice should explicitly state that platforms are only required to provide data already generated through normal trading.

In summary, while costs are manageable, they are not zero. The Authority should consider development and testing, verification automation, ongoing maintenance, and measures to prevent scope creep. If the notice is clearly scoped and timing is practical, costs should remain low.

Q15. Do you agree the benefits of the proposed notice outweigh its costs? If not, what area(s) of the Authority's preliminary assessment of benefits and costs do you disagree with?

We agree that the benefits of a permanent information collection mechanism can outweigh the costs, provided the final notice remains clearly scoped, proportionate and technically workable. A stable rule reduces uncertainty for both platform providers and market participants, supports investment in automation, and provides participants with predictable price and volume information without repeated requests.

However, the realisation of benefits depends on two conditions not fully reflected in the Authority's preliminary assessment:

1. **Outcome-based requirements** – benefits rely on platforms efficiently delivering information using data already generated. If the notice mandates specific file schemas, additional fields, or detailed logging, costs could rise significantly without adding value. The final notice should limit reporting to normal operational data and not require new datasets or system features.
2. **Flexible timing** – a rigid 5pm deadline may force platforms to automate verification under tight constraints, increasing costs and operational risk. Predictable timing is more important than speed; a deadline linked to market close or next business day could achieve similar benefits at lower cost.

If these two conditions are addressed in the final notice, then the benefits can reasonably outweigh the costs.

In summary, a permanent mechanism supports monitoring and confidence, benefits outweigh costs if the notice remains proportionate, and costs rise sharply if scope or timing becomes inflexible.

We support the proposal provided it delivers stable expectations without imposing unnecessary system or compliance burdens.

Summary

We support the Authority's proposal to formalise data collection for standardised super peak hedge trading under a clause 2.16 notice. As a long-standing participant in both exchange-traded and OTC electricity markets, we recognise the need for certainty, transparency and market confidence.

The notice should apply to all electronic platform providers, and anonymised price and volume data should continue to be published, supporting competition, liquidity and price discovery while protecting participant strategies in a small market.

Benefits of a permanent reporting mechanism can outweigh the costs if the notice remains proportional, relies on data generated through normal platform operations, allows flexible formatting, and avoids rigid deadlines that create operational risk.

In short, we support a clause 2.16 notice that provides stable expectations, protects confidentiality, and enables platform innovation, helping to foster an efficient and competitive market for standardised super peak contracts.