Submission by

to the

Electricity Authority

on the consultation

Code amendments Omnibus #6

23 February 2026

Code Amendments Omnibus #6

– SUBMISSION BY BUSINESSNZ ENERGY COUNCIL—

Introduction

1. BusinessNZ Energy Council (BEC)[1] is pleased to have the opportunity to provide feedback on the Electricity Authorities (EAs) consultation document titled 'Code amendments omnibus #6.'

2. BEC represents a diverse array of leading energy-sector businesses, government bodies, and research organisations dedicated to creating a sustainable, equitable, and secure energy future.

3. As a brand of BusinessNZ, New Zealand's largest business advocacy organisation, we represent the World Energy Council in New Zealand, aiming to shape better outcomes for our wider energy system both locally and globally.

4. With this work the EA outlines proposed updates to the Electricity Industry Participation Code 2010 (the Code) with the intent to improve market efficiency.

Key Recommendations for the EA and the Government

- **BEC recommends** the EA moves forward with the fleet of changes that they are proposing under omnibus #6. We see no clear downsides to what has been proposed, and we agree that the changes should improve the efficiency and effectiveness of the Code.

General discussion

5. BEC appreciates the EA consulting on the collection of changes outlined within the omnibus simultaneously. We agree that this is a more efficient process than it otherwise would have been.

6. Broadly speaking BEC is supportive of the EAs work in continuously reviewing the Code. New Zealand's electricity sector is constantly changing and as new technologies and innovations enter the market adaptation must take place.

7. As there is a collection of different changes proposed by the EA, this submission will deal with the three key areas of minimum offer price exclusions, materially large contract refinements and improving hedge disclosure obligations, separately.

8. BEC sees no major issues with an of the proposed changes that the EA has put forward.

[1] More about BEC in APPENDIX One

Minimum Offer Price Exclusions for Tie-breaker Situations

9. The EA proposes to prohibit intermittent generators from submitting zero-price offers, setting a minimum limit of $0.01/MWh for these types of generation.

10. This has been proposed with the rationale that currently, when multiple generators offer the same price at a location with limited transmission capacity (a "tie-breaker"), the System Operator must use manual discretion to decide who is dispatched. By requiring intermittent generation to offer at a slightly higher price, the market system will automatically prioritise dispatch for generators with significant operational constraints.

11. **BEC supports this proposal.** While this presents a more restrictive setting for price-bidding than we see in markets like the Australian NEM, it is justified in the New Zealand context. Our market is smaller, concentrated, and heavily reliant on hydro-based flexibility, allowing intermittent generators to occupy the very bottom of the merit order at zero price risks distorting dispatch outcomes and undermining the value of flexible generation. Given that intermittent generators are unlikely to be materially impacted, this proposal is a proportionate way to strengthen price signals and support a more robust and secure dispatch outcome.

Improving the clarity of materially large contracts

12. The EA proposes to clarify and simplify the rules surrounding materially large contracts (MLCs). These changes are:

    A. Exclusions of contracts where the final price paid by the buyer is at least equal to the price of an equivalent exchange-traded derivative, or the spot price for any trading period during the contract term.

    B. Providing the option to use a median MW offset after the date of commissioning of the new generation for "any MW generated from new generation" for the purpose of determining the "net quantity".

    C. A wording change of clause 13.268(4), the phrase "materially large contract" will be replaced with "contract" to prevent it only applying to contracts already classified as MLCs.

    We will address these one by one below.

13. The rationale given for change A above is that these contracts cannot be a source of an "inducement to stay" because the customer is effectively paying market rates. **BEC agrees** with this rationale and therefore the proposed change as we consider that it appropriately narrows the scope of MLCs to contracts that genuinely pose competition-risks, while reducing unnecessary compliance burdens.

14. With change B the EA is looking to address concerns noted regarding providing effective offsets for intermittent generation. Large scale contracts are often essential to de-risk and attract financing for renewable projects. When an offset is 'trivial', as the EA has identified can be the case with intermittent generation, these contracts are automatically classified as MLCs, which subjects them to strict regulatory restrictions and compliance costs. As the EA points out, this creates barriers for investment.

15. By implementing the option of using a median offset intermittent generators would be able to apply an offset equal to the median expected generation from a new asset over the MLCs duration. **BEC supports** this addition, current market conditions indicate that new investment is needed to bring prices down, roadblocks to this investment should be removed where possible.

16. **BEC supports** letting generators choose between applying a median generation offset or each point in time offset. This will give generators the opportunity to apply an offset regime which best suits their assets.

17. **BEC supports** the wording change to address the logical flaw in clause 13.268(4) in order to eliminate the circular reasoning currently present.

Improving transparency of hedge disclosure obligations

18. The EA has identified that since the requirement to disclose PPAs under hedge disclosure obligations, there have been frequent errors in information submitted and an inability to distinguish PPAs from firming agreements.

19. The EA proposes to address the challenge of distinguishing between PPAs and firming contracts by requiring the disclosure of the generating station the price in the contract is linked to. The EA also wishes to update the 'hedge disclosure system user guide for bulk upload file formats' to provide guidance on how to submit information for this new field.

20. **BEC supports** the move to have disclosure of generating stations, so long as this is not made public information. As well as the associated updates to the hedge disclosure system user guide.

21. The EA is looking to amend clause 13.222A of the Code to require participants to disclose the required information for novel contracts no later that 5pm 10 business days after the date the participant entered into the contract. Where both parties are participants only the seller would be required to disclose the contract.

22. **BEC agrees** that a 10-business day timeframe should be introduced for novel contracts. This will reduce uncertainty around expectations while still giving more time for participants to disclose than the 5-business day timeframe in place for clearly defined contracts.

23. The EA is looking to amend the definition of risk management contracts to include a demand contract and amend clause 13.219 to require participants to disclose the key terms of any demand contract. **BEC supports** this change, other risk-management contracts manage price risk, demand response manages risk through changing quantity. But both are forms of risk management.

APPENDIX ONE – BACKGROUND INFORMATION ON THE BUSINESSNZ ENERGY COUNCIL

The BusinessNZ Energy Council (BEC) is a group of leading energy-sector business, government and research organisations taking a leading role in creating a sustainable, equitable and secure energy future.

BEC is a brand of BusinessNZ and represents the World Energy Council in New Zealand. Together with its members, BEC is shaping the energy agenda for New Zealand and globally.

BusinessNZ is New Zealand's largest business advocacy body, representing:

- Regional business groups: EMA, Business Central, and Business South
- Major Companies Group of New Zealand's largest businesses
- Gold Group of medium sized businesses
- Affiliated Industries Group of national industry associations
- ExportNZ representing New Zealand exporting enterprises
- ManufacturingNZ representing New Zealand manufacturing enterprises
- Sustainable Business Council of enterprises leading sustainable business practice
- BusinessNZ Energy Council of enterprises leading sustainable energy production and use
- Buy NZ Made representing producers, retailers, consumers of NZ-made goods

BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy and services for enterprise, BusinessNZ contributes to Government, tripartite working parties and international bodies including the International Labour Organisation (ILO), the International Organisation of Employers (IOE) and the Business and Industry Advisory Council (BIAC) to the Organisation for Economic Cooperation and Development (OECD).