23 February 2026

Submissions
Electricity Authority

By email: OperationsConsult@ea.govt.nz

Code amendment omnibus #6

Meridian appreciates the opportunity to provide feedback on the Authority's consultation paper with three discrete proposals to amend the Electricity Industry Participation Code 2010 (Code) to:

- introduce a tie-breaker enhancement to improve handling of identically priced generator offers in constrained areas;
- amend the application of the materially large contract rules; and
- refine the hedge disclosure obligations to increase transparency.

Minimum offer price exclusions for tie-breaker situations

The Authority proposes Code changes to specify that the lowest price that can be offered for an intermittent generating station is $0.01/MWh and to exclude intermittent generators from the must-run dispatch rights auction that allocates rights to offer generation at $0.01/MWh. Meridian does not have any issue with this change.

However, the Code drafting for this proposal should be improved. Proposed clause 13.107A would create uncertainty. It purports to block an intermittent generator from participating in a must-run dispatch auction. This would create uncertainty for participants that own both intermittent and non-intermittent generation regarding their ability to participate in must-run dispatch auctions. Generators like Meridian participate in auctions as an entity rather than for each generating station.

Meridian suggests the drafting would be clearer if:

- clause 13.107A was deleted since the Authority's intent would be achieved by proposed clause 13.15(2) alone, which would prohibit offer prices below $0.01/MWh for an intermittent generating station and make it clear that while a generator like Meridian can participate in a must-run dispatch auction, rights to offer at $0.00/MWh cannot be allocated to its intermittent generation; and
- clause 13.113 was amended to state that "a **generator** who acquires **auction rights** may exercise them in respect of any **generating plant** it owns <u>(except an **intermittent generating station**)</u> and at a **grid injection point** during the relevant **time block**".

Intermittent generators that only own intermittent generating stations will not participate in auctions if they cannot use the rights acquired.

Improving clarity of the materially large contracts provisions

The materially large contracts regime was designed with the NZAS contract in mind and does not deal tidily with a suit of smaller contracts, especially in circumstances where there is:

- broad retail competition for contracts in respect of multiple sites across New Zealand (i.e. less specific nodal price implications from decisions to consume electricity or not compared to NZAS);
- a customer wedded to New Zealand (i.e. minimal exit risk); and
- significant portions of a customer's load on spot plus a margin, such that it could in no way be considered inefficient price discrimination and non-spot load does not meet the 150MW threshold in the Code.

The Authority's proposed Code change addresses the last of the above issues and on that basis Meridian is supportive. However, there is an opportunity now to make further improvements to the workability of the materially large contract provisions in the Code and reduce unnecessary costs. In particular, clause 13.268(3) of the Code causes significant uncertainty and practical implementation issues. That clause states that:

> Where a **materially large contract** allows for the possibility of varying quantities of **electricity** consumption at any one time, the maximum quantity of **electricity** consumption possible under the contract at any one time is to be used for the purpose of determining whether the **MW** threshold in subclause (1)(a)(iii) is met.

Most fixed price variable volume electricity supply contracts do not limit the volume of electricity consumption possible under the contract. There may be practical limitations on the maximum quantity of electricity consumption (such as the physical maximum capacity of the connection) but not contractual limitations. However, the Code clearly refers to the maximum quantity of electricity consumption possible *under the contract*. The plain meaning of this is that all variable volume contracts are captured.

Meridian understands that the Authority's intention is not for these Code provisions to capture all agreements that do not limit consumption under the contract. This interpretation would mean it is up to generators to estimate the likely maximum consumption under a contract rather than the theoretical maximum consumption that is possible under a contract. In Meridian's opinion clause 13.268(3) should be amended to reflect that intention and provide clarity for participants. For example:

> Where a **materially large contract** allows for the possibility of varying quantities of **electricity** consumption at any one time, the **generator's** reasonable estimate of the likely maximum quantity of **electricity** consumption ~~possible~~ under the contract at any one time is to be used for the purpose of determining whether the **MW** threshold in subclause (1)(a)(iii) is met.

Meridian has previously provided the Authority with feedback on other aspects of the materially large contracts provisions that create uncertainty and practical implementation challenges. In Meridian's opinion, the more limited Code changes now proposed, while positive, are a missed opportunity to also address these wider issues.

Improving transparency of hedge disclosure obligations

Proposal 1: amend the Code to require disclosure of the generating station

The Authority proposes to amend clause 13.219(1) of the Code to add a requirement that, if the price (or prices) in the contract are linked to generation, the participant must specify the relevant generating station or stations (or proposed generation project if the generation station is not yet complete). This information would not, however, be published at an individual contract level, to protect commercially sensitive information.

Meridian is comfortable with this proposal, provided the information is not published at an individual contract level and is sufficiently anonymised and aggregated to ensure that pricing for individual bilateral contracts is not discoverable. Contract pricing for specific projects will be commercially sensitive to buyers and generation developers.

Meridian suggests the proposed Code drafting for new clause 13.219(ma) be expanded to require disclosure of the generating station or stations, or proposed generation project that a contract is linked to if the prices *or volumes* in the contract are linked to generation of electricity. PPAs will commonly have a negotiated price or prices that are relatively fixed and not necessarily linked directly to the generation of electricity (other than that the calculation of the fixed price will likely model expected nodal prices and price participation over the life of the contract). In Meridian's experience, contract *volumes* are more likely to be linked directly to electricity generation volumes.

Proposal 2: amend the Code to apply similar process requirements for novel contracts

The Authority proposes to amend clause 13.222A of the Code to put in place a required timeframe for disclosure of novel contracts and provisions to cover situations where both parties to a novel contract are participants, to avoid duplication in disclosure.

Meridian is comfortable with this proposal. The only novel contracts that Meridian has disclosed to date have been demand response contracts that do not fit the definition of risk management contract in the Code. We understand that those demand response contracts will now be included in the definition of risk management contracts (discussed below).

Proposal 3: amend the Code to require participants to disclose information on demand response

The Authority proposes to amend the definition of risk management contract to include a demand response contract and amend clause 13.219 to require participants to disclose the key terms of any demand response contract. The Authority does not propose publishing this information at a contract level, other than whether the contract includes demand response. Meridian is comfortable with this proposal. The effect in practice will be that Meridian discloses demand response contracts in the same way as other risk management contracts rather than as novel contracts.

Meridian encourages the Authority to carefully consider how anonymised and aggregated information is published regarding fixed-price physical supply contracts that include a demand response component. Demand response contract pricing could distort price discovery for standard fixed-price physical supply contracts as those contracts with a demand response component could lower prices on average. The Authority proposes publishing when a contract includes demand response – that should enable filtering of contract prices to exclude those with demand response.

The range of potential pricing structures for demand response contracts will also make it difficult to compare prices or formulate historic contract curves for demand response contracts, whether stand alone or linked to other contracts. Consideration for demand response call rights can be spread across premiums, call payments, discounted prices under a linked contract, or other agreements negotiated bilaterally. Any penalty provisions for non-performance may also make comparison of demand response contracts challenging. The result may be that there is limited value in the publication of any information about demand response contracts, including prices.

Proposal 4: amend the Code to provide discretion in making information publicly available

The Authority proposes to amend clause 13.226A to give the Authority discretion to not publish information about a risk management contract if publication would not facilitate the comparison of contract prices or enable formulation of historic contract curves.

Meridian supports this change.

Proposals 6: Provide guidance on reporting of trade date

The Authority does not propose to resolve uncertainty in the Code regarding the term "trade date" and instead plans to leave it to the parties to agree on how trade date will be reported. In Meridian's opinion, it would be more efficient for the Authority to precisely define the term in the Code. The date a contract is agreed is not always the date that both parties have physically executed a confirmation. Meridian must occasionally chase counterparties to countersign a confirm long after a contract has been agreed. For hedge disclosure purposes the prices at the time a contract is agreed are relevant. Recording a later trade date at physical execution for prices that were agreed at an earlier date may be misleading as market pricing may have shifted.

Meridian's preference would be for the Code to be amended to provide certainty that trade date is the date a contract is agreed and does not necessarily require execution by signature. That would be preferrable to leaving it up to the parties, which could add an extra step to every contract negotiation and make it harder for participants to automate their disclosure processes.

Please contact me if you have any queries regarding this submission.

Nāku noa, nā

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