

OTC Platform Selection Process - Questions

Service provision

- 1. Could the Panel and/or the Authority please confirm which Participant category (e.g. Trader, Service Provider, bespoke authorised platform, or other) under the Act or Code would apply to an exchange platform hosting the standardised super-peak trading sessions?**

The OTC platform would be a Trader which is recognised as an industry participant under the Electricity Industry Act. The Act's definition of "trader in electricity" is intended to capture any platform on which electricity derivatives are traded.

- 2. If an exchange platform is deemed a Participant, could the Authority please clarify the scope of its oversight, including audit rights, wider information-gathering powers, and monitoring and enforcement actions in relation to platform conduct?**

The Authority, as the electricity industry regulator, has various regulatory powers in respect of industry participants under the Electricity Industry Act (Act) and Electricity Industry Participation Code (Code). The Authority can make industry rules that participants must comply with,¹ and can require participants to provide information and other assistance to the Authority to enable it to carry out its functions.²

Specifically in relation to the OTC platform:

- The Authority has proposed to issue a notice under [clause 2.16](#) of the Code that would require the OTC platform provider to provide the Authority with information specified in that notice on a regular, ongoing basis. Further details are outlined in the [Standardised super-peak hedge contract: clause 2.16 information notice](#) consultation paper. The Authority intends to publish its decision on the clause 2.16 notice by the end of March.
- If the clause 2.16 notice is issued, the OTC platform provider would be required to comply with that notice.³ Any failure to comply may be investigated and may result in enforcement action being taken.⁴
- No other specific Code obligations relating to the OTC platform are currently contemplated. If the Authority makes changes to the Code, it must follow the process set out in the Act, which includes consultation requirements.

¹ These rules are set out in the [Electricity Industry Participation Code 2010](#).

² See [Subpart 4 of Part 2 of the Electricity Industry Act 2010](#).

³ See [clause 2.20 of the Code](#).

⁴ Failure to comply with the Act or the Code may result in a formal complaint being laid with the Rulings Panel, an independent body whose role includes considering breaches of the Code. More information about the Authority's compliance strategy, and process for responding to alleged breaches, is available on its website: [Code & compliance | Electricity Authority](#).

3. Is the current super-peak market making mandate (e.g., every second Tuesday) expected to remain fortnightly, or is expansion under consideration to support daily markets on the selected OTC Trading System?

The Authority proposed no changes to the existing trading settings for the standardised super peak contract in its recent market making review consultation paper. The current settings reflect present market conditions and participant needs. As renewable generation continues to increase in New Zealand's electricity system, we recognise there will be growing demand for flexible generation and shaped products.

Looking ahead, the suitability of revised settings—such as more frequent trading sessions—ultimately depends on the level of liquidity and demand for this product. If a deeper and more active market develops for super peak contracts, we would consider increasing trading frequency to better meet market needs.

4. What duration per day is anticipated for any market making obligations?

Currently, trading events take place fortnightly, on a Tuesday for 1 hour between 9:30 a.m. to 10:30 a.m. However, this could be 30 minutes if the provider is able to offer real-time trading functionality.

5. Trading events for standardised super-peak contracts currently occur in a 1-hour window on a fortnightly basis.

(a) Is this trading window expected to change given the possibility of mandatory market making?

If the selected provider is able to offer real-time trading functionality, as outlined in the OTC Platform Selection Document, the trading window is expected to be reduced to 30 minutes.

(b) What is the estimated volume of super-peak contracts that trade outside of this window?

The exact volume of out of session trades cannot be determined, but the available data shows that approximately 110 MW of super-peak contracts were traded outside the session window since January 2025, compared with 443 MW traded during the sessions.

6. Are there established OTC conventions or standard confirmation templates in New Zealand similar to the AFMA Electricity Market OTC conventions used in Australia?

There are no confirmation standards in New Zealand similar to AFMA Electricity Market OTC conventions. Participants may take an ISDA based approach to trade confirmations, although these may vary according to the parties. There might be an opportunity to consider developing a standardised super-peak confirmation or other method to confirm transactions.

7. Does the Authority see value in cross-jurisdiction participation (e.g., Australian wholesale participants trading NZ OTC products), or is the policy intent to focus solely on domestic NZ liquidity?

Participation in New Zealand OTC products is not limited to domestic market participants; overseas wholesale participants may trade provided they meet the necessary credit requirements and have appropriate ISDA documentation in place.

8. Is participation in super-peak trading events restricted to Code Participants, or may other wholesale investors participate providing they have the necessary credit lines and ISDA documentation?

Participation is not limited to Code Participants. Wholesale investors who meet the required credit and documentation standards, including appropriate ISDA arrangements, may participate.

9. How does the Authority envisage the regulatory treatment of the selected OTC Trading System under New Zealand law, particularly if the platform becomes the authorised venue under the Code for mandatory market making?

See responses to Q1 and Q2 above.

10. Would the Authority consider an offshore licensed financial market operator (for example, a platform holding a Tier-2 Australian Market Licence granted by ASIC) to be an acceptable regulatory basis for operating the selected Trading System in New Zealand, subject to appropriate cooperation and data-sharing arrangements?

The platform provider should be compliant with all relevant New Zealand legislation, including Financial Markets Conduct Act 2013 and any relevant regulation. They should also be a Participant in the New Zealand Electricity Market under the Electricity Industry Act 2010 – the provider can work with the Authority on this if they are not already a Participant.

11. Alternatively, does the Authority anticipate that the selected platform would be required to obtain a New Zealand market licence under the Financial Markets Conduct Act 2013, or operate under a specific exemption or designation framework?

Providers must be able to provide trading services in New Zealand, and must comply with all relevant New Zealand legislation, including the Financial Markets Conduct Act 2013 and any relevant regulation or are able to reasonably show they can meet these requirements within a month, unless an exemption applies.

Please refer to [Financial Market Authority \(FMA\) Website](#) for more information on ways an operator may be exempt from licensing. However, as the Authority is unable to provide legal assistance, we recommend platform providers seek professional advice as appropriate.

12. Is it expected that the provider will be or become a market operator under the Financial Markets Conduct Act 2013?

Yes. As outlined in section 2.3 of the OTC Platform Selection Document, the selected provider will be expected to comply with all relevant New Zealand legislation, including the Financial Markets Conduct Act 2013 and any associated regulations, unless an exemption applies. Further information is available from the Financial Markets Authority's website (above).

13. Is the platform provider expected to perform market making or would it be expected that the market maker is an external party.

No, the platform provider is not expected to provide market making services. It is expected that the platform provider will deliver a platform that enables participants to trade the standardised super-peak contract regularly.

Currently, participation in super-peak trading is voluntary. In our recent consultation "*market making review: strengthening price discovery in the forward electricity markets*", we proposed introducing mandatory market making for the super-peak product. Under that proposal, market making would be undertaken by regulated market makers. That is, specifically, the four largest generator-retailers in the New Zealand market, rather than by the platform provider.

14. Is the Authority open to product development proposals from the selected Trading System provider?

Yes. Innovation plays an important role in developing new products and services to meet the needs of consumers through the electricity sector. The provider is therefore expected to monitor market needs and respond appropriately, including expanding or adapting its product offerings where this is warranted to meet emerging consumer or market requirements.

15. Would the provider be responsible for new product design?

See answer to Q14

Access

16. Access - are there any specific expectations with regard to 'reasonable' access terms, cost and service level expectations

There are no specific expectations in the selection process regarding 'reasonable' access terms, costs, or service level expectations. Prospective providers are expected to propose their own access framework, including pricing and service levels, as part of their Response.

Fees

17. To ensure transparency in the current trading arrangements, could the Panel and/or Authority please outline the associated fee structure in relation to these super-peak trading events?

The platform is expected to be funded through fees charged to participants who access and trade on the platform. The specific fee structure will depend on the selected provider and may include transaction-based fees, fixed participation fees, or a combination thereof.

18. Does the Clearing Manager pass on costs to a Participant for setting up API access and enabling the establishment of Hedge Settlement Agreements?

We interpreted the question as the platform provider not 'clearing manager'. Passing on these costs to participants is at the provider's discretion. If the provider considers it necessary to recover such costs, they may do so, but any charges must be clearly specified and transparency included in the proposed fee structure.

19. What is the current transaction fees and commercial support provided to Aotearoa Energy?

The Authority does not hold information relating to the arrangements between the current platform provider and participants.

20. Does the Authority anticipate commercial Authority-supported model for 3-5 years?

The Authority expects the trading of the standardised super-peak product to continue for the foreseeable future. However, the platform is expected to be funded through fees on participants who wish to access and trade on the platform and will not be financially supported by the Authority

21. Related to 'access' above, are there any expectations as to the costs for participants and acceptable return for any platform provider?

There are no specific expectations in the selection process regarding the costs charged to participants or the acceptable commercial return for the platform provider. Providers are expected to propose their own fee structures.

22. Will the Electricity Authority provide any funding to or pay for the provider's services?

No. As noted above, the platform is expected to be commercially funded through fees on participants who wish to access and trade on the platform. Prospective providers should ensure that their fee structure is provided as part of their response.

Functionality

23. Does the Authority prefer a purely screen-based execution model, or does it see a role for broker-assisted execution to support order working, sleeve negotiation and liquidity development?

The Industry Selection Panel (Panel) expects the core trading activity to take place through a screen-based execution model. However, we recognise the value that broker-assisted execution can provide in supporting order working, negotiation, and liquidity development, and we anticipate there will continue to be a role for such activity alongside screen-based trading.

24. Our understanding is that the RFP is for the provision of OTC trading technology as well as market operation services. Is this correct?

Yes. The selection process covers both the provision of OTC trading technology and the delivery of market operation services.

25. Latency - are there any guidelines as to what constitutes 'Low Latency'?

There are no specific numerical guidelines in the selection process for what constitutes 'low latency'.

The platform is expected to support fast-paced trading with minimal errors and delays. Providers are expected to outline how their platform will meet these objectives, including the pace at which their platform is able to support trading and mitigate trading uncertainty.

The platform must also support real-time trading, allowing participants to enter, amend, and cancel bids and offers immediately, similar to arrangements used by markets such as the ASX.

26. In the Response Form 'fast-paced' is also referred to. What are the expectations here?

See answer to Q25

27. What are the specific technical or operational shortcomings that make the existing system not fit for purpose for market making?

The Authority wishes to acknowledge the work undertaken by the current platform provider, Aotearoa Energy. Since January 2025, the platform has enabled a range of participants to trade the super-peak product, with average trading volumes growing steadily to around 16 MW per fortnight.

In response to our recent consultation on options for regulating the standardised super-peak contract, stakeholders identified several improvements to the platform to enhance trading.

Drawing on these suggestions, the Panel developed requirements that a trading platform should meet to enable voluntary trading or regulated market making. These are listed in

the section 2.4 of the OTC platform selection document. These include real time trading, low latency and enabling efficient data flows.

Information and data

28. Are there expectations regarding off-screen put-through reporting or block facilitation?

The selection documentation does not prescribe requirements for reporting or facilitating trades negotiated outside the screen-based market.

29. What specific data fields are required for Authority monitoring?

The data feed specifications are discussed at 2.4 of the platform selection document. Prospective providers should refer to the draft specifications Appendix A of the recently published Standardised super-peak hedge contract-clause 2.16 information notice consultation paper. The Authority intends to publish its decision on the clause 2.16 notice by the end of March.

30. Is real-time data reporting required, or is end-of-day or end-of-period reporting sufficient?

The platform specifications are noted at the section 2.4 of the OTC platform selection document, and include real-time order data, transaction summaries and an Authority data feed at end of day.

31. Are there expectations for public dissemination of trade or order data beyond regulatory reporting?

There are no specific requirements in the selection process for public dissemination of trade or order data beyond regulatory reporting. However, we note that the current provider makes certain trading information available through a public dashboard.

The Authority will also use the information collected under the section 2.16 notice to develop insights and reports on the hedge market.

Scalability

32. Longer term baseload contract might be more appealing in OTC as potentially less margining requirement depending on bilateral terms. Would there be support for Baseload contracts?

Standardised baseload futures contracts are currently traded on the ASX, with the forward price curve extending three years. The Authority has recently consulted on extending market making requirements for these contracts out to five years and a decision on this will be published in April 2026. Bespoke contracts, including longer duration contracts beyond five years are generally traded in the OTC market.

While the standardised super-peak product is the focus of the current OTC platform, the selected provider is expected to work with participants to support the evolution of trading arrangements in response to market needs or product design changes.

33. Scalability - are there any forecasts of Super-peak trading. Number of trades per day.

The Authority does not produce forecasts of expected standardised super-peak trading. However, under the proposed mandatory market-making arrangements consulted on recently, market makers would be required to offer a total volume of 6 MW per contract per trading session. The Authority's decision will be published in April.

General

34. Does the Panel and/or the Authority intend to hold a provider briefing session to clarify technical, regulatory and market-design expectations, particularly in light of the pending mandatory market making decision?

There are no plans to hold a provider briefing session prior to completion of the evaluation process. A briefing will be provided to the successful provider following selection.

35. Will submissions to the Industry Selection Panel be treated as confidential, and if so, under what framework?

The terms governing the selection process, including those relating to confidentiality, are set out in Appendix B of the OTC Platform Selection document (see particularly paragraph 1.17)

36. Is there any flexibility for the indicative go-live date? We note that a month for implementation is very short.

Providers are expected to demonstrate how they can meet the implementation timeframes set out in the selection process. This includes one month for implementation and one month to transition trading participants to the improved platform.

37. Is it acceptable for the services to be provided by a group of companies?

Yes. Two or more respondents may submit a joint bid provided the pricing information includes all costs, fees, expenses and charges chargeable by all respondents (see section 4).

Product and trading specifications

38. Will market makers be required to trade Super Peak exclusively on the selected Trading System, or may obligations be satisfied across multiple OTC venues (in the event that there are more entrants to this space)?

Currently, participation in standardised super-peak trading is voluntary. If mandatory market making obligations are introduced, these obligations will need to be fulfilled on an approved trading platform during the designated trading session. The OTC platform selected through this selection process will be recognised as the approved trading platform for the purposes of market making the standardised super-peak hedge product.

Market makers would still be able to trade standardised and non-standardised super-peak products on other OTC venues or outside the trading session, but such activity would not count toward meeting their market-making obligations.

39. How many participants are expected to undertake market making obligations per node?

Currently, participation in standardised super-peak trading is voluntary. In our recent consultation "*market making review: strengthening price discovery in the forward electricity markets*", we proposed introducing mandatory market making for the standardised super-peak product. Under that proposal, market making would be undertaken by regulated market makers. That is, specifically, the four largest generator-retailers in the New Zealand market

40. How many market participants are expected to actively trade the super-peak product?

Currently, 9 participants participate in trading the standardised super-peak product during the fortnightly trading events.

41. The current Super Peak product specifications have several details, Is there flexibility on the following?

- **Incremental rate \$0.05/NZD - Would you accept \$0.01/NZD?**
- **Contract size 0.01MWh - Would you accept 1MWh?**

The standardised super-peak product specifications are based on the recommendations on an industry expert group convened by the Authority in 2024 (the Standardised Flexibility Product Co-design group). Any changes to these specifications would require consultation with industry.

42. Are volume assumptions available to inform viability assessment?

Trade volume data is available on the flexibility hedge product dashboard⁵ and monthly hedge market summaries⁶

⁵ [Flexibility hedge products | Electricity Authority](#)

⁶ [Hedge market summary – January 2026](#)

43. What is the anticipated term or stability confidence of the appointment?

This is not a decision for the Authority. The Authority is facilitating this platform selection process on behalf of industry participants. However, the Authority expects the standardised super-peak product to remain part of the market offering into the future. This is reflected in the Authority's proposal to require mandatory market making of the standardised super-peak with a decision paper planned for publication in April 2026.