

23 September 2024

s9(2)(a)

Tēnā koe s9(2)(a)

Thank you for your request, received on 13 August 2024, under the Official Information Act 1982 (the Act) for the following information:

1. *“Copies of any instruction or request to the Electricity Authority to look into potential price gouging in the energy sector from the Office of the Minister for Energy.*
2. *Copies of all correspondence (including, but not limited to emails, texts, electronic messaging) between the Electricity Authority and the Office of the Minister for Energy since 1 August 2024.*
3. *Copies of any work, or requests for work, around the potential importation of Liquefied natural gas (LNG) received from the Office of the Minister for Energy since 1 July 2024.*
4. *I also request drafts, if any, of the above information.”*

#### Request 1

The Electricity Authority Te Mana Hiko (Authority) has not identified any information within the scope of this request. Therefore, this part of your request is declined under section 18(e) as the information you have requested does not exist.

#### Request 2 and 3

The Authority has identified 12 documents within scope of your request. Two documents are being withheld entirely:

- One under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.
- One under section 9(2)(b)(ii) of the Act to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

The Authority is releasing 10 documents in scope of your request, these documents are listed in Appendix A and attached to this letter. Some information is being withheld under:

- Section 9(2)(a) of the Act to protect the privacy of natural persons.
- Section 9(2)(b)(ii) of the Act to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

- Section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.

#### Request 4

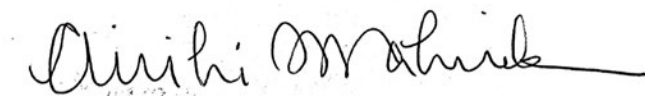
The Authority has identified 15 draft documents within scope of your request. These are being withheld under section 9(2)(g)(i) of the Act to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

I am satisfied, in terms of section 9(1) of the Act, that the need to withhold the information referred to above is not outweighed by other considerations that render it desirable, in the public interest, to make the information available.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact us by emailing [oiia@ea.govt.nz](mailto:oiia@ea.govt.nz).

Nāku noa, nā,



Airihi Mahuika

**GM Legal, Monitoring and Compliance**

Text messages between Tessa Ballinger, Advisor – Communications and Ministerial, the Electricity Authority Te Mana Hiko (blue) and Marissa Quinn, Private Secretary – Energy (light grey)

6 August 2024

Tue, 6 Aug at 3:20 PM

Hi Marisa, I'll be greeting you at 4 today so put my name into the iPad :)

Great, will do :)

Arriving now


Text messages between Andrew Millar, General Manager – Market Policy, the Electricity Authority Te Mana Hiko (blue) and Marissa Quinn, Private Secretary – Energy (light grey).

1 August 2024

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iMessage  
Thu, 1 Aug at 3:33 PM

Hi Marissa. Andrew from the EA. Thanks for the email about the meeting with Minister Brown on August 8. Are you free for a quick call now about it?

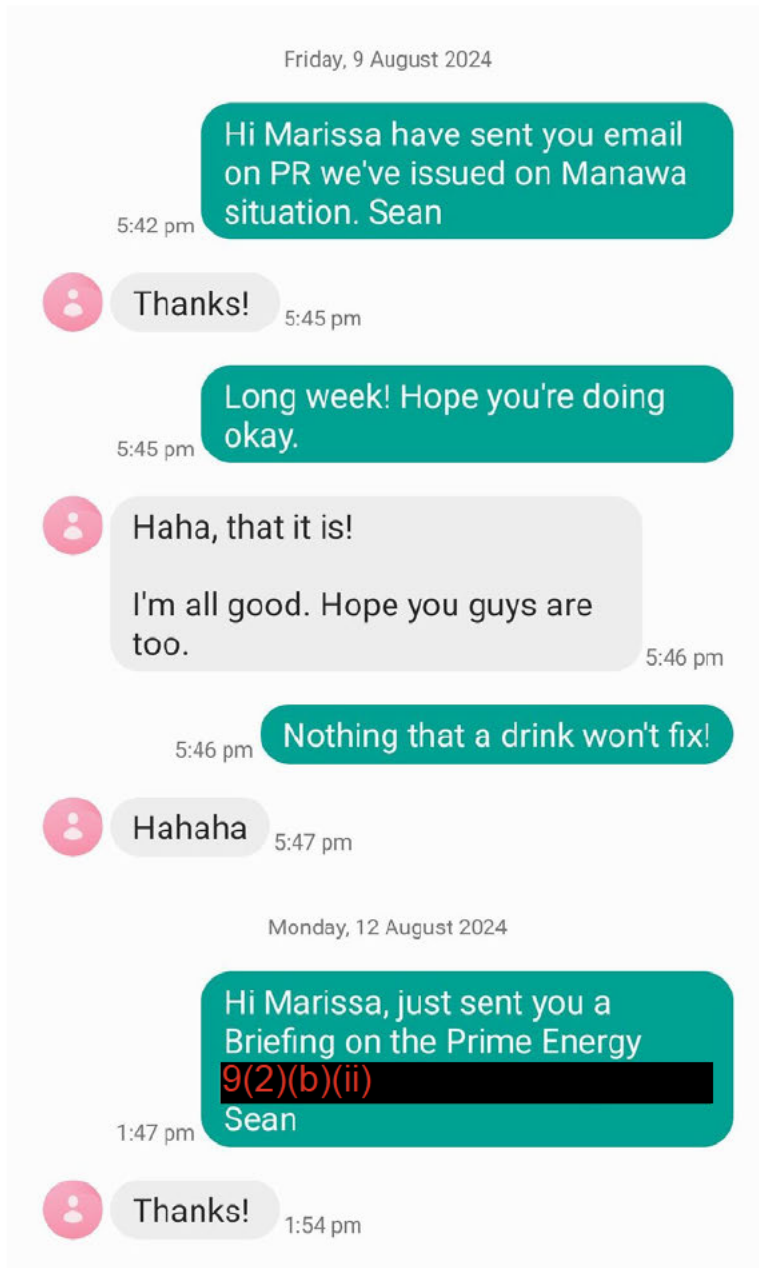
Yep, can do. 

Thanks. Call me back when you are free?

Delivered

Text messages between Sean Martin, Principal Advisor – Communications and Engagement, the Electricity Authority Te Mana Hiko (green) and Marissa Quinn, Private Secretary – Energy (light grey).

9 August and 12 August 2024.



Text messages between Sarah Gillies, Chief Executive, the Electricity Authority Te Mana Hiko (blue) and Marissa Quinn, Private Secretary – Energy (light grey).

6 August 2024.

Tue, 6 Aug at 5:14 PM

The 6pm meeting tomorrow has now moved to 10.45am. Hopefully you can still make that work. Will send out invite soon.

👍

Thanks. Yep I can make it.

Also forgot to send you an invite before I left the office. But it is 10.45 to 11.45 in the ministers office tomorrow. The major gentailers will be there, although I imagine some via zoom.

Ok thanks.

Wed, 7 Aug at 10:40 AM

I'm here hope I didn't miss the collection?

I'll come get you now

Thanks

Don't leave

Minister wants you back. Coming down

If minister wants to discuss before tomorrow that's fine too I can always come back or take a call.

Well I think he wants you to come with advice, so tomorrow's meeting is fine. Give you time to work through any options etc. he seemed fine with tomorrow.

But will let you know if he asks for it sooner.

👍

Text messages between Sarah Gillies, Chief Executive, the Electricity Authority Te Mana Hiko (blue) and Marissa Quinn, Private Secretary – Energy (light grey).

8 August 2024.

Thu, 8 Aug at 2:28 PM

Have Transpower confirmed their announcement / press release whatever it is will go out at 5pm tonight?

Transpower has confirmed the contingent storage report will be out before five. I have confirmed with Justine that will write the lines for you for that.

Mbie will do lines, sorry!

Great, thanks! If you or someone can confirm when it goes out that would be great.

Thu, 8 Aug at 4:24 PM

You should have received an email. Consultation out.

Text messages between Sarah Gillies, Chief Executive, the Electricity Authority Te Mana Hiko, Marissa Quinn, Private Secretary – Energy, and John Clarke, Acting Chief Executive, Transpower.

8 August 2024.

2 People >

iMessage  
Thu, 8 Aug at 4:33 PM

John Clarke

Hi Sarah and Marissa. Our consultation document on the contingent storage trigger has gone out. Regards John.

Marissa Quinn

Thanks John!

Text messages between Anna Kominik, Board Chair, the Electricity Authority Te Mana Hiko (blue), and Hon Simeon Brown, Minister for Energy (light grey).

9 August 2024.

Fri, 9 Aug at 5:33 PM



Manawa/Prime uodate:

9(2)(b)(ii)

Thank you

**From:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Sent:** Tuesday, 6 August 2024 3:37 pm  
**To:** Tessa Ballinger  
**Subject:** RE: Electricity Authority Statement of intent 2024-28 and Statement of performance expectations 2024/25

These have now been presented 😊

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**From:** Tessa Ballinger <Tessa.Ballinger@ea.govt.nz>  
**Sent:** Tuesday, August 6, 2024 11:07 AM  
**To:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Subject:** RE: Electricity Authority Statement of intent 2024-28 and Statement of performance expectations 2024/25

Awesome, thank you !

**Tessa Ballinger** ([she/her](#))  
Advisor – Communications and Ministerial

DDI: s9(2)(a)



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**From:** Marissa Quinn <[Marissa.Quinn@parliament.govt.nz](mailto:Marissa.Quinn@parliament.govt.nz)>  
**Sent:** Monday, August 5, 2024 3:30 PM  
**To:** Tessa Ballinger <[Tessa.Ballinger@ea.govt.nz](mailto:Tessa.Ballinger@ea.govt.nz)>  
**Subject:** RE: Electricity Authority Statement of intent 2024-28 and Statement of performance expectations 2024/25

I expect them to be tabled tomorrow.  
But will confirm when done.

Thanks!

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**From:** Tessa Ballinger <[Tessa.Ballinger@ea.govt.nz](mailto:Tessa.Ballinger@ea.govt.nz)>  
**Sent:** Monday, August 5, 2024 2:01 PM  
**To:** Marissa Quinn <[Marissa.Quinn@parliament.govt.nz](mailto:Marissa.Quinn@parliament.govt.nz)>



**Subject:** RE: Electricity Authority Statement of intent 2024-28 and Statement of performance expectations 2024/25

Hi Marissa,

Have these been approved by the Minister? We are keen to publish on our website as soon as possible, can you let me know when you expect them to be tabled?

Thanks

**Tessa Ballinger** ([she/her](#))  
Advisor – Communications and Ministerial

DDI: s9(2)(a)



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**From:** Tessa Ballinger  
**Sent:** Wednesday, July 17, 2024 4:27 PM

**Out of scope**  
[Redacted text block]

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Out of scope

**Tessa Ballinger** ([she/her](#))  
Advisor – Communications and Ministerial

DDI: s9(2)(a)



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**From:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Sent:** Tuesday, 6 August 2024 6:16 pm  
**To:** Tessa Ballinger  
**Subject:** Re: EA/MO catch up

Yep, that should be all good.

Get [Outlook for iOS](#)

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**From:** Tessa Ballinger <Tessa.Ballinger@ea.govt.nz>  
**Sent:** Monday, August 5, 2024 2:12:28 PM  
**To:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Subject:** EA/MO catch up

Hi Marissa,

As you will remember we used to do catch ups every second month, I haven't organised one for a while as I wasn't sure how long you would be in the office, but I now think it would be useful to organise one regardless.

Would you be available sometime over the next few weeks to come over to our office?

Thanks

**Tessa Ballinger** ([she/her](#))  
Advisor – Communications and Ministerial

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**From:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Sent:** Thursday, 1 August 2024 2:31 pm  
**To:** Tessa Ballinger  
**Cc:** Aileen Gallagher; Board Secretary  
**Subject:** RE: EA/minister meetings this year

For the meeting next week, on the 8<sup>th</sup>.

The Ministers preference is that the meeting on the 8<sup>th</sup> focuses on the EA's competition related workstreams.

I'll send a more detailed email later today.

But will that work for the 8<sup>th</sup>? Fine for the 28<sup>th</sup> to cover the Northland review.

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**From:** Tessa Ballinger <Tessa.Ballinger@ea.govt.nz>  
**Sent:** Thursday, August 1, 2024 1:53 PM  
**To:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Cc:** Aileen Gallagher <Aileen.Gallagher@ea.govt.nz>; Board Secretary <Board.Secretary@ea.govt.nz>  
**Subject:** RE: EA/minister meetings this year

Hi Marissa,

Was this for the 28 August one? We were intending on focusing on the Northland review for that one.

Thanks

**Tessa Ballinger** ([she/her](#))  
Advisor – Communications and Ministerial

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**From:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Sent:** Tuesday, July 30, 2024 9:21 AM

**Out of scope** [REDACTED]

[REDACTED]

[REDACTED]

Out of scope

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**From:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Sent:** Friday, 2 August 2024 3:45 pm  
**To:** Tessa Ballinger  
**Cc:** Sarah Gillies; Doug Watt; Chris Otton; Andrew Millar; Aileen Gallagher; Board Secretary  
**Subject:** RE: Coal stockpile query

Thanks Tessa!

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**From:** Tessa Ballinger <Tessa.Ballinger@ea.govt.nz>  
**Sent:** Friday, August 2, 2024 3:32 PM  
**To:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Cc:** Sarah Gillies <Sarah.Gillies@ea.govt.nz>; Doug Watt <Doug.Watt@ea.govt.nz>; Chris Otton <Chris.Otton@ea.govt.nz>; Andrew Millar <Andrew.Millar@ea.govt.nz>; Aileen Gallagher <Aileen.Gallagher@ea.govt.nz>; Board Secretary <Board.Secretary@ea.govt.nz>  
**Subject:** Coal stockpile query

Kia ora Marissa,

On Tuesday afternoon the Minister asked the Authority about the coal stockpile.

We have made further enquiries with Genesis and can confirm Genesis is planning to have all three Rankine units available to operate for up to three months (subject to operator resourcing, plant reliability and fuel availability) and will run Rankines as and when offers in the market clear. Genesis is aiming to manage the coal stockpile long term to a level around 350KT (plus reserves held to fulfil contracts with third parties). Genesis plans to order coal at levels required to match demand and required to replenish the stockpile to these target levels on an ongoing basis.

The Authority is aware that the system operator makes assumptions about coal when developing the Electricity Risk Curves. The recently updated ERCs do not reflect Genesis' updated coal stockpile policy, because it has not yet been formally confirmed. The Authority will continue to work with the system operator to ensure that Genesis' intentions about the coal stockpile are appropriately reflected for future ERCs.

Kind regards,

**Tessa Ballinger** ([she/her](#))  
Advisor – Communications and Ministerial

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**From:** Andrew Millar  
**Sent:** Thursday, 1 August 2024 7:42 pm  
**To:** Marissa Quinn  
**Subject:** RE: Meeting with Minister Brown on 8 August

Thanks Marissa. This and the call earlier was very helpful.

**Andrew Millar**  
General Manager Market Policy

M: s9(2)(a)

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**From:** Marissa Quinn <Marissa.Quinn@parliament.govt.nz>  
**Sent:** Thursday, August 1, 2024 5:09 PM  
**To:** Andrew Millar <Andrew.Millar@ea.govt.nz>  
**Subject:** Meeting with Minister Brown on 8 August

Hi Andrew

As discussed just now on the phone, the Minister has requested the next meeting with the EA should cover the EA's workstream relating to wholesale and retail market competition. Particularly:

- Timing of the key wholesale market related workstreams – the Minister would like more certainty around timelines, particularly the completion of various workstreams.
- Risk management review – covering the timing and scope of the review. The Minister has heard concerns from a few different parties lately related to the pace of the review and it being of a too narrow focus and not sufficiently targeting market power concerns. Concerns it's not adequately focussed on ensuring both access to hedges and competitive pricing for hedges.
- Response to concerns that the EA is not adequately focussing on the use of market power to set prices above competitive levels.

Thanks,

Marissa

**Marissa Quinn**

Private Secretary (Energy) | Office of Hon Simeon Brown  
Minister of Transport | Minister for Auckland | Minister for Energy | Minister for Local Government

DDI: s9(2)(a)  
Email: [marissa.quinn@parliament.govt.nz](mailto:marissa.quinn@parliament.govt.nz) Website: [www.Beehive.govt.nz](http://www.Beehive.govt.nz)  
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

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**From:** Tessa Ballinger  
**Sent:** Friday, 2 August 2024 1:16 pm  
**To:** Marissa Quinn  
**Cc:** Ashleigh Munn; Energy Branch Ministerial Inbox; Justine.Cannon@mbie.govt.nz; Bevan.Searancke@mbie.govt.nz; Tamara Linnhoff; Sarah Gillies; Aileen Gallagher; Board Secretary; Jacqui.Bassett@mbie.govt.nz; Sean Martin; Sally Aitken  
**Subject:** Northland review status report for Min - 2 August  
**Attachments:** Northland review status report 2 August.pdf

Kia ora Marissa,

Hope you have had a good week.

Please see attached for the Minister.

Kind regards,

**Tessa Ballinger** ([she/her](#))  
Advisor – Communications and Ministerial

DDI: s9(2)(a)

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**From:** Sean Martin  
**Sent:** Monday, 12 August 2024 6:59 pm  
**To:** Marissa Quinn  
**Cc:** Ministerial information; Sarah Gillies; Anna Kominik  
**Subject:** Change in market making requirements

Hi Marissa

Please find below a heads-up on a decision taken by the Electricity Authority

*Changes to market making requirements*

The Electricity Authority has today made temporary changes to market-making requirements to maintain liquidity in the forward market.

The forward market, traded on the ASX, is currently experiencing stress due to underlying physical conditions impacting prices in the spot market.

We have been made aware that market makers are finding it increasingly challenging to fulfil their obligations to the standard specified under their contractual requirements and in the Electricity Industry Participation Code 2010.

We have widened spreads and reduced lot size to reduce the impact of current conditions and to enable market makers to manage the costs of providing liquidity and price transparency.

An inability to access hedges in this forward market will increase costs and financial risks for participants and this will adversely affect consumers.

We are developing an urgent Code amendment to give regulatory certainty for market makers and plan having this in place at the end of the month. We have previously signalled that we will be consulting on enduring market-making settings later in the year.

We wrote to market makers today to advise them of the temporary change and have also started fielding queries from other industry participants and one media outlet.

We will be publishing a news item on our website on Tuesday and responding to the media query.

Regards

**Sean Martin**  
Principal Communications and Engagement Advisor

M: s9(2)(a)



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**From:** Sean Martin  
**Sent:** Monday, 12 August 2024 1:46 pm  
**To:** Marissa Quinn  
**Cc:** Ashleigh Munn; Ministerial information; Sarah Gillies; Justine.Cannon@mbie.govt.nz; Tamara Linnhoff; Aileen Gallagher; Board Secretary; Energy Branch Ministerial Inbox; Andrew Millar; Sally Aitken; Mark Herring  
**Subject:** BR-24-0032 9(2)(b)(ii) : Prime Energy  
**Attachments:** BE-24-0032 9(2)(b)(ii) Prime Energy.pdf  
**Importance:** High

Hi Marissa

Please find attached the following Briefing paper for the Minister related to the issues facing Prime Energy:

- BR-24-0032 9(2)(b)(ii) : Prime Energy

Could I also request that this is forwarded to **Matt Burgess** in the PM's office as well, as there are customers in the PM's electorate and we fielded queries about this last week.

Regards

**Sean Martin**  
Principal Communications and Engagement Advisor

M: s9(2)(a)



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# Electricity prices and the transition

Electricity Authority meeting with the Minister for Energy – 8 August 2024

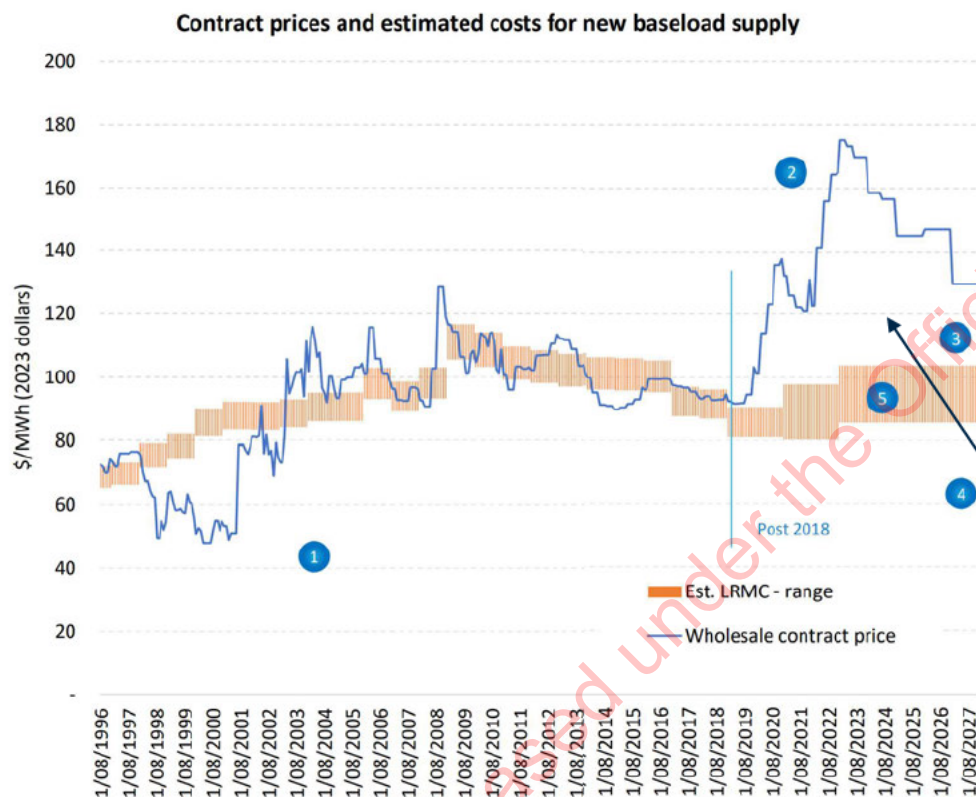
Released under the Official Information Act 1982

## Current State

- Transition has accelerated beyond what we expected due to fuel shortages (shortage of gas combined with low rain and inflows into our hydro lakes)
- Market volatility has highlighted the concerns about whether competition is occurring in the right places and in the right way
- Recognise the market appears to be doing what it is designed to do (high prices incentivising investment and contractual arrangement) but concerns about the volatility and level of risk premium
- Concerned about outcomes for consumers. Participants are not accelerating their activity to match the speed of the transition as needed
- Impact of high prices now affects consumer in the context of other upcoming costs (including increasing transmission and distributions costs, greater retailer pass through).



# Current environment - forward curve (estimate of future spot prices) vs cost of new solar/ wind generation



Current market conditions are challenging for participants:

- Gas scarcity and low hydro storage, compounded by less wind over July (see Appendix 1)
- Market is going through a major transition with highly volatile prices with high perceived risk.

We are in catch-up and the next 18 to 24 months are likely to be as unsettled if not worse

New generation, innovation, and increasing competition are key for the future but there is a need for short-term actions to support the immediate risks to consumers.

We are not comfortable with the degree of volatility in this gap – recognising that this is partly comprised of historical risk/ uncertainty, gas fields failing quickly, and NZAS contract delaying investment decisions, as well as the time it takes to bring new generation to market. But that does not explain it all.

## Solutions: Short Term

Actions to reduce near-term volatility and its impacts as the transition 'bites':

- **Transparency on pricing:** Open a **section 16 investigation** to require information on whether thermal offers are consistent, and who is benefiting from the current fuel shortage (Reporting: September)
- Set up a **joint working group** with the Commerce Commission and MBIE on competition issues (August)
- **9(2)(f)(iv)**  
[REDACTED]
- Support the system operator to enable generators to access **contingent South Island hydro storage** (September)
- **Facilitate** the market to deliver all options available and to help remove barriers, including support with fuel supply chains and helping the gas security response group to chart the pathway forward with certainty (August onwards)
- Deliver the key regulatory changes to promote competition:
  - risk management review findings, accompanied by any potential regulatory enhancements (early Q4 2024)
  - the development of a standardised flexibility product, co-designed with industry (contracts confirmed late 2024)
  - support the development of BESS, demand response and flexibility services (ongoing)

# Solutions: Short Term

Work already in play:

## Performance and Competition

- Risk management review. Response to our findings will be immediate (see Appendix 2)
- Ramping up implementing MDAG recommendations that help manage supply side volatility (like co-designing a standardised flexibility product with industry)
- Promoting flexibility and demand response – broadening the tools to respond to and reduce price volatility
- Promoting consumer access to data and mobility: increasing their understanding and ability to respond
- Better public communication to support the public's understanding of the transition and the solutions.

## Conformance

- Maintaining market vigilance, including through our trading conduct monitoring
- Continuing our focus on keeping the lights on – security of supply programme of work.

# Holding the industry accountable

To hold the industry to account we are (for the first time in the EA's history) developing a **baseline of measures to monitor competition in the market**, including:

- Market concentration
- Investment in new generation and demand response
- Availability and affordability of risk management tools
- The declining forward price curve to meet LCOE and the elements that make up that declining price curve (including price, liquidity of baseload and flexibility products, risk premiums)
- Availability of products and services for consumers (including new flexibility services, innovative tariffs)
- Increased local and regional resilience.

From October 2024, this information will be published to hold industry accountable.

# Supporting access to contingent hydro storage

- Lake Tekapo storage levels are being maintained to ensure that they are above their consented level when the contingent storage level increases on 1 October
- Other South Island lakes could reach their contingent storage levels in late September - but in aggregate South Island storage will still be above the trigger level that would allow them to access that water
- Risks a significant reduction in generation output as they would have to maintain storage at this level
- Working with system operator to consult next week to increase the buffer on continent storage from early September – which will allow hydro generators to access contingent storage earlier if needed
- We will review the ERC assumptions to ensure that monitoring settings are not a barrier to accessing hydro storage during extreme hydro sequences



9(2)(f)(iv)



## Transfer of industrial gas to electricity generation

- We are aware of commercial negotiations underway to access the remaining gas supply currently used by Methanex
- We understand an announcement on the outcome of this negotiation is imminent. The gas supply would be released to the generator very shortly afterwards
- This would enable a combined cycle gas unit (330MW) and a gas peaker (100MW) to be run at capacity for the next 2-3 months, easing the draw down of hydro storage – pushing out the need to access contingent storage and any resulting public electricity conservation process
- Gas storage levels would also receive some replenishment. Maintaining storage volumes and providing improved fuel security for spring and early summer
- The price negotiated for this gas is unlikely to be materially different from current spot gas prices
- In the short term, likely to be beneficial to Methanex due to the high spot gas price – long term, this could incentivise Methanex to formalise demand response or call into question future operations
- Investment in LNG imports could reduce pressure on Methanex to release gas in periods of high scarcity.

## LNG can provide some interim relief

- Working with the Gas Security Response Group (GSRG) on options to address current constraints, including LNG imports. s9(2)(f)(iv)

- | [REDACTED]
- | [REDACTED]
  - | [REDACTED]
  - | [REDACTED]
- | [REDACTED]
- | [REDACTED]

Released under the Official Information Act 1982

## We are preparing for any residential consumer impact

- Heightened electricity prices may also impact residential consumers should their retailer come under serious stress.
- To prepare for this we are:

- 9(2)(f)(iv)

[Redacted]

[Redacted]

[Redacted]

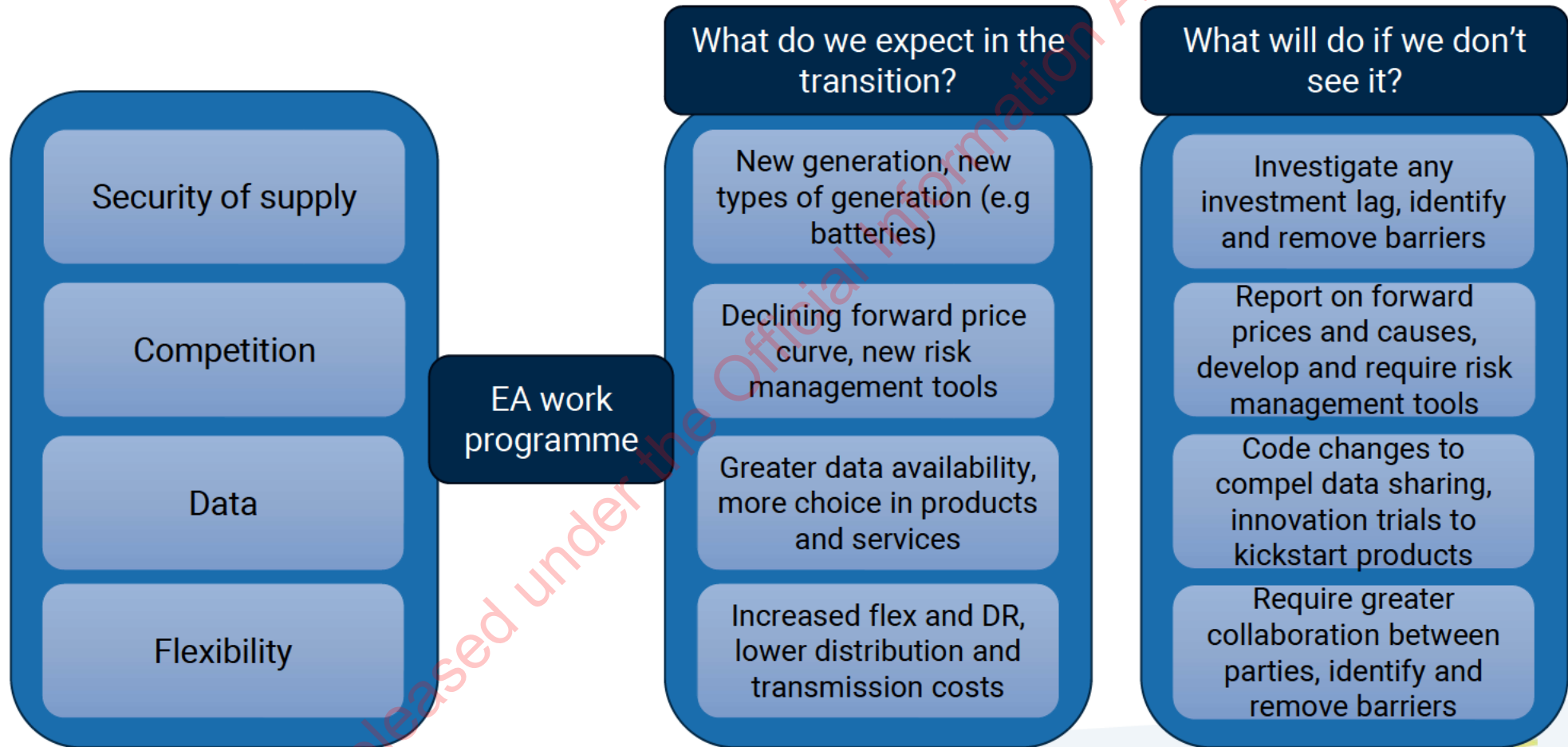
[Redacted]

- **Planning for a trader default scenario** – In the unlikely scenario where a trader cannot pay for electricity or distribution services, they can go into ‘trader default’.

We have processes in place to ensure that if a retailer does enter default that customers can be switched to an alternative trader without a loss of supply.



# Action, reaction, accountability



# Investment is increasing



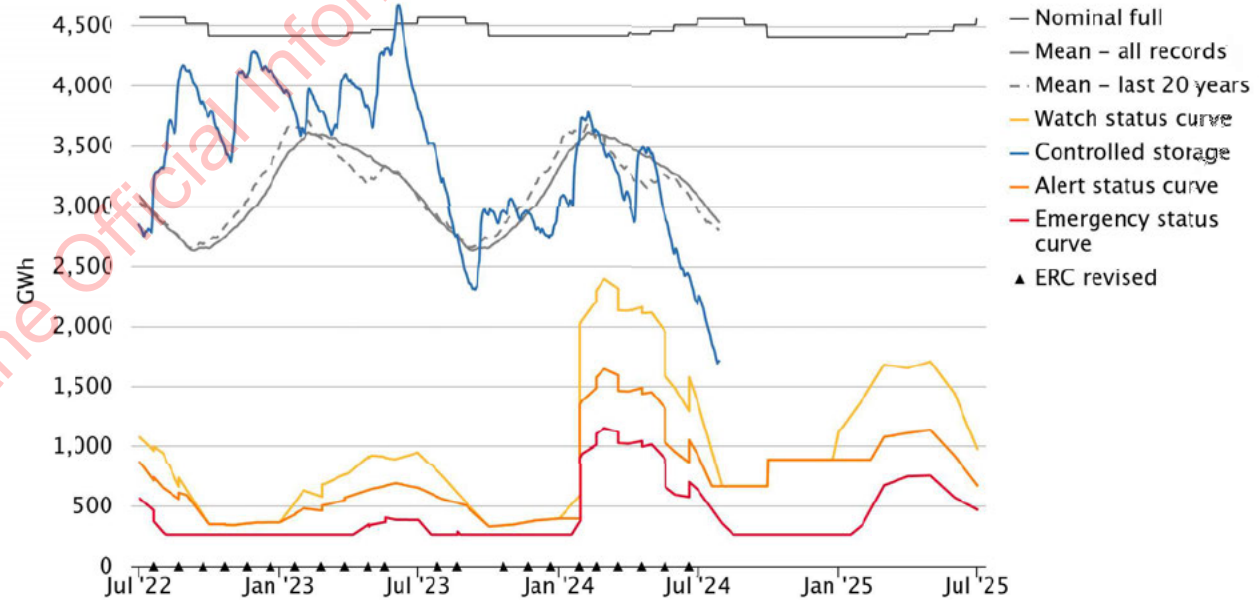
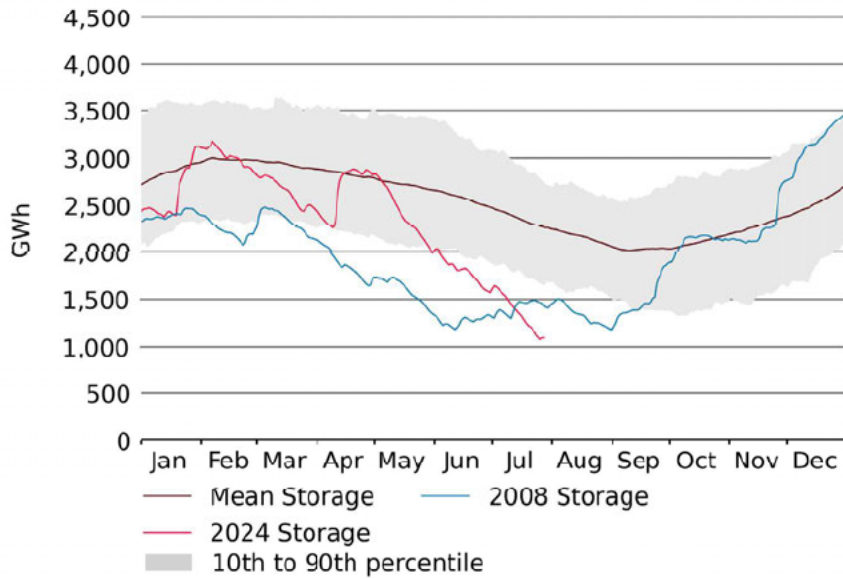
- A **significant step change** in announced new generation investment.
- 2023 generation investment survey showed an increase of 29.8 GW of committed new generation from the 2022 survey, 14.1 GW of new generation dropped out.
- EA is monitoring what projects are delayed or stopped. Reporting on this will increase from August 2024 to keep the market accountable and inform wider policy settings.
- The majority of surveyed committed generation volume investment is from international and independent investors.

# APPENDIX 1

Storage and price information

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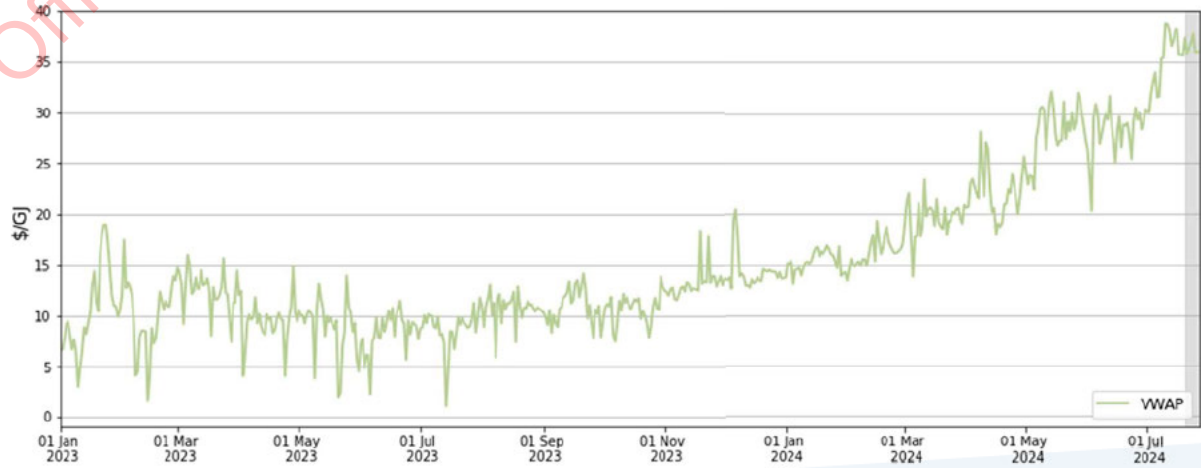
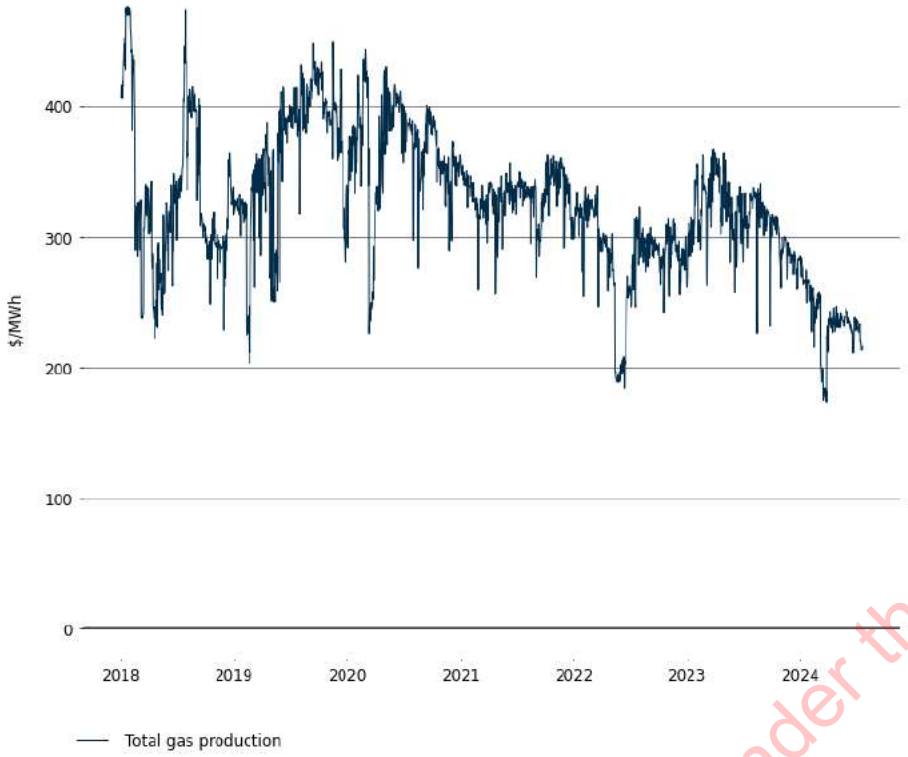
# Storage is below 2008 levels



emi.ea.govt.nz/r/s4unb

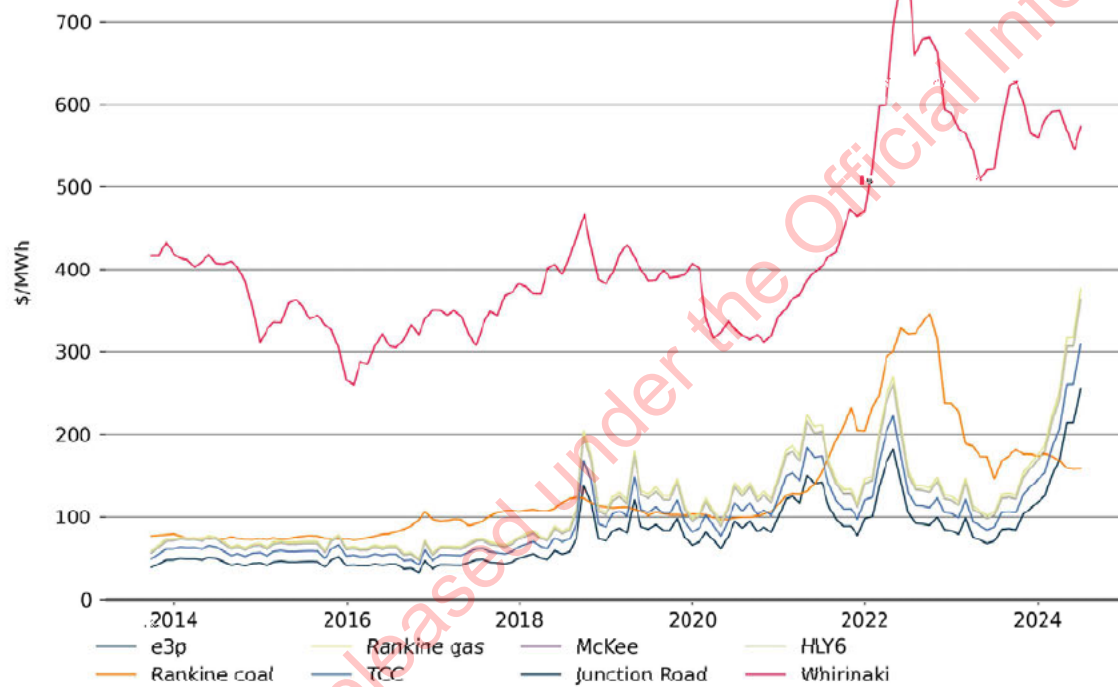
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# Gas: falling volume and increasing price



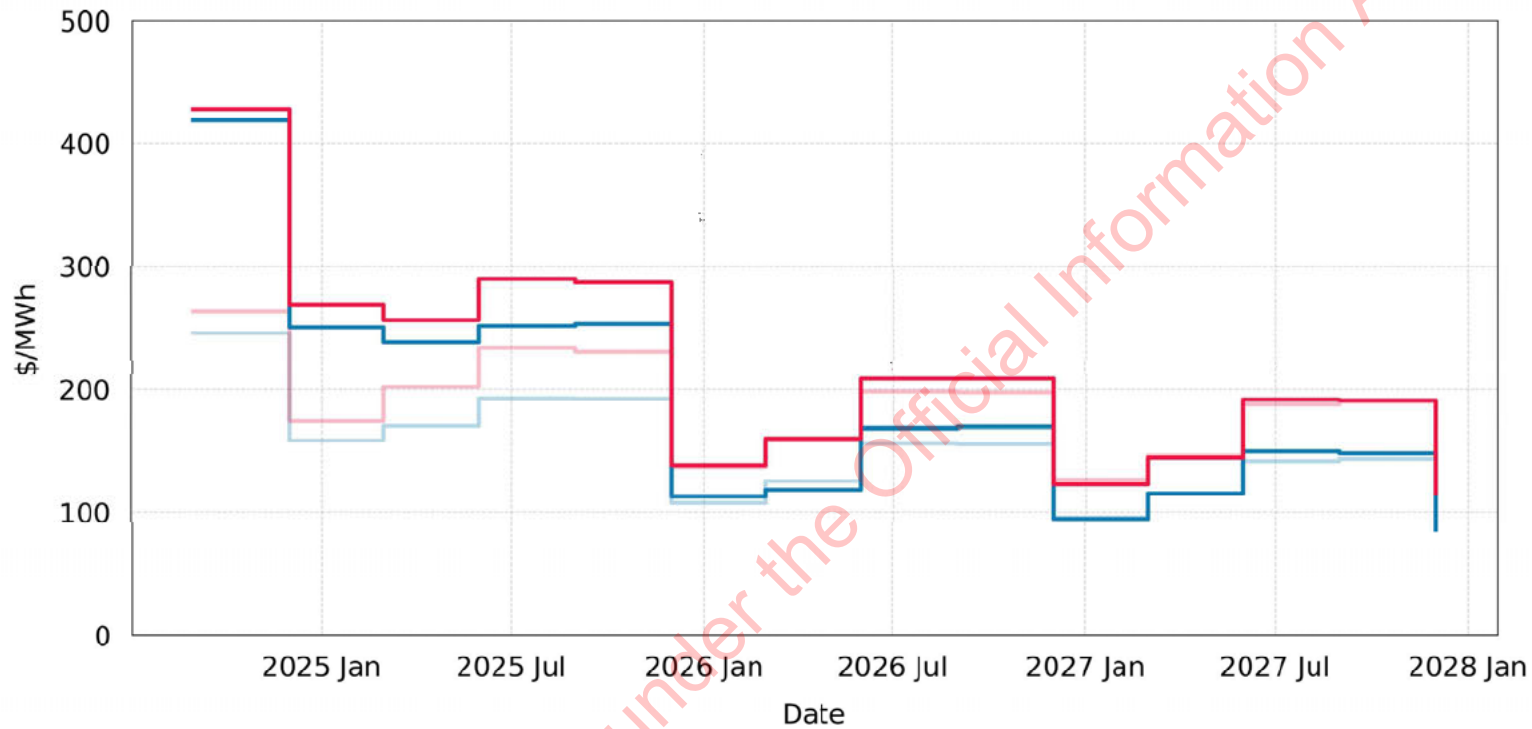
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# Thermal prices based on fuel costs are very high



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# Forward prices very high



Legend:  
■ Forward price at Otahuhu on 26/07/2024  
■ Forward price at Otahuhu on 01/07/2024  
■ Forward price at Benmore on 26/07/2024  
■ Forward price at Benmore on 01/07/2024

Source: ASX

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# APPENDIX 2

Authority work programme  
information

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## Risk Management Review - Background

- Looking at the impact on the retail market of the availability and pricing of OTC risk management contracts, within context of all risk management options for retailers
- Responds to complaints by non-integrated retailers in 2023 to Commerce Commission and Authority alleging misuse of market power

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## Risk Management Review - Process

- Rigorous, robust analysis of substantial information received
- Core focus – OTC contract requests for proposal and responses – at the heart of the complaints
- Also considering:
  - Broader risk management options (eg, batteries, virtual power plants, demand flexibility) and practices for retailers – what other options are practical substitutes for OTCs, aka market definition
  - Gentailer pricing methodologies and credit requirements; impact of gentailer internal transfer prices
- Seeking broader perspectives – from brokers, independent generators, and major users
- Range of modelling tools being used; 20 scenarios modelled
- Utilising Commerce Commission competition and investigation expertise – currently reviewing our core analysis
- Authority has the tools to implement appropriate policy responses (if any).

## Risk Management Review - Timeline

- 19 December 2023 – review announced
- Late December 2023 – information requests to non-integrated retailers
- Early March 2024 - information requests to generator-retailers
- Mid April 2024 – final responses received
- Since – clarifications sought; detailed analysis undertaken
- 14 June 2024 – update to stakeholders with intended timeline
- August 2024 – Board update
- Early in the final quarter of 2024 – Release of findings, including any areas of immediate change

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