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To: The Electricity Authority  
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### Genesis supports strengthening stress testing regime

Genesis Energy Limited (**Genesis**) welcomes the opportunity to comment on the Electricity Authority's (**the Authority**) *Code amendment omnibus #5: stress test update, back-up pricing, trader default amendment* consultation paper. Genesis supports the Authority's proposed changes to strengthen the stress-testing regime, consistent with the recommendations by MDAG in its *Price discovery in a renewables-based electricity system* final recommendations paper. As stated in the 2024 Government Policy Statement, wholesale market participants are responsible for managing their risks in response to price signals, and it is therefore important for each participant to have in place appropriate risk management arrangements.

We note the stress testing regime is an important tool during periods of tight supply and elevated spot prices, both for briefing the Minister of Energy and for informing the public. During such periods, the stress testing regime should be actively promoted, both publicly and with the Minister of Energy. The Authority could consider adopting an internal policy regarding the role the stress test regime can play in any proactive briefings to the Minister and proactive publications to the media during periods of tight supply and elevated spot prices.

Another useful improvement the Authority could consider as part of future work is broadening the stress test regime to require materially under-hedged parties to report information about hedge offers they rejected, building on the report it published following its investigation into over-the-counter hedges in winter 2024. The stress test registrar could hold this information and provide it to the Authority on request, and the Authority could use this to inform ministerial briefings and/or publications. Other further improvements may be possible ahead of future winters (i.e. from winter 2026), and we encourage the Authority to continue considering ways to strengthen the stress test regime into the future.

Yours sincerely,

A handwritten signature in black ink that reads "Mitchell Trezona-Lecomte".

Mitch Trezona-Lecomte  
Senior Advisor, Government Relations and Regulatory Affairs

## Consultation Questions – Genesis Energy’s Response

### Updating the Stress Testing Regime

Question	Genesis Energy’s Response
Q2.1. Do you support the Authority’s proposal to insert the purpose of subpart 5A before existing clause 13.236A? Please explain your answer.	Yes, consistent with MDAG’s recommendation we support this proposal. As noted by MDAG, for the electricity sector regime to operate effectively, it is important for participants to properly understand its purpose. We agree it is important that participants understand the purpose of the stress-testing regime and how it contributes to system physical reliability.
Q2.2. Do you support the Authority’s description of the proposed purpose of subpart 5A in a new clause 13.236AB (as detailed in Appendix A)?	Yes, noting the purpose statement is based on the purpose statement proposed by MDAG.
Q2.3. Do you support the Authority’s proposal to amend clause 13.236A of the Code to extend the horizon of the stress test regime from 1 quarter to 12 quarters? Please explain your answer.	Yes, we support this proposal, consistent with MDAG’s recommendation. We agree that in a more highly renewable and intermittent system, a longer time horizon is appropriate.
Q2.4. Do you support the Authority’s proposal to introduce a simplified and separate methodology for quarters beyond the next quarter? Please explain your answer.	Yes, we agree a simplified methodology for longer time horizons is appropriate, consistent with MDAG’s recommendation. A simplified methodology will help keep compliance costs manageable for participants.
Q2.5. Do you support the Authority’s proposal to require the registrar to send disclosing participants ‘you are here’ reports? Please explain your answer.	Yes, we support this proposal, consistent with MDAG’s recommendation. We recommend that reports allow participants to see their risk relative to all other participants and relative to other participants from their sector specifically, as this additional contextual information will increase the usefulness of the reports.
Q2.6. Do you support the Authority’s proposal to change the EMI reporting to provide additional information? Please explain your answer.	Yes.
Q2.7. Do you support the Authority’s proposal to amend clause 13.236F(1) of the Code to require the board of the disclosing participant to certify that the disclosing participant has complied with clause 13.236E(1)? Please explain your answer.	Yes.
Q2.8. Do you support the Authority’s proposal to amend clause 13.236F(1) to require a disclosing participant to certify that it has complied with the requirement to submit spot price risk disclosure statements in clauses 13.236A and 13.236E as part of the Certificate of spot price risk disclosure statement? Please explain your answer.	Yes.
Q2.9. Do you support the Authority’s proposed changes to the stress test methodologies? Please explain your answer.	Yes.
Q2.10. Do you support the Authority’s proposal to require disclosing participants to provide target and actual cover ratios and for the Authority to publish this information anonymously? Please explain your answer.	As noted, MDAG recommended removing the requirement to compute and disclose target cover ratios, primarily due to concerns about participants’ ability to accurately translate risk policies into quantified ratios. However, we do not have a problem with the Authority’s proposal to retain them.

Q2.11. Do you agree with the transition plan and a quarter-long transition period? Please explain your answer.	Yes.
Q2.12. Do you agree the proposed amendment is preferable to the alternative options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	NA
Q2.13. Do you agree with the analysis presented in this Regulatory Statement? If not, why not?	Yes.

### Extending the trader default provisions to all retailers to protect all consumers

Q3.1. Do you support the Authority's proposal to extend the trader default regime to all retailers and prohibit disconnecting consumers during the process? Please explain your answer.	Yes, we agree the proposals appear sensible.
Q3.2. If you think there is a preferable alternative the Authority ought to consider, please explain that alternative in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	NA.
Q3.3. Do you agree with the analysis presented in this Regulatory Statement? If not, why not?	

### Introducing a back-up means of calculating wholesale prices to improve market confidence

Q4.1. Do you support the Authority's proposal? Please explain your answer.	We broadly agree with the Authority's description of the problem and agree the suggested approach may be the most pragmatic solution. However, there is a risk that the proposed definition of 'equivalent trading period' could result in a material mismatch between prices from a previous trading period and actual market conditions (supply/demand, generation costs, etc.) during any prolonged outage period of the type envisaged. It is difficult to offer a definitive view on the merits of the proposal. We note nothing in the proposal alters the ability to claim an Undesirable Trading System, and the option of declaring a UTS will remain a valuable 'backstop'.
Q4.2 Do you agree the proposed amendment is preferable to the alternative options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	Arguably, the type of situation envisaged, in which prices cannot be calculated and settled using the usual method, is one in which the declaration of an Undesirable Trading Situation should apply. As noted, it is our understanding that nothing in the Authority's proposal alters the ability to claim / declare a UTS.
Q4.3. Do you agree with the analysis presented in this Regulatory Statement? If not, why not	NA