

8 December 2025

Electricity Authority
By email: monitoring@ea.govt.nz

Collecting energy margin information

Meridian appreciates the opportunity to provide feedback on the Authority's consultation paper 'Collecting energy margin information'.

Meridian queries whether mandating the ongoing reporting of energy margin data will promote the long-term benefit of consumers. Energy margin represents a single financial measure. It does not necessarily provide an accurate reflection of a company's performance or profitability as it excludes significant cost items such as transmission costs, staffing, maintenance, debt servicing and levies. It also does not reflect the significant investments that are being made in new developments. Meridian's detailed financial results are already disclosed in annual and interim reporting and Meridian also publishes monthly operating reports. In isolation, Meridian's view is that collection and publication of simple energy margin data would create a significant risk of misinterpretation and/or selective interpretation. This became clear following the initial publication of energy margin data following the Authority's previous section 46 request, which saw a number of news articles zero in on combined 'profits' of the integrated generator-retailers.¹ In the absence of context, such narratives undermine wider confidence in the market and distract from more important issues in the sector.

It is also unclear how energy margin information would be used by the Authority to arrive at a view of competition in the wholesale market, as the Authority suggests is the purpose of this information request. It is not clear how the Authority would assess generator-retailer energy margins to determine whether competition is adequate or otherwise. In our view, in the absence of more detailed contextual information (such as is already provided in financial statements), any such assessment is likely to require subjective judgment, be open to interpretation, and could risk suggesting that it is undesirable that large energy companies strive to be commercially successful.

¹ For example, *Electricity Authority puts spotlight on power profits*, Radio NZ, 20 August 2024, [link](#); *Energy companies making millions, data shows*, Otago Daily Times, 20 August 2024, [link](#).

If the Authority nevertheless proceeds with this request, we consider a number of adjustments to its proposed approach could alleviate some of these risks:

1. Energy margin data should not be published. The Authority's stated purpose in collecting this information is to "improve the Authority's ability to monitor competition in the wholesale electricity market ... support evidence-based decision-making, enhance market transparency, and help ensure that market outcomes reflect competitive behaviour." To the extent these objectives can be achieved, they can be achieved from the Authority's collection, review and analysis of this information alone i.e. they do not require that such information be published. Wider publication will only exacerbate the risk of this information being misinterpreted and misused. To be clear, this would not prevent the Authority drawing on this information in its analysis and publishing conclusions with appropriate explanation and context. For example, following the Authority's collection of energy margin data between July and December 2024, it noted in its Winter 2024 review that "while high prices did greatly increase generation revenue, this did not translate through to higher energy margins".² This allows the Authority to collect and use this data to provide insights which have been appropriately considered and reviewed rather than leaving the data to be misinterpreted or misused, which will only undermine confidence in the sector.
2. The obligations to provide energy margin data should be extended to as wide a pool of participants as possible. In Meridian's view, this would mean lowering the 100 GWh per month threshold and extending coverage to purchasers, other small integrated firms (in addition to Nova/Todd), and independent generators. Limiting the request to the five largest generator-retailers will naturally lead to greater focus on those firms. But it would not allow for wider analysis and observations on the state of competition.
3. Energy margin data should be submitted on the 10th business day of the month. In order to meet the Authority's section 46 request between July and December 2024, Meridian extracted information directly from our underlying operating systems, rather than from our financial systems, and submitted it weekly to the Authority. However, the consultation paper notes the Authority has changed the submission requirements "so that the data is due after the month-end financial processing has been completed". This suggests the Authority's expectations are that the data submitted will be of a higher quality/accuracy than the data submitted under the section 46 request. This has potentially significant implications for listed companies which are required to disclose any material information to the market promptly and without delay under continuous disclosure provisions. Meridian has an existing process whereby it discloses regular financial and operating information through publication of a monthly operating report. Given that energy margin data is market sensitive, our interpretation of this requirement is that we would need to disclose this information to the market either before or at the same time as we submit it to the Authority. This would allow us to meet our disclosure obligations and minimise any risk that the Authority is privy to inside information. The best way for us to do this will be through including the submitted energy margin data in our monthly operating report. Production of this report operates to a tight schedule which would be difficult to

² https://www.ea.govt.nz/documents/7159/Review_of_winter_2024_jnOSQfc.pdf

condense.³ To allow us to coordinate the publication of this information, we request that energy margin data be submitted on the 10th working day of the following month, at the earliest.

Our responses to the Authority's specific consultation questions are attached as Appendix A.

Please contact me if you have any queries regarding this submission. This submission can be published in full.

Nāku noa, nā

Matt Hall
Principal Advisor – Regulatory Affairs and Government Relations

³ One matter which might assist with tightening these timeframes would be earlier publication by the Authority of reconciled monthly demand data.

Appendix A: Responses to consultation questions

	Question	Response
1	Do you agree the Authority should require generators to provide energy margin data?	No. As noted above, we consider this information does not provide an accurate reflection of a company's performance or profitability, provides no insights on the state of competition in the market, and carries a substantial risk of misinterpretation or misuse.
2	Do you agree with the assessment of the costs and benefit?	The Authority has not made clear how it intends to use energy margin data to better understand the state of competition. It is therefore not clear how any benefits will be derived from the provision of this information. The Authority has also not considered the risks of misinterpretation and misuse of this information, which could undermine wider confidence in the sector.
3	Do you agree the proposed notice is preferable to the other options? If you disagree, please explain your preferred option in terms consistency with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010. Is there another means of meeting the objective?	The Authority has not considered a 'do nothing' option; we consider such an option would be preferable. We note that sophisticated observers such as the Authority should already be able to determine Meridian's energy margins from the operating reports published each month.
4	Do you agree with the criteria regarding who is required to comply with this proposed notice?	No. As above, Meridian considers that these obligations should be extended to as wide a pool of participants as possible, including wholesale market purchasers.
5	Do you agree that these are the right categories to collect financial information for calculating energy margins?	If the Authority proceeds with this request, we support using the same categories of information as the earlier section 46 request.
6	Do you agree that data should be reported by week but submitted monthly? For participants only: Are there any timing issues we should be aware of in regard to the due date?	As noted above, Meridian recommends that data be required to be submitted to the Authority by the 10 th working day of the month, at the earliest.

7	Do you support publishing the information provided, excluding market making costs? If not, why not?	No. As discussed above, we consider that the Authority's objectives – to the extent they can be met – can be met through collection of this information and undertaking appropriate review and analysis. There is no clear need for this information to be published. In Meridian's view, publication will significantly increase the risk of this data being misinterpreted and misused.
8	Do you have any comments on the drafting of the proposed amendment?	No further comments.