

23/08/2016

Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington

By email

Additional FTR Hub required

Pulse Energy is of the opinion that an additional FTR hub should be established in the Central North Island, to enable basis risk to be managed and encourage greater participation by a broader range of participants.

Specifically, we suggest an additional FTR hub be approved for Whakamaru. This would result in greater liquidity in the Upper North Island benefiting buyers of hedges.

Participants will be able to hedge at Otahuhu using a combination of FTRs and Central North Island hedges and/or purchase from additional sellers who could now enter the market via their ability to use FTRs to manage their risk.

This may also result in increased liquidity in Otahuhu futures, which would ensure transparent pricing and increased depth and trading activity.

Given that a well-functioning hedge market is crucial to managing risk and underpin competitive outcomes in the energy market, Pulse Energy urges the Authority to make changes now to improve market outcomes and to increase liquidity.

Yours sincerely,

Neil Williams
General Manager Energy Supply and Operations