



10 October 2025

John Small
Chair
Commerce Commission
PO Box 2351
WELLINGTON 6140

Sent via email: registrar@comcom.govt.nz

Dear John

Draft Determination: Strategic Energy Reserve Huntly Firing Option

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on the Commerce Commission's (Commission) Draft Determination regarding Genesis Energy Limited, Contact Energy Limited, Meridian Energy Limited, and Mercury NZ Limited's application for authorisation to enter into and give effect to the "*Strategic Energy Reserve Huntly Firing Option*"¹ published on 29 September 2025.
2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on the Commission's website unaltered. Members may lodge separate submissions.

Support for Draft Determination to approve the Huntly agreement

3. MEUG welcomes the opportunity to comment on the Draft Determination regarding the Strategic Energy Reserve Huntly Firing Option. We have the following comments and observations:
 - MEUG supports the Commission's draft determination to authorise the proposed arrangements for ten years, out to 31 December 2035. The Commission has confirmed it has jurisdiction to assess the application² and captured the relevant markets that need to be assessed.³
 - We are comfortable with the likely counterfactual scenario that the Commission has identified to help assess likely benefits and detriments – *Shutdown of Unit 2*. We consider that the Commission has presented sufficient evidence to explain why the other potential counterfactual scenarios (bilateral arrangements or multilateral agreements) are unlikely to occur.

¹ <https://www.comcom.govt.nz/assets/Documents/timeline/Genesis-Authorisation-Draft-Determination-29-September-2025.pdf>

² Paragraph 122 of Draft Determination.

³ Paragraph 144 of the Draft Determination.

- The Commission has identified a range of benefits and detriments that are likely to occur with this authorisation, using quantitative analysis where possible (i.e. testing of the NERA analysis).⁴ We are comfortable with how the Commission has weighted the different components into its decision.
- We do question whether the government's recent decisions⁵ on the Frontier Economics review of the wholesale electricity market could have an impact on the counterfactual for this application. Of relevance to this application are the government's actions to:
 - Deliver a Liquefied Natural Gas (LNG) import facility (action 1.1), and
 - Strengthen the current regulatory framework to ensure that dry year risk will not re-emerge in the future (action 2.5).⁶

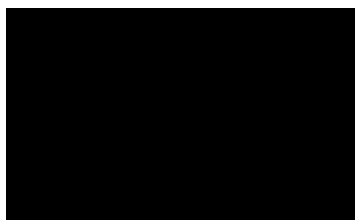
Both actions are intended to improve security of supply of the electricity system and address the level of firming generation available for dry years. However, given that the details behind these two actions are still emerging, and the timeframes for implementation are unclear, it would be difficult to scope or quantify a counterfactual scenario, where these two measures were in place. We recommend that provide commentary on the Government announcement, as part of its final determination.

- We strongly support the Commission looking at what conditions it could impose on Genesis Energy to ensure that it does indeed design and offer to market hedge products that are suitable for a wider range of interested parties, on "*fair and reasonable terms*". The Electricity Authority's work on competition in the over-the counter (OTC) contracts market and level playing field obligations provide a basis for monitoring the behaviour of Genesis, if this authorisation does proceed.
- Several submitters have raised concerns about the lack of competition in the electricity market and the risk of market power. MEUG also shares concerns about the state of competition in the current electricity market, but we acknowledge and accept that the Commission's decision on this application is "tightly constrained".⁷ We encourage the Commission to look at how it could address its concerns with the state of competition in the electricity market through other avenues, i.e. market studies.

Next steps

4. MEUG looks forward to taking part in the cross-submission process. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at karen@meug.co.nz.

Yours sincerely



Karen Boyes
Major Electricity Users' Group

⁴ Attachment A, Draft Determination.

⁵ [Securing New Zealand's energy future](#), 1 October 2025, Hon Nicola Willis and Hon Simon Watts.

⁶ Page 3, [At a glance: New Zealand's Energy Package](#), October 2025, MBIE.

⁷ Paragraph 14, Draft Determination.