BEFORE	**The Electricity Rulings Panel**
	No: D-2026-001
BETWEEN	**Haast Energy Trading Limited (Haast)** *Disputant*
AND	**Energy Clearing House Limited, a subsidiary of NZX Limited, as the Clearing Manager (the Clearing Manager)** *Respondent*
AND	**The Electricity Authority (the Authority)** *Interested Party*
UNDER	The Electricity Industry Act 2010, The Electricity Industry (Enforcement) Regulations 2010, The Rulings Panel Procedures 2017 and The Electricity Industry Participation Code 2010
IN THE MATTER OF	A dispute under clause 14A.23(1) of the Code

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RULINGS PANEL DECISION

Decision Date: **12 May 2026**

Decision: **The application for relief is dismissed.**

Counsel:

R Butler, Barrister, for Haast
S Jeffs, Barrister, for Haast
T Refoy Butler, Holland Becket, Instructing Solicitor

K M Massey, Barrister and Solicitor, for the Clearing Manager
M S Bowie, Barrister and Solicitor, for the Clearing Manager

C Marks, Barrister and Solicitor, for the Electricity Authority
J Day, Barrister and Solicitor, for the Electricity Authority

Rulings Panel Members:

M Orange	Chair
L Wilson	Member
P Webber	Member

The Dispute

[1] On 25 February 2026, Haast filed a Notice of Dispute with the Clearing Manager under clause 14A.23(1) of the Electricity Industry Participation Code 2010 (the Code). Haast disputed the Clearing Manager's prudential requirement decisions of 26 January 2026 and 24 February 2026.

[2] The dispute related to the Clearing Manager's application of the 11 February 2025 version of its Prudential Security Assessment Methodology for Financial Transmission Rights (Assessment Methodology). Specifically, the dispute concerned the application of the Assessment Methodology when updating the predictive pricing model (PPM) used to calculate Daily Settlement Prices (DSPs).

[3] Haast submitted that when the Clearing Manager applied the 26 January 2026 and 24 February 2026 periodic PPM updates, it incorporated stale information into the DSP model estimates, thereby introducing artificial volatility into the DSPs and imposing excessive prudential security requirements on Haast. Haast says the prudential amounts set on 26 January 2026 and 24 February 2026 were not genuine estimates of Haast's financial transmission rights (FTR) hedge values, and it seeks relief.

The relief sought

[4] The form of relief sought was refined over the course of the parties' filing evidence and submissions. In submissions dated 1 April 2026, Haast stated that it sought a direction from the Panel for the Clearing Manager to recalculate the prudential security requirements for all affected FTR participants in a manner consistent with the Assessment Methodology. The submissions went on to clarify:

> 6. As outlined during the interim relief hearing, Haast does not seek to have the Panel recalculate the appropriate amount of security in the event it finds the Assessment Methodology was applied in error. Rather, it seeks a direction requiring the Clearing Manager to do that. Additionally, if the Panel considers it appropriate, Haast invites a direction to the effect that the parties confer on the outcome. Both parties are sophisticated, commercial parties. Haast has proposed sensible, constructive solutions. In the event the parties require further direction from the Panel, presumably leave will be granted for that to occur.

And

> 9. What Haast seeks is that step changes arising from PPM model updates are not applied to contracts where the information contained within the update has already been incorporated into market prices through a qualifying price setting trade (PST).

Background – Interim Relief Application

[5] On 16 March 2026, the Panel issued a decision declining Haast's application for interim relief. The relief sought was a direction, on an interim basis, that prudential security requirements for all FTR participants be calculated as if the 26 January 2026 and 24 February 2026 PPM step changes had not been applied, pending the Ruling Panel's (the Panel's) final determination of the dispute.

The Panel's Jurisdiction

[6] The Panel is an independent body established under the Electricity Industry Act 2010 (the Act). Its Members include persons who have the appropriate knowledge, skills, and experience to assist the Panel in performing its functions.[1]

[7] Under section 25 of the Act, the Panel's functions include assisting in the enforcement of the Code by considering and resolving certain disputes between industry participants relating to the Code.[2]

[8] The Code is secondary legislation and is established by the Act. It governs most aspects of the electricity industry. All industry participants must comply with the Code. Industry participants are defined by section 7 of the Act. Both parties to this dispute are industry participants.

[9] The Act further addresses disputes in section 50. It provides, in part:

> **50 Complaints, appeals, and disputes**
> (4) The Rulings Panel may determine appeals against decisions made under the Code, and resolve disputes between industry participants that relate to the Code, that are of a kind that are identified in the regulations or the Code.
> (5) If the regulations or the Code prescribe practices and procedures in relation to any kind of such appeal or dispute, the Rulings Panel must apply those practices and procedures when dealing with the appeal or dispute.

[10] The Electricity Industry (Enforcement) Regulations 2010 (the Regulations) provide:

> **76 Overview of Part**
> (1) Under the Act, the Rulings Panel may resolve disputes, and determine appeals, of a kind identified in regulations made under the Act or in the Code.
> (2) Practices and procedures relating to any kind of identified dispute or appeal may be set out in the regulations or the Code.
> (3) These regulations identify 2 kinds of dispute that the Rulings Panel may resolve, and sets out the practices and procedures associated with them.
>
> **77 Interface with Code**
> (1) This Part does not limit the kinds of disputes and appeals that the Code may identify as disputes and appeals that the Rulings Panel may resolve or determine.

[1] Regulation 91 of the Electricity Industry (Enforcement) Regulations 2010.
[2] Section 25(1)(a) (iii) of the Electricity Industry Act 2010.

(2) However, if these regulations set out practices and procedures relating to particular kinds of disputes and appeals, the regulations prevail over any inconsistent provisions in the Code.

[11] The Regulations do not provide any practices or procedures for the dispute under consideration. The Code does and, in this respect, it is to be noted that whilst the Act and the Regulations indicate that the power to resolve disputes is discretionary ("the Rulings Panel may"), the specific provision in the Code that deals with the type of dispute under consideration does not.

[12] The specific Code provision addressing this dispute is clause 14A.23(1). It provides:

> **14A.23 Disputes regarding prudential requirements**
> (1) A **participant** that disputes a decision of the **clearing manager** under this Part may refer the dispute to the **Rulings Panel**.
> (2) Until such time as the **Rulings Panel** makes a decision on the dispute, all **participants** must comply with the relevant decision of the **clearing manager**.
> (3) If a dispute is referred to it under subclause (1), the **Rulings Panel** must, after hearing from the **participant** that disputed the **clearing manager's** decision and from the **clearing manager**, make a decision in accordance with this Part.
> (4) If the **Rulings Panel** overturns or varies a decision by the **clearing manager**, the **clearing manager's** original decision, and the process that led to that decision, is not a breach of this Code by the **clearing manager**, unless the **Rulings Panel** determines that the **clearing manager's** decision was made negligently or in bad faith.

[13] Clause 14A.23(1) of the Code uses the phrasing "the Rulings Panel must". Accordingly, there is no discretion to decline an application to determine a dispute under it.

Code Prudential Requirements

[14] Part 14A of the Code deals with prudential requirements. Clauses 14A.1 and 14A.2 deal with the purpose of prudential requirements and the requirement to comply with them:

> **14A.1 Purpose of prudential requirements**
> The purpose of this Part is to impose prudential requirements on each participant that has incurred or will incur financial obligations under this Code to ensure that the participant can meet those obligations.
>
> **14A.2 Participants to comply with prudential requirements**
> (1) Before incurring any financial obligations under this Code, a participant must comply with prudential requirements in this Part.
> (2) A participant complies with prudential requirements in this Part in 1 of the following ways:
> (a) by maintaining an acceptable credit rating under clause 14A.3:
> (b) by providing acceptable security that complies with clause 14A.4.

[15] The type of prudential security under question in this matter is the provision of acceptable security. Clause 14A.4 provides:

> **14A.4 Acceptable security**
>
> (1) A **participant** provides acceptable security by—
>
> (a) providing an acceptable form of security in accordance with Part 1 of Schedule 14A.1; and
>
> (b) providing security for an amount that is no less than the amount required under clause 14A.6.
>
> (2) A **participant** that provides acceptable security must do anything the **Authority** requires to ensure that the security is valid, enforceable, and effective.

[16] Haast disputes the amount required under clause 14A.6 for two periods: 26 January 2026 and 24 February 2026.

[17] The amount is determined by the Clearing Manager in accordance with clause 14A.5:

> **14A.5 Clearing manager to determine estimate of minimum security**
>
> (1) At least once in every business day, the clearing manager must estimate the minimum amount for which security will be required to be provided by a participant under this Part on that business day and on each of the following 3 business days in accordance with Part 2 of Schedule 14A.1.
>
> (2) The clearing manager must formulate and publish a methodology for estimating the amounts under subclause (1).
>
> (3) The consultation and approval requirements set out in Schedule 14.2 apply to the methodology.

[18] It is the application of the methodology, referred to herein as the Assessment Methodology, that Haast says has led to increased prudential security requirements that were inconsistent with one of the Assessment Methodology's underlying principles: avoiding methodology-driven volatility.

The Assessment Methodology

[19] Under clause 12 of Schedule 14A.1 of the Code, the Clearing Manager must formulate and publish its prudential requirement methodology:

> **12 Methodology for determining minimum security required in respect of FTRs**
>
> (1) The clearing manager must formulate and publish a methodology for determining the minimum amount for which security is required to be provided in relation to a matter set out in clause 11(a).
>
> (2) The methodology formulated by the clearing manager under subclause (1) must comply with the principle that the amount taken into account under clause 11(a) is an estimate of the FTR hedge value (being an amount that may be positive or negative) of the FTR at the time that the estimate is made and the potential for that value to change before the clearing manager is able to realise the value of the FTR following an event of default occurring in relation to the holder of the FTR.

(3) The consultation and approval requirements set out in Schedule 14.2 apply to the methodology.

[20] Schedule 14.2 details the consultation and approval process for developing, approving and changing an Assessment Methodology. Included is the ability for an industry participant to seek a variation to the Assessment Methodology.

[21] The Assessment Methodology applicable to this decision is the version published on 11 February 2025 (Version 4.6). It was first published on 19 May 2016. Only cosmetic changes have been made to it since then. The evidence and submissions before the Panel indicate that the Assessment Methodology is currently under review and that the issues raised in this dispute are included in that review.

[22] The specific provision of the Assessment Methodology that Haast says the Clearing Manager has not adhered to is in clause 4. It states:

> **4. FTR Exposure Assessment**
> **A. Principles**
> The adopted methodology shall:
> - be applicable to multiple hubs
> - respond dynamically to changing market inputs, and
> - avoid introducing 'methodology-driven' volatility into the assessment process.

[23] It is the final stated principle that Haast says the Clearing Manager's 26 January 2026 and 24 February 2026 periodic PPM updates failed to comply with. As previously noted, Haast submits that the updates incorporated stale information into the model estimates of the DSPs, thereby introducing artificial volatility into the DSPs.

[24] Regarding the DSP, the Assessment Methodology provides, in clause D:

> The calculation of the DSP is separated into three distinct assessment periods reflecting the availability of relevant information. Furthermore, the methodology is designed to favour the best information available – market prices are used where available and estimated movements in market price are utilised where no trading data is available.

[25] The Assessment Methodology sets the DSP to be the Price Setting Trade (PST) price, where that trade occurred after the start of the last business day for either the product in question or a related product by period and nodal combination, a price derived on a non-arbitrage basis. Where a PST has not occurred within the last business day, the DSP is calculated as the "drift" from the previous day's price derived from the PPM.

[26] The calculation uses two values from the PPM: the "d" price, which is the price "calculated on day d", and the "d-1" price, which is the price "calculated on the previous Business Day".

[27] The PPM includes various assumptions and inputs, including related to the capacity and costs of generators and the capacity and configuration of transmission network elements. The Clearing Manager updates the PPM from time to time to include new

assumptions and inputs. The Assessment Methodology is silent on how to select the "d-1" price on a day that the PPM is updated.

[28] When the Clearing Manager updates the PPM, it uses the "d-1" value from the old model and the "d" value from the updated model. The effect of this approach is that any price changes arising from updates to the PPM (reflecting underlying market changes) are transmitted to the prices used to calculate prudential security.

Haast's Position

[29] Haast agrees that, where there has not been a PST for the product in question since the last PPM update, the Clearing Manager's current practice of using the "d-1" value from the old model and the "d" value from the updated model is correct.

[30] Haast argues that where there has been a PST for the product in question since the last PPM update, the Clearing Manager's current practice is inconsistent with the Assessment Methodology and that some other process should be adopted. Haast suggests that using the "d-1" and the "d" value from the new model could be an appropriate practice.

[31] Haast disputes the Clearing Manager's prudential security calculations following the January and February 2026 PPM updates, arguing that the Clearing Manager:

(a) replaced market-derived price information with less current model-derived assumptions, contrary to the PST primacy hierarchy;

(b) introduced methodology-driven volatility, contrary to the underlying principles;

(c) applied model step changes based on information already incorporated in qualifying PSTs, inconsistent with the PPM's role as a post-trade gap-filler; and

(d) compared outputs from different model versions in a formula designed to measure genuine daily drift.

[32] Haast's position is that, as a consequence, the prudential security calculations did not comply with the overriding principle in clause 12(2) of Schedule 14A.1 because the resulting prudential amounts were not genuine estimates of FTR value at the time the estimates were made.

[33] The Clearing Manager maintains that it complied with its Assessment Methodology in implementing the January and February 2026 PPM updates, and that Haast's claim for relief should be declined.

Consideration

[34] The dispute centres on whether the application of the Assessment Methodology was inconsistent with one of its principles: avoiding the introduction of methodology-driven volatility.

[35] The Panel's view, in determining the issue, is that a top-down consideration is required, recognising that the Assessment Methodology is subordinate to the Code. As outlined above, the Assessment Methodology is established under clause 12(2) of Schedule 14A.1 of the Code. It stipulates that the Assessment Methodology "must comply with the principle that the amount taken into account under clause 11(a) is an estimate of the FTR hedge value (being an amount that may be positive or negative) of the FTR at the time that the estimate is made and the potential for that value to change before the clearing manager is able to realise the value of the FTR following an event of default occurring in relation to the holder of the FTR".

[36] The Code, which is secondary legislation, provides enabling provisions for the establishment of the Assessment Methodology. Because the Assessment Methodology is subordinate to the Code, it must measure up to it and, specifically, to the principle outlined above. It is to be noted that clause 12(2) does not reference "volatility". Rather, it refers to an "estimate", which is what the Assessment Methodology is designed to provide, and there is no evidence or suggestion that the PPM updates did not provide an "estimate". It is the accuracy of that estimate in relation to two PPM updates that is in question.

[37] The Assessment Methodology is silent on how to select the "d-1" price on a day that the PPM is updated. The Clearing Manager has two options:

(a) that yesterday's "d" price is today's "d-1" price (i.e. using the "d-1" value from the old model and the "d" value from the updated model); or

(b) "d-1" and "d" prices come from the same updated version of the PPM.

[38] Option (a) is the Clearing Manager's current approach, and Haast agrees that where there has been no PST for the product in question since the last PPM update, then this practice is correct. This approach is also consistent with the drafting of the Assessment Methodology, which states that the "d-1" price is the price "calculated on the previous Business Day".

[39] Option (b) is problematic because the approach would not allow genuine changes in market conditions to be passed through to the DSP, in conflict with the principle that the calculation of securities should respond dynamically to changing market inputs.

[40] Even if the Assessment Methodology allows the Clearing Manager to adopt option (a) where there has been no PST for the product in question since the last PPM update, and option (b) where there has been a PST since the last PPM update, this approach might not be preferred because there would remain circumstances in which changes in market conditions were not passed through to the DSP.

[41] Further, Haast submitted that the Clearing Manager could develop some other way of setting DSPs to avoid introducing model-driven volatility and that the Panel could give a direction to the Clearing Manager to recalculate prudential security amounts, letting the Clearing Manager finalise the details, perhaps in consultation with Haast. However, there is nothing in the Assessment Methodology that allows the Clearing Manager to unilaterally adopt a different approach to calculating the DSP, even to

give better effect to principles found in the Assessment Methodology or the Code. Any proposal to change the calculation of the DSP from that which is in the Assessment Methodology changes the Assessment Methodology and must be approved by the Authority through the process set out in Schedule 14.2 of the Code.

[42] Haast's submission that the 26 January 2026 and 24 February 2026 PPM updates introduced volatility may be correct, but it does not follow that the Assessment Methodology fails to meet the requirements of clause 12(2) of Schedule 14A.1 of the Code or that the Clearing Manager has applied the Assessment Methodology incorrectly.

[43] The Panel considers that the Clearing Manager's application of the Assessment Methodology was reasonable.

[44] The Panel would also observe that, over the 10 years that Assessment Methodology has been operating, this is the first time a dispute has been raised about it. This suggests that the Clearing Manager's application of the Assessment Methodology, including updates of the PPM, has largely been accepted as reasonable. For those reasons, the disputant fails.

[45] Notwithstanding that the Panel considers that the Clearing Manager's application of Assessment Methodology is reasonable, Haast has demonstrated that there are circumstances in which updates to the PPM can double-count the impact of market changes. It may be possible to develop a superior Assessment Methodology that explicitly considers the timing of PPM updates and the process for updating the PPM, but this must be done in accordance with the process set out in the Code.

[46] The Panel notes that discussions have taken place between the Clearing Manager and Haast regarding the practice of PPM updates. The Clearing Manager has indicated that it is undertaking a review of security obligations, including assessing methodologies for estimating price and volume where actual data is unavailable. It proposes to expand this review to incorporate the issues raised by Haast. The Panel agrees that this review is the appropriate vehicle for addressing the issues raised by Haast and encourages the Clearing Manager to ensure that this happens.

Decision

[47] The application for relief is dismissed.

Costs

[48] The Clearing Manager sought costs. Whilst it is open to the Panel to grant costs to it, the Panel is mindful that the dispute has raised issues that may be of value to the overall industry and that a costs order in this instance is not warranted.

Publication

[49] The Panel's decision, including its decision on the interim relief application, will be published on its website.

Right to Appeal

[50] The right to appeal a decision of the Panel on a dispute is provided for in sections 64 and 65(1)(f) of the Electricity Industry Act 2010.

Issued this 12th day of May 2026

M.J. Orange
Rulings Panel Chair