

UNDER the Fast-track Approvals Act 2024 (**Act**)

IN THE MATTER an application for approvals for the Lake Pūkaki
Hydro Storage and Dam Resilience Works – a
referred project

BY **MERIDIAN ENERGY LIMITED**
Applicant

**APPLICANT'S RESPONSE TO COMMENTS BY THE MINISTER FOR
ENERGY:
SUBMISSIONS OF COUNSEL FOR MERIDIAN ENERGY LIMITED**

4 June 2026

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MAY IT PLEASE THE PANEL

Summary

1. These submissions form part of Meridian's response to the comment on the application from the Minister for Energy (**Minister**).
2. Evidence responding to aspects of the Minister's comment are provided in the accompanying statement of Dr Brent Layton.
3. In summary, in my submission the matters raised by the Minister are not substantively new and are not supported by detailed analysis that advances the matters before the Panel. The comments do not materially change the task or information before the Panel that addresses the benefits of Meridian's proposal as described in Meridian's application, its response to comments, and the supplementary information provided by the Electricity Authority on 22 May 2026 in response to the Panel's request for information.
4. In his letter the Minister indicated, unsurprisingly, that he is troubled by the differences between the Electricity Authority and Transpower in relation to the benefits of Meridian's proposal.
5. Like the Minister, Meridian would prefer that there was common ground, and I am instructed to confirm to the Panel that Meridian remains committed to continuing discussions with the parties that have an interest in this matter, to ensure the exercise of any consent the Panel may grant is done in the best interests of the electricity system, and ultimately, consumers of electricity.
6. All that said, Meridian remains of the view that its application is a responsible and appropriate response to the combination of circumstances that confronts the electricity system over the next three years while more new generation capacity is brought online.

Dwindling gas reserves and unreliable thermal plant

7. The Minister suggests that there is new relevant information about the state of New Zealand's generation assets and fuel relevant to the Panel's decision. The proposal has been advanced with the express knowledge of falling gas production and reserves, a proposal to construct an LNG import facility (the

details of which are being developed), and the age of the Huntly Rankine Units owned and maintained by Genesis Energy Limited.

8. The Minister notes that there is a procurement process for an LNG import terminal which if successful could be in place for winter 2028. That is generally consistent with information available via the MBIE website¹, and whereas the website says 2027 to 2028, the Minister focuses on 2028. In my submission that does not change the assessment of the proposal.
9. In relation to the Minister's comments about the age of the thermal generation fleet and the prospect that it might fail, it is important the Panel understand this issue in context.
10. As the Minister notes at page 2 of his letter, the industry has committed significant investment in maintaining a coal stockpile and the availability of coal-fired generating capacity. This was through the 10-year Huntly Strategic Energy Reserve arrangements (Arrangements)², the key objective of which is to support security of electricity supply.³
11. In 2025 the Parties applied for authorisation under the Commerce Act 1986 from the Commerce Commission for the Arrangements. The Commission granted authorisation for the Arrangements as it was satisfied the public benefits of the Arrangements are likely to outweigh any detriments associated with the Arrangements.⁴
12. In particular, the Commission was satisfied that "On the basis of the evidence received, we think that [under the arrangements], Genesis will invest in the necessary operating and capital expenditure to ensure Unit 2 [the third Rankine

¹ <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-generation-and-markets/gas-market/lng-in-new-zealand> accessed on 30 May 2026.

² The parties to the Arrangements are Genesis Energy Limited (as owner of the Huntly Power Station), Meridian, Contact Energy Limited and Mercury NZ Limited (**Parties**).

³ The purpose of the Arrangements as described in paragraph 5 of the [Commerce Commission authorisation of the Huntly Strategic Energy Reserve arrangements](#) is to "ensure that Genesis will invest the required capital and operating expenditure to maintain Unit 2 [the third Rankine Unit] to contribute to security of electricity supply for dry winters". Genesis has confirmed to the Commerce Commission in [its submission](#) on the Commission's draft determination that:

- a. The Arrangements effectively underwrite all three Rankine units jointly.
- b. Genesis has committed to covering the rest of the cost (which is not covered by the premiums paid to it under the Arrangements by Meridian, Mercury and Contact) of keeping three Rankine units in the market.
- c. Accordingly, Genesis is and will remain highly motivated to sell its uncontracted firming capacity to the market (which, must be read as being opposed to removing Rankine capacity from the market).

⁴ [Commerce Commission authorisation](#), paragraphs 14, 15, 46 and 419.

Unit] remains in the market” and “The primary benefit is that electricity supply is more secure”.⁵ The Commission’s determination also noted repeatedly its understanding that “Genesis has already secured the capital and tenure it deems necessary to commit to keeping three Rankine Units in market”.⁶

13. The structure and terms of the Arrangements make it clear the continued availability of three Rankine Units in the market is a fundamental premise of the Arrangements, and I am instructed that this was the basis upon which Meridian agreed to enter the Arrangements.
14. Under the Arrangements:
 - a. Meridian, Mercury and Contact (the **Counterparties**) each pay a significant annual premium, which escalates each year, to Genesis.⁷
 - b. The term of the Arrangements is 10 years, with limited early termination rights.⁸
15. With regard to the Strategic Reserve Stockpile, the Arrangements secure the following physical coal reserve:
 - a. The Strategic Reserve Stockpile is set at 600 kilotons of coal initially and needs to be maintained at the target level ahead of each winter.⁹
 - b. The size of the Strategic Reserve Stockpile cannot be reduced unilaterally by one party.¹⁰
 - c. The Counterparties pay Genesis for their share of the Strategic Reserve Stockpile.¹¹
 - d. While the Counterparties’ interest in the coal is notional, Genesis has an obligation to use reasonable endeavours to acquire the physical coal for the Strategic Reserve Stockpile.¹²

⁵ [Commerce Commission authorisation](#), paragraph 19.

⁶ [Commerce Commission authorisation](#), paragraph 35, 301 and 322.

⁷ [Commerce Commission authorisation](#), paragraph 91.2. The Commission noted the premium is greater than the premiums paid by purchasers of Genesis’ other financial option products it had offered to market, being the prior MSO (market security option) and HFO (Huntly firming option) products.

⁸ [Commerce Commission authorisation](#), paragraph 91.10. The [application to Commerce Commission for authorisation](#), paragraph 5.4(m) also notes the exit fee was designed to provide a Counterparty with a reasonable ability to exit whilst recognising Genesis’ commitment to the planned capital investment.

⁹ [Commerce Commission authorisation](#), paragraph 91.5.

¹⁰ [Application to Commerce Commission for authorisation](#), footnote 37.

¹¹ [Commerce Commission authorisation](#), paragraph 91.5 – 91.6.

¹² [Commerce Commission authorisation](#), paragraph 91.4.

- e. The Strategic Reserve Stockpile is part of a larger physical coal reserve Genesis intends to maintain at the Huntly site.¹³
16. The intent and effect of the Arrangements is that for the next 10 years, to 31 December 2035, the maintenance of the Rankine Units at Huntly is assured, and sufficient coal will be available to power those units if and when they are needed to support the electricity system, particularly in a dry year.
 17. Electricity users and the Panel are entitled to rely on the fact that a very large amount of money is committed over the next decade to ensure that coal-fired generation remains available as part of New Zealand's generation fleet, and will be able to be called on if and when required. In addition, there are demand response options in the electricity market now, such as the Tiwai demand option, which have not existed historically.
 18. The fast-track proposal – the ability to use water stored in the 5 metres between 518 and 513 mRL for a limited time without the current triggers in place – in no way diminishes the effect of the Arrangements. Rather, the proposal will simply enable water stored in Lake Pūkaki between 518 mRL and 513 mRL to be considered for use alongside other generation options, including the Huntly Rankine Units, and demand responses over the next three years.
 19. The proposal does not increase the likelihood that a Rankine Unit will fail over the next three years. If anything, it reduces the likelihood of that occurrence by reducing the pressure on those units.
 20. I respectfully submit the Minister's comment should not be interpreted as suggesting that the Rankine Units cannot be relied on and that therefore contingent storage in Lake Pūkaki needs to be reserved as a fuel of last resort. Such an interpretation would misrepresent the position and would be contrary to the Commerce Commission's findings in relation to the Arrangements.

Conclusion

21. I agree with the Minister's comment that the Panel should consider Meridian's application from a national interest perspective and not from the perspective of commercial interests. That approach is required by the Act, and reflects the Act's

¹³ [Application to Commerce Commission for authorisation](#), paragraph 5.4(f).

purpose. In that regard I can do no better than direct the Panel's attention to the comments provided by the Electricity Authority.

22. I submit that the proposal is in the best interests of New Zealand electricity consumers, contributing significant national benefits.
23. As Dr Layton notes in his evidence, if it were to transpire that over the next three years there was an exceptionally unlikely combination of events where the Electricity Authority determined it was no longer in the best interests of the electricity system for Meridian to be able to utilise Lake Pūkaki in the way that the proposal envisages, it has the ability to address this on an urgent basis under the Electricity Industry Act.
24. The alternative proposition, that Meridian's proposal should not be approved because of an approach to very unlikely events in the management of system risk, is unnecessary and would not achieve the purpose of the Act.

Dated 4 June 2026



Stephen Christensen
Counsel for Meridian Energy Limited