

Meeting Date: 10 August 2022

PURPOSE AND SCOPE OF NEXT
MEETING'S SUBSTANTIVE PAPERS

SECURITY
AND
RELIABILITY
COUNCIL

Note: This paper has been prepared for the purpose of the Security and Reliability Council. Content should not be interpreted as representing the views or policy of the Electricity Authority.

1 Purpose and scope of next meeting's substantive papers

1.1 This is the SRC's opportunity to provide verbal guidance for next meeting's substantive papers

- 1.1.1 The purpose of this paper is to allow the SRC to provide expectations for the following meeting's substantive papers and improve the efficiency and effectiveness of the secretariat's preparation. If there is any particular context or SRC concerns/questions, these would be valuable to share with the secretariat.
- 1.1.2 As a result of changes to the SRC's work programme in 2021, for example, bringing the theme of gas resilience forward, the SRC is reviewing its forward work programme.
- 1.1.3 The secretariat's suggestions for the October meeting are set out below for discussion and refinement at this meeting.

1.2 Transmission

- 1.2.1 The theme for the SRC's 26 October meeting is *Transmission*.
- 1.2.2 The secretariat considers the purpose of this theme is to:
 - a) provide the SRC with information about its role to inform its strategy discussion
 - b) ensure the SRC's focus enables it to provide the Authority with meaningful, actionable advice
- 1.2.3 The aim is for papers and presentations to give visibility of the transmission networks' resilience and whether risks impacting security and reliability of supply are being managed appropriately.
- 1.2.4 In 2019 the SRC asked the secretariat to provide information on grid reliability standards, how they are derived and used, how n-security outages are decided upon and planned for, and lessons learned. The secretariat will include an update of that paper for the October meeting.
- 1.2.5 The secretariat will also ask the grid owner to include:
 - Information about general engineering design considerations and the sorts of return events (floods, wind, earthquakes etc) the grid owner considers when designing a circuit
 - How the grid owner monitors and assesses condition for maintenance (and whether there are run-to-failure assets)
 - Information about transmission outage management and emergency outage restoration (scheduling, reduced security, spares stock levels etc)
 - Transmission capacity planning
 - an update on its recent periodic review of its asset management plan, detailing material changes to the plan from a security and reliability perspective.

- a stocktake of what reporting is done by the grid owner when transmission to a GXP is reduced to n-security

1.2.6 Grid owner representatives will attend and present and be available for questions.

1.2.7 The secretariat will also provide information about regulatory arrangements for transmission investment, with input from the Authority and the Commerce Commission.

1.3 Security of supply annual assessment

1.3.1 The security of supply annual assessment (SoSAA) is Transpower's annual medium-term security of supply assessment. It provides a ten-year view of the balance between supply and demand in the New Zealand electricity system.

1.3.2 As noted in last year's edition¹:

The assessment presents three margins that, together, cover the key security of supply risks for the New Zealand electricity system; the New Zealand and South Island winter energy margins and North Island winter capacity margin. The winter energy margins assess whether it is likely that there will be an adequate level of generation and HVDC transmission capacity to meet expected electricity demand across the winter months. The North Island winter capacity margin assesses whether it is likely there will be adequate generation and HVDC transmission capacity to meet peak winter North Island demand.

1.3.3 The secretariat considers the purpose of this paper is to:

- a) guide the SRC on the relevant and essential reading parts of the system operator's Security of Supply Annual Assessment (SoSAA or assessment)
- b) Outline the assessment framework, including the security standards
- c) Summarise the findings of each year's assessment

1.3.4 In addition to the usual SoSAA paper, there has recently been some industry discussion about the effects on capacity (peak loads) of some (mainly North Island) distributors' decision to stop using traditional load control to manage peak loads for transmission pricing purposes. This is because the new TPM does not include a "peak demand charge" (RCPD), so there is no longer the pricing incentive to manage total peak demand. The system operator should include some commentary about this situation, and the effect on the assessment against the North Island Capacity Margin over the next 10 years.

1.3.5 The secretariat will invite the system operator to present on this year's assessment and be available for questions.

1.4 Annual self-review of system operator performance

1.4.1 The Electricity Industry Participation Code 2010 (Code) requires the Authority to review the system operator's performance each year. When doing this, it must take

¹ [2021-10 ASA Final Report.pdf \(transpower.co.nz\)](#)

account of a self-review that the system operator must perform each year under the Code.²

- 1.4.2 The SRC was given a specific mandate for system operator performance because of the information asymmetry that arises between the Authority and the system operator. The SRC receives the draft executive summary of the review, as this gives the appropriate level of detail. As a group with industry and consumer representation, the SRC can bring perspectives to the system operator's performance otherwise unavailable to the Authority.
- 1.4.3 The secretariat considers the purpose of this paper is to enable the SRC to formulate advice to the Authority about the system operator's performance in the 2021/22 year, based on the system operator's self-review and a draft of the Authority's review.
- 1.4.4 The secretariat acknowledges SRC member feedback on previous system operator self-reviews and has passed this on to the system operator to factor into subsequent versions

2 Questions for the SRC to consider

- 2.1.1 The SRC may wish to consider the following questions:

- Q1. Does the SRC have any other suggested topics/papers for the October meeting, aligned with the Transmission theme?**
- Q2. Does the SRC have further detail or comment to add to the proposed topics/papers?**
- Q3. Does the SRC have further guidance for the secretariat about how it would like to receive information about the annual security of supply assessment or system operator self-review?**
- Q4. What other presenters, if any, would the SRC like to hear from at the October meeting?**

² Clause 7.11 of the Code specifies the requirements of both the system operator and the Authority in reviewing the system operator's performance.