

Security and Reliability Council ::: Meeting Number 6
Venue ::: Level 7, ASB Bank tower, 2 Hunter Street, Wellington
Time and date ::: 9:30 am ::: 8 November 2012

Minutes

Members Present

- ::: Kevin Thompson (Chair)
- ::: Albert Brantley
- ::: David Russell
- ::: Bruce Turner (by phone)
- ::: Erik Westergaard (by phone)
- ::: Vince Hawksworth
- ::: Dennis Barnes
- ::: Terrence Currie (by phone)

Apologies

- ::: Patrick Strange

In Attendance

Electricity Authority (Authority):

- ::: Carl Hansen, Chief Executive
- ::: Fraser Clark, General Manager Operations Development
- ::: Darryl Renner, Director Systems Operations and Common Quality
- ::: Mike Collis, Senior Adviser Common Quality

System Operator:

- ::: Kieran Devine, General Manager
- ::: Kevin Small, Investigations and Planning Manager
- ::: Shane Tennett, Security of Supply and Emergency Manager
- ::: Bennet Tucker, Senior Security of Supply Analyst

The meeting opened at 09:32 am.

1 Welcome and Apologies

1. The Chair welcomed members to the sixth meeting of the Security and Reliability Council (SRC). An apology was received from Patrick Strange.

2 Previous Minutes

2. The minutes of the 28 August 2012 meeting were accepted as a true and accurate record.

(Hawksworth/Turner)

3 Actions list

3. Fraser Clark summarised progress on the action list and noted where actions and matters arising were covered in individual agenda items.

4 Correspondence

4. Outward correspondence - letter from the Chair was sent to the Authority Board providing advice on security of supply standards and reliability issues, the content of which was discussed at the last SRC meeting. The Chair advised he had subsequently received a response from the Authority Chair thanking the SRC for the letter and noting that the Authority Board did not consider it would be necessary to meet with the SRC to discuss the letter further.

5 Disclosure of interests

5. The interests register circulated with the meeting papers included updates to the interests of the Chair, Bruce Turner and Albert Brantley that had been provided since the last meeting.

System Operator Performance**6 Final advice to the Authority Board on aspects of system operator performance**

6. The SRC approved a draft letter from the Chair to the Authority Board providing the SRC's advice on the performance of the system operator.

Reliability of Supply**7 Overview paper**

7. The Chair noted the requested actions in the overview paper would be addressed during discussion of the three papers presented in this section of the agenda.

8 Gas supply disruptions and their effect on the power system

8. Shane Tennett spoke to a slide presentation outlining risks to the power system from gas supply disruptions.
 9. A key learning from the Maui pipeline outage in October 2011 was that the system operator could manage the power system during a disruption of the scale and duration of that outage using existing systems and processes, without the need for any rolling outages. However, disruptions of longer durations may require load curtailment through the rolling outage provisions in the Code.
 10. The system operator's emergency management policy assumes full availability of Poles 2 and 3 of the HVDC link during any gas disruption. The system operator considers gas supply outages when planning bi-pole outages but there is no long term notice system for planned gas production or transmission outages.
 11. A member noted that while the electricity industry is a large user of gas it is still subject to curtailment during critical contingencies but this is managed by the gas Critical Contingency Operator (CCO).
 12. Members supported the system operator's proposal to reactivate the Electricity and Gas Working Group to discuss processes for sharing information on outages, and to encourage participation from the GIC and
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key industry participants. A member noted that the Major Gas Users Group would be likely to have an interest in this discussion and suggested that early contact with Richard Hale from that group would be advisable.

13. The system operator proposes to put the topic of gas contingency arrangements on the agenda of its next industry seminar. On this basis the SRC agreed that they would no longer need to hold their own forum on this subject (item number 3 on the action list).
14. The SRC members with an interest in the gas market agreed with the proposal in the paper that it would be reasonable for the system operator to assume that the gas market is flexible enough to enable electricity generators to compete to procure the available gas in the event of a gas shortage that was not a critical contingency.

9 Annual security assessment scenarios

15. Bennet Tucker spoke to a slide presentation on the scenarios used by the system operator to complete the annual security assessment. The 2013 assessment is due to be completed shortly.
16. Members supported the system operator's existing portfolio of scenarios and suggested the following two be added:
 - a scenario including emergency hydro storage, or alternatively, separate metrics with and without emergency hydro storage; and
 - a scenario for the HVDC bi-pole not being available during the winter of 2013.
17. A member suggested that in future years (but not this year) it might be necessary to run a scenario that considers the impact of the proposed new transmission pricing methodology.

10 Hydro storage reporting and management

18. Shane Tennett spoke to a slide presentation outlining the method of reporting hydro storage for security of supply purposes (the "hydro risk curves" or HRCs). The presentation discussed the system operator's proposal to consider 'contingent storage' (i.e. storage that is only available for use in emergency situations) as 'negative storage' in the HRCs. The SRC supported the system operator's proposal.
19. Shane noted there are many complexities in being able to accurately calculate storage levels including the finer requirements of resource consent conditions and the effect of tectonic movements on datum references. In order to improve the understanding, quality and transparency of data in this area, the system operator recommended a hydrological advisory group be formed from which it can seek the best technical advice on hydro storage reporting and measurement. Members supported this initiative.

11 Security of supply matters for discussion at the next meeting

20. There were no specific matters identified for discussion at the next meeting.

General Business

12 Other Business

21. The date for the next meeting, which concludes discussions on security of supply and initiates the next round of discussion on reliability issues, has not yet been set. The meeting dates for 2013 will be

confirmed to members once scheduled.

22. Fraser Clark noted that the terms for three members would be ending this year and that a call for nominations would be made shortly.

National Winter Group

23. Kevin Small briefly explained the role of the National Winter group to members and the analysis that had been completed for the winter of 2013. The commissioning of Pole 3 will mean there is a forecast capacity margin of 616 MW for the North Island, compared to just 94 MW for 2012.
 24. The system operator will consider whether the group needs to be reconvened in the immediate future as the planned commissioning of Pole 3 and new generation, together with the recent flattening of load growth suggests that winter supply margins are not an immediate risk.
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The meeting closed at 11:32 pm.
