

5 May 2025

Hon Heather Roy
Chair
Security and Reliability Council (SRC)

By email: heatherjroy@gmail.com

Dear Heather,

Re: SRC advice from its 27 February meeting

Thank you for your letter of 21 March 2025. The Electricity Authority Te Mana Hiko (Authority) Board considered the SRC's advice at its 8 April 2025 meeting. This response reflects that consideration.

Thank you also for your helpful letter of 7 April on how to maximise the value of the SRC. I look forward to our upcoming meeting on how best to take these ideas forward.

Energy and capacity challenges for winter 2025 and beyond

The Authority agrees with the SRC that better information on thermal fuel availability is helpful for market performance and we fully recognise the need for reliable and regular information to be in the public domain more broadly. As you will appreciate, there are limitations on what can be released publicly, but we have taken some actions on this recently to improve the information available to the Authority and the System Operator, including:

- On 14 March we published information on an urgent Code amendment decision to improve the information gathering powers of the system operator. This will enhance their supply monitoring role.
- On 31 March we published a notice under Clause 2.16 of the Code that requires participants to disclose certain thermal fuel information to the Authority, and to keep the Authority up to date if they become aware of new information that would significantly change their thermal fuel position. This information will support our monitoring functions.

From 8 April, we have also been publishing weekly information on the security of supply through our Market Snapshot¹

In addition, our investment pipeline reporting has been updated and is about to start being published in a more accessible form. We will use this information to track current investment and highlight the opportunities for more, particularly in the form of flexible resources.

In response to the SRC's question, we will include more information on the demand assumptions underlying our view of the security of supply risks in Winter 2025 at the next SRC discussion on those issues.

¹ [Electricity security of supply snapshots | Electricity Authority](#)

Level Playing Field impacts

The Taskforce's non-discrimination proposals are intended to boost generation investment, and thereby contribute to greater security of supply. Having access to products on substantially the same terms as gentailers supply themselves internally will help market participants manage financial exposure to wholesale prices and to access stable revenue streams through long-term power purchase agreements.

We can arrange for a presentation from the Energy Competition Task Force team to the SRC on these matters if you wish. The Secretariat would be happy to arrange something.

Power Innovation Pathway (PIP)

The PIP is open to all firms, though to date, the majority of applications have been from new entrants rather than incumbent operators. On 11 March, we published a list of six innovators who will be the first to receive support from the Authority through the PIP.

The PIP is about providing regulatory advice and tailored support to navigate potential regulatory challenges, and to inform their understanding of the Code. In practice, the PIP gives smaller players and new entrants an opportunity to talk to Authority staff in the same way that larger players already do through their regular interactions.

The type of support we provide is detailed on the Authority website². Any support the Authority provides is in alignment with the Authority's regulatory functions, statutory objectives and responsibilities. We don't provide any legal advice.

Other matters

- Grid-scale batteries: Authority staff are actively engaging with Battery Energy Storage System (BESS) investors and putting together a roadmap for the Authority's BESS work, suitable for external audiences. We will be looking at the results of this work at our May Board meeting and staff can update the SRC at its May meeting also. The PIP is also an option for BESS investors to advance their projects.
- Code accessibility: The Authority has commenced a project to make the Code more accessible and user friendly. The aim of this project is to publish the Code in an online, digitised format, incorporated into the Authority's website. This will improve navigation across the Code and align with the Parliamentary Counsel Office (PCO)'s best practice guidance for publishing secondary legislation, and upcoming web specifications.
- Contingent storage: The Authority agrees that communications on the operational considerations for adjusting the Contingent Storage Release Boundary could be clearer. The Authority supported the System Operator in its work on this. It was published as part of its SOSFIP consultation response in late April.
- Reliability standards and core grid determination review: The Authority is finalising its workplan for FY24/25 and a review of the reliability standards and core grid determination is being considered as part of that. We are conscious that interested parties can request a review at any time, but to date no one has.

² [Enhanced support programme | Electricity Authority](#)

- Hazards from Trees: On 30 April the Minister announced amended tree regulations would be coming into force from November 2025. The amendments will come into force over the following two years, progressively increasing asset owners' ability to manage tree-related hazards.
- Northpower's Energy Bridge initiative: The Government's announcement around this initiative will be well supported by the Authority's work programme, including what we are seeking to do around reform of network connection processes and pricing, and for distributed generation (DG) and load. We are working to a stage 1 decision paper being released mid-year.
- Obstacles to incident recovery and response: The Authority strongly supports standardisation and collaboration across the sector. On the specific point about including electricity in the CDEM list of welfare services, we are passing that feedback on to NEMA, as the administering agency, acknowledging there may be other implications and views for them to consider. We will report back on their response.
- Cyber security: Cyber security is also being considered as an initial proposal for next year's industry exercise. We encourage the SRC to engage with the System Operator and explore opportunities to collaborate and apply the SRC's security and reliability lens to scenario planning.
- Role for regulators in regional resilience: Compliance with regulatory requirements is critical for the system to function properly and through potential shocks. However, the Authority can exercise discretion in individual circumstances, as to what the appropriate regulatory outcomes should be. We may also be able to provide regulatory relief through the exemptions process. The Authority also supports regional resilience more directly, including through its education and consumer protection work.

You have no doubt seen the release of a number of industry documents and initiatives in the past weeks, including the Electricity Authority's Green Paper [Working Together to Meet the Needs of New Zealanders](#). We believe it is important to start the necessary discussion and debate among all electricity stakeholders around decentralisation and the future of our energy system. We will be organising a briefing for SRC on this work and are looking forward to engaging the council on it.

In addition, it was good to see Transpower release its *Te Kanapu* initiative to inform its planning for its national electricity transmission grid investments to 2050; and also, the launch of the sector framework. The Authority is active in working with all of these initiatives and is keen to hear SRC's views on them also.

Thanks again for all the hard work that is going into ongoing improvement in the way SRC advises the Authority. The Board and Team highly value the important role SRC is playing in contributing to and testing the Authority's work.

Yours sincerely,



Anna Kominik
Chair
Electricity Authority Te Mana Hiko