

16 October 2025

Hon Heather Roy
Chair
Security and Reliability Council (SRC)

By email: heatherjroy@gmail.com

Dear Heather,

Re: SRC advice from its 26 August meeting

Thank you for your letter of 12 September 2025. The Electricity Authority Te Mana Hiko (Authority) Board considered the SRC's advice at its 29 September 2025 meeting. This response reflects that consideration.

Maintain pressure on participants to mitigate near term risks (as done for 2025)

The Authority agrees that we should maintain pressure on participants to mitigate near-term security of supply risks. We are actively monitoring and reporting on risks for winter 2026, including the level of industrial demand, new generation capacity, demand response agreements, and the availability of thermal units and fuel.

The Commerce Commission's draft determination to authorise the Strategic Energy Reserve Huntly Firming Option is a significant and positive development that materially reduces security of supply risks for winter 2026 (and the decade ahead). As a result, we do not consider a repeat of the contingent arrangement review undertaken for winter 2025 to be necessary at this stage.

Apply scrutiny to generation build critical paths and continue to mature generation pipeline information

We are committed to improving our [generation investment pipeline](#) dashboard over time. We appreciate SRC's suggestions for improvement and have engaged with the secretariat to explore its recommendations in more depth.

We are working on getting data on distributed generation and looking at expanding our information gathering powers. This could enable more effective data sharing with the System Operator to support security of supply monitoring.

Accelerate rule changes to enable BESS investment and mitigate capacity risk

Enabling BESS is a priority for the Authority. Our [BESS roadmap](#) sets out what we have done so far, and what we are planning to do over the next two years.

Consultation in June/July showed strong support for the roadmap. The work programmes in the roadmap address a wide range of challenges such as:

- Reviewing the common quality requirements for BESS
- Improving the wholesale market arrangements for BESS (including hybrid plant)
- Updating the regulatory settings for distribution networks to accommodate the growth of technologies such as BESS
- Improving visibility of distribution network constraints to support more targeted investment in distributed energy resources such as BESS
- Improving the transmission pricing methodology to better support BESS
- Ensuring correct incentives for investment in smaller-scale BESS

We are reviewing the BESS roadmap in response to feedback received in the consultation and will publish the updated roadmap by the end of the year.

Address the capacity and energy risks arising from increased intermittency

The Authority's efforts on the risks from increased intermittency are focused on ensuring that market participants have access to the best available information, and on removing any inefficient barriers to investment from the Code.

For example, in addition to our BESS work, and the recently launched centralised forecaster for intermittent generators, we are at present establishing an Emergency Reserve Scheme. We intend for a first version of this scheme to be in operation by winter 2026. We are also investigating repurposing the multiple frequency keeping (MFK) tool as a five-minute variability management tool to provide cover for a sudden reduction from intermittent generation sources.

We would welcome SRC input on additional changes the Authority could make to help reduce system risks as intermittent generation grows. As you know, the Government has recently announced some proposals to strengthen security of supply, including a new regulatory framework to incentivise investment in firm generation. We look forward to engagement with MBIE and the System Operator as the details of these proposals are clarified.

Encourage creative and joined up thinking in reviewing contingent storage arrangements

The Authority has been meeting regularly with the System Operator and MBIE to facilitate joined up thinking on the contingent storage arrangements set out in the System Operator's security of supply forecasting and information policy (SOSFIP). As part of the current SOSFIP review, the Authority has encouraged the System Operator to think broadly about the problem and to present options other than the status quo and the options proposed by participants.

We think that the System Operator's proposal to increase the contingent storage release boundary default buffer to better account for operational limitations is a sensible improvement on the status quo and a reasonable balancing of the interest involved. We look forward to receiving the System Operator's final proposal in December.

Lift understanding of cybersecurity and encourage engagement in DPMC's upcoming consultation

The Authority welcomes the SRC's focus on lifting cybersecurity awareness across the sector. Though it falls outside our current functions, we agree that maintaining cybersecurity is an important issue for system resilience, especially amongst distributors, and we support efforts to promote engagement with policy and regulatory bodies such as NCSC and the DPMC.

We are pleased to see the positive engagement from participants on this issue. As suggested, we will encourage market participants to engage with DPMC's upcoming consultation and to consider voluntary self-assessment against the Australian Cyber Security Standards, where appropriate.

Thanks again for the work of the SRC. It is always helpful for the Board to receive its independent and expert view.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anna Kominik', with a stylized, cursive script.

Anna Kominik
Chair
Electricity Authority Te Mana Hiko