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## CONSULTATION PAPER- 2021 DRY YEAR REVIEW

### 1.1. Introduction and overview

- 1.1.1 Trustpower Limited (**Trustpower**) welcomes the opportunity to provide a submission to the Electricity Authority on its 2021 Dry Year event review Consultation paper published on 14 December 2021 (**the Consultation Paper**).
- 1.1.2 Trustpower supports the commissioning of this independent review and agrees with MartinJenkins core findings, particularly the conclusions regarding the need to make improvements to the risk curves and that the Authority should take earlier pro-active steps to communicate how the market operates in times of scarcity.

### 1.2. Core findings on the market design

- 1.2.1 Trustpower agrees with the view of MartinJenkins that the market worked as intended.

*Far from demonstrating a fragile system the 2021 dry year event highlighted a well-functioning market which responded as expected to minimum levels of risk.*

- 1.2.2 Water was preserved appropriately and the incentives in the dry year risk regime operated to ensure that there was sufficient hydro supply storage to take forward to 2022. Prices dropped as the some of the factors elevating prices began to be relieved.

### 1.3. Performance of system operator

- 1.3.1 We agree with MartinJenkins recommendations that improvements are required to the risk curves it publishes. We support these improvements being considered as a matter of priority.
- 1.3.2 More broadly, Trustpower agrees that there should be consistent language and messaging around the risk curves including pro-active communication of assumption changes.

### 1.4. Performance of the Authority

- 1.4.1 It is disappointing that there appears to have been a “breakdown in communication” between the Authority and Transpower over:

- a) the discretion in the Emergency Management Policy about when daily risk reporting is to commence and
  - b) the basis on which the risk curves are developed.
- 1.4.2 In terms of the first issue, we agree with MartinJenkins that the Authority should determine its risk appetite and come to an agreement of an absolute value at which point Transpower would provide daily reporting instead of transferring that responsibility onto them. The determined “trigger” should be articulated in relevant policy documentation.
- 1.4.3 On the second issue, we assume support the Authority and Transpower developing a suitable reporting regime for a future event which will avoid the Authority issuing section 46 notices to the system operator and prioritising, according to MartinJenkins, “political confidence over their relationship with the system operator”.
- 1.4.4 We also support MartinJenkins recommendation that system preparedness could be further enhanced by the Authority through trial runs and support this being considered further.

## 1.5. Communications

- 1.5.1 Finally, we agree with MartinJenkins that:

*As the media and the public began to pay more attention, there was an opportunity for the regulatory system to take a stronger voice in reassuring people that both the market was working exactly as intended to preserve resources and ensure security of supply- and the impact of high wholesale pricing was unlikely to be felt by them.*

- 1.5.2 We support the Authority’s role in undertaking public-facing communications during a dry year risk event being further considered as an outcome from this review.

For any questions relating to the material in this submission, please contact Peter Southey-Jensen, Junior Regulatory Advisor on 027 205 7347

Regards,



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