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Cross submission to the Proposed amendments to the SOSFIP

We appreciate the opportunity to submit a cross-submission to the Authority's consultation paper on the proposed amendments to the security of supply forecasting and information paper (SOSFIP).

We have reviewed the two submissions received (Meridian and Nova) and have had a discussion with Meridian on some of the issues it has raised in its submission to the Authority. In preparing our response below we have also referenced the proposed SOSFIP changes and our summary and recommendations paper previously provided to the Authority (see Appendix) in light of this further information.

Proactive information disclosure to the system operator

We recognise that some of these proposed changes could be considered more appropriate for the Code however we consider the Authority would be better placed to determine if this is the case. In our summary and recommendations paper to the Authority, we noted the importance of this information in determining in the Electricity Risk Curves (ERCs) and the summary of the responses to this proposed change to the SOSFIP. As in our recommendation to the Authority we believe that the Authority are best placed to determine if such changes were more appropriate to include in the Code rather than in the SOSFIP.

Policy intent

The proposed policy intent wording was included to provide greater clarification of the system operator's intent in providing this information.

It is important that users of the information produced by the system operator understand its intent and limitations.

This proposed change merely seeks to articulate the current processes which the system operator currently performs in providing the security of supply information to the market. As such, we did not consider consulting on this change. We are comfortable for these amendments (section 2A Policy Intent) to be removed from the SOSFIP and if the Authority

would like to consult and include this into the Code it would align with our original intention of providing greater clarity of our process.

Gas reallocation assumption

The proposed SOSFIP provides more clarity around the gas demand response assumptions the system operator will be using in developing the published electricity risk curves (ERCs). In addition to this, the system operator also intends assessing further ERC scenarios to be presented once a quarter that show the impact on the ERCs with variations to the modelled gas demand response. These would explore scenarios such as, if no Type 2 response agreements were reached and/or if plausible large Type 2 response agreements were reached. We've noted this in our summary and recommendation paper provided to the Authority and the intention behind clause 13.4. of the proposed SOSFIP.

Contingent storage release boundaries

We've considered the issue raised by Meridian regarding 6.1D.

"6.1D A contingent storage release boundary that uses a risk of future shortage of 10% is termed the 'Emergency' release boundary. The use of 'Emergency' contingent hydro storage is dependent on an official conservation campaign being commenced."

The inclusion of 6.1D does not change any of the current system operator processes but was included to provide greater clarity of existing practices:

- that for the purpose of the 'Emergency' release boundary modelling, the 10% ERC is used as the boundary at which Emergency contingent storage becomes available
- releasing actual 'Emergency' contingent hydro storage is dependent on an official conservation campaign being commenced (with the trigger for an OCC being based on additional factors beyond crossing the 10% ERC).

We have discussed this issue with Meridian and can appreciate the issues they've raised regarding the potential confusion this may raise around its actual linkage to the use of emergency contingent storage rather than just in the modelling of the ERCs. We have tried to reduce this risk by directly indicating in 6.1D that this is not the case¹.

We will look to support the Authority in making their decision, including to find appropriate wording that achieves the intent of this proposed change.

¹ Specifically, clause 6.1D indicates that "The use of 'Emergency' contingent hydro storage is dependent on an official conservation campaign being commenced."

Sharing confidential information with the Authority

We've noted the concern raised by Meridian's around the impact the Authority's proposed changes in clause 3.3² could have on participants freely and proactively providing information to the system operator to perform its security of supply functions. The security of supply information provided by the system operator is intended to help stakeholders make more informed decisions, in turn delivering overall benefit to end consumers. The quality of this security of supply information is dependent on the quality of the input information we receive from the market. The system operator is therefore wary of any changes to the SOSFIP which could create barriers for participants to proactively provide relevant information.

Appendix

See Summary and Recommendations document.

² The Authority's proposed change being "3.3 At the Authority's request, the system operator will provide all information it uses to perform its obligations under this policy, including confidential information, to the Authority. The Authority will only use confidential information for the purposes of monitoring the system operator and assuring itself and stakeholders that the system operator's outputs are accurate. Nothing in this clause requires the Authority to make available (publicly or otherwise) any information that is confidential. However, the Authority may make confidential information available under this policy in such a way that the subject of the confidential information cannot reasonably be ascertained"