

4 November 2022

Sarah Gillies
Chief Executive (Acting)
Electricity Authority
Level 7, AON Centre
1 Willis Street
Wellington 6011

Re: Winter Peak Product to maintain security standards

Dear Sarah,

In our letter of last Friday 28th October we quoted from the SOSA that:

The full range of sensitivity combinations showed that the NI-WCM could fall below the security standard as early as 2023.¹

We now understand that the reference in the SOSA to 2023 was based on earlier work. Later work saw this updated to “as early as 2024” and corrections were made through the document except for the reference quoted which is in the executive summary. We regret this representation and apologise.

We remain of the view that a new ancillary service product, giving the system operator access to firm MW when it is clear that the security standard will be compromised, is a matter of urgency. The increasing risk was shown in the October 16 Market Operations report attached to our earlier letter. The current market mechanisms and upcoming changes will not address the need.

Transpower (as System Operator) have just completed some additional scenario analysis of winter 2023 forecast peaks. The results show that for high wind conditions there is adequacy for a variety of thermal offers. However, for lower wind profiles there are low residual issues unless there are adequate thermal offers. This report is still in draft and the System Operator aims to complete it by Friday 11th. Based on the new analysis there is a significant issue to address as early as 2023 and the position certainly has not relaxed. The System Operator’s advice is that additional measures are required in light of the heightened risk of Grid Emergencies and associated demand reduction.

Yours sincerely



David Prentice
On behalf of the CEO forum

¹Transpower (System Operator), Security of Supply Assessment 2022. (June 2022)