

Meeting Date: 29 May 2025

PURPOSE AND SCOPE OF NEXT
MEETING'S SUBSTANTIVE PAPERS

SECURITY
AND
RELIABILITY
COUNCIL

Note: This paper has been prepared for the purpose of the Security and Reliability Council. Content should not be interpreted as representing the views or policy of the Electricity Authority.

1 Purpose and scope of next meeting's substantive papers

1.1 This is the SRC's opportunity to provide verbal guidance for next meeting's substantive papers

- 1.1.1 The purpose of this paper is to allow the SRC to provide expectations for the following meeting's substantive papers and agenda items and improve the efficiency and effectiveness of the secretariat's and members' preparation. If there is any particular context or SRC concerns/questions, these would be valuable to share with the secretariat.
- 1.1.2 The secretariat's suggestions for the SRC's quarter three 2025 meeting, incorporating previous member input from previous discussions, are set out below for consideration and refinement at this (May) meeting.
- 1.1.3 In preparation for the August meeting, the secretariat asks members to consider what information they seek in relation to the following topics, raised at previous meetings. This is the opportunity for members to flesh out the broad topics raised by giving detail, for example on:
 - How any topic aligns with the SRC's functions¹
 - Whether the topic is best addressed via a paper, presentation or another format
 - What entities does the SRC want to hear from to inform the discussion
 - Specific questions, issues, concerns members would like addressed
- 1.1.4 One consideration for the August meeting, is this will be hosted by Transpower. In addition to a visit to the system operator control room, the secretariat suggests using the opportunity for the SRC to potentially focus on security and reliability issues most relevant to Transpower's roles in the sector.
- 1.1.5 The secretariat anticipates further themes and topics arising from the SRC's risk radar (item#7), and forward work programme discussions (item#12) at the May meeting.

1.2 Annual SRC risk and strategy session

- 1.2.1 A major component of the SRC's August meeting agenda is the annual risk and strategy session. This usually takes place in the morning, effectively giving two, possibly three, available hours in the afternoon for the SRC to include other items that may or may not be thematically linked.
- 1.2.2 Guiding the approach again for this year's strategy session is the Authority's desire for increased cut-through and influence from its advisory groups. The Authority Board sees benefits in a more 'sounding board' mechanism for Authority work, and stronger alignment between the SRC's work programme and the Authority's

¹ As set out in section 10 of the SRC's Terms of Reference:

https://www.ea.govt.nz/documents/514/Terms_of_reference_for_the_Security_and_Reliability_Council_and_other_advisory_groups.pdf

broader strategic aims. The latter acknowledges the SRC's independence and ability to set its own forward work programme.

- 1.2.3 Further input for the strategy session is likely to come from the SRC's annual meeting with the Authority Board on 25 August, ahead of the 26 August SRC meeting. That annual meeting is an opportunity for the Board and SRC to discuss priorities, approaches and urgent issues.
- 1.2.4 For the SRC's 2024 risk and strategy session, the Chair facilitated, where previously the secretariat has been asked to engage an external facilitator. Members are asked to consider their preference for this year and bring other ideas for the risk and strategy session to the May meeting, for discussion at items #11 and #12 of the agenda.

1.3 Annual system operator security of supply assessment

- 1.3.1 The annual security of supply assessment (SOSA) is Transpower's (as system operator) annual medium-term security of supply assessment. It provides a ten-year view of the balance between supply and demand in the New Zealand electricity system.
- 1.3.2 Transpower are currently consulting on a draft of this year's assessment. As noted in the Actions and Updates paper (item #6) for this meeting, the final SOSA will not be available in time for the SRC's May meeting, so the secretariat proposes to include it in the August agenda for consideration.
- 1.3.3 Links to the draft consultation version are included in the Actions and Updates paper, to enable SRC members the opportunity to review and discuss during item #7 (risk radar) and potentially include urgent issues in its May meeting letter of advice.
- 1.3.4 The secretariat considers the purpose of this paper each year is to:
 - a) Share the SOSA with SRC members so they can consider the issues raised and give feedback, both direct to the system operator during the presentation and to the Authority in its letter of advice
 - b) guide the SRC on the relevant and essential reading parts of the system operator's SOSA
 - c) Outline the assessment framework, including the security standards
- 1.3.5 The secretariat will invite the system operator to the August meeting (hosted at Transpower) to present on this year's assessment and be available for questions from SRC members.
- 1.3.6 Advice from the SRC's review can be incorporated into the system operator's planning for future versions of the assessment and potentially included in the SRC's input into the Authority's annual review of system operator performance.

1.4 Demand-side management

- 1.4.1 The SRC has asked the secretariat to include demand-side management as the potential co-theme (with risk and strategy) for its quarter three, 2025 meeting.
- 1.4.2 This topic could potentially include:

- How major users perceive their role
- The opportunities and barriers to increased uptake of demand-side solutions
- The role of the Commerce Commission in supporting security and reliability
- Any other aspects relevant to the topic, as raised by the SRC in its risk radar and related discussions

1.4.3 When the SRC last included this item on its work programme (March 2023) it received presentations from:

- The Authority on demand response in the wholesale market
- The system operator on modelling and responding to changes in demand
- Octopus Energy on its early experience in the New Zealand context
- Contact Energy on its demand flex programme and supporting its customers to electrify
- Fonterra on its view and experience with demand response
- Wellington Electricity on its trials and experience managing demand response on its network

1.4.4 Members may wish to hear again from some of these presenters, by way of update two years on to gauge development in this area and gain further insight into the impact of the changing regulatory landscape. Alternatively, hearing from other parts of the sector could provide a fuller picture and further comparison.

1.4.5 To support members' understanding of initiatives and options from other power systems the secretariat recommends the SRC consider including Australian regulators and possibly a generator or distributor. This would align with the SRC's interest in learning from overseas power systems.

1.4.6 To support presenter's preparation and ensure the information the SRC receives is focused on the most clear and present risks, the secretariat asks members to consider topics and questions they want answered. These will be discussed during the wrap sessions and aid consensus in the SRC's work.

1.5 Cyber security

1.5.1 The SRC has indicated it wants to include cyber security in its forward work programme periodically, given the persistent nature of threats and an evolving risk landscape.

1.5.2 When this topic was last on the SRC's agenda (October 2023) the focus was on cyber security of the Market Operations Service Providers (MOSPS) to better understand how those contracted by the Authority approach the issue and ensure security and reliability is not adversely impacted.

1.5.3 Members received presentations from:

- InPhySec,
- The Authority,
- Transpower,

- NZX,
- Jade, and
- A case study from Mercury.

1.5.4 At the SRC's Q1 (February) meeting, the Authority Chair asked the SRC to include cyber security periodically in its forward work programme, as work is needed to understand where there is weakness in the system and what changes and investment is needed to address it.

1.5.5 The secretariat asks members to review the SRC's risk radar and, in line with the SRC's function and scope, consider:

- From whom it would like presentations, to gain different perspectives and ensure appropriate coverage of a broad topic
- Whether, and if so, what, scenarios can be put to presenters to gauge response and aid discussion on the critical issues
- What broad sector-wide questions you think need answering
- What specific questions you may have for specific presenters
- What preferences you may have as to how the information is presented
- What other guidance you want to provide to the secretariat to ensure the output aligns with SRC functions and gives the Authority meaningful, actionable advice.

1.6 Additional items

1.6.1 The secretariat has included other potential topics, based on member suggestions, in the forward work programme paper (item #12).

1.6.2 In the secretariat's view those items may not warrant a theme but could be included, as part of a broader topic for a future meeting. Members are asked to review that paper and bring along additional suggestions and ideas for discussion during agenda items #11 and #12).

2 Questions for the SRC to consider

2.1.1 The SRC may wish to consider the following questions:

- Q1. Does the SRC have any other suggested topics/papers for the Q2 2025 meeting, aligned with, or as a counterpoint to, the above items?**
- Q2. What approach to including items the SRC's agenda best supports the SRC's ability to focus on the most pressing issues and ensure its work programme also covers its core functions**
- Q3. Does the SRC have further guidance for the secretariat about how it would like to receive information about the themes or topics for upcoming meetings?**