

MINUTES

Meeting number: 50

Venue: Cliftons Events, Level 28, 100 Willis Street, Wellington (Majestic Centre)

Time and date: 9.00am until 4.00pm, 27 February 2025

Members Present

- Hon Heather Roy (Chair)
- Ben Gerritsen
- Chris Ewers
- Nanette Moreau
- Karen Frew
- Allan Miller
- Rebecca Larking (via Teams)
- Paula Checketts

In attendance

Name	Title	Agenda item # attended
<u>Electricity Authority (Authority):</u>		
Anna Kominik	Chair	#8
Sarah Gillies	Chief Executive	#8
Jeremy Cain	GM, Wholesale and Supply (acting)	All Items excluding #3, #7
James Blake-Palmer	Senior Analyst, Policy (Secretariat), Electricity Authority	All items excluding #3
Mark Herring	GM, Corporate and Market Services, Electricity Authority	#10
Jono Barnard	Manager, Power Innovation Pathway, Electricity Authority	#10
Julia Hall	Manager, Legal, Monitoring and Compliance, Electricity Authority	#9
Andrew Mariott	Senior Analyst, Policy, Electricity Authority	All items excluding #3
	<u>Other:</u>	
Chantelle Bramley	Executive GM, Operations, Transpower	#9
Rebecca Osborne	Head of Market Services, Transpower	#9
Andrew Renton	Senior Principal Engineer, Transpower	#13a-13b
Matt Webb	Executive GM Grid Development, Transpower	#13a-13b
Matt Copland	Head of Grid and Systems Operations, Transpower	#13a-13d

Name	Title	Agenda item # attended
Murray Henderson	Senior Market Services Analyst, Transpower	#13a-13d
Ramu Naidoo	Market Operations Manager, Transpower	#9
Malcolm Johnstone	Team Leader, Infrastructure Resilience and National Lifelines Utility Coordinator, NEMA	#13a-13b
Andrew McLeod	Chief Executive, Northpower	#13c
Mike Gibbs	Chief Operating Officer, Northpower	#13c
Jason Larkin	GM Commercial, Unison	#13d
Gaganpreet Chadha	GM Networks and Operations, Unison	#13d

The meeting opened at 9.00am, Jeremy Cain, James Blake-Palmer and Andrew Marriott joined the meeting at 9.00am.

1. Attendance and apologies

- 1.1. The Chair welcomed members to the 50th meeting of the Security and Reliability Council (SRC). A quorum was established.
- 1.2. The secretariat gave a short summary of the earthquake and evacuation procedures for the building.
- 1.3. The Chair noted there was an apology from André Botha.
- 1.4. The Chair noted Rebecca Larking attended remotely.

2. Changes to disclosure of interests

- 2.1. The Chair reviewed the interests register.
- 2.2. The secretariat noted a change to the Allan Miller's interests.
- 2.3. There were no further changes disclosed. The Chair approved members to act despite those declared interests.

Jeremy Cain, James Blake-Palmer, and Andrew Marriott left the meeting at 9.05am.

3. Members-only session

- 3.1. The members discussed their priorities for the meeting.

Jeremy Cain, James Blake-Palmer and Andrew Marriott rejoined the meeting at 9:28am.

4. Minutes of previous meeting

- 4.1. Members discussed the minutes of the 24 October 2024 SRC meeting.
- 4.2. A member questioned the wording of paragraph 9.3 (b) of the minutes. The secretariat checked notes and confirmed the October meeting minutes were accurately recorded and amended to attribute to the correct speaker.
- 4.3. In Paragraph 9.3 (c), the date was amended to refer to 2025, instead of 2024.

- 4.4. With those changes made the October minutes were accepted as a true and accurate record.
- 4.5. The Chair noted a request from Authority staff to change a section (14.2(f)) of the published minutes for the SRC's August meeting, to more accurately reflect the testing regime for Automated under-frequency loads shedding (AUFLS).
- 4.6. Members approved adding a note to the published August minutes, with the more accurate information.

Karen Frew moved. All members approved.

5. Correspondence

- 5.1. The Chair noted the SRC's letter of 8 November sent to the Authority, the Authority's letter of reply dated 7 January and the Authority's 2 December letter to MBIE about the tree regulations review.
- 5.2. The Chair noted positive Authority feedback about the bullet-point layout. There were no other comments from members.

6. Action list and updates

- 6.1. The Chair noted the ongoing and completed actions in the table, which were taken as read.

7. Risk radar (Agenda item #7)

- 7.1. The Chair led an around-the-table discussion on the risks impacting the sector over the short, medium and long term.
- 7.2. Members and those present noted and discussed the following short-term, longer-term and persistent risks:
 - a) Winter energy security and the ongoing risk of contingency failure of a single asset and concern about multiple contingencies.
 - b) Degradation of after diversity demand (ADMD) as distributed energy resources (such as batteries) responds to time of use (TOU) signals and new and higher demand peaks emerge.
 - c) Major users responding to rising costs by closing or reducing productivity.
 - d) Reduced upstream gas supply and uncertainty about current and future drilling campaign success.
 - e) Uncertainty about the level of new generation coming online.
 - f) Fuel store certainty, especially gas and coal.
 - g) Changing weather patterns.
 - h) Focusing too heavily on competition, rather than security of supply.
 - i) The need for more energy investment, including in new batteries and getting more out of existing plant.
 - j) Transparency of gas market information, especially demand response from gas users – lack of transparency on terms and timing.

- k) Reduced consumer confidence through rising prices and “rough winters”.
- l) Ageing workforce and plant.
- m) Cyber security and increasing sophistication of attacks.

7.3. Members discussed the proposed changes to risk radar layout

Action 1: The secretariat to action further member suggestions about the table layout and provide to members in advance of the next meeting for further discussion

Anna Kominik and Sarah Gillies joined at 10.20am

8. (Agenda item #8) Chair and CE Update for 2025

- 8.1. The Chair introduced this item, noting it was originally intended as a discussion of the SRC’s secretariat needs, which will now be discussed at a separate meeting on 14 March.
- 8.2. The Chair and CE discussed the Authority’s announcement about consultation on new *level playing field* measures and non-discrimination obligations to increase competition and encourage new investment.
- 8.3. Discussion included the following points:
 - a) The proposals take a risk management view focusing on security of supply and competition, with a progressive three-step approach enabling a more prescriptive approach, if required
 - b) The proposals in the *level playing field* measures are in addition to other measures
 - c) From a political perspective, there is potential the government will act if the industry will not and understands the need to find balance
 - d) A benefit of an independent regulator includes the ability to make efficient and effective change without the political and legislative process.
 - e) The need to understand and work through existing short term barriers impacting security of supply
 - f) The need to balance security of supply and affordability
 - g) The support offered by batteries and solar if cost-effective time of use offerings are increasingly available
 - h) Member concerns about how these measures will support near-term (2025/2026) winter security of supply
 - i) Members commented that the proposal seems more directly aimed at competition than increasing investment.
 - j) The use of scenario planning to see impacts on prices etc
- 8.4. The issue of access to contingent hydro storage was also raised:
 - a) A member’s view there is a lack of visibility of when the system operator will trigger it

- b) The lack of a clear timeline and understanding of how it will be used and the impacts
 - c) The need for considered views on the best balance and minimising negative impacts
 - d) The need for further discussion on the issue, potentially involving the SRC, the Authority and the system operator
- 8.5. The Authority Chair also raised concerns around cyber security and asked the SRC to consider this in its future work programme. She noted work is needed to understand where there is weakness in the system and changes and investment to address it.

Anna Kominik and Sarah Gillies left at 11.01am

Julia Hall, Chantelle Bramley and Rebecca Osborne joined at 11.03am

9. (Agenda item #9a) Winter 2025 outlook and regulatory response

- 9.1. The Chair introduced the item and Julia Hall ran through the Authority's monitoring team's presentation.
- 9.2. The presentation and points of discussion noted:
 - a) Low wind generation, and declining hydro storage, with record low inflows
 - b) Despite the above, no inflow scenarios cross the residual threshold in the next 200 days, where seven crossed last year
 - c) Anticipated low gas production and uncertainty whether existing Maui wells can be restarted to restore production and if the ongoing Pohokura development well will bear fruit
 - d) Modelling is based on previous consumption patterns, coal import rates, and assumes generation will run other resources to conserve water
 - e) Demand (excluding industrials) has increased, with no Methanex arrangement and reduced Tiwai demand response but a Nova/Meridian swaption and Ahuroa storage
 - f) On capacity, Meridian's Ruakaka battery will provide some additional capacity security, but members considered modelling 200MW of growth in demand response from hot water ripple relay was optimistic.
 - g) Regulatory action underway includes initiatives for winter 2025 and 2026 for both energy and capacity risk management, with contingent lake storage being considered as part of the Security of Supply Forecasting and Information Policy (SOSFIP) review with system operator.
 - h) Risk management products will not be in place for winter 2025, as the products are available but came after most financial investment decisions had been made

- i) While the Authority's initiatives are positive, they won't change things immediately - it's about ensuring the settings are good and barriers to entry and investment are minimised

Action 1 Secretariat to set up a meeting between the system operator and SRC members to discuss the ambiguity about accessing contingent storage, and any issues that are created by the drafting of the SOSFIP review and the implications for security and reliability

Julia Hall, Chantelle Bramley and Rebecca Osborne left at 11.39am

10. Agenda item #10 Power Innovation Pathway

Mark Herring and Jono Barnard joined the meeting at 11.40am

- 10.1. Authority presenters noted the aim and intention for the pathway is to deliver significant consumer benefits through supporting and enabling innovation.
- 10.2. The focus is on open access, regulatory clarity, accelerating high-value ideas and deepening market understanding. This could include providing specific Code support, trial scoping, use of a pilot observer to connect findings to Authority workstreams and potential use of regulatory exemptions.
- 10.3. One member noted how their organisation had asked for support on the Code and were advised to interpret the Code, as they think appropriate. Members noted the need for equity among new providers and those wishing to enter the market and existing providers.
- 10.4. In response to a question about how the pathway supports security of supply, the presentation noted examples of lessons learned, including through promotion of trials for dispatchable demand and flexibility, enabling identification, quantification and analysis of challenges to participation.
- 10.5. Presenters noted the overseas experience in the UK and Australia, where initiatives with similar aims have been operating.
- 10.6. Members raised the following points:
 - a) There needs to be clear ways to measure the benefits of these products
 - b) Interpreting the Code can be difficult, so guidance and support is welcome

Mark Herring and Jono Barnard left the meeting at 12.05pm

11. Wrap-up on items #8, #9 and #10

- 11.1. The Chair led a Wrap-up discussion with members on items, #8, #9 and 10, including areas of concern and points to note in the letter of advice.

The meeting broke for lunch at 12.44pm and began again at 1.08pm

Malcolm Johnstone, Andrew Renton, Matt Webb, Matthew Copland and Murray Henderson joined the meeting at 1.08pm

12. (Agenda item 13b) Perspectives on Regional Resilience

- 12.1. The Chair introduced the theme of regional resilience and the representative from NEMA.
- 12.2. The presentation and points of discussion noted:
- a) NEMA's role as leader and steward of the emergency management system and lead agency for natural hazard and infrastructure emergency response
 - b) Regional resilience focuses on the four R's – readiness, response, recovery and reduction, informed by vulnerability studies and other work
 - c) The interdependencies across systems where it is NEMA's role to coordinate and manage, as it cannot do the work itself
 - d) The role of other agencies in the lifelines group to support work needed in each infrastructure area, eg electricity, fuel and gas
 - e) The need for those sectors NEMA engages with to consider what's important and work with NEMA and Sector Coordinating Entities (SCE's) to consider risks and ways to reduce them.
 - f) To support relevant entities, NEMA is looking to stimulate a project to align many different operating practices and standardise reporting where possible.
 - g) The lack of underpinning legislation impacts NEMA's ability to achieve its vision of effortless and coordinated information management between lifelines.
 - h) A Lifelines Viewer, such as that used in California, could help support a common operating picture for the electricity sector

13.(Agenda item #13a) Grid owner perspectives on regional resilience

- 13.1. The Chair introduced presenters from Transpower, as grid owner.
- 13.2. The presentation and points of discussion noted:
- a) The Code establishes the responsibilities for participants, with any changes to the grid driven by the grid investment test
 - b) With the lack of clarity on mandated responsibilities in the Civil Defence Emergency Management (CDEM) Act, Transpower works collegially with a range of partners. Community hubs at the distribution level support resilience for end of line services.
 - c) The sector uses the Coordinated Information management (CIMS) framework to define roles, responsibilities and is scalable.
 - d) Transpower assesses major threats using its resilience framework, which includes the Natural Hazards Viewer and considering threat mitigation based on the four R's. Asset criticality is determined using the Value of Lost Load (VoLL) or Wide Area Long Duration Outage (WALDO) values. Options are indicated by the grid reliability standard and grid investment tests.

- e) How Transpower integrates resilience into its planning including regional optimisation, demand-side planning and working with distributors to understand growth drivers and options for greater resilience.
 - f) With regard to space weather events, how demand response is a focus in areas where shutting down may be required to avoid cascade failure during a major system event. Draft switching plans include the option to island certain parts of the network, for example Tiwai or Manapouri)
- 13.3. In response to a question about how cyber security threats are managed, presenters noted technological events are part of their risk framework. The team, led by Corbis Nel, at Transpower could provide the SRC with more detail about Transpower's approach to cyber security.

Andrew Renton, Matt Webb and Malcolm Johnstone left the meeting at 2.27pm

The meeting broke at 2.27 and recommenced at 2.35pm

Andrew McLeod and Mike Gibbs joined the meeting 2.35pm

14. (Agenda item #13c) Northpower perspectives on regional resilience

- 14.1. The Chair introduced the presenters from Northpower.
- 14.2. The presentation and points of discussion noted:
 - a) How Northpower incorporates proactive investment and reactive response into its resilience planning using, like others, the four R's.
 - b) What Northpower learned from Cyclone Gabrielle, including how 95% of the faults were tree-related and of those, 90% being outside the growth zone and therefore out of Northpower's control.
 - c) How Northpower was able to scale tenfold its fault staff within days but there is a need to support that with information availability, ideally in standardised form.
 - d) Improvements to land stability risk oversight and communication architecture would provide further resilience. Being able to inform customers about how repair plans will impact them could be improved.
 - e) If more local generation was available, that would provide more options. Energy Bridge is looking at this and ways it can support greater NZ-wide resilience through supply to Auckland from the north and deferring the need for upgrades from the south and increasing regional optimisation, not just grid optimisation.
 - f) Regarding tree regulations, a charge-back arrangement to tree owners would support greater understanding of the impact trees have on networks but driving those responsible to consider the issues and engage on solutions

Andrew McLeod and Mike Gibbs left the meeting at 2.58pm

Jason Larkin and Gaganpreet Chadha joined the meeting at 3.03pm

15. (Agenda item #13d) Unison perspectives on regional resilience

- 15.1. The Chair introduced presenters from Unison to the meeting.
- 15.2. The presentation and points of discussion noted:
- a) The criticality of pro-active communications and being on the ground to engage with consumers
 - b) The close collaboration Unison had with Transpower to get supply back to Hawkes Bay from the grid
 - c) Resilience differed significantly between customers, for example, those with solar PV and batteries, challenging assumptions about level of impact on them and timeframes for return of supply
 - d) There was excellent support from across industry of material and contracting resources
 - e) It is unhelpful that electricity is not considered a welfare service under CDEM legislation.
 - f) For those EDB's subject to price-quality oversight by the Commerce Commission, funding for events can be considered through the reopener process but the process could have greater flexibility
 - g) Regulators can help by being pragmatic to adherence to regulations in emergency situations, educating stakeholders on risks to energy systems from natural hazards, aligning the reopener process with EDB insurance claims and having electricity as a welfare service in CDEM legislation

Jason Larkin and Gaganpreet Chadha left the meeting at 3.31pm

16. Wrap-up on items #8, #9 and #10

- 16.1. The Chair led a Wrap-up discussion with members on items, #13a-d, including areas of concern and points to note in the letter of advice.

17. (Agenda item #13 and # 14 – purpose and scope of next meeting's papers and forward work programme

- 17.1. Members considered and discussed potential items for their Q2 and Q3 meetings for 2025:
- a) **Q2-** Demand response and how major users perceive their role and the opportunities and barriers to increased uptake of demand-side solutions, potentially with the Commerce Commission presenting on its role in supporting security and reliability
 - b) Cyber security, with input from the National Cyber Security Centre (NCSC) and/or InPhySec, and a presentation and an environmental scan from Tracey Kai at Energy Networks Aotearoa (ENA)
 - c) Winter (Energy and Capacity update) – a combined presentation from the Authority's monitoring team and system operator on current state, with up-to-date information
 - d) Aging plant – Commerce Commission to talk to this and update on their strategic approach and direction of travel
 - e) Workforce issues, which remain a significant risk for the sector

- f) SOSFIP review – the potential for an out-of-cycle meeting was discussed for the SRC, System Operator and Authority to discuss concerns about access to contingent hydro storage ahead of winter 2025.
- g) **Q3** – Members proposed a potential meeting at Transpower, with system operator providing an environmental scan, what's on their risk radar and what is their current strategy to assess and manage risks to the power system.
- h) Suggested themes of demand-side management, Commerce Commission's role in security and reliability of supply

The meeting ended at 3:59pm