



TRANSPower

Monthly System Operator performance report

For the Electricity Authority
Report period: February 2026

Report Purpose

This report is Transpower's review of its performance as System Operator in accordance with clauses 3.13 and 3.14 of the Electricity Industry Participation Code 2010 (the Code):

3.13 Self-review must be carried out by market operation service providers

- (1) Each **market operation service provider** must conduct, on a monthly basis, a self-review of its performance.
- (2) The review must concentrate on the **market operation service provider's** compliance with—
 - (a) its obligations under this Code and Part 2 and Subpart 1 of Part 4 of the **Act**; and
 - (b) the operation of this Code and Part 2 and Subpart 1 of Part 4 of the **Act**; and
 - (c) any performance standards agreed between the **market operation service provider** and the **Authority**; and
 - (d) the provisions of the **market operation service provider agreement**.

3.14 Market operation service providers must report to Authority

- (1) Each **market operation service provider** must prepare a written report for the **Authority** on the results of the review carried out under clause 3.13.
- (1A) A **market operation service provider** must provide the report prepared under subclause (1) to the **Authority**—
 - (a) within 10 **business days** after the end of each calendar month except after the month of December;
 - (b) within 20 **business days** after the end of the month of December.
- (2) The report must contain details of—
 - (a) any circumstances identified by the **market operation service provider** in which it has failed, or may have failed, to comply with its obligations under this Code and Part 2 and Subpart 1 of Part 4 of the **Act**; and
 - (b) any event or series of events that, in the **market operation service provider's** view, highlight an area where a change to this Code may need to be considered; and
 - (c) any other matters that the **Authority**, in its reasonable discretion, considers appropriate and asks the **market operation service provider**, in writing within a reasonable time before the report is provided, to report on.



By agreement with the Authority, this report also provides monthly (rather than quarterly) reporting in accordance with clause 12.3 of the 2025 System Operator Service Provider Agreement (SOSPA):

- 12.2 **Monthly reports:** The **Provider** must provide to the **Authority**, with each self-review report under clause 3.14 of the **Code**:
- (a) a report on the progress of any **service enhancement capex project** or **market design capex project** that has commenced and has either not been completed or was completed during the month to which the report relates, including:
 - (i) to any actual or expected variance from the **capex roadmap** in relation to that **capex project**; and
 - (ii) the reasons for the variance;
 - (b) a report on **the technical advisory** services in accordance with the **TAS guideline**;
 - (c) the actions taken by the **Provider** during the previous month:
 - (i) to give effect to the **system operator business plan**, including to comply with the **statutory objective work plan**;
 - (ii) in response to participant responses to any participant survey; and
 - (iii) to comply with any remedial plan agreed by the parties under clause 14.1(i);
 - (d) the **technical advisory hours** for the previous quarter and a summary of **technical advisory services** to which those **technical advisory hours** related; and
 - (e) in the report relating to the last month of each quarter, the **Provider's** performance against the **performance metrics** for the **financial year** during the previous quarter.

System Operator performance reports are published on the [Electricity Authority](#) website in accordance with clause 7.12 of the Electricity Industry Participation Code 2010 (the Code):

7.12 Authority must publish system operator reports

- (1) The **Authority** must publish all self-review reports that are received from the **system operator** and that are required to be provided by the system operator to the **Authority** under this Code.
- (2) The **Authority** must **publish** each report within 5 **business days** after receiving the report.

Following the end of each Quarter, a system performance report is published on the [Transpower website](#)



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1 Key points this month

Operating the power system

- On 4 February HVDC Pole 3 tripped, resulting in an under-frequency event.
- On 9 February the Arapuni-Hangatiki-1 circuit tripped which caused a loss of supply of approximately 28 MW to Waipa Power at Te Awamutu. Supply was restored 18 minutes later.
- From 13 to 16 February severe weather across the North Island caused multiple grid trippings and outages, notably:
 - Maraetai-Whakamaru-1 circuit tripped due to lightning, resulting in 175 MW of loss of supply and causing frequency to rise to 50.66 Hz. This circuit was restored approximately 7 minutes later.
 - HVDC Pole 3 Tripped – due to contact from building flashings which came loose.
 - Bunnythorpe-Mataroa-1 tripped – trees fell onto and broke conductors.
 - Carrington Street-Stratford-1 tripped – broken insulator caused conductor to fall.
- On 17 February, a fire isolated to a Contact Energy circuit breaker (CB) resulted in a loss of control to Roxburgh generation. The bus returned to service the following evening. Generator G8 remains out of service pending CB replacement.
- From 19 February to 2 March the annual HVDC planned outage took place. This is a significant outage that impacts System Operator control rooms through the manual management of HVDC pole transitions from North-South-North transfers.
- During the HVDC outages market conditions exacerbated a known and increasingly frequent market design issue that can result in the Market System dispatching BESS to both charge and discharge simultaneously. Engaging with affected parties a workaround was implemented though this has been deemed unsustainable and a working group within Operations has been established to address this with urgency.
- On 20 February the Arapuni-Hangatiki-1 circuit tripped and successfully auto-reclosed. This caused a loss of supply of approximately 28 MW to Waipa Power at Te Awamutu.

Security of supply

- *Security of Supply Forecasting and Information Policy (SOSFIP) review*: Work is in progress to implement the new SOSFIP, which was approved by the Authority to take effect on 1 May 2026.
- *Energy Security Outlook (ESO)*: The February update showed healthy capacity margins in line with low summer demand and high hydro generation. The Taranaki Combined Cycle (TCC) has been removed to reflect its decommissioning. There was little change to the risk curves in 2026, and a slight decrease in 2027.
- *New Zealand Generation Balance (NZGB)*: TCC has also been removed from the NZGB. NZGB margins remain healthy until May. From May, if demand is near or greater than 99th percentile and a large unit was to go on unplanned outage, then the system will be relying on either high levels of variable resources, or the market to co-ordinate the operation of slow start thermal Rankine units.
- *Security of Supply Assessment (SOSA) 2026*: We published our response to feedback on our 2026 SOSA reference case assumptions and sensitivities consultation. Consultation on the draft 2026 SOSA report is planned for April, and the final report will be published by the end of June.

Investigations

- *Under-frequency event investigations:* We are investigating the events which took place on 23 October 2025 (afternoon) and 21 December 2025. We have requested information from participants on the 4 February 2026 event.

Supporting Asset-owner activity

- *Outage Coordination:* Since the initiative started in July last year, 12-month rolling SNORs have dropped by a third; bundling of work has increased, removing the need for an estimated 200 outages; and outage congestion has been managed within the limits the System Operator has provided to the Grid Owner.
- *Generator commissioning and testing:* Through February we completed new generation commissioning at three sites. Contact Energy's Glenbrook BESS (100 MW) is due to commence testing in March. We are also working with NZ Steel on the commissioning of the STATCOM and Arc Furnace at Glenbrook, and with Fonterra/Simply Energy on Whareroa load.
- *Ancillary Services activity:* Our focus in February continues to be on contractual compliance and implementing automated UFE performance analysis. We have also completed the investigation phase of an internal process improvement and optimisation initiative.

Commitment to evolving industry needs

- *System Operator Strategy refresh:* We received 8 submissions to our initial consultation on key trends and issues. The feedback was generally supportive and provided useful information for us to consider as we proceed to the next stages of the process.
- *Policy Statement Review:* We have submitted our final draft of the revised Policy Statement to the Authority for their review and hope to consult on the draft amendment proposal in March.
- *Industry Exercise:* An extreme geomagnetic storm is the scenario for Industry Exercise 2026 to be held on 20/21 May. We have already received over 40 registrations. In preparation an educational webinar on space weather and our industry response was held on 5 March.
- *Evolving markets resource co-ordination - Tie-breaker provisions:* We remain on track to implement the tie-breaker solution by June 2026 and are currently progressing the SPD audit process.
- *Electricity Networks Aotearoa (ENA) Future Networks Forum (FNF):* The FNF met twice in February. We provided written feedback on the Authority's draft DSO Roadmap.

Risk & Assurance

- *Risk management:* All five critical controls assessed for this Control Self Assessment round maintain their fully effective scores of 75% and above. 16 improvement actions were identified to further lift sub-control components. The System Operator risk dashboard was presented to the Market Operations Committee (MOC) of the Authority Board.
- *Business assurance audits:* The draft report for the 'Preparedness for space weather events' has been received, and the auditors are writing the draft report for the managing rolling outages during a security of supply event audit. The terms of reference for the final audit, Simultaneous Feasibility Test (SFT) application testing component of the SCADA EMS environment refresh, has been drafted internally in preparation for engaging an auditor.

2 Operating the power system

2.1 System events

Event Date	Event Name	Event Activity
4 February 2026	NI Under-frequency event	At approximately 20:30 frequency in the North Island fell to 49.20 Hz resulting in an under-frequency event (UFE), due to the tripping of HVDC Pole 3 (Benmore-Haywards-1). A CAN was issued 10 February 2026 confirming the UFE and subsequent investigation to be undertaken by the System Operator to recommend a causer to the Authority.
9 February 2026	Loss of Supply to Te Awamutu (TMU)	At approximately 15:57, the Arapuni-Hangatiki-1 (ARI-HTI-1) circuit tripped and successfully auto-reclosed. This caused the ARI-HTI Circuit Overload Protection Scheme (COPS) to operate, opening the Hangatiki Circuit Breaker 72 (HTI-CB-72) and causing a loss of supply of approximately 28 MW to Waipa Power at TMU. Supply was restored within approximately 18 minutes. Further investigations identified a 'hard fault' on a Waipa Power feeder had caused the tripping, and that the COPS operated as expected.
13 – 16 February 2026	Severe Weather – North Island	<p>On 12 February, MetService issued multiple severe weather warnings across the North Island, as a deep low-pressure system formed northeast of the North Island and tracked further south down the East Coast. Red level Heavy Rain warnings were subsequently issued on 15 January for the lower and central North Island. Multiple circuit trippings occurred throughout the North Island during this period, largely in the lower and central areas.</p> <p>At approximately 18:11 on 13 February the Maraetai-Whakamaru-1 circuit tripped due to lightning in the area, resulting in 175MW of load loss in the North Island and causing frequency to rise to 50.66Hz. The circuit was restored at approximately 18:18.</p> <p>As the storm intensified overnight on Sunday 15 and into Monday 16, other tripping's of significance which resulted in extended unplanned outages included:</p> <ul style="list-style-type: none"> • HVDC Pole 3 Tripped – due to contact from building flashings which came loose. • Bunnythorpe-Mataroa-1 tripped – trees fell onto and broke conductors in a difficult to access area. • Carrington Street-Stratford-1 tripped – broken insulator caused conductor to fall.
17 February 2026	Roxburgh 110kV bus fault (ROX fire)	At approximately 15:18, the Roxburgh (ROX) 110kV bus was 'cleared' under fault conditions, resulting in a Loss of

Event Date	Event Name	Event Activity
		<p>Control to Contact Energy’s Roxburgh generators and a loss of approximately 40 MW of generation. The cause of this was a fire isolated to Contact’s ROX circuit breaker 262 (ROX-CB-262) that connects its generator unit (G8). Fire crews and Service Providers attended. The fire was contained to the CB and was allowed to burn for several hours until fire crews were able to safely enter the switchyard and extinguish it. The 110kV bus was cleaned, sectionalised and returned to service the following evening. At this stage there has been no reports of damage to Transpower grid assets. G8 will remain out of service until a replacement CB can be sourced and installed.</p>
19 February – 2 March 2026	HVDC Planned Outage	<p>The annual HVDC Planned Outage commenced on 19 February. Pole 3 was on outage from 19 – 21 February, followed by Bipole outage from 21-22 February, and Pole 2 on outage from 22 February – 2 March. This is a significant grid outage that impacts both NCC and NGOC control room teams through the manual management of HVDC pole transitions from North-South-North transfers.</p>
December 2025 – February 2026	Battery Energy Storage System (BESS) dispatch management	<p>During the HVDC outage, market conditions exacerbated a known, and increasingly frequent, market design issue that can result in the Market System dispatching BESS to both charge and discharge simultaneously. The Authority’s market design requires the Market System to treat a BESS as both a generator and a load – rather than as a single device capable of injection or offtake, and with state of charge (SoC) limitations.</p> <p>With north flow constrained by the availability of North Island reserves, the issue repeatedly affected dispatch of BESS. Discussions were held with the Asset Owner on how the BESS is being offered and a workaround was implemented. However, this has subsequently been deemed unsustainable for both NCC and the Asset Owner.</p> <p>The Authority’s consultation on BESS integration (Issues and Options) has completed and its decision on next steps is pending. It has signalled a further consultation, on a proposed Code change, will follow in the first half of 2026. The SO is expecting to support further work (under TAS113 BESS Single Offer + SoC) towards a long-term Code change and Market System investment to reflect BESS characteristics. The decision to proceed with this TAS – and single node offering/dispatch – is highly desired by the SO. The expected invex and capex 18-month delivery timeframe does however mean there is a clear need for interim/remedial solutions, including as more grid-scale BESS are connecting nearer term. A working group within</p>

Event Date	Event Name	Event Activity
		Operations is being established to address this with urgency.
20 February 2026	Loss of Supply to Te Awamutu (TMU)	At approximately 15:57, the Arapuni-Hangatiki-1 (ARI-HTI-1) circuit tripped and successfully auto-reclosed. This caused the ARI-HTI COPS to operate, consequently opening the Hangatiki Circuit Breaker 72 (HTI-CB-72) causing a loss of supply of approximately 28 MW to Waipa Power at TMU.

2.2 Market operations

Forecast v real-time residual variability:

We monitor the variations between forecast and real-time dispatch conditions to determine if the 200 MW residual continues to provide sufficient coverage to cater for within trading period variations in demand and supply. The graph in Appendix B presents, for the last 24 months, the proportion of time within each month that a 200 MW residual was sufficient to cover the variation in load and intermittent generation between forecast (30 minutes ahead of real-time) and real-time.

In February more than 98% of the variability is covered by the 200 MW residual. This indicates that entering a trading period with at least 200 MW of residual provided a high chance of having sufficient market resources to meet the variability within the period.

3 Security of supply

Security of supply forecasting and information policy (SOSFIP) review:

On 27 February the EA [announced](#) its decision to approve our SOSFIP amendment proposal. The new SOSFIP will take effect on 1 May 2026. The Markets team are working to implement the changes into tools and processes, including developing and testing the new contracted thermal fuels scenario.

Energy Security Outlook (ESO):

Our February Energy Security Outlook (ESO) was published on 26 February: [Energy Security Outlook | Transpower](#). Updates this month included a slight decrease to the gas production forecast, and an (almost) equal and opposite increase to gas storage. All three Rankine units are available in 2026, except where outages have already been scheduled. The Taranaki Combined Cycle (TCC) has been removed reflecting that Contact has now commenced its decommissioning. There was little change to the risk curves in 2026, and a slight decrease in 2027.

National hydro storage remains high but has declined from 117% of the historic mean (at 1 February) to 112% (at 1 March), in line with sub-average inflows into the South Islands catchments. Renewable contribution to the generation mix remained high, with 20 consecutive weeks at 96% or more until late February, aided by a high percentage of hydro generation and growing solar fleet. Capacity margins were also healthy across February in line with low summer demand and high hydro generation. Our latest weekly market update is available on our [website](#).

New Zealand Generation Balance (NZGB) potential shortfalls:

Following Contact commencing the decommissioning of TCC, its capacity has been removed from New Zealand Generation Balance (NZGB). NZGB margins remain healthy until May. However, over winter we are starting to observe some negative margins in N-1-G under the firm generation scenario if load reaches the 99th percentile. This means from May, if demand is near or greater than 99th percentile and a large unit was to go on unplanned outage, then the system will be relying on either high levels of variable resources (wind/solar/batteries) or the market to co-ordinate the operation of slow start thermal Rankine units.

Quarterly Security of Supply Outlook:

On 20 February we published our latest quarterly Security of Supply outlook. This indicated the current coal and gas stockpiles were healthy but that hydro storage has started to decline from its highs at the start of the year. This is consistent as inflows reduced in line with Earth Sciences NZ (formerly NIWA) forecasts of dry conditions. Looking ahead the outlook highlights that demand is expected to increase due to colder weather but also with the new electric arc furnace coming online at NZ Steel and other industrial electrification progressing (particularly at Fonterra). It also notes that while new generation has been coming online, it has been tracking behind the SOSA 2025 pipeline. The earliest the Government's announced liquified natural gas (LNG) import facility is expected to be operational is late 2027/early 2028. Details on arrangements to integrate an LNG supplier into our security of supply frameworks and electricity market design efficiently and affordably are yet to become clear.

Security of Supply Assessment (SOSA) 2026:

Our [response to feedback](#) on our 2026 SOSA reference case assumptions and sensitivities [consultation](#) was published on February 11. In response to the feedback we decided to add a "very low gas supply" sensitivity, and consider both New Zealand Battery Energy Storage System (BESS) behaviour and information from other jurisdictions in setting our BESS capacity factors. Following the Government's announcement to progress work on imported LNG we also added an LNG import gas supply sensitivity, to reflect its different implications for the downstream gas sector. We continue to process the input data collected through the generator survey and complete verification against other information sources including the grid connection queue. Analysis is in progress and consultation on the draft 2026 report is planned for April. The final report will be published by the end of June.

4 Investigations

4.1 Under-frequency event investigations

23 October 2025 Under Frequency Event (afternoon event):

This event involved interruption to Tauhara and Te Huka 3 generation: we received the further information we requested and are completing the investigation and finalising the report.

21 December 2025 Under Frequency Event:

This event involving loss of generation from Tauhara and TOPP2 is under investigation, with initial information from participants received.

4 February 2026:

We have requested information from participants on this event, which involved an HVDC pole interruption.

4.2 Significant incident investigations

There were no new significant events identified during the reporting period.

5 Supporting Asset-owner activity

5.1 Outage Coordination

We are tracking the Grid Owner's performance in three ways: reducing Short Notice Outage Requests (SNORs), bundling as much work as possible per outage by co-ordinating work crews and maximising work orders completed each outage. Since the initiative started in July last year:

- The 12-month rolling outage of SNORs have dropped by a third and continue a declining trend dropping another 2% during Feb. This allows the System Operator and Grid Owner more time to manage risks, and more time for the market to manage costs associated with outages.
- The 12-month rolling average for work orders and different work crews on per outage represent how well bundled outages are. Work order per outage is up another 1% during Feb and is up 10% since July. Different work crews per outage is up another 1% during Feb, and is up 3.3% since July. We estimate this has removed the need for 200 outages, reducing the risks and cost they would have imposed to all asset owners
- Outage congestion has continued to be managed, within the guidelines the System Operator has provided the Grid Owner. This ensure workloads are maintained within the capacity of the control rooms, reducing error.

We continue to engage industry via our System Operator Industry Forums to highlight the top 10 market impacting outages over the coming 4 weeks. During Feb this included the HVDC outages planned in March.

5.2 Generator commissioning and testing

Through February we supported new generation commissioning including completing stage 3 Twin Rivers Solar Farm near Kaitaia (25 MW), Mercury Energy's Ngā Tamariki geothermal expansion near Taupō (54 MW), NZ Steel's Statcom at Glenbrook, and commencing Contact Energy's Glenbrook BESS (100 MW) For additional details refer to the [System Operator Commissioning Programme Appendix](#)

The Power Systems and Markets teams are working with the following participants who are commissioning or expecting to connect in the next 6 months:

- Solar Bay and Maungaturoto Solar Farm Project's 'Golden Stairs' Solar Farm at Maungaturoto (17.6 MW connected to Northpower) completed stage 1 commissioning in December, and is due to complete stage 2 in February 2026.
- Mercury Energy's Ngā Tamariki expansion near Taupō (addition of a new 54 MW geothermal unit) completed commissioning in February 2026.

- Contact's Glenbrook BESS (100 MW at GLN) next to the NZ Steel mill is due to begin commissioning in March 2026.
- Mercury Energy's Kaiwera Downs 2 wind farm (150 MW connecting at a new PowerNet substation) is due to begin commissioning in April 2026.
- BrightFern Energy's Dannevirke solar farm (19 MW directly connecting to the Transpower grid at DVK) is due to begin commissioning in April 2026.
- Genesis Energy's Huntly BESS (100 MW connecting to WEL Networks) is due to begin commissioning in May 2026.
- Aquila Clean Energy Asia Pacific's Omeheu Solar Farm in Edgecumbe (27 MW connecting to Horizon) is due to begin commissioning in May 2026.
- Harmony Energy's Tauhei at Waihou solar farm (150 MW connected to Powerco) is due to begin commissioning in June 2026
- Contact Energy & Lightsource's Kōwhai Park Solar Farm at Christchurch Airport (170 MW connecting to Orion) is due to begin commissioning in July 2026.

We are also working with existing generators to commission maintenance and upgrade projects.

NZ Steel and Fonterra Whareroa

We are also working with NZ Steel on the commissioning of their STATCOM and Arc Furnace at Glenbrook, and with Fonterra/Simply Energy on Whareroa load.

In July 2026, Fonterra will become a direct connect transmission customer at Hāwera with their Whareroa dairy factory. We expect the majority of embedded generation at this site to cease (~10 MW may remain). Process driven demand of up to 80 MW will come online with the electric boilers. We continue to work with relevant stakeholders and the Authority to collate supporting information. In March 2026 we will formally request that HWA1101 and HWA1102 be classified as non-conforming,

5.3 Ancillary Services activity

Work continues with a new ancillary service provider. Once all testing has been completed and test results assessed, a new contract will be issued to the provider. We are actively working with service providers to address overdue testing requirements, and four ancillary service contract variations were signed in February.

In response to the ongoing uplift in ancillary services activity, we recently completed an investigation phase into potential System Operator process improvement and optimisation opportunities. We have now commenced implementation of a series of improvement initiatives where there are opportunities to create resource capacity within the coming months. The work is organised into three main streams focussed on the mapping and improvement of end-to-end processes, customer experience enhancement and digital workflow and automation. In parallel we have also initiated a review of the contract templates, and we continue to progress our deferred AS procurement plan items, and work to automate analysis of interruptible load performance during UFEs which will assist in closing out a back-log of event related assessments. Due to improved tracking processes we now only have five cases of outstanding data request we are still chasing from IL providers relating to 2025 UFEs.

Interruptible Load (IL):

The following table provides an overview of IL testing activity by the number of sites tested and associated additional quantities for those sites. Work is ongoing to review the performance of reserves service providers against contractual requirements during recent UFE's.

	Number of sites	Additional quantities in MW	
Annual testing	0 sites	N/A	
Additional resource	1 site	0.383 MW FIR	0.493 MW SIR
Removal of resources	0 sites	0 MW FIR	0 MW SIR

Generation Reserve (GR):

The following table provides an overview of GR testing activity.

	Number of sites overdue
Testing	1

Over-Frequency Reserve (OFR):

The following table provides an overview of OFR testing activity.

	Number of sites overdue
Four yearly end-to-end relay testing	2
Two yearly control and indication testing	6
Circuit breaker testing	23

6 Commitment to evolving industry needs

System Operator Strategy development:

We received 8 submissions to our initial consultation on key trends and issues to help inform the development of our new SO Strategy. Generally, feedback supported this initiative and provided useful input for our consideration as we develop the draft Strategy. The team began framing the Strategy document, informed by the work of other SOs including AEMO. Arrangements were made for a next round of bilateral engagements. A second consultation, on the draft Strategy, is planned to commence from late May.

Policy Statement review:

We engaged with the Authority on the draft consultation materials, including legal review of the draft amendment proposal. The last steps to support our request for the Authority's consent to consult awaited feedback from the Authority legal team on one item. We now expect to commence consultation on the draft amendment proposal in March.

Pan-Industry Exercise:

Work continues on addressing the recommendations from the 2025 exercise. We are on track to complete these as per the timeline communicated to the Authority. We have been working with the Authority on the scenario for Industry Exercise 2026: an extreme geomagnetic storm. We have also been working with NEMA to coordinate how our communications would work between the two organisations in such an event. We have received over 40 registrations from industry participants with several more organisations, including academics, registering as observers. An educational webinar on space weather and our industry response is planned for 5 March, a pre-exercise briefing on the 12 May, and the exercise itself on the 20/21 May.

Evolving markets resource co-ordination - Tie-breaker provisions:

We remain on track to implement the tie-breaker solution by June 2026 and are currently progressing the SPD audit process. We have also submitted our responses to the Authority's Code amendment omnibus #6 consultation.

Electricity Networks Aotearoa (ENA) Future Networks Forum (FNF):

The Future Networks Forum (FNF) working group (in which the System Operator is represented) and the Authority met twice in February. We provided written feedback on the draft DSO Roadmap and associated consultation paper the Authority had shared with the group. The working group continues to provide a valuable channel for cross-industry engagement on this important topic.

6.1 Connecting with the industry

System Operator Industry Forums:

We ran two industry forums in February. This first forum included information for participants ahead of the HVDC annual outages scheduled for February and into early March, and the second noted that the power system has made >96% renewable share for 20 consecutive weeks. Recent slide packs and recordings for forums within the last month are available on our [System Operator Industry Forum](#) webpage.

Market Operations Weekly Reports:

Our [Market Operations Weekly Report](#) provides information to assist interested parties' understanding of the current security of supply situation¹ and other market events. These reports also include a Market Insight each week covering a topic of interest to the industry. The reports we published this month, and the Market Insight in each are as follows²:

- 1 February – Strong Renewable performance and low carbon emissions.
- 8 February – Growing intermittent generation and differences in aggregate information.
- 15 February – The annual planned HVDC outages and price separation observed in previous years.
- 22 February – Disruptions to the power system during recent weather events.

¹ As required by the Security of Supply Forecasting and Information Policy section 11, incorporated by reference into the Electricity Industry Participation Code 2010

² Past Market Operations Weekly Reports including our weekly insights can be viewed on our website.

6.2 Supporting the Authority

Intermittent generation central forecasting project:

We continue to monitor intermittent generators' forecast of generation potential (FOGP) offer accuracy closely, given its implications for our ability to securely coordinate real time operations and dispatch. We have also held an internal workshop to explore future intermittent generation forecasting needs. Discussions continued with the Authority regarding a potential extension of the central solar and wind forecasting contract with DNV to include 10th and 90th percentile forecasts, which are critical information for understanding the potential for IG actual generation to be different to forecast / FOGP.

SOSPA transition update:

A JWPT meeting was held in February, and some minor procedural suggestions have been incorporated into the JWPT Terms of reference. Both parties now have completed edits with the final document to be signed off in March.

6.3 International Engagement

AEMO:

Operations Senior Leadership Team members met with AEMO representatives, to understand more about the International System Operator Collaboration (ISON) initiative it is part of, and provide an overview of our FSR, CRoF, market design and ancillary services development work programmes. We continue to focus on sharing learnings and collaborating on shared system operation challenges.

Scottish & Southern Electricity Networks

The outage optimisation team talked to Scottish & Southern Electricity Networks about their outage optimisation journey and tooling proof-of-concept (POC). The POC helped reduce outages by a third and they are now moving to the next stage of implementation.

6.4 Media interactions

The Post [published a story](#) about correspondence between the system operator and Meridian Energy over access to contingent storage.

There were otherwise no media interactions through February.

7 Project updates

Progress against high value, in-flight market design, service enhancement and service maintenance projects are included below along with details of any variances from the current CAPEX plan.

7.1 Market design and service enhancement project updates

Emergency Reserve Scheme (ERS):

In February we continued to work closely with the Authority to progress delivery of the ERS. Focus areas concluded included agreement with the Authority on the required outcome for wholesale market

prices when the ERS is used, and a further extension to Technical Advisory Service (TAS) 122 ERS to fund the work required to provide an updated cost estimate to the Authority to enable their Board to make a funding decision. An early funding decision for this unplanned Market Design work is necessary to provide certainty for the System Operator to resource the implementation work that must now be completed across 2026. This initiative comes with a higher degree of cost uncertainty because it must progress development of detailed ERS design requirements in parallel with implementation in tools to meet the desired Q4 2026 delivery timeframe. Work has commenced to plan the industry co-design workshops, confirm our preferred conceptual design, and the activities required to provide the updated costing to the Authority. The Authority has confirmed that the required outcome for real-time prices is the same as if there had been no ERS to activate ahead of controllable load, which may or may not result in real-time scarcity prices. The System Operator has identified that tooling support requirements may have a material impact on implementation costs, for example whether support is provided during business hours only, or 24/7.

Ancillary Services Cost Allocation System (ASCAS):

This project will deliver new software (ASCAS) to replace previous end-of-life technology which is vital to accurate information sharing with the Authority and NZX. The project remains on schedule. The release of Milestone 2 features into the production environment was successfully completed, and it now allows users to validate partial system outputs against the legacy tool. UAT of Milestone 3 features is planned to start in early March. A planning exercise was undertaken for the remaining work in the project.

The IR Cost Allocation solution will be delivered as part of this project with a go-live date of 1 October 2026. The business case to support confirmation of Authority funding for this Market Design project will be completed in March.

SCADA Habitat and EMP Refresh:

This project is to upgrade critical components of the SCADA system and Market Solvers, to ensure operational integrity of the System Operator's market system tools into the future. The Test Exit Report has been approved and the project team is now focused on go-live readiness. Final cutover and rollback rehearsals have been successfully completed, along with both passive and active control parallel operations, and business and IST approval to proceed with cutover was received on 27 February. Simulated training for Operations has been completed, the Change Request covering the full cutover period has been approved, and cutover preparation activities are progressing as planned.

Demand Allocation Tool:

This solution will provide an automated mechanism for the control room to calculate demand limits accurately and equitably for all participants whenever a grid emergency is forecast in the forward schedules. Functional testing has been completed and User Acceptance Testing is scheduled to commence on 9 March. The DAT solution has been successfully deployed to the training environments, enabling training to begin as planned on 16 March. Change management activities are underway and tracking to schedule, and the go-live date has been confirmed for 14 May 2026.

Operations Comms System Enhancements (OCSE):

Sprint 4 has been completed, and Sprint 5 is on track to finish in the first week of March, concluding build-phase development. Work is underway to segregate UAT from Production to mitigate testing risks, while data migration continues as planned. The start of UAT has moved to 30 March, with

limited preparatory activities commencing the week of 23 March to align with SME availability, and training materials are being developed in line with the revised schedule.

Control room of the future (CRoF):

Work has progressed in the background to test business priorities against control room priorities, and recommencement of work to map interdependencies of outcomes and initiatives. CRoF was identified by several submitters on the SO Strategy consultation as being of high importance given the noted trends and issues noted. We will be facilitating a focus group at Downstream at the end of March on CRoF, outlining the strategic shifts we are looking to make and how these translate into tangible outcomes for industry.

8 Technical advisory hours and services

TAS Statement of Work (SOW)	Status	Hours worked during month
TAS 120 – Multiple Frequency Keeping (MFK) Review	In progress	112.0 (SME)
		13.0 (PM)
TAS 121 – Future Security and Resilience	In progress	37.0 (SME)
		20.0 (PM)
TAS 122 – Investigation into implementation options for an MVP Emergency Reserve Scheme	In progress	62.75 (SME)
		26.50 (PM)

8.1 Project Progress:

TAS 120 - Multiple Frequency Keeping (MFK) Review:

The team made significant progress and completed both studies 1 and 2. Initial findings were presented to the Authority, and possible recommendations were shared and discussed. The team continued writing the findings report, which will be submitted in draft to the Authority in mid March for preliminary feedback.

TAS 121 FSR Workstream - Part 8 of the Code - Common Quality Requirements:

In February the team’s focus was on providing ongoing support to the Authority to progress several consultation decision papers. Work also advanced to prepare for the Authority’s February CQTG meeting and the Reactive Power and Voltage Coordination industry workshop. The workshop, hosted by the System Operator on behalf of the Authority on 26 February 2026, and attracted approximately 60 participants across in-person and online attendance.

TAS 122 – Investigation into implementation options for an MVP Emergency Reserve Scheme:

Following completion of the ERS MVP design, the System Operator delivered CR001 to undertake early preparatory work on the preferred solution, supporting potential implementation of an ERS MVP in 2026. A TAS report was provided to the Authority on 22 December, outlining provider scan findings and the FlexPoint enhancements required. The System Operator is now developing a funding proposal with the Authority under CR002 to enable formal funding approval for ERS development targeted for Q4 2026.

9 Risk and assurance

9.1 Risk Management

Control Self-Assessment (CSA) Round 16: All five critical controls assessed for this CSA round maintain their fully effective scores of 75% and above. 16 improvement actions were identified to further lift sub-control components. Progress on these we be reported to the Authority as part of the KPIs. The actions include recruitment activity, continued development of initiatives already underway such as improvements in the generator commissioning process, as well as investigations into new tooling and refining processes.

System Operator (SO) Risk dashboard: The SO risk dashboard was presented to the System Operator Committee (SOC) and the Authority's Market Operations Committee (MOC) in February.

9.2 Business assurance audits

The draft audit report for preparedness for space weather events has been received and there is one continuous improvement recommendation. This recommendation is that in addition to having access to the grid-simulation model developed by Otago University, we should ensure we have internal modelling capability. This has been addressed by developing a model for future scenario grid impact testing. This method has been verified against the Otago calculations and shown to give identical results.

The auditors are writing the draft report for the managing rolling outages during a security of supply event audit. The terms of reference for the final audit, Simultaneous Feasibility Test (SFT) application testing component of the SCADA EMS environment refresh, has been drafted internally in preparation for engaging an auditor.

10 Compliance

10.1 Breach Allegations

On 27 February we self-notified a Code breach to the Authority. This related to an event on 27 November 2025 when the System Operator initiated a planned market outage. During this market outage, NCC switched the Market System from NCC to SAD to complete data maintenance work and a routine failover. Upon coming out of SAD the 11:59 SPD solve became corrupted in the post-processing stage and failed to include any intermittent generation figures for both islands. We have investigated and identified that a database mismatch was the root cause, and this was not picked up as an error by the system. There were quite a few things occurring in the control room at the same time - a planned circuit outage caused the network to be operating very close to its transmission limit which created extra workload for NCC, and there was a Tiwai potline scheduled shortly after coming back from SAD. We have taken a number of steps to prevent reoccurrence of this incident and have assessed the market impact as minimal.

11 Conflicts of Interest

We have two open items in the Conflict of Interest Register (below). These are being actively managed in accordance with our Conflict of Interest procedure.

ID	Title	Managed by
40	General System Operator/Grid Owner dual roles: This is a general item that will remain permanently open to cover all employees with a dual System Operator/Grid Owner role. This item documents the actions necessary to ensure impartiality in these circumstances; these items will be monitored to ensure their continue effectiveness.	Corporate Counsel, Compliance and Impartiality
41	General relationship situation: This is a general item that will remain permanently open to cover all potential conflicts of interest arising under a relationship situation. This item documents the actions necessary to prevent an actual conflict arising and will be monitored by the System Operator Compliance & Impartiality Manager to ensure their continued effectiveness.	Corporate Counsel, Compliance and Impartiality

12 Impartiality of System Operator

This section covers specific activity this month that involved internal information barriers in place, the separation of key roles and functions, and oversight by Corporate Counsel, Compliance and Impartiality.

- Internal Audit Plan FY26 Q2: The System Operator Impartiality Review is a review of the framework used for managing the impartiality of the System Operator function. Deloitte interviewed Authority staff in February, gathered further information from us, and are currently compiling their key findings.

13 Performance & Monitoring

Our System Operator performance against the performance metrics for the financial year, as required by SOSPA 12.2 (e), will be provided in the final monthly report each quarter.

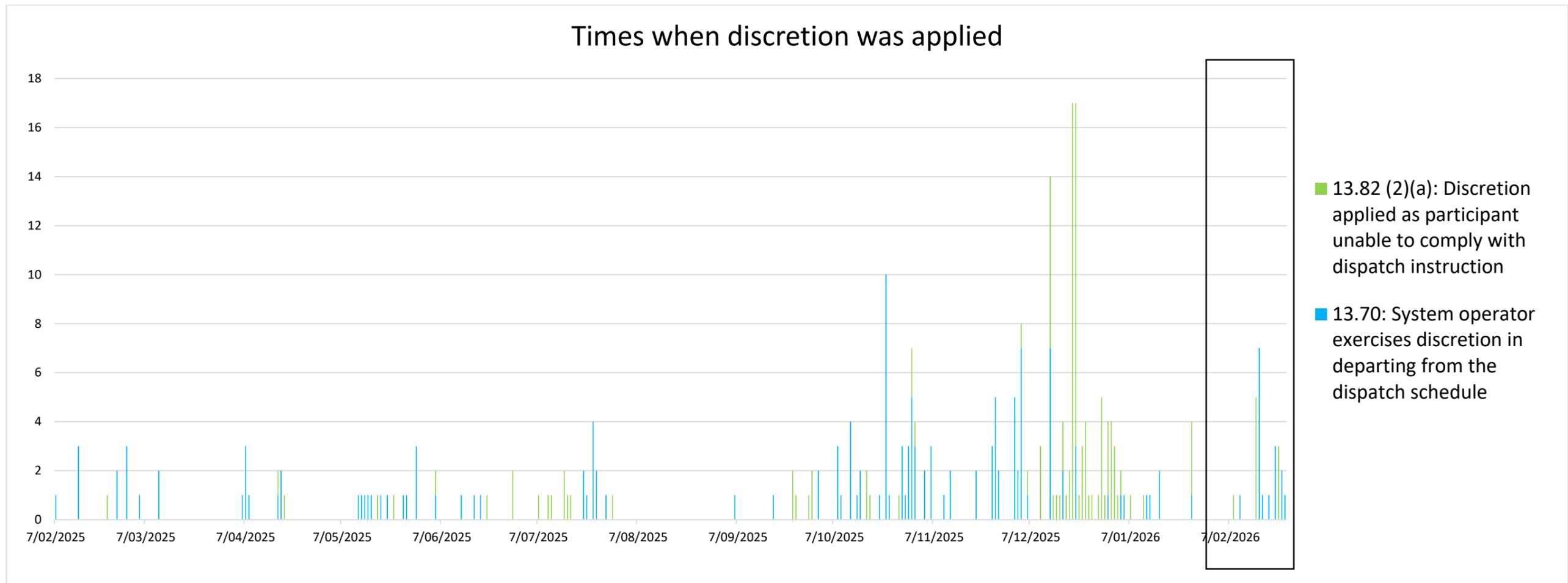
14 Actions taken

The following table contains a full list of actions taken this month regarding the System Operator business plan, statutory objective work plan, participant survey responses and any remedial plan, as required by SOSPA 12.2 (c).

Items of interest	Actions taken
<p>To give effect to the System Operator business plan strategic initiative</p>	<p>Undertake a full review of the System Operator strategy informed by stakeholder consultation. We completed our consultation with industry on our key trends and issues engagement paper, receiving 8 submissions. The feedback will inform the development of the draft SO Strategy for further consultation with industry planned to start in late May.</p> <p>Support security of supply for the future power system by delivering the SOSFIP review. The Authority announced its decision to approve our SOSFIP amendment proposal, to take effect from 1 May. We continue to progress implementation in our tools and processes.</p> <p>Support future-focused market developments through white papers, consultation processes and cross-industry forums In February we continued to progress two white papers for release in the coming months. One is intended to progress industry action on tangible activities needed to support the developing DSO/TSO transition. The other is to better understand the security or supply implications of the growing contribution from IG , including to inform the Authority's SSAD review. We also provided our draft Policy Statement amendment proposal to the Authority for review. As part of preparations for Industry Exercise 2026 we held an educational webinar on space weather.</p> <p>Develop and begin implementation of system health, tool and modelling roadmap. We have drafted our initial power system health monitoring requirements and high level roadmap.</p> <p>Continue to deliver modelling process improvements and build maturity of modelling assurance and monitoring. As an extension of the quality assurance initiative, an end-to-end asset modelling process optimisation is now underway. The goal is to embed the foundational quality assurance tools, including the new framework, peer-review checklists, and a reporting dashboard to help monitor the health of the process.</p> <p>Ensure our service keeps pace in an ever increasingly complex world by implementing Control Room of the Future (CRoF) roadmap. We continue to test business priorities against control room priorities, and recommenced work to map interdependencies of outcomes and initiatives. CRoF was identified by several submitters on the SO Strategy consultation as being of high importance given the trends and issues noted. We will be facilitating a focus group at Downstream at the end of March on CRoF, outlining the strategic shifts we are looking to make and how these translate into tangible outcomes for industry</p>
<p>To comply with the statutory</p>	<p>System Operator Forecasting and Information Policy (SOSFIP) Refer to update in business plan section above.</p>

Items of interest	Actions taken
objective work plan:	<p>Policy Statement review</p> <p>Our draft Policy Statement amendment proposal has been provided to the Authority for review ahead of requesting consent to consult. One matter awaits Authority legal review. We now expect to open our consultation in March.</p> <p>Procurement Plan</p> <p>We have commenced our process to address deferred items from the 2025 Procurement Plan review and will engage market participant in March to discuss concerns raised during the consultation process. The potential to defer consultation until ERS-associated Procurement Plan amendments are also ready for consultation was discussed with the Authority, with both parties recognising the likely efficiency of a combined consultation.</p> <p>Reset System Operator Strategy</p> <p>Refer to update in business plan section above.</p>
In response to participant responses to any participant survey	We have finalised our 2026 Participant Survey which will open in early March.
To comply with any remedial plan agreed by the parties under SOSPA 14.1	N/A – No remedial plan in place.

Appendix A: DISCRETION



System Operator applied discretion under cl 13.70 in 25 instances:

- 1 instance at Branch River (BRR):
 - 16 February, 1 instance, off for switching time for ARG_BLN_1
- 3 instances at Ruakākā (RUK):
 - 19 February, 1 instance, Maungatapere (MPE) splits were closed 15 mins later battery began charging 8 minute offload time and component violations. Made non dispatchable
 - 23 February, 2 instances, discretioned reserves to zero as RUK would otherwise have been dispatched for both generation and load
- 4 instances at Clyde (CYD):
 - 15 February, 4 instances, trader claimed 13.82(2)(a) to maintain minimum run
- 1 instance at Kaikohe (KOE) Ngawha Generation B:
 - 22 February, 1 instance, trader claimed 13.82(2)(a)
- 1 instance at Manapōuri (MAN):
 - 10 February, 1 instance due to restoring line 2 offload
- 3 instances at NAP2201 NAP0:

- 21 February, 2 instances in order to maintain generation during bipole outage
 - 22 February, 1 instance, trader claimed 13.82(2)(a) to maintain minimum dispatch
- 2 instances at Ngā Awa Pūrua (NAP):
 - 21 February, 1 instance to maintain generation during bipole outage
 - 22 February, 1 instance, trader claimed 13.82(2)(a)
- 2 instances at Wheao (WHE):
 - 8 February, 1 instance, trader claimed 13.82(2)(a) for minimum run
 - 15 February, 1 instance, trader claimed 13.82(2)(a) for minimum run
- 1 instance at Roxburgh (ROX):
 - 17 February, 1 instance due to bus tripping at ROX1101
- 1 instance at Stratford 21 (SFD21):
 - 16 February, reason being investigated
- 5 instances at Stratford 22 (SFD22):
 - 16 February, discretioned on for minimum value
- 1 instance on 24 February: HVDC MW max was set to 170 MW due to negative NFRs and TSAT violations.

Appendix B: RESIDUAL VARIABILITY

The below figure highlights the variability of the differences between 30-minute forecast values from the Non-response Schedule Short (NRSS) and 5-minute dispatch values from Real Time Dispatch (RTD). This variability is measured as the difference between the forecast requirements on non-intermittent generation (30 minutes ahead of time) versus the requirements on non-intermittent generation during real-time dispatch. Therefore, in addition to load and intermittent generation forecast errors, the variations also capture the intra-trading period variability i.e. the difference between half-hour average quantities (as used in the forecast schedules) vs 5-minute quantities (as used in RTD).

We monitor the percentage of the time where the error between what has been dispatched and what is forecasted to dispatched is less than 200 MW. Last month, this error was less than 200 MW 98.21% of the time. This indicates that entering a trading period with ~200 MW of residual provides a high chance of having sufficient dispatchable market resources to meet variability between the 30-minute ahead forecast and the requirements within the trading period. We monitor this variability and how it compares to the residual threshold to understand trends and inform any future updates of this threshold.

