

Meeting Date: 2 March 2022

SYSTEM LEADERSHIP PROJECT (9 AUGUST EVENT)

SECURITY AND RELIABILITY COUNCIL

This agenda item is for the SRC to receive an update from the System Leadership Project team.

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

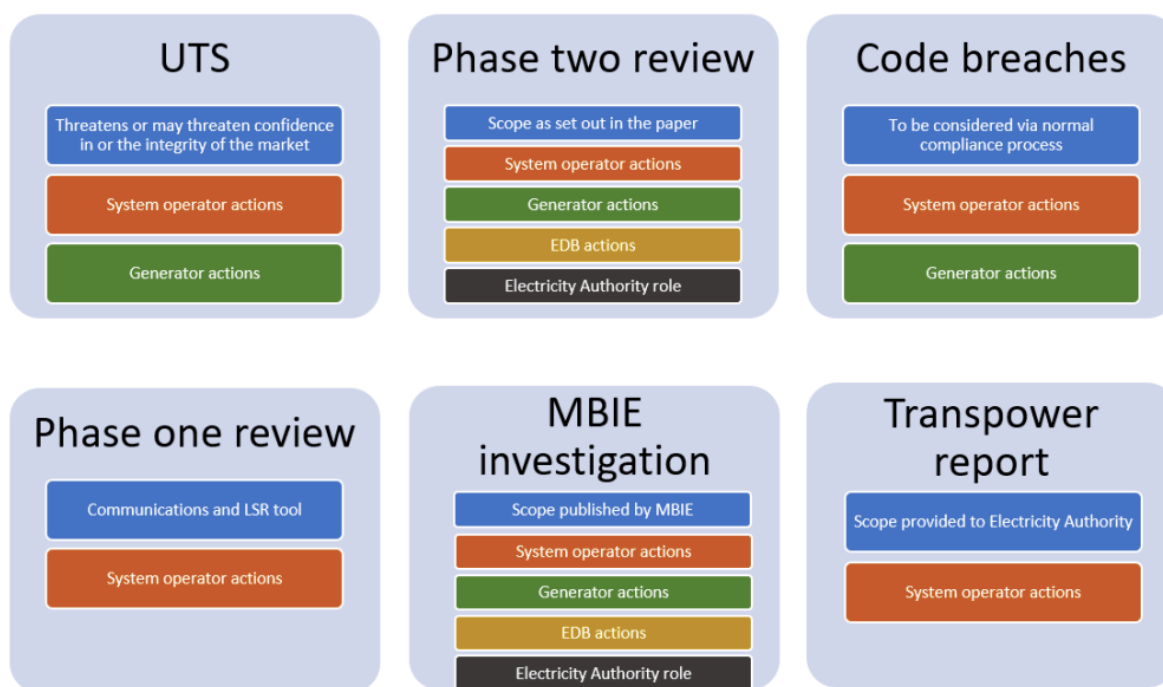
System Leadership Project (9 August event)

Purpose

- 1.1. The purpose of this paper is to provide the SRC with an update on the work the Authority is doing following the 9 August event. The aim is to give the SRC a further opportunity to give guidance from its position as advisor to the Authority on security and reliability of supply issues.

Context

- 1.2. Following the 9 August event, a number of reviews and investigations were commissioned and carried out by various parties. This included reviews by the Authority, the Ministry of Business, Innovation and Employment (MBIE), and Transpower. The table below outlines the different reviews and investigations into the 9 August event:



- 1.3. The focus on this paper is on the System Leadership components – the two phase review under the Act and the MBIE report. For completeness it is noted that the “Code breaches” referred to in the table relates to a number of alleged breaches of the Electricity Industry Participant Code which are currently under investigation by the Authority’s Compliance team.

Progress update

- 1.4. Each of these is at varying stages; some with recommendations where the Authority needs to consider the course of action or are partially complete. The release of the MBIE report on 25 November includes recommendations that, if adopted in full, would represent a significant work program.

- 1.5. The table below outlines the current status and next steps for each workstream. The System Leadership workstreams are shaded in blue, and further detail is outlined beneath in the table.

Workstream	Current status	Next steps
UTS	Consultation closed. Submissions being analysed	Board decision
Phase I	Obtaining assurance from Transpower on progress/completion ¹	Regular assurance meetings to sign off written material
Phase II ²	Analysis and paper being drafted	Report drafting in progress
MBIE recommendations	Working with Transpower to progress recommendations	Reporting to Minister end of March 2022
Transpower reports	Obtaining assurance from Transpower on progress/completion where appropriate	Regular assurance meetings to sign off written material
Code breaches	Compliance investigations currently under way	Compliance process

- 1.6. The Authority is working with MBIE to understand the policy recommendations contained in its report. The Authority met with MBIE on 15 February to further clarify some of the recommendations in the report, particularly those with a policy focus. The Authority and Transpower are scheduled to provide a progress update to the Minister for Energy and Resources by 25 March 2022.
- 1.7. The Authority is also working with Transpower to progress recommendations that relate to Transpower, and its role as system operator, which were identified in the MBIE report and the Authority's Phase I review.
- 1.8. The Authority is currently working on the Phase II report. This is guided by the Terms of Reference, which is published on the Authority's website, and will bring together the recommendations covered by all the reports into the 9 August event. It will also identify whether there are any further recommendations beyond those identified in the other reports.
- 1.9. The Authority has identified key themes that sit across all reports, and intends for the Phase II report to provide thematic observations about the event, summarise and comment on recommendations from other reports, and identify any new recommendations that have not been identified by other reports.
- 1.10. Themes identified are:
- **Communications (further broken down into industry, consumers and governance)** - these recommendations look at how various stakeholders were engaged and informed on 9 August .

¹ A copy of the phase 1 report is available: [HERE](#)

² A copy of the phase 2 terms of reference is available: [HERE](#)

- **Contract management** – these recommendations look at how the Authority manages its relationship with the system operator.
- **Wholesale market settings** – these recommendations look at the rules the market operates under.
- **Tools and processes** – these recommendations look at the tools and processes used in making key decisions, in particular the tools and processes of how the system operator made their decisions.

Questions for the SRC to consider

The Authority acknowledges the SRC's input into phase one and two of the Authority's review of 9 August events. The feedback has been valuable in shaping this work and maximising delivery against the Authority's strategic aims.

The SRC is asked to consider the following questions.

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| Q1. | If the SRC is to provide further guidance to the project, what resource would it be prepared to commit, including at future meetings or out of cycle? |
| Q2. | Are there other themes or areas the SRC is particularly interested in or feel it could add most value to? |
| Q3. | What advice, if any, does the SRC wish to provide to the Authority? |