

## COMMUNICATIONS IN SECURITY OF SUPPLY EMERGENCY SITUATIONS

## SECURITY AND RELIABILITY COUNCIL

This paper provides information on communications plans and the Authority and system operator preparedness for supply emergencies.

**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.

## Communications in security of supply emergency situations

- 1.1.1 The purpose of this paper is to provide the SRC with information on Authority and system operator communications plans and preparedness for supply emergencies, as part of the theme of the resilience of the system to sudden and unexpected shocks.
- 1.1.2 The secretariat acknowledges the potential overlap between this and other work progressing in relation to outcomes from the 9 August event. In relating to this the Authority has asked the secretariat to note for the SRC:
  - a) The Authority's security of supply communications plan is largely up to date but may need some small but significant changes as a result of the response to the 9 August event and reviews.
  - b) The likely changes will be to ensure communication roles and responsibilities are explicit, well understood, and comprehensive to avoid the communication concerns highlighted by 9 August.
- 1.1.3 **Appendix A** is the Authority's communications plan for security of supply emergencies, subject to the above proviso. **Appendix B** is a paper from Transpower's communications team, setting out changes in protocols and processes, as a result of 9 August reviews and giving examples of changes to stakeholder communications.
- 1.1.4 The secretariat notes these papers are provided to the SRC, as part of its role in assessing system operator performance, and its functions around reliability and security of supply. Given other work being done in response to the 9 August event and workstreams flowing from the various reviews, the SRC should carefully consider the impact of its advice, or the absence of it, on perceptions, as to the outcome of those 9 August reviews and what further work may be required from the system operator and the Authority.

### Questions for the SRC to consider

The SRC may wish to consider the following questions.

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| Q1. | What further information, if any, does the SRC wish to have provided to it by the secretariat? |
| Q2. | What advice, if any, does the SRC wish to provide to the Authority?                            |

## **Appendix A: Authority's Security of Supply Situation Communications Plan**



# **Security of supply situation Communications plan**

**February 2022**

## Background

This communications plan supports the Electricity Authority before and during a security of supply situation.

Security of supply is about the industry's ability to provide electricity to consumers. Key determinants of security of supply include generation and transmission capacity, and storable fuel supplies for generation, such as water, gas and coal.

While New Zealand has a high proportion of renewable electricity, the nature of our geography, climate and the way we generate electricity means a dry year risk will always be a key risk to security of supply.

Transpower, as the system operator, has the responsibility of managing supply emergencies and for providing short- to medium-term forecasts of security of supply.

Part of managing supply emergencies includes creating and publishing electricity [risk meters](#). Each meter has the following four statuses:

- A 'normal' status is anytime one of the other three statuses is not met.
- A 'watch' status represents eight weeks until actual hydro storage reaches emergency status, assuming poor inflows and high use of thermal generation.
- An 'alert' represents three weeks until actual hydro storage reaches emergency status, assuming poor inflows and high use of thermal generation.
- An 'emergency' status is triggered by Transpower declaring it. Transpower will declare an emergency if actual storage drops below into the emergency zone on the electricity risk curves. Declaring an emergency status automatically triggers an official conservation campaign.

An official conservation campaign is a period during which Transpower calls on New Zealand electricity consumers to voluntarily reduce their usage.

Transpower will lead communications during a security of supply situation, while the Electricity Authority's role will be focussed on regulatory policy and market arrangements. As the regulator, the Authority specifies Transpower's security of supply functions, and how they must be performed and reported on.

Part of this role is to require Transpower to produce, publish, implement and comply with security of supply forecasting and information policy, an emergency management policy and a rolling outage plan.

## Communication and engagement objectives

The objective of this plan is to support external communications during a security of supply situation. It is important that consumers understand the Authority's role and the context for any decisions made.

It is essential the Authority and Transpower remain well-connected to ensure consistent and accurate information. This plan provides a clear framework for any communications activity, including approved messaging, and roles and responsibilities.

It is also important staff are kept informed and this plan supports that approach.

## Communications and engagement approach

The engagement and communications approach during a security of supply situation needs to be clear, transparent and well-coordinated with Transpower to maintain industry and consumer confidence in the electricity system and market.

This plan will be kept up to date as much as possible to ensure messaging is accurate and relevant. However, as each security of supply event will be unique, some flexibility is required so that communications are appropriate and tailored to a particular security of supply situation. While care has been taken to plan for communicating each potential outcome, this communications plan will need to be updated for relevance while an event is occurring. We will need to be nimble and adaptable in our communications and engagement approach.

Our primary channels of communication will be the Authority's digital channels including the website and social media (LinkedIn and Twitter), as well as the newsletter *Market Brief* which will also be used to drive stakeholders to the relevant Authority and Transpower webpages for relevant updates/information. Traditional news media may also be used to raise awareness and promote the Authority's role in the situation. As Transpower will be leading most communications, our approach will always be collaborative, to ensure a joined-up and accurate approach to any communications.

The Authority will need to be prepared to explain our role in simple terms to media and consumers. We will need to be prepared to respond to media enquiries and comments from stakeholders. To support this work, some messaging and expected tactics are included later in this plan. Again, this will need to be tailored depending on the nature of the event.

It is expected that our primary media spokesperson is the Chief Executive. The role of the Board is to be determined, and is likely to depend on the security of the supply situation.

Media coverage will be monitored and responded to, particularly to correct misinformation.

The Authority will lead communication with and advice to Ministers with Transpower providing timely and comprehensive content.

The project team will keep Authority staff informed of milestones, decisions and key messages via regular meetings, emails and the intranet.

## **Stakeholders and tactics**

### **Security of supply response team**

In the event of Transpower declaring an energy risk meter status of 'watch', the Authority will establish a security of supply response team. This will be led by the Principal Advisor – Operations, responsible for security of supply. Suggested members are:

- A representative from the Senior Leadership Team
- Principal Advisor or equivalent Monitoring
- Principal Communications Advisor
- Quantative Analyst, Monitoring
- Senior Analyst - Policy
- SOSPA Contract Manager, OPD

The response team will have daily stand-ups and more detailed weekly meetings.

### **Communicating with the Board and staff**

Communications with the Board and staff will be led by the Chief Executive with the support of the Market Policy, Monitoring and Communications teams.

An executive update will be prepared by the Monitoring team fortnightly or more frequently as needed. These updates will be sent to the Board, SLT and security of supply response team. A summary of the information will be provided on the intranet and at the weekly all-staff meetings.

Content is likely to include a mixture of:

- hydro storage levels relative to hydro risk curves
- wholesale electricity price trends
- asset updates (use of HVDC, any generation plant outages)
- our key communication messages
- updates on any communications with the Minister of Energy and Resources, MBIE, system operator, EECA, and the National Emergency Management Agency
- summary of media requests.

### **Communicating with the Minister of Energy and Resources**

Transpower currently reports weekly to the Minister on operational aspects of a security of supply situation. When a risk meter is in an 'alert' or 'emergency' status, briefings may increase in frequency and the Authority will lead these briefings with Transpower providing timely and comprehensive input.

Communication between the Authority and the Minister will be led by the Chief Executive. Under our regular 'no surprises' approach policy, we will keep the Minister informed of security of supply policy and/or arrangements, any possible issues and any relevant media activity.

### **Communicating with Transpower**

Transpower will consult with the Authority before declaring:

- a security watch, alert, or emergency status
- official conservation campaigns
- rolling outages.

Transpower and the Authority can agree an alternative date for an official conservation campaign to start or end. As official conservation campaigns can be run for the South Island only or New Zealand-wide, decisions could be made on whether a New Zealand-wide official conservation campaign is declared, instead of South Island-only.

Transpower will apply to the Authority for funding for the campaign under emergency management provisions in the system operator service provider agreement.

The Authority and Transpower will share communications plans to ensure they are aligned and that there is a no surprises approach. This will identify any gaps, overlaps or inaccuracies in messaging. In addition, during a security of supply situation, the system operator and the Authority's communications teams will communicate frequently to ensure coordinated messaging and approach.

### **Communicating with other NZ governmental agencies (MBIE, EECA, NEMA)**

Transpower's communications team will set up cross agency communications meetings. It is expected these will be fortnightly in 'watch', weekly in 'alert' and potentially daily or more frequent in 'emergency'.

The Principal Advisor, Operations responsible for security of supply will keep MBIE apprised of the proposed and actual use of the security management appropriation.

It is key other agencies don't run similar campaigns during a security of supply situation so that focus remains on the current security of supply situation and what action needs to be taken.

Transpower is responsible for working with the National Emergency Management Agency (NEMA). They operate the National Crisis Management Centre that monitors, analyses and controls the response to civil defence emergencies. NEMA will primarily be interested in updates from Transpower on the operational aspects of the emergency.

### **Communicating with industry participants**

The Authority will remind retailers about the customer compensation scheme and that they should be preparing to communicate to their customers about it, and calculate and make the payment.

*Market Brief*, the website and social media will be the key channels used to communicate with industry participants, with special issues of *Market Brief* produced if required. Updated key messages will be available on the intranet and circulated to key staff to ensure coordinated messaging.

### **Communicating with consumers**

It is likely there will be an increase in queries from consumers. Messaging will be shared with relevant staff at the Commerce Commission, Utilities Disputes, EECA or other agencies to ensure consistent messaging on the situation and the relevant agencies' roles.

### **Communicating with the media**

Any communications to media will be led by the Chief Executive and managed by the Communications team. Media communications would be coordinated with Transpower and joint responses or briefings done if appropriate. A communications protocol document is provided later in this document.



## Stakeholders, scenarios and messaging

This table describes security of supply scenarios, messaging, approach and actions:

Scenario	Transpower messaging	Authority messaging	Approach and actions
<p>Low storage - normal or watch status.</p> <p>(Low inflow sequence and declining storage.)</p>	<p>Transpower is watching the situation closely.</p> <p>If storage declines to pre-defined levels, we will declare an emergency and commence an official conservation campaign.</p> <p>At this stage, consumers are not being asked to voluntarily conserve electricity.</p>	<p>While New Zealand has a high proportion of renewable electricity, the nature of our geography and the way we generate electricity means that low hydro lake levels are a key risk to our security of electricity supply.</p> <p>Transpower is the electricity system operator and is responsible for managing supply emergencies and providing information on security of supply.</p> <p>Transpower is actively monitoring hydro storage levels and will take appropriate action as needed.</p> <p>The Authority is the lead government agency responsible for a secure electricity supply.. As the regulator, the Authority specifies Transpower's security of supply functions, and how they must be performed and reported on.</p> <p>The Authority is working closely with Transpower as they continue to monitor the situation.</p>	<p>Transpower leads all communications.</p> <p>The Authority's role is reactive communications only and this will be assessed on a case-by-case basis.</p> <p>Media activity is unlikely unless we are approached for comment.</p> <p>Communicate expectations to retailers regarding an Official Conservation Campaign</p> <p>Ensure reactive messages at end of this plan are updated in response to any media requests.</p> <p>Staff updated via intranet, meetings and emails as required.</p>
<p>Very low storage - alert status.</p> <p>(Low inflow sequence and declining storage.)</p>	<p>Transpower is watching the situation closely.</p> <p>If storage declines to pre-defined levels, Transpower will declare an emergency and commence an official conservation campaign.</p> <p>While any time is a good time to invest in energy efficiency, New Zealanders are not officially being asked to take any special measures to conserve electricity.</p>	<p>The Authority is monitoring the situation and working closely with Transpower.</p> <p>While hydro storage is low, Transpower is well prepared for emergencies.</p> <p>Transpower will ensure the public remain informed.</p>	<p>Our role at this stage is largely reactive.</p> <p>Link to <a href="#">security of supply webpage</a> on our homepage and update this page as necessary.</p> <p>Story in Market Brief to provide information to the industry, linking to any Transpower updates.</p> <p>Social media used to share updates from Transpower.</p> <p>Ensure reactive messages are updated in response to any Transpower media releases or media requests.</p> <p>Staff updated via intranet and emails.</p>

Official conservation campaign starts	<p>As the system operator, Transpower has triggered an official conservation campaign.</p> <p>Transpower is asking all New Zealanders to use less electricity.</p> <p>Please ensure that using less electricity does not compromise your health or wellbeing.</p> <p>While it's voluntary, if less electricity is not used, then there will be no alternative than to have forced electricity outages.</p>	<p>Transpower is monitoring hydro storage and has taken appropriate action at this stage.</p> <p>We understand conserving electricity usage may be an inconvenience, however it is necessary to help avoid future outages.</p> <p>Please ensure that using less electricity does not compromise your health or wellbeing.</p> <p>Through the official conservation campaign, customers will be partially compensated via their retailer for making electricity savings.</p>	<p>Release a media statement explaining the policy reasons for official conservation campaigns (jointly with Transpower if appropriate).</p> <p>Comms to retailers</p> <p>Coordinate any media responses with Transpower.</p> <p>Update website, post to social media channels, Market Brief story.</p> <p>Announce any plans for post-event reviews, including key facts about timing and process. Staff updated via intranet, meetings and emails.</p>
Official conservation campaign starts due to asset failure	<p>Transpower is working with the relevant asset owner/s to determine the cause of the failure and timeframes for restoration.</p> <p>Situation dependent, Transpower will publish a report on this incident.</p> <p>Transpower may request reduced electricity usage in certain areas.</p>	<p>Questions about the cause of the asset failure should be directed to the asset owner.</p> <p>Questions about how the failure of the electricity system occurred should be directed to Transpower.</p> <p>The Authority may choose to investigate this event to establish whether there are any systemic issues.</p> <p>It is expected the electricity industry cooperates with any investigations by Transpower or the Authority.</p> <p>The Authority may use our information gathering powers if we think that accurate information is not being released in a timely manner.</p> <p>The Security and Reliability Council (SRC) also has a role in post-event analysis. The SRC provides independent advice on the performance of the electricity system and Transpower, and reliability of supply issues.</p>	<p>Coordinate any media responses with Transpower.</p> <p>Updated website, social media and Market Brief as necessary.</p> <p>Staff updated via intranet, meetings and emails.</p>

Official conservation campaign declared for South Island only	<p>Only South Island consumers are asked to use less electricity.</p> <p>Transpower is monitoring the situation and will extend the official conservation campaign to all New Zealand if necessary.</p>	<p>North Island consumers are not being asked to reduce their electricity usage at this stage.</p> <p>Transpower is monitoring the situation and will extend the official conservation campaign to all New Zealand if necessary.</p>	<p>Coordinate any media responses with Transpower.</p> <p>Updated website, social media and Market Brief as necessary.</p> <p>Staff updated via intranet, meetings and emails.</p>
Rolling outages  (Transpower issues instructions to distributors to implement rolling outage plans.)	<p>This is a very unusual situation and rolling outages are being used as a last resort.</p> <p>Although rolling outages are disruptive, the alternative could be unplanned blackouts or complete system collapse.</p>	<p>The Authority is working closely with Transpower during this period.</p> <p>Rolling outages mean certain areas will be without power for periods of time.</p> <p>Transpower will provide information on scheduled outages. New Zealanders are asked to follow Transpower's instructions.</p> <p>Medically dependent consumers and their carers should ensure they have arrangements in place in the event of an electricity outage.</p>	<p>Coordinate any media responses with Transpower.</p> <p>Updated website, social media and Market Brief as necessary.</p> <p>Staff updated via intranet, meetings and emails.</p>

<p>Higher spot prices</p> <p>(Lower lake levels mean higher electricity spot prices for some consumers)</p>	<p>No comment – direct to the Authority.</p>	<p>Some consumers are on a spot price contract with their retailer for their electricity. However, most households won't be affected by the rise in spot prices - of the 2 million household electricity consumers, only about 1.25% are on a spot price contract. Those consumers on spot price arrangements are well-aware of the risk of higher prices when hydro lake levels drop. It's like choosing a floating or fixed mortgage rate. We expect spot price retailers to continue to:</p> <ul style="list-style-type: none"> <li>• clearly communicate the risks as well as the benefits of spot prices to their customers</li> <li>• ensure consumers are fully informed before they take on a spot price contract</li> <li>• provide guidance about how to make best use of the spot price deals on offer.</li> </ul> <p>New Zealand has a competitive electricity market. Depending on where you live, there are up to 40 retailers for consumers to choose from. It is now easier than ever to choose a pricing plan that suits. Consumers can visit thePowerswitch website to see if they are on the best deal for their situation.</p> <p>Elevated prices are normal for these types of situations and are a sign that the market is operating well – for example, when high-cost thermal generators don't run for long periods, the higher prices are a way to help cover the cost of the investment.</p>	<p>Proactive media activity.</p> <p>Updated website, social media and Market Brief as necessary.</p> <p>Staff updated via intranet, meetings and emails.</p>
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## Reactive questions and answers

*Questions that may arise during periods of low hydro storage*

**Question:** One or more retailers have released an advertising campaign calling for New Zealanders to reduce their electricity consumption. Is there a power crisis? Does the Authority advise consumers to reduce their electricity usage?

**Answer:** There is no official conservation campaign in place. If the appropriate level of risk is reached, an official campaign will be declared. If an official campaign is triggered, retailers will have to pay compensation to their customers.

While any time is a good time to invest in energy efficiency, New Zealanders are not officially being asked to take any special measures at this time.

**Question:** Is the Authority concerned?

**Answer:** In the current situation, the risks are still low. The Authority is focused on ensuring the situation is well monitored. At this stage, consumers are not being asked to conserve electricity.

There are strong incentives in place for the electricity industry to manage their resources properly, so we are prevented from getting to a point where there is limited electricity for New Zealanders.

The market arrangements coped well when we experienced similar situations in 2012, 2013 and more recently 2021.

**Question:** What will happen if it doesn't rain?

**Answer:** If the risk level reaches emergency status, then consumers will be asked to use less electricity. We're not at that stage yet.

We have plans in place to deal with exactly this sort of situation..

**Question:** If it doesn't rain much, how long before an official conservation campaign is declared?

**Answer:** Transpower as the system operator is responsible for triggering an official conservation campaign. We recommend you contact them about this.

**Question:** Why do consumers have to pay more?

**Answer:** At this stage, high wholesale prices have no effect on most residential consumers. Those who are on a spot price arrangement will be seeing sharp spikes in the price they are paying as hydro lake levels are low. All consumers with spot price contracts – residential or business - have elected to take on this risk.

Those commercial and industrial users who buy electricity at wholesale prices are being incentivised to use less electricity. Our stress testing regime is designed to ensure that consumers who buy at wholesale prices are aware of the risk that entails.

**Question:** Why does this keep happening?

**Answer:** We're lucky in New Zealand to have such a high proportion of renewable electricity (over 80 per cent). But the nature of our geography and the way we generate electricity mean dry years are a key risk to the security of our electricity supply.

Despite this we have largely managed to avoid conservation campaigns. Consumers have only been asked to conserve electricity four times since 1992, most recently in 2008. We are still some way off from repeating that situation.

Autumn of 2021 is a good example of where security of supply was managed well. Leading into the winter of 2021 there was extremely low rainfall around our South Island hydro lakes. The low inflows meant less generation capability heading into the cold months when electricity demand is at its highest level. Despite these low lake levels, the industry closely monitored and responded to the situation, and avoided the need to ask consumers to save power.

**Question:** Company XYZ is reducing its production because of high prices. This is hurting the economy and their workers. Why did the Authority allow this to happen?

**Answer:** Like in any market, prices for electricity go up and down. Consumers who are on a spot price contract, where they purchase electricity on the wholesale market, understand the risks and rewards of doing that. For large commercial or industrial consumers, we provide a wide range of material to assist with understanding and this is regulated through the introduction of the [stress test regime](#).

The regime requires:

- purchasers of large quantities of electricity to report quarterly to an independent registrar on their financial position in the event of scenarios involving high wholesale prices for electricity (the stress tests)
- electricity retailers to provide customers who have exposure to wholesale electricity prices with information to enable them to consider what the impact on their organisation would be if the stress test scenarios were to occur.

We expect retailers selling spot price arrangements to residential/household consumers to have (and continue to):

- clearly communicate the risks as well as the benefits of spot prices to their customers
- ensure consumers are fully informed before they take on a spot price contract
- provide guidance about how to make best use of the spot price deals on offer.

**Question:** Customers of XYZ retailer are facing very large domestic tariffs. The retailers are price-gouging captive customers. What does the Authority propose to do about this?

**Answer:** The retail price of electricity is set by competition within industry. We promote competition so that electricity prices are reasonable. We don't set the prices paid by consumers, or regulate how much money electricity companies earn. We currently have a review of competition in the wholesale market underway. The Authority wants to ensure competition in the electricity market contributes to positive outcomes. Most consumers can choose between many different retailers and find a deal that best suits them. It's easy to switch provider and to check what savings are available by going online to powerswitch.org or by looking into information from different retailers.

**Question:** Customers are finding it difficult to switch retailers. Some retailers are refusing to take on new customers. What does the Authority propose to do about this?

**Answer:** It's a short-term impact while wholesale electricity prices are high. We expect switching levels to return to normal when prices fall. However, we may consider reviewing the arrangements, if the impact on consumers is significant enough to warrant regulatory intervention.

**Question:** Company Y is offering to reduce its production if compensated to do so. Will the Authority be taking them up on this offer?

**Answer:** We will not be offering compensation to individual users. If Company Y has a retailer, then they should speak to one another as the retailer would be the primary beneficiary of Company Y's reduced usage. If Company Y has no retailer because they purchase directly from the wholesale market, then they already have plenty of incentive to reduce their usage and make money on any hedge contracts.

### Questions that may arise during any official conservation campaign

#### *Customer compensation scheme*

**Question:** Why \$10.50 per household per week?

**Answer:** The main purpose of the scheme is to remove the benefit retailers gain when their customers reduce their electricity use. The value of the compensation reflects the expected value to the retailer of consumers using less electricity.

**Question:** \$10.50 is not enough – it's just a fraction of a family's monthly power bill. The Authority has seriously underestimated the cost and inconvenience to consumers of reducing their usage.

**Answer:** This compensation was never intended as complete compensation for consumers. The main purpose of the scheme is to remove the benefit retailers gain when



their customers reduce their electricity use. The value of the compensation reflects the expected value to the retailer of consumers using less electricity.

**Question:** Are commercial and industrial consumers being asked to reduce their consumption?

**Answer:** Transpower as the system operator makes this decision, but the Authority's expectation is that all 'on-grid' New Zealanders (companies included) are being asked by Transpower to reduce their usage. Retailers are also likely to be talking directly to some of the bigger electricity consumers to encourage them to take appropriate action.

**Question:** If consumers are going to get paid compensation irrespective of their level of savings, why should they bother to save?

**Answer:** Saving electricity now will help replenish our electricity supply for the future. This helps all New Zealand get back to normal life, faster, and will help avoid the possibility of rolling outages in the future.

Note that consumers should not take any action to reduce their electricity usage if it risks their health or wellbeing.

We recommend consumers consult EECA's website for tips on conserving electricity.

**Question:** Doesn't this prove that market arrangements are broken?

**Answer:** New Zealand has a competitive electricity market. Depending on where you live, there are up to 50 retailers for consumers to choose from. It is now easier than ever to choose a pricing plan that suits.

Consumers can visit Consumer NZ's Powerswitch website to see if they are on the best deal for their situation.

Elevated prices are normal for these types of situations and are a sign that the market is operating well – for example, when high-cost generators such as Whirinaki don't run for long periods, the higher prices are a way to help cover the cost of the investment.

**Question:** Why has the Authority set the 8% risk curve as the endpoint for the official conservation campaign?

**Answer:** It is vital that official conservation campaigns are not 'on again, off again' events. For a campaign to be effective, there needs to be a clear message for a clear period. The 8% risk curve was chosen as the end point for a campaign to create a buffer against the risk of quickly returning to a 10% risk and the declaration of another campaign.

**Question:** 'Why is the XYZ thermal plant not generating at this time?'

**Answer:** (Will depend on which generation plant the question relates to. We should be able to explain, in broad terms, why the plant is not operating. If more detailed information



is sought, the relevant asset owner and/or Transpower would have detailed knowledge of the outage.)

### Questions that may arise during an 'asset failure' official conservation campaign

**Question:** What failed? Why? How long is it unavailable for?

**Answer:** Transpower as the system operator and the asset owner XYZ are best placed to answer these questions.

**Question:** What has the effect on the electricity system been?

**Answer:** Transpower as the system operator is best placed to answer this question.

**Question:** What happens next?

**Answer:** Transpower will cancel the official conservation campaign when the risk of shortage is less than 8% and forecast to remain so for at least a week. If the situation worsens, Transpower as the system operator will determine whether rolling outages are required.

If an official conservation campaign is caused by an asset failure, it is more likely to be ended by that asset coming back into full service.

**Question:** Are there other similar assets at risk?

**Answer:** Transpower as the system operator is best placed to answer this question. The system operator has the real-time ability to not accept offers from generators if it feels the risk is too great, or to purchase extra reserves to mitigate any newly identified risks.

We may conduct a post-event analysis and ask the Security and Reliability Council to provide us with advice.

### Questions that may arise during a South Island official conservation campaign

**Question:** The South Island usually provides the North with power. It's not fair that North Islanders aren't being asked to contribute when southern lakes are low.

**Answer:** Only South Island consumers are being compensated. The behaviour of upper North Island consumers makes little difference to the ability of the power system to supply the South with power from the North. As such, there is little value in asking North Island consumers to conserve power.

**Question:** What is the effect on North Island consumers?

**Answer:** At this time, North Island consumers are not being asked to reduce their electricity usage. Transpower as the system operator is monitoring the situation and will extend the official conservation campaign to all New Zealand if needed.

### **Questions that may arise in relation to rolling outages**

**Question:** What are rolling outages?

**Answer:** Rolling outages are a last resort measure in which Transpower as system operator is required to plan and implement compulsory electricity outages in order to prevent a complete electricity system failure.

The Authority require Transpower to implement an official conservation campaign prior to rolling outages. If the voluntary savings of an official conservation campaign are not enough, then that is when rolling outages may be required. In the event of catastrophic asset failure, it is possible that an official conservation campaign and rolling outages will be implemented simultaneously.

**Question:** How will people know they will be without power?

**Answer:** We expect that the Transpower as system operator, local lines companies and electricity retailers will all be involved in communicating the timing and location of rolling outages.

**Question:** Surely this unprecedented step is proof that the market and regulatory arrangements are inadequate?

**Answer:** We will be conducting a full review into this event, but for now our focus is on the emergency aspects of managing this event.

## Communications protocol – the Authority and Transpower

Transpower as the system operator will lead communications regarding a security of supply situation, including all relevant media enquiries.

The Authority's role will be to communicate the policy intent of the security of supply framework that the system operator and the industry functions within.

There will be instances where the Authority and Transpower may be asked for comment on the current situation and what it means – to ensure consistency it is essential that we share key messages and keep each other in the loop on any external communications. Joint media releases or briefings may be needed depending on the situation.

Agency and key spokesperson	High level role	Will lead media on the following topics	Other notes
Transpower Alison Andrew, CE of Transpower	Proactive communications with industry and monitoring from 1% risk, more proactive at 4% and full-scale campaign implementation at 10%.  Publish daily updates relating to the current situation.  Hold industry meetings.  Report on operational aspects of situation with relevant Ministers.  Administer an official conservation campaign.	Transpower's view.  The current situation - 'what's happening' (overlap between the Authority/ Transpower – keep each other in loop).  How the market is responding.  Official conservation campaign messages.  Rolling outages in the event of this happening.  Why high prices – explaining the generation mix and how the market operates (cross over between the Authority/ Transpower).	Will lead on assembling a comms group across agencies when actual storage is less than the 1% hydro risk curve.  Will keep comms group informed of enquiries, particularly where there is crossover between agencies.
Electricity Authority James Stevenson-Wallace, CE of Electricity Authority	Mostly reactive until an official conservation campaign has commenced.	The Authority's view.  The current situation - 'what's happening' (overlap between the Authority/ Transpower – keep each other in loop).	In the event of an official conservation campaign being called, will consider deferring any advertising for What's my Number campaign to avoid mixed messages.

Agency and key spokesperson	High level role	Will lead media on the following topics	Other notes
	<p>Information on website regarding policies.</p> <p>Remind retailers of responsibilities for campaign if alert status is reached (4%).</p> <p>Respond to enquiries.</p> <p>Engage with the Minister of Energy and Resources on wider security of supply policies and decisions</p>	<p>How the market is performing.</p> <p>Higher spot prices for consumers.</p> <p>Policy around managing a dry year risk (security of supply, the customer compensation scheme and stress testing)</p> <p>Why high prices - explaining the generation mix and how the market operates (cross over between the Authority/ Transpower)</p>	<p>Will let Communications team know ahead of any updates in weekly Market Brief.</p>

## Role of Authority and Transpower during an event:

Activity	Transpower responsibilities	Authority responsibilities	Monitor system operator performance
Regulatory and contractual framework	Meet obligations under the Code and SOSPA Meet obligations under relevant policy documents (eg EMP, SOSFIP, SOROP)	Review and amend the Code if required	
Policies and plans for security of supply arrangements	Propose policies and plans, including the EMP, SOSFIP and SOROP	Approve policies and plans	
Publish information on security of supply	Annual security assessment Weekly security of supply report Electricity risk curves Provide additional information when security of supply is below the normal level	Monitor market behaviour and outcomes	
Conservation campaigns	Apply for funding of conservation campaigns If necessary, declare and implement an official conservation campaign	Approve or decline applications for funding of conservation campaigns Draw down security management appropriation and recalculate levy if system operator spends significant amount Agree with the system operator a date for an official conservation campaign to begin or end (unless the system operator follows the objective criteria set out in the Code)	
Rolling outages	Maintain plans for rolling outages. If rolling outages are needed: <ul style="list-style-type: none"> <li>consult with the Authority</li> <li>direct participants to carry out rolling outages</li> </ul>	Consult with the system operator, prior to the system operator declaring the need for, or implementing, rolling outages	

## **Appendix B: System operator communications in a security of supply emergency**

# Transpower Communications Major Event Planning Post 9 August

## 1. Purpose

Following the recommendations of the various reports into the supply emergency of 9 August 2021, Transpower has been working on improving its communications protocols at both operational and stakeholder engagement levels. This paper provides an overview of:

- the improvements made to communications processes post 9 August with respect to non-operational comms
- the level of event and commensurate response from the Communications team
- examples of communications to our stakeholders evidencing the protocols and processes in action.

## 2. Summary

The various review reports from the 9 August event highlighted that there was a lack of appropriate or clear channels of communication between Transpower and its stakeholders to provide a greater awareness of impending and emerging supply issues arising through the System Operator function. Subsequent to the event, Transpower undertook to take on board the various recommendations from the reports into the outage.

Those recommendations translated into the following actions which are now complete:

- an updated communications protocol that has been agreed with the various key Government stakeholders;
- an updated outage communications process to include CEO approval of messaging (where appropriate), and the above communications protocol;
- ensure escalations to officials on insufficient generation messages are made in a manner which assures that the message is received and understood;
- minor updates to the external communications policy to specifically cover supply type emergencies.

Since 9 August we have had cause to use our updated protocols and processes a number of times (not necessarily related to System Operator supply events), and we have received positive feedback from key stakeholders about the new process.

### 3. August Event Communications

#### Recommendations and how actioned

The recommendations around corporate communications (as opposed to operational communications) handling of supply events, can largely be found in the report undertaken for Transpower by Thomson Lewis, which was also endorsed on this point by the Hodgson report completed for MBIE. The table below identifies the key recommendations and what that has translated into in terms of actions on Transpower:

Recommendation	Action taken	Complete – Yes/No
The GM External Affairs and Corporate Communications Manager to continue to work to agree a communications protocol with key government stakeholders to ensure as much clarity as possible as to both the types of events that should be escalated and the information requirements at the point they are.	Protocol finalised and agreed with key Government stakeholders. The protocol includes a staged approach to issues from business as usual (L.0) through to significant consumer impact events (L.3), and communication required.	Yes
That the Process for Unplanned Outage Communications be amended to specify that in the case of significant events the Chief Executive's approval for key messages is to be sought and obtained.	Process updated to specifically require CEO notification and their agreement on messaging. Pre-approved standard messaging agreed for minor outages.	Yes
That in future security of supply situations, escalation both to the Chief Executive/Chair and to key government stakeholders be undertaken via phone rather than text/email	Protocol for engagement with key Government stakeholders includes a process by which contact numbers are called for each contact, if there is no response Transpower will text recipients too.	Yes
That through its government relations programme, Transpower External Affairs and Corporate Communications management continue to build ongoing relationships with key officials and relevant private secretaries in ministers' offices to understand their information needs and make it easier to pick up the phone and make direct calls in times of need.	We now have more regular meetings with all our key Government contacts to ensure information provided is sufficient and to review any issues upcoming that might require more coordination and cooperation.	Yes
Noting that escalation issues involve judgement in times of not always perfect information, the System Operator and Corporate Communications teams should work together to develop an annual	Work is underway with the System Operator to run an initial and then recurring (annual) industry exercise.	Scheduled for May 2022



scenario practice session to help ensure readiness for future events		
That the System Operator improves the process for providing the public with timely and simple explanations for system-wide incidents, particularly where consumers have been disconnected.	Better issue escalation through and within the System Operator and to the corporate communications functions together with messaging signed off by the CEO for major events, will ensure clearer information is provided for front facing communications (ie website, Facebook)	Yes

## 4. The Essence of Transpower's Communications Protocols/Processes

Transpower had an existing communications process for major outages on its network that was tested from time to time through equipment failure or other network events. The updates to that process since 9 August have been to specifically link to potential events through the system operator (eg AUFLS and/or supply emergency shortages), and reinforce the channels to be used for key Government contacts.

Communication responses are set according to the level of the situation faced, as per the table below:

Level	Examples	Key Stakeholder Channels
Level 0: Business as Usual	briefing papers, updates on projects, thought pieces etc	Email.
Level 1: Emerging issues but no immediate impact on consumers	System Operator notices (CAN; WRN) signaling a significant issue, or potential security of supply event identified	Email to key contacts (plus texts if outside hours, and attention is needed before next day)
Level 2: Live issue – limited consumer impact	Fault on the grid but to a small localised area (eg, n security sites)	Email and text of key contacts (regardless of time)
Level 3: Live issue – significant consumer impact	AUFLS tripping, fault on the grid and loss of supply to major area/city.	Phone information to contacts, if no response text as well. Further Call will be made on whether notification of NEMA or DPMC would be needed.

Transpower's distribution list for key Government contacts includes those from:

- Electricity Authority
- MBIE

- Office of the Minister of Energy and Resources
- Office of the Minister of State-Owned Enterprises
- Office of the Minister of Finance
- Treasury
- NEMA and DPMC (if required as scale of event warrants this).

Importantly Transpower has liaised with all the stakeholders noted above to have the communications protocol agreed and confirmed. To ensure that contacts and level of engagement are still correct, a regular review of the protocol is also undertaken.

As well as the protocols for key stakeholder contact, Transpower will also work to inform affected end users through our standard channels. These are for Level 2 and 3:

- Website outage banner activated on Transpower website (noting outage, impact etc)
- Facebook posts – updated regularly when the outage is longer than an hour and concluded when service is restored
- Triage incoming calls through comms team for media and general public

## 5. How have the changes worked in practice?

Transpower did not have to wait long to start using some of the changed protocols. Following the 9 August event, a conductor drop on the HVDC line occurred the very next week (17 August) in the top of the South Island.

While some of the work to improve communications, was still in train, the communications team worked through the draft protocols of connecting with key Government officials to notify them initially and then update them through the process of repair which took over a week. An example of a regular information update to one of those stakeholders (Minister of SOE's) through the HVDC outage is provided in the Appendix – these updates were undertaken daily for about a week until the Minister's office indicated they were happy to resort to business as usual information requirements (LO).

Alongside this regular verbal updates were provided to MBIE officials (who were briefing the Minister of Energy and Resources regularly) and the EA at a daily CIMS meeting. This was supported by sit reps on security of supply forecasts for each day, and a week out for New Zealand and North and South Islands.

The regularity of communications and the transparency of the information provided gave assurance to those who received the email that they were being provided with timely and relevant information. This was also acknowledged in the final MBIE report as showing much improved communication for that event.

There have been a number of minor events since then where the protocols and process have been tested. The most recent an outage due to the bad weather experienced across the country on the weekend of February 12/13. Examples of communications from that event are also provided within the Appendix.

## Security and Reliability Council Paper - Appendix

### 6. Appendix

#### HVDC Weka Pass Communications

**From:** Deb Gray

**Sent:** Friday, 20 August 2021 4:57 pm

**To:**

**Subject:** Transpower Friday 20 August update for Minister for SOEs

Good evening,

A short update this afternoon,

#### **HVDC Conductor Repair**

- Today we scheduled bi-pole outages on the HVDC for Saturday and Sunday in order to complete our repair on the conductor in Weka Pass
- The timing of the outages is carefully chosen to avoid peak demand
- It is not unique to have both Poles out of service, at least once a year, both HVDC Poles are out for routine maintenance
- Each island generates enough electricity to meet its own demand during these times when round power (the sharing of power between the islands) is disabled
- NZTA communicated yesterday the need for a road closure on State Highway 7 to enable the repair (attached)
- The crews on the ground have been able to coordinate food and beverage supplies for the crews, with local providers

#### **COVID-19**

- Transpower and its service providers are well-practiced at working within COVID alert level restrictions
- All staff are working from home except for our Control Centre and Warehouse staff who have additional measures in place to ensure staff health and safety

#### Cyclone Dovi Communications

**From:** Diana Price

**Sent:** Sunday, 13 February 2022 9:58 am

**To:**

**Subject:** Waikato outage - resolved

Tēnā koutou,

This morning we experienced an outage stemming from our Hinuera substation. This caused power cuts in the Waikato (particularly around the Matamata area).

*The local lines company, PowerCo, were able to back-feed supply and keep power running to many households but there were some without power for just under 2 hours.*


*We dispatched technicians to the site and they have now restored power supply.*


*Please do not hesitate to contact me if you have any questions, I will be in touch again if this weather causes any further outages.*

*Ngā mihi*


*Diana*



**CURRENT OUTAGE** Waikato: We apologise to those who are currently without power. We are working to identify the fault and restore supply as quickly as possible. [Learn more](#) ✕





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**Transpower NZ**  
February 13 at 9:30 AM · 🌐


UPDATE:  
Power has been restored in the areas affected in Waikato.  
Thank you for your patience and apologies for the inconvenience.

 Boost this post to get more reach for Transpower NZ. [Boost post](#)


  25


 Like  Comment  Share 




 Write a comment...      
 You're commenting as Diana Price.

**Transpower NZ**  
February 13 at 7:39 AM · 🌐

We apologise to those in Waikato who are currently without power.  
We are working to identify the fault and restore supply as quickly as possible. We will update this page as information becomes available.  
It's wild and windy out there – stay safe everyone.

 Boost this post to get more reach for Transpower NZ. [Boost post](#)

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