

1 April 2026

Hon Simeon Brown
Minister for Energy
By email: s.brown@ministers.govt.nz

Dear Minister Brown,

Security and Reliability Council advice

The Security and Reliability Council is established under the Electricity Industry Act 2010 to provide independent advice to the Electricity Authority on the performance of the electricity system and system operator and on matters of reliability of supply. Members are appointed by the Authority for their technical experience and expertise in electricity system performance.

At its February meeting the Council investigated two important topical issues which we resolved to share our advice about with you. We hope you will find it helpful.

Tree Regulations

The SRC spoke with representatives from Powerco, Electricity Networks Aotearoa (ENA) and officials from MBIE about changes to tree regulations. As you are likely aware, inadequate tree management imposes large and increasing reliability risk and financial cost on electricity consumers.

It was clear electricity networks appreciate efforts by officials to reform the tree regulations but equally clear the reforms have not gone far enough. They leave insufficient incentive for responsible tree management by commercial tree owners and externalise the cost and risk of their actions/inaction to electricity consumers. Those costs and risks increase as recent forestry conversions mature, severe weather events increase and reliance on electricity grows.

The SRC provided advice to the Electricity Authority that these risks must be addressed. We encourage you as responsible Minister to work with officials and electricity networks to reduce the cost and risk described above, and improve accountability for institutional tree owners. For example, a 'quick win' could be to require commercial forest owners to bear the cost of tree maintenance to protect electricity lines.

Gas Supply

The Council also discussed the implications of New Zealand's declining natural gas supply. Gas is of special interest to the Council due to strong and increasing interdependencies with the electricity system; gas is a fuel for generation; electricity is a substitute for many gas uses.

In our March advice, the SRC recommended the Authority *proactively engage with the Government on the need for and formulation of a clear, coherent and converged national energy policy*. We hope this recommendation is acted upon by both the Authority and the Government.

We share below what the SRC heard from sector experts followed by several observations from the SRC:

1. domestic natural gas production is likely in terminal decline - whether over five or ten years, or longer, is not yet clear but we should expect increasing supply and price volatility and 'shocks' as wells fail and large users exit.
2. drilling, biogas and other initiatives (including LNG or increased underground gas storage) can soften these effects and 'buy time'; but are highly unlikely to enable a 'business as usual' scenario of low cost, abundant gas supply.
3. while very large gas users are reducing reliance on gas, we heard many smaller industrial and commercial users are burying their heads in the sand – in the hope the government will solve the supply problem.
4. large scale transition from gas to electricity and alternatives is a practically complex, and financially challenging undertaking that will take time. New Zealand has not planned for and is not prepared for this challenge; the risks of that unpreparedness grow with each passing month.
5. gas and electricity industry stakeholders seek clear and coherent policy and leadership from central government and regulatory agencies and to support their planning a 'path of least regret' and orderly transition as gas supply declines.
6. there are competing interests - and areas where shareholder interests and the public interest are not aligned; government has a key role mediating misalignment.

Regarding point 5, the SRC discussed where and how policy clarity and leadership from central government and regulatory agencies could enable the electricity and gas industries to get on with planning for an orderly transition – and is able to share these thoughts.

The SRC knows gas supply is an area of focus for government. We are not aware of such focus on the demand-side, preparing and planning for the physical transition from gas. This is especially concerning due to the risk of shocks, potential for a faster than forecast supply decline and the current tightness of the electricity system.

One of the SRC's roles is to flag future risks to the performance and reliability of the electricity system; we are concerned that declining gas supply:

- reduces fuel for peaking and firming generation while simultaneously increasing demand for electricity
- presents a serious risk to security of supply, potential for localised network stress and unnecessary costs, if not planned for and managed well
- these risks can be managed - if planned for, but that planning does not appear to be a current priority. This exposes the electricity users to unnecessary risk and cost.

As reflected in our advice to the Authority, technological progress and electrification are eroding traditional boundaries between electricity, gas, liquid and solid fuels. This 'convergence', and the pace of change, necessitates joined-up strategy, policy and regulatory thinking across the entire energy system.

The SRC appreciated hearing your plans and aspirations for the energy sector when previously for Minister Energy and Resources. We would welcome the opportunity to meet again and to discuss the matters covered in this letter, and other electricity system performance and reliability matters.

We cordially invite you to meet with us at our next in-person meeting, 20 May in Wellington, or an alternative suitable time.

Yours sincerely

A handwritten signature in black ink, appearing to read 'H Roy', is centered below the text 'Yours sincerely'.

Hon Heather Roy
Chair of the SRC

cc: Sarah Gillies, Electricity Authority; Tamara Linnhoff, MBIE

Attachment: SRC's March 2026 advice to the Electricity Authority