

SRC advice to Authority Board on reliability of supply

21 August 2012

Note: This paper has been prepared for the purpose of SRC discussions. Content should not be interpreted as representing the views or policy of the Electricity Authority.

1 The Authority is seeking the advice of the SRC on reliability of supply issues

- 1.1.1 As part of its functions, the Security and Reliability Council (SRC) is tasked with providing the Electricity Authority (Authority) with independent advice on reliability of supply issues.
- 1.1.2 The second limb of the Authority's objective is to promote reliable supply. The Authority interprets this as a requirement to exercise its functions in a way that *"encourages industry participants to efficiently develop and operate the electricity system to manage security and reliability in ways that minimise total costs whilst being robust to adverse events"*, for the long term benefit of consumers.
- 1.1.3 The SRC initiated its discussions on this topic at its 10 May 2012 meeting, with reference to a "scene setting" paper discussing the industry's risk management structure for supply reliability and introducing some areas for potential consideration.¹
- 1.1.4 During that meeting the SRC requested the secretariat provide them with a 'dashboard' of security of supply and reliability measures for consideration, and a short paper clarifying the definition of reliability in the context of the Authority's statutory objective, the boundaries with other jurisdictions, particularly the Commerce Commission and Consumer Affairs, and the role of the SRC on reliability matters.
- 1.1.5 The Authority is conscious the reliability data that might provide a useful 'dashboard' of reliability performance is typically held by other parties, such as Transpower (for the transmission network) and the Commerce Commission (transmission and lines networks). Rather than try and re-present that data in an alternative form it was considered it would be more helpful for these entities to present this information directly to the SRC. These presentations should also assist with the clarification of the roles and responsibilities of the different parties with respect to reliability issues. Presentations from Transpower and the Commerce Commission have been included in this meeting's agenda accordingly.
- 1.1.6 As discussed in the May meeting paper, the Authority is still developing its intended approach to reliability monitoring. It recently released a discussion paper on this topic for industry comment.² As the Authority has not yet settled its approach to reliability monitoring it was not considered appropriate to present the requested paper for this meeting. Instead, a presentation has been included in the agenda where relevant Authority staff will share their current thinking.
- 1.1.7 In order to complete the picture, some relevant data on the reliability of generation and transmission assets, as experienced by the system operator, has been provided as an additional information paper.
- 1.1.8 The actions required from the SRC for this section of the meeting are:
- a) the identification of any reliability of supply issues it wishes to report to the Authority Board, including any relevant context and/or discussion; and
 - b) agreeing with the secretariat the reliability data it would like to have presented to it for consideration in future discussions.

¹ The paper 'Supply Reliability Risk Management' was included in the last meeting papers, is also available on-line at <http://www.ea.govt.nz/our-work/advisory-working-groups/src/10May12/>, or please ask us for a copy.

² The paper is available (as the last of the various downloads) at <http://www.ea.govt.nz/industry/monitoring/reports-publications/>