# The Electricity Authority's role in reliability

Presentation to the SRC

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# Context: The Act

- To promote competition in, reliable supply by, and the efficient operation of the electricity industry for the long term benefit of consumers

# Context: Interpretation of the Act

- Reliable supply: security and reliability
- Benefit of consumers: avoided costs due to outages
- Long term: dynamic efficiency matters, investment and durability
- Efficient operation: cost effective security and reliability

# Reliability

- So we are interested in security and reliability that reduce costs to consumers by getting the incentives right for efficient investment

But

- There is no way to directly measure efficiency of reliability because it is not possible to know what costs have or have not been avoided due to some action
- A lot of disclosure already with distribution companies and Transpower both reporting on reliability

# Efficient investment

- But we can make sure that the incentives are right for investors
  - Make sure that price reflects scarcity at all times
- Continue our focus on any activity which suppresses price signals
  - Constrained-on
  - Suppression of demand for IR
  - Alignment between pricing and dispatch

# Monitoring

- Monitor the performance of the industry
  - Not to focus on particular events but identify any trends that indicate that reliability is changing or that consumers are demanding different levels of reliability
- Surveillance
  - Look at regular reviews of transmission reliability, compile and report longer time series to look for trends
  - Monitor investment in peaking/last resort/firming plant and how this complements overall generation mix

# Monitoring

- Continue to monitor systemic issues relating to reliability
  - Cross asset-boundary coordination
  - Incentives in relation to outages and under-frequency events
  - Management of hidden failures, particularly complexity of secondary asset systems
  - Longer term trends in failure types, eg protection vs human error