

System operator performance

Reviewing the system operator's performance
for the year ended 30 June 2017

27 October 2017

Background to annual reviews of the system operator's performance

The Security and Reliability Council (SRC) functions under the Electricity Industry Act 2010 include providing advice to the Electricity Authority (Authority) on:

- the performance of the electricity system and the system operator
- reliability of supply issues.

The Electricity Industry Participation Code 2010 (Code) requires the Authority to review the system operator's performance each year. In doing so, it must take account of a self-review that the system operator must perform each year under the Code.¹

The system operator has completed its self-review of its performance for 2016-17, and the Authority is currently drafting its corresponding review (collectively, the reviews).

The purpose of this paper is to provide the SRC with a copy of the system operator's annual self-review (attached as Appendix A), and give an indication of the preliminary content of the Authority's corresponding review (included in Appendix B). The SRC's advice to the Authority on this matter is valuable, even if it does not identify any significant opportunities for improving the assessment of performance.

The reviews are structured around the system operator's strategic goals

The system operator's self-review is structured around five sections that align with Transpower's strategic goals under its System Operator Service Strategic Plan 2016-21 (strategic plan), which are:

- delivering competition with security
- demonstrating value for money
- planning for tomorrow
- strengthening relationships
- investing in good people

The Authority has adopted this structure for its review, as it will make it easier for readers to track discussion between the two documents, and also means the Authority can consider the extent to which the system operator is achieving its strategic goals.

Particular areas where the SRC might like to focus its attention

The Authority appreciates feedback from SRC members on any aspects of system operator performance that they may wish to comment on.

An indication of the preliminary content of the Authority's review is included in Appendix B. **This is a first draft and is subject to extensive amendment as it goes through the Authority's internal review process, including incorporating feedback from the system operator and the SRC.** However, it provides a useful indication that the initial assessment of the system operator's performance and what recommendations the Authority is considering making to the system operator as opportunities for improvement.

¹ Clause 7.11 of the Code specifies the requirements of both the system operator and the Authority with respect to the annual processes to review the system operator's performance.

The SRC may like to consider the following questions.

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| Q1. | Does the SRC wish to highlight any particular aspects of the system operator's performance as strengths or having markedly improved? |
| Q2. | Does the SRC have any concerns about the performance of the system operator? |
| Q3. | Are there any aspects of the system operator's functions that the SRC would like the system operator to give greater weight to in its dealings with stakeholders? |
| Q4. | What further information, if any, does the SRC wish to have provided to it by the secretariat? |
| Q5. | What advice, if any, does the SRC wish to provide to the Authority? |

Attachments:

The following items are included as attachments to this paper:

- System operator annual self-review and assessment: 1 July 2016 – 30 June 2017 (Appendix A)
- Indication of preliminary content of Authority's annual review of system operator performance, for the period 1 July 2016 – 30 June 2017 (Appendix B)

Postscript: The reports received by the SRC were not the final versions. The final 2016/17 versions of the system operator's self-review and the Authority's annual review are available from

<https://www.ea.govt.nz/operations/market-operation-service-providers/system-operator/annual-system-operator-reviews-and-assessments/>