

ACTION LIST

The following are actions to be completed after meeting number 24 on Friday, 22 June 2018.

Action #	Meeting created	Action	Date for completion	Status
1	13	SRC Secretariat to arrange ENA's Smart Technologies Working Group presentation once its investigation is sufficiently developed.	Once ENA's investigation has progressed	On hold. The STWG will shortly release its key output (a 'roadmap'). The secretariat will advise the Chair whether that document warrants an agenda item at the SRC's next meeting.
2	16	Secretariat to engage with industry and the Commerce Commission in further development of the risk management framework (RMF).	1 st meeting of 2019	In progress. See update 1.2 appended to this paper.
3	16	Secretariat to assess what the threshold should be for a risk that the SRC 'can live with', and incorporate into further development of the RMF.	1 st meeting of 2019	In progress. See update 1.2 appended to this paper.
4	17	The secretariat is to keep the SRC updated with the progress of Transpower's major capital project for voltage stability issues in the upper North Island. Updates of milestones should be provided until the investment decision is made.	As needed until October 2018 <u>investment decision made</u>	Ongoing. Many updates already given, but none was warranted for this meeting. 'Date for completion' was modified to account for Transpower project completion.
5	23	Secretariat to report back to the SRC on the sensitivities of the annual assessment assumptions and how the assessment could: <ul style="list-style-type: none"> a) better take into account the dynamic nature of the market b) <u>include a scenario in which a shortage of stored fuel other than gas and an extended critical gas contingency coincide.</u> 	1 st meeting of 2019	On hold. Action has been modified as directed by an action from the June 2018 meeting.

Action #	Meeting created	Action	Date for completion	Status
6	24	Secretariat to draft a letter expressing the SRC's appreciation to the former Chair and deliver this to the SRC for its consideration by 6 July 2018.	6 July 2018	Complete. Included in agenda item #4
7	24	Secretariat to include the material from the Authority Board paper on the high-level electricity implications of climate change in the agenda for the October meeting of the SRC.	October 2018 meeting	Complete. Included as agenda item #10
8	24	Secretariat to request the system operator provide the SRC its perspective on management of critical gas contingencies.	October 2018 meeting	Complete. Included as agenda item #9
9	24	Secretariat to report to SRC about the emergency management preparedness of distributors.	1 st meeting of 2019	In progress. Initial investigation shows the report needs a narrower scope than <u>all</u> distributors.

1. Updates

1.1.1 This section provides information on matters that don't warrant a dedicated agenda item, such as updates on matters that have previously been discussed by the SRC.

1.2 The risk management framework

1.2.1 The secretariat has been developing a risk management framework (RMF) to assist with consideration of industry risks by the SRC. The RMF should help triage the SRC's attention on industry risk controls and give a framework for undertaking post-event reviews.

1.2.2 The secretariat has two RMF-related actions to complete by the first meeting of 2019.

1.2.3 The secretariat is planning to create a bespoke briefing for the SRC Chair and any interested SRC members (particularly newer members). The purpose of the briefing is to bring newer members up to speed with the RMF, especially where those members are risk management specialists. The content of the briefing is likely to describe the origins of the RMF and the objectives as originally conceived.

1.2.4 The SRC's terms of reference specify that "No business (including approving minutes) may be transacted at a meeting of the SRC if there is no quorum." The secretariat expects the briefing will influence the secretariat's development of RMF papers for the first SRC meeting of 2019, but that such influence is common (but usually from the Chair acting alone) and administrative in nature.

1.3 Recalculation of the winter security margins

1.3.1 The Authority completed a project to review the winter energy margin (WEM) and winter capacity margin (WCM) security of supply standards. The review was completed in June 2018.

1.3.2 The WEM and WCM are key parts of the framework for monitoring medium-term security of supply. They assess what an efficient level of generation surplus would be to minimise overall costs to consumers.

1.3.3 The completed review showed that some changes to the security of supply standards may be warranted. These changes were:

1.3.3.1 removal of WEM standards specific to the South Island

1.3.3.2 lowering and broadening of WCM for New Zealand, though there would be little real change as actual capacity used in comparison would be correspondingly lower

1.3.3.3 significant broadening of WEM for New Zealand.

1.3.4 However, the benefits of amending the standards at this time are limited because the effect of any potential amendments would be minor. In large part, this is because the standards (and the system operator's annual assessment based on the standards) are for 'information only' and (we think) of limited value to industry stakeholders. The Authority would like to know if the SRC considers the Authority has misunderstood how much stakeholders value the standards and the annual assessment.

1.3.5 To reduce the regulatory burden on stakeholders we chose not to propose any changes or issue a paper for consultation. However, the Authority intends to review the standards again sooner than the regular five-yearly period.

1.4 Vector paper on resilience

1.4.1 On 4 September, Vector released a paper 'Working Together on Resilience'. The paper focussed on the resilience of distribution networks, but also touched on the resilience of large-scale generation and transmission lines.

1.4.2 Vector's paper highlighted that climate change is increasing the likelihood of adverse weather events, which was increasing the number and duration of electricity outages. Other threats to resilience of the electricity system include natural disasters (particularly earthquakes and volcanic activity), vegetation (trees hitting distribution lines), and cyber-attack (among others).

1.4.3 Vector's paper considered that the development of new technologies has expanded the number of options available to improve distribution network resilience, particularly customer-based solutions. These solutions include developing microgrids, on-site solar and batteries, and vehicle-to-home solutions. Use of smart meters' outage notification capabilities (which would require electricity distribution businesses (EDBs) to have access to smart meter data) could also help EDBs better manage outages when they occur (and therefore reduce the length of outages). Vector highlighted that multiple solutions will be needed to improve future energy resilience.

1.4.4 Vector's paper argued that the current regulatory framework is focussed on reliability rather than resilience. It advocated that regulation must have a greater focus on resilience, including appropriate frameworks to assess industry participants' success in resilience and appropriate incentives for improving resilience.

1.4.5 Vector's report is available here: <https://www.vector.co.nz/news/consumer-centric-technology-a-key-factor-in-enabli>.