

Meeting Date: 24 October 2019

SYSTEM OPERATOR PERFORMANCE:
1 JULY 2018 – 30 JUNE 2019

SECURITY
AND
RELIABILITY
COUNCIL

This paper provides the SRC with a copy of the system operator's annual self-review and gives an indication of the content of the Electricity Authority's corresponding review.

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

1. Background to annual reviews of the system operator's performance

- 1.1 The Security and Reliability Council's (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.
- 1.2 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
- 1.3 The system operator has completed its self-review of its performance for the 2018-19 financial year, and the Authority is currently drafting its corresponding review (collectively, the reviews).
- 1.4 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.

2. The reviews are structured around four key aspects of the system operator's service delivery

- 2.1 The system operator's self-review is structured around four sections based on areas that the system operator considers are key aspects of its service delivery. These four areas are:
- delivering secure power system operation
 - enabling a more efficient market
 - improving our service
 - learning from others.

3. Last year the SRC provided two pieces of advice on the reviews

- 3.1 When the SRC considered last year's reviews the SRC advised that:

¹ Clause 7.11 of the Code specifies the requirements of both the system operator and the Authority in reviewing the system operator's performance.

1. “The Authority’s third recommendation [to achieve greater participation in customer satisfaction surveys] should aim to get better engagement in the customer survey and also focus on better ways of engaging with customers to gain qualitative feedback.
2. The system operator should aim to have future self-reviews identify what it will do differently as a result of insights from the self-review.”²

3.2 As a result of the SRC’s advice:

- The Authority amended the third recommendation so it referred to meaningful participation in customer satisfaction surveys. The system operator made some changes to its approach to the customer satisfaction survey this year, including sending a personalised email from the GM Operations to the ‘top tier’ of participants (the four largest generators). The system operator got a response from all of the four largest generators, but only got a 15 per cent response rate overall. The Authority considers that the system operator could do more work on improving meaningful participation in the customer satisfaction survey.
- The Authority recommended in last year’s system operator performance review that next year’s self-review include more insights and detail on how the system operator plans to continually improve. The system operator changed the structure of its self-review in response to this recommendation. As noted above, the current self-review is structured around key aspects of the system operator’s service delivery, while previous self-reviews were structured around the system operator’s strategic goals.

4. SRC feedback is valuable

- 4.1 The Authority appreciates feedback from SRC members on any aspects of system operator performance that they may wish to comment on, even if it is not included in either the system operator’s or the Authority’s reviews.
- 4.2 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 of 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.

Questions for the SRC to consider

- 4.3 The SRC may wish to consider the following questions.

Q1. Does the SRC wish to highlight any specific aspects of the system operator’s performance as strengths or having markedly improved?

² SRC minutes for meeting 25 (held Wednesday 24 October 2018), item 7.4.

- 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 2018 – 30 June 2019 (Appendix A)
- Indication of preliminary content of Authority's annual review of system operator performance, for the period 1 July 2018 – 30 June 2019 (Appendix B).

Postscript: The reports received by the SRC were not the final versions. The final 2018/19 versions of the system operator's self-review and the Authority's annual review will be available from <https://www.ea.govt.nz/operations/market-operation-service-providers/system-operator/annual-systemoperator-reviews-and-assessments/>