

Meeting Date: 12 May 2020

ELECTRICITY PRICE REVIEW: A REVIEW OF SECURITY AND RESILIENCE

SECURITY
AND
RELIABILITY
COUNCIL

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

Electricity Price Review: A review of security and resilience

1. The Authority will engage with the SRC as part of the review in 2020/21

1.1. As previously discussed with the SRC, the Government recommended a review of the security and resilience of the electricity industry. Subsequently, the Minister of Energy and Resources wrote to the Electricity Authority (Authority) formally setting out expectations for recommendations arising from the Electricity Price Review.¹ The letter noted that the review of security and resilience is in scope for the Authority.

1.2. At the 12 March 2020 meeting of the SRC, Authority staff:

- a) gave oral advice about the resourcing options under consideration and the possible implications for timing of the security and resilience review
- b) introduced the staff member charged with leading the review
- c) acquired an action from the SRC to prepare a paper for the 12 May 2020 meeting “to present the scope of the [security and resilience] review and process (including the viability of an SRC sub-committee)”.

Due to COVID-19 response, the scope of the review has not been developed

1.3. Since the 12 March 2020 meeting, the staff member charged with leading the review has been assigned to work on the Authority’s response to the COVID-19 pandemic. The Authority made an undertaking with the Minister of Energy and Resources that the review would commence in the coming financial year (starting on 1 July 2020). That expectation will still be met.

1.4. However, the SRC’s action for a paper describing the scope of the review has not and cannot be met at this time.

1.5. It is likely that the first paper, on scope, will be available for the 6 August SRC meeting.

There are two reasonable options for achieving the intent of a sub-committee

1.6. The secretariat has explored the viability of an SRC sub-committee.

1.7. The secretariat understands that:

- a) the purpose of the sub-committee is to enable more regular engagement between the review project team and the SRC without placing an undue burden on all of the SRC members
- b) the intention of establishing a sub-committee was not to provide formal advice to the Authority but to give guidance to the project team between key milestones that would be advised on by the full SRC

¹

The 5 December 2019 letter from Minister Woods is available from <https://www.ea.govt.nz/dmsdocument/26338-5-december-2019-letter-of-expectation-from-the-minister-of-energy-and-resources>

- 1.8. The secretariat considers there are two different ways to achieve the above purpose:
- a) request the Authority appoint a subset of SRC members to a working group
 - b) a subset of SRC members attend workshops run by the project team for the review of security and resilience.
- 1.9. The key features and advantages of the two options are set out in the following table.

Table 1: Features and advantages

Working group	Attendance of project workshops
More formal (give written advice, keep minutes, achieve quorum)	More informal
Chaired by an SRC member	Chaired by the Authority's project team
Fixed membership	Fixed, variable or rotating attendance provides more flexibility (though the project team would not refuse any SRC member that wanted to attend)
Can provide formal advice to either the SRC or directly to the Authority Board	Must not conduct any formal SRC business
Established under section nine of the SRC's terms of reference ² , with agreement from the Authority's Chief Executive (as the "relevant Authority representative")	So long as members do not conduct formal SRC business, or operate in a way that prevents other SRC members from seeing substantive correspondence, then this is enabled by section 20(4) of the Electricity Industry Act 2010
The SRC working group controls when and how frequently the working group meets	The project team controls when workshops are held, though this would be heavily influenced by their desire to get high-quality engagement with the SRC attendees

- 1.10. Given the secretariat's understanding of the purpose, it recommends the more informal option of individual SRC members attending project workshops.

2. Questions for the SRC to consider

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

- Q1. What further information, if any, does the SRC wish to have provided to it by the secretariat?**
- Q2. What advice, if any, does the SRC wish to provide to the Authority?**

²

Available from <https://www.ea.govt.nz/development/advisory-technical-groups/src/charter-and-terms-of-reference/>