

MINUTES

Meeting number: 32

Venue: Business Energy Council, L6, JacksonStone House, 3-11 Hunter Street, Wellington Central

Time and date: 9.37 am until 3.35 pm, Wednesday, 6 August 2020

Members Present

- Hon Heather Roy (Chair)
- Barbara Elliston
- Vince Hawksworth
- Nanette Moreau
- Greg Skelton
- Gretta Stephens (by videoconference)
- Nathan Strong
- Guy Waipara (by videoconference)

Apologies

- Tracey Hickman

In attendance

Name	Title	Agenda item # attended
<u>Electricity Authority (Authority):</u>		
James Stevenson-Wallace	Chief Executive	#12 (from 1.36 pm-1.46 pm)
Ilana Miller	General Manager Market Performance (Acting)	#2-14 (from 9.51 am–11:50 am and 2.43 pm–3.35 pm)
Grant Benvenuti	Manager Market Operations	#2-14 (from 9.51 am–3.35 pm)
Callum McLean	Senior Adviser Market Operations	#2-14 (from 9.51 am–3.35 pm)
Holly Attwood	Market Operations Coordinator	#2-10 and #12-14 (from 9.51 am–11.50 am and from 1.36 pm-3.35 pm)
James Tipping	Chief Strategy Officer	#2-14 (from 9.51 am–3.35 pm)
Doug Watt	Manager Market Monitoring	#10 (from 11.34 am–11.50 am)
Joey Au	Principal Adviser	#12-14 (from 1.36 pm–3.35 pm)

The meeting opened at 9.37 am

1. Members-only session

- 1.1. The Chair welcomed members to the thirty-second meeting of the Security and Reliability Council (SRC). A quorum was established.
- 1.2. The members discussed their priorities for the meeting.

Ilana Miller, James Tipping, Grant Benvenuti, Callum McLean and Holly Attwood joined the meeting at 9.51 am

2. Attendance and apologies

- 2.1. The Chair noted apologies received from Tracey Hickman and facilitated introductions amongst those present.

3. Changes to disclosure of interests

- 3.1. The Chair reviewed the interests register. The Chair noted she had received updated interests from Barbara Elliston and Gretta Stephens.
- 3.2. The Chair approved members to act despite those declared interests.

4. Minutes of previous meeting

- 4.1. The minutes of the 12 May 2020 meeting were accepted as a true and accurate record, subject to one amendment. Paragraph 8.3(c) is to be amended to reflect that no payments were made.

Greg Skelton moved, Barbara Elliston seconded

5. Correspondence

- 5.1. The Chair gave an overview of the correspondence.

6. Action list and updates

- 6.1. The secretariat summarised the action list and updates, and invited questions from the members. There were none.

7. Register of top security and reliability risks

- 7.1. The Chair facilitated comments from members and attendees.
- 7.2. Members' comments included:
 - a) Multiple members were concerned about the social and economic impact of COVID-19, should there be another outbreak and the industry's preparedness for this. COVID-19 has impacted the industry's access to international expertise.
 - b) Cyber risk remains a significant and persistent threat with a rising number of high-profile attacks. Members were unsure how well the industry is prepared.
 - c) Members were concerned with lack of visibility on gas production and demand, and the impact large changes in these could have on reliability (through generation adequacy and distribution network management) and could impact orderly market performance.
 - d) The management of significant shifts in demand including the exit of large players in the market such as Tiwai closure is a significant challenge. One of the key challenges is many consumers' price expectations from a Tiwai closure are likely unrealistic.
 - e) The economics of solar are continuing to improve. Even without a subsidy, solar growth could be difficult for networks to manage. The industry is underprepared if a subsidy were to be put in place.
 - f) The risk of coincident risks is recognised but largely unexplored by the SRC. Members want to assess the possible impact of multiple events

happening simultaneously (such as a natural disaster while in COVID-19 lockdown.

1. Action: Secretariat to assess the impact of coincident risks and include this analysis by the March 2021 version of the risk register.

7.3. Attendees commented that:

- a) SRC concerns of COVID-19 impacts if a 'second wave' occurs are valid, adding that rising levels of consumer debt and its effect on retailers and distributors are part of the overall impact.
- b) New in-home technology and distributed energy resources are being created at considerable pace, however cyber-security may not be a key focus during development.

8. Gap analysis of the Electricity Industry response to COVID-19

8.1. The secretariat introduced the paper as a prompt for discussion.

8.2. Members commented:

- a) New Zealand was very fortunate to have a relatively short lockdown period. Members questioned if the country went into a prolonged state of lockdown in the future, would businesses be able to sustain a financial and technical response? During level 4 there was a very restricted high priority list of work approved, meaning other priority work was backlogged. A considerable amount of money and resource would be required to manage the impacts of a second level four lockdown.
- b) Consumers' ability to pay is a significant risk and would have implications for the market, especially in the retail sector, which would flow onto distributors ability to fund asset maintenance.
- c) There is unwillingness (and sometimes an inability) to disconnect consumers during these times due to debt, therefore creating a larger financial impact.
- d) It was noted that a range of companies across the industry did hold regular meetings and discussions during level four to share information on how they were dealing with issues. Oversight of what's happening in the industry is key during these times (for coordination and reporting, not to direct activities), to ensure connectedness and that any Commerce Act (competition) issues were avoided.
- e) For the group of generators, the main lesson was the usefulness of working collaboratively, not necessarily in the individual issues and decisions dealt with as these would change if there was another lockdown.
- f) Access to personal protective equipment was difficult during lockdown and the industry was not high on the priority list.
- g) Access to COVID-19 testing was also a big issue. There is a requirement for better access to regular testing in key teams (such as control room operators).

- h) Industry representative groups should be encouraged to share lessons with their peers.

8.4 Attendees commented that:

- a) The Authority led industry working group gave good collaboration and discussion mainly from the retailers' perspective. Discussion with other groups had also occurred and it was noted that distributors were engaged with grid security.
- b) The Authority should prompt companies to work collaboratively again, should the country go back into level four.

9. Transpower's communication of reduced security and outages

9.1. The secretariat introduced the paper and invited discussion.

9.2. The SRC discussed:

- a) Generally, for planned and unplanned outages, the communication has significantly improved.
- b) There still is a gap where a planned outage needs to change partway through the work. There does not seem to be a process for taking a step back and deciding if the work needs to be stopped and re-planned or if it should continue, and if continuing, what the communication strategy is.
- c) Some members were concerned there was little opportunity for impacted customers to be involved in the re-planning process, especially if they were concerned at the new situation. This appears to be different from the original planning process where the impacted customers are integral to the process
- d) When an issue arises partway through a project it is important that the grid owner appropriately balances the cost and impact to itself against the potentially significant impact to the community (including affected distributors and local business) if there is a loss of supply.

9.3. It was agreed there is no need to ask Transpower for further clarification.

2. Action: The secretariat will assess the discussion and generate draft advice for the members to comment and edit.

Doug Watt joined the meeting at 11.34 am

10. Measures of reliability

10.1. Doug Watt introduced the paper and gave a potted history of its development over time.

10.2. The SRC:

- a) Discussed the various measures presented and complimented the market monitoring team for the work that goes into compiling the report.
- b) Noted the industry appears to be in good shape, and also noted that the report is backward looking and cannot forecast future reliability issues (especially major issues such as the Penrose fire).

- c) Agreed future reports should include a section that gives an overall view of the trends observed by the various measures, and gives an opinion on the overall health of reliability.

The meeting adjourned at 11.50 am

11. Discussion with the Electricity Authority Board

- 11.1. The SRC met with the Authority Board.

The meeting reconvened at 1.36 pm, without Ilana Miller but with Joey Au and James Stevenson-Wallace.

12. Strategy and priorities working session (including summary of Electricity Price Review: A review of security and resilience)

- 12.1. The SRC met with the Authority Board.
- 12.2. James Stevenson-Wallace described:
 - a) the status of the current appointment process for the Authority Board
 - b) the standard of advice the Authority is seeking from the SRC. In particular, robust and challenging advice on the matters of most consequence, and bringing the independent perspective to its advice
 - c) to support that type of advice, the SRC work programme may need to focus on fewer, chunkier themed items on each meeting agenda.

James Stevenson-Wallace left the meeting at 1.46 pm

- 12.1. James Tipping, the Electricity Authority's Chief Strategy Officer, introduced the session.
- 12.2. The SRC broke into groups to discuss 'Given the changing external environment, and the work underway by other parties, where can the SRC have the most impact to drive trust and confidence in the sector?' and 'How do we know what those priorities are?'

Ilana Miller re-joined the meeting at 2.43 pm

- 12.3. The subgroups compared their top five impactful actions.
- 12.4. The secretariat undertook to capture the content.

- 3. Action:** The secretariat will distil the themes and circulate amongst the SRC members for consideration in advice to the Authority and future development of the SRC's work programme.

13. The SRC's future work programme

- 13.1. The SRC briefly discussed their future work and programme, noting the prior agenda item would be an input to changes in the work programme.

- 4. Action:** The secretariat to work with the Chair to amend the programme.

14. Summarising the SRC's members' survey

- 14.1. The Chair thanked the members for their responses to the survey and undertook to meet with the SRC secretariat to discuss the results and opportunities for improvement.
- 14.2. The Chair thanked Callum McLean for his contribution to the SRC's secretariat over the past eight years.

The meeting ended at 3.35 pm