

Meeting Date: 6 August 2020

MEETING WITH THE ELECTRICITY AUTHORITY BOARD

SECURITY AND RELIABILITY COUNCIL

The Security and Reliability Council (SRC) are meeting with the Electricity Authority Board on 6 August 2020. During the formal part of that meeting, they are due to discuss: the Electricity Authority's strategy reset; feedback on advice; the performance of the system operator; priority issues the Electricity Authority would like the SRC to consider.

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

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Meeting with the Electricity Authority Board

Background

This paper provides information to support the SRC with its meeting on 6 August 2020 with the Electricity Authority (Authority) Board. It summarises the key issues the SRC are likely to discuss with the Board. In addition, it includes biographical profiles of the Authority Board members (Appendix A).

Agenda

The SRC and the Authority Board will meet for 45 minutes of formal meeting time before breaking for lunch and having another half hour of informal discussions while mingling.

The agenda for the half hour of formal meeting time is set out in Table 1 below.

Table 1: Agenda for joint meeting of the Authority Board and SRC

#	Agenda item
1	The strategy reset and alignment with future SRC work
2	Feedback on the advice provided by the SRC
3	Performance of the system operator - opportunity for candid feedback
4	Priority issues the Board wishes the SRC to consider

With only 45 minutes of formal meeting time and over fifteen attendees, the above is an ambitious agenda. The 2019 meeting of the SRC and the Board was quite free-ranging, and the Board valued the conversation.

The strategy reset and alignment with future SRC work

The Chief executive will give a brief high level overview of the key points of the Authority's new strategy. The new strategy will be the subject of his presentation to Downstream on Tuesday 4th August. There is then an opportunity for the Board to discuss with the SRC any messages or themes the Board would like the SRC to take particular notice of.

Feedback on the advice provided by the SRC

An opportunity created by this meeting is for the Board to give the SRC any feedback on the quality or timeliness of the SRC's advice. It is also an opportunity for the SRC to give the Board any feedback on the quality or timeliness of the Board's responses. As such, SRC members should be prepared to give any feedback to the Board.

Performance of the system operator - opportunity for candid feedback

The meeting with the Board is an opportunity for SRC members to share any candid views with the Board about the performance of the system operator.

Priority issues the Board wishes the SRC to consider

This discussion topic is a placeholder for whichever topics the Board members are interested in SRC advice on.

Authority 2020/21 interim work programme items with implications for security/reliability

The Authority has published an interim work programme for 2020/21. It has 18 projects listed. Below are the six projects that moderately or strongly promote reliable supply of electricity. The SRC may wish to give feedback on the merits of individual projects and/or the overall suitability of the work programme to maintain or enhance power system reliability. Of the projects on the Authority's work programme, six (see Table 2) have a significant link to power system security and reliability.¹

Table 2: 2019/20 work programme projects with significant links to reliability

#	Project name	Description	Link to reliable supply
1	Improve availability of wholesale market information (EPR recommendation D1).	To review the current information disclosure rules to identify gaps or areas for improvements (such as information on thermal fuel supplies).	If timely information is not available, options to meet peak demand may be ruled out with some risk of non-supply.
2	Examine the security and resilience of the electricity sector (EPR recommendation G2).	Investigate and report back on the impacts of technology and other changes on the long-term security and resilience of New Zealand's electricity supply.	Is explicitly about reliability.
3	Extended reserve implementation.	Review the current automatic under-frequency load shedding arrangements to safeguard electricity supply in the event of a significant disruption to the grid.	Involves a change from the current two-block automatic under-frequency load shedding to a more granular four-block arrangement to improve reliability.
4	Transmission pricing methodology implementation.	To implement the new transmission pricing methodology guidelines.	These three projects will all have significant impact on the efficiency of price

¹ The Authority's 2020/21 work programme is available from <https://www.ea.govt.nz/about-us/strategic-planning-and-reporting/our-work-programme/>

#	Project name	Description	Link to reliable supply
5	Spot market settlement on real-time pricing (implementation).	Implement the service provider systems changes needed for real-time pricing so that spot prices are calculated and published in real-time.	signals. Changes to price signals should have significant impact on peak demand and aggregate consumption of electricity, as well as incentives for supply-side investment. All of those impacts will have consequences on reliability of supply.
6	Distribution price monitoring.	Monitoring distributors' adoption of more efficient prices following the distribution pricing review.	

The following two projects are not on the 2020/21 interim workplan but are on the list of potential projects for the second half of 2020/21 or following years.

1	Participation of new generating technologies in the wholesale market.	These two projects have some potential to improve competition in the generation market by removing undue barriers to entry and exit. That could have an impact on reliability. That impact might be a modest positive impact on nationwide reliability, and/or a negative impact on reliability on low-voltage networks (if new technologies are not well integrated into the power system and associated markets).
2	Are there barriers to renewables in the wholesale market?	

Questions for the SRC to consider

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?**

Attachments

The following item is included as an attachment to this paper:

- Biographical profiles of the Authority Board members (Appendix A)

Appendix A: Biographical profiles of the Authority Board members

Biographical profiles of the Authority Board members are set out below.

Dr. Brent Layton (Chairperson)



Dr Layton is a former senior fellow and chief executive of the New Zealand Institute of Economic Research (NZIER).

He has been a director or chair of organisations in sectors as diverse as banking and finance, health, scientific research, electricity, food processing, transport and information technology.

As a consultant prior to joining the Authority, Dr Layton's work has spanned macro and microeconomics and corporate finance. Much of his work has involved regulatory economics and responses to regulatory change.

In 2009, Dr Layton chaired the Ministerial Review of the governance and performance of the electricity market.

Susan Paterson ONZM



Susan is a pharmacist and MBA graduate from London Business School.

She has senior management experience in a number of companies in New Zealand, and during a decade in the USA and Europe, where she was also a strategy consultant with Boston-based Index Group.

Susan was project director for the Wholesale Electricity Market development Group (WEMDG) in the early 90s, a director of EECA and spent over 8 years on the Transpower Board from 1999.

Susan has many years' board experience and holds a number of directorships and board positions. Current board roles include:

- Chair of Theta Systems Ltd
- Chair of the Home of Cycling Charitable Trust
- Chair of Steel and Tube Holdings Ltd
- Goodman Property Trust
- Les Mills NZ Ltd
- Sky Network TV Ltd
- Arvida Group Ltd
- Tertiary Education Commission
- NZ Golf

Allan Dawson



Allan is the current Customer Manager for New Zealand Trade and Enterprise.

He was formerly the Chief Executive for the Independent Market Operator in Western Australia, and the Energy Market Company in Singapore, and worked on the development of New Zealand electricity industry rules and arrangements in the 1990s.

He has chaired the Association of Power Exchanges, and two bodies in Western Australia: the Market Advisory Committee for the Wholesale Electricity Market and the Gas Advisory Board.

He brings strong governance, leadership, communication and relationship management skills, and experience in roles that directly interface with energy regulators.

Sandra Gamble



Sandra is currently a non-executive director, with roles as an Independent Advisor to the Audit and Risk Committee at Sydney Metro, and Director of the Woodville Alliance, as well as Chair of its Audit and Risk Committee.

She was formerly the General Manager for Business Strategy and Resilience for the Sydney Water Corporation, where she held various committees Chair and Executive Convenor positions, and a director of Save the Children Australia.

She is an electrical engineer with significant experience working in the energy and water sectors, and brings strong leadership, communication and relationship management skills.

Mark Sandelin



Mark Sandelin is a Partner at law firm Mills Lane Chambers. He has over 30 years' experience as a commercial litigator.

He also has significant corporate governance experience having served on the MinterEllisonRuddWatts Board for 16 years (6 years as Executive Chair). Mark is also Deputy Chair of Fairway Resolution Ltd which is a crown owned entity.

He is Deputy Chair of Auckland Grammar School and has been on the Board for the past 7 years.

Lana Stockman



Lana has recently returned to New Zealand from Australia, where she was Vice President Regulation at Aurizon Network, a top-50 ASX listed company offering rail and road based freight and infrastructure solutions. She was also a General Manager at Energy Australia, a board member of the Electricity Retailers Association of Australia, and a member of the Ministerial Advisory Council on smart meters in Victoria.

Lana also has experience in the New Zealand electricity industry, including as an advisor to the Electricity Authority and its predecessor. She is degree qualified in both engineering and finance and coupled with a broad energy market experience, brings fresh thinking, and strong leadership, communication and relationship management skills.