

MINUTES

Meeting number: 33

Venue: Boardroom, The Electricity Authority, Level 7, 5 Hunter Street, Wellington Central

Time and date: 9.29 am until 3.06 pm, Thursday, 22 October 2020

Members Present

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

Apologies

- Vince Hawksworth

In attendance

Name	Title	Agenda item # attended
<u>Electricity Authority (Authority):</u>		
James Stevenson-Wallace	Chief Executive	#6-10 (from 10.17 am-12.53 pm)
Andy Doube	General Manager Market Design	#4-14 (from 9.45 am-3.06 pm)
James Tipping	Chief Strategy Officer	#13-14 (from 2.14 pm-3.06 pm)
Grant Benvenuti	Manager Market Operations	#6-14 (from 9.55 am-3.06 pm)
Callum McLean	Senior Adviser Market Operations	#4-14 (from 9.45 am-3.06 pm)
Nicole Gagnon	Advisor Market Operations	#1-2 and #4-14 (from 9.29 am-9.34 am and from 9.45 am-3.06 pm)
Sarah Hughson (by videoconference)	Assistant Advisor Market Operations	#4-14 (from 9.54 am-3.06 pm)
Holly Attwood	Market Operations Coordinator	#1-2 and #4-14 (from 9.29 am-9.34 am and from 9.45 am-3.06 pm)
Chris Otton	Senior Advisor Market Design	#4-14 (from 9.45 am-3.06 pm)
Joey Au	Manager Retail and Networks Markets	#13 (from 2.14 pm-3.06 pm)
<u>Other:</u>		
Jonathon Pawley	Engagement Manager, National Cyber Security Centre	#8-11 (from 10.27 am-2.13 pm)
David Godfrey	Chief Information Officer, NZX	#8 (from 10.30 am-11.07 pm)
Tim Chadwick	Energy Operations Manager, NZX	#8 (from 10.30 am-11.07 pm)
Ken Belke	Head of Energy IT, NZX	#8 (from 10.30 am-11.07 pm)

Name	Title	Agenda item # attended
Darren Reynolds	Consulting Practise Manager, InPhySec	#9 (from 11.18 am–12.18 pm)
Stephen Jay	General Manager Operations, Transpower	#9-10 (from 11.18 am– 12.53 #12 (from 2.13 pm–2.25 pm)
Paul Hume	Chief Security Officer, Transpower	#9-10 (from 11.18 am–12.53 pm)

The meeting opened at 9.29 am.

Nicole Gagnon and Holly Attwood joined the meeting at 9.29am.

1. Attendance and apologies

- 1.1. The Chair welcomed members to the thirty-third meeting of the Security and Reliability Council (SRC). A quorum was established.
- 1.2. The Chair noted a change in the agenda order to ensure compliance with the Crown Entities Act.
- 1.3. The Chair noted apologies received from Vince Hawksworth.

2. Changes to disclosure of interests

- 2.1. The Chair reviewed the interests register and noted there had been no changes disclosed.
- 2.2. The Chair approved members to act despite those declared interests.

Nicole Gagnon and Holly Attwood left the meeting at 9.34am.

3. Members-only session

- 3.1. The members discussed their priorities for the meeting.

Callum McLean, Nicole Gagnon, Holly Attwood, Sarah Hughson, Andy Doube and Chris Otton joined the meeting at 9.45 am.

4. Minutes of previous meeting

- 4.1. The Chair welcomed the new secretariat joining the meeting and facilitated introductions amongst those present.
- 4.2. The minutes of the 6 August 2020 meeting were accepted as a true and accurate record, subject to one amendment. Paragraph 8.4 is to be amended to reflect that distributors were engaged with grid security and discussion with other groups had occurred.

The Chair moved; Greg Skelton seconded. All members approved.

5. Correspondence

- 5.1. The Chair gave an overview of the correspondence.
- 5.2. Members informed the Chair in relation to Wellington's exposure to grid n-security risks in March 2019. Transpower had not re-energised the second circuit overnight as noted in the letter to the Authority. Therefore, the letter of advice resulting from the 6 August 2020 meeting of the SRC requires updating on page two, paragraph four.

- 5.3. It was noted this letter had been sent to the Authority Board and does not need to be resent but should be updated on the Authority's website.

1. Action: Secretariat to check the letter of advice resulting from the 6 August 2020 meeting of the SRC published on the website and amend paragraph four of page two, to include the word 'not' before 're-energised'.

Grant Benvenuti joined the meeting at 9.55 am.

6. Action list and updates

- 6.1. The Chair summarised the action list and noted the majority of these had been completed. Numbers eight and eleven remain, with eleven being discussed in this meeting.
- 6.2. Members commented that in paragraph 1.6.5 human error was noted as the cause of a reported event by the system operator. Members queried whether this should be a process error and would discuss this with the system operator during agenda item 12.

James Stevenson-Wallace joined the meeting at 10.17 am.

7. Register of top security and reliability risks

- 7.1. The Chair facilitated comments from members and attendees.
- 7.2. Members' comments included:
- a) The list carried over from the previous meeting gives a good representation of member concerns, especially for short-term risks.
 - b) Cyber risk remains a significant and persistent threat as seen with the recent DDoS attacks on NZX. There was some disappointment with the level of response to the recent cyber security survey.
 - c) What is the industry's preparedness for handling a combination of events such as COVID-19 plus cyber and geopolitical risk?
 - d) In the short-term, availability of gas is a cause of concern. It was noted getting suppliers to agree contracts has proved difficult as suppliers do not have confidence about getting supply over the contracted period. Recently, that difficulty in sourcing sufficient gas is a major reason behind the high coal usage.
 - e) The recent election results were raised as a point of interest, including the incoming Government's goal of becoming 100% renewable by 2030.
 - f) Hydrology is also an area of concern for members. Questions were raised around the market structure and whether this will change to support a move to non-thermal price setting (if this happens). This needs to be well thought through. There is uncertainty around this topic at present.
 - g) What the impact of another COVID-19 outbreak would be on specialist resources for the industry. There is a risk New Zealand would not have

access to enough specialists causing a backlog of issues which would continue to grow, taking longer to resolve.

- h) The climate change challenge falls into the long-term category. Members suggested the Climate Commissioner's office is invited to join one of next year's meetings to discuss.

7.3. Attendees comments included:

- a) Agreeing with the concerns raised by members around political and environmental factors.
- b) Concerns around potential for un-forecasted government schemes and what impact this could have on current investments. Could this cause projects to be delayed? Consumers have high expectations for immediate and uninterrupted services. If delays or blackouts occur, there could be some consumer backlash towards the industry.
- c) Discussion on S8: unreliable social media commentary impacting on assets or personnel in the industry and clarification on its intent. Anecdotally, during some recent high-profile cyber incidents, the perpetrators were reacting to media coverage therefore this should be managed or carefully considered before talking to the media.

2. Action: Secretariat to investigate inviting the Climate Commissioner's office to an SRC meeting in 2021.

3. Action: Secretariat to make the following changes to the table "Top security and reliability risks":

- a. review S8: unreliable social media commentary impacting on assets or personnel in the industry and clarify if necessary
- b. add a new long-term risk regarding the generation market structure not reacting to physical structural change, reducing the investment incentives, eg pumped hydro, thermal decommissioning.
- c. add a new persistent risk regarding availability of obtaining sufficient gas supply may limit gas fired thermals.

Callum McLean and Jonathon Pawley joined the meeting at 10.27 am

David Godfrey, Ken Belke and Tim Chadwick joined the meeting via videoconference at 10.30am

8. NZX presentation on recent cyber-security incidents

- 8.1. The Chair welcomed representatives from NZX to the meeting and invited NZX to present.
- 8.2. The NZX representative gave a confidential overview of events during the recent cyber-attacks NZX encountered.

- 8.3. The Chair thanked NZX for their time and noted this is very valuable information for the SRC to consider when giving advice to the Authority.

Gretta Stephens, David Godfrey, Ken Belke and Tim Chadwick left the meeting 11.07 am.

The meeting paused for a short break at 11.07 am.

Darren Reynolds, Stephen Jay and Paul Hume joined the meeting at 11.18 am.

The meeting recommenced at 11.18 am.

9. Cyber-security management of the electricity industry and discussion (survey results)

- 9.1. An Authority attendee introduced the paper and invited the representative from InPhySec to present.
- 9.2. The InPhySec representative gave a confidential anonymised overview of the participant survey and noted a further seven responses had been received however these did not have a significant impact on the previous results.
- 9.3. Members agreed submitters should receive feedback to show where they rank compared to other submitters.

Darren Reynolds left the meeting at 12.18 pm.

10. Transpower's cyber-security management

- 10.1. The Chair introduced the representatives from Transpower and invited them to take the members through the confidential presentation.
- 10.2. Transpower representatives also explained the details around the next GridEx exercise (GridEx VI) and noted many other companies could benefit from taking part in this exercise. The Transpower representatives considered there would be benefit in the Authority and SRC not only assisting but encouraging attendance from other organisations.
- 10.3. Transpower representatives also stated they would like the SRC to encourage greater membership by industry participants of CSSIE as this allows for better information sharing. It was noted that membership is voluntary and participants would not need to attend all meetings.

Paul Hume, Stephen Jay, and James Stevenson-Wallace left the meeting at 12.53 pm.

The meeting broke for lunch and reconvened at 1.23 pm.

11. Cyber-security session wrap-up

- 11.1. The Chair introduced the agenda item and invited the NCSC representative to start the discussion.
- 11.2. The NCSC representative reflected on the cyber-security agenda items presented and provided confidential advice to the SRC.
- 11.3. The NCSC representative noted there is value in participants joining the CSSIE and observing or attending GridEx VI.

Jonathon Pawley left the meeting at 2.13 pm.

Stephen Jay, James Tipping and Joey Au joined the meeting at 2.13 pm.

12. Annual review of system operator performance

- 12.1. The Chair introduced the Transpower representative and invited him to start the discussion.
- 12.2. The Transpower representative gave an overview of the annual system operator's performance, stating it has been a good year overall with some areas to improve.
- 12.3. The Transpower representative noted that he was looking to focus the system operator's resources on the right items and to better manage project costs and timeframes.
- 12.4. Members noted they would like to see additional stretch targets in the system operator dashboard and strategic elements. Authority staff confirmed the metrics have evolved over time and stretch has been included as the system operator's performance has improved.
- 12.5. Members raised the question brought up earlier in the meeting, with regard to paragraph 1.6.5 in the executive summary of the Hutt Valley and Wairarapa region outage and the statement that there was an instance of human error. The Transpower representative noted he was not familiar with this exact situation but advised of the steps taken in other scenarios and explained these steps would have also taken place for the Hutt Valley and Wairarapa region outage.

Stephen Jay left the meeting at 2.25 pm.

- 12.6. Members reflected on the session with the system operator and agreed the system operator is generally performing to a high standard. Members noted there was concern about Transpower project delivery targets with room for improvement in this area.
- 12.7. The SRC agreed there is value in knowing what did not go well and the lessons learned but self-assessments tend not to focus on issues in this way, perhaps due to the way incentives operate.
- 12.8. Members queried why the annual self-review had no mention of the Hutt Valley and Wairarapa region outage. Authority staff confirmed that although the event occurred within the reporting period, the report was delivered after the close of the reporting period. The system operator's performance in this matter is expected to be included in next year's report.¹

13. Review of the strategy document and impact on the work programme

- 13.1. The Chair introduced Authority representatives and invited them to start the discussion.

¹

After the 22 October 2020 SRC meeting, it was noted the system operator would not have been involved in determining the relevant processes associated with the work leading up to the event. This has been addressed in the correspondence from the Authority to the SRC Chair dated 7 December 2020.

- 13.2. The Authority staff representative recapped on the risk and strategy session at the previous meeting and went through the five themes created from that session. The Chair invited members to review the themes from the last strategy session. All members agreed this was a fair and accurate representation of discussions on the day.
- 13.3. Members noted the Authority has suggested including in the SRC strategy themes “action being taken in relation to climate change mitigation and adaptation, particularly with regards to network investment”. Members agreed this should be included in the strategy and future work plan.
- 13.4. The Authority representative updated the current state of G2 with members and outlined the G2 programme including timelines for SRC involvement.
- 13.5. The Chair confirmed G2 to be included as an agenda item in February 2021 meeting.

4. Action: Secretariat to include a session on G2 at the first SRC meeting in 2021.

Nathan Strong left the meeting at 2.41 pm.

14. The SRC’s forward work programme

- 14.1. Members discussed the forward work programme and agreed it would be structured into themes for meetings in 2021.
- 14.2. Members discussed the meeting dates for 2021, noting there was a Commerce Commission consultation closing in late March which the SRC should consider providing comment on.
- 14.3. It was also noted the Q3 meeting needs to be scheduled with regard to the Authority Board meeting. All agreed to schedule the SRC meeting either the day before or after the Authority Board meeting.
- 14.4. The Chair noted the themes should be included in SRC forward work programme planning where possible and as a result there would be some changes to the work programme.

5. Action: Secretariat to review the forward work programme and provide the Chair with an updated work programme incorporating the strategic themes.

The meeting ended at 3.06 pm.