

25 November 2020

Dr Nicki Crauford  
Electricity Authority Chair  
Electricity Authority  
PO Box 10041  
Wellington 6143

Dear Nicki

## Advice resulting from the 22 October 2020 meeting of the SRC

The Security and Reliability Council (SRC) is tasked with providing the Electricity Authority (Authority) with independent advice on the performance of the electricity system and the system operator, and reliability of supply issues.

The SRC considered and discussed four papers at its 22 October 2020 meeting. This letter is the SRC's advice arising from two of those papers. The SRC has provided a separate letter about the confidential cyber-security papers it received.

### Annual review of system operator performance

An Authority staff member provided a paper on the annual review of the system operator's performance. The Transpower representative also introduced its annual self-review of its performance.

The SRC's advice to the Authority is:

- the system operator is generally performing to a high standard, however there was room for improvement with project delivery targets
- the performance metrics and incentives regime should involve some stretch targets for the system operator and raise the performance standard over time
- the annual self-review should include the important insights the system operator took from its review of international power system events
- the annual self-review should better reflect on what didn't go so well and what the system operator learned from that
- Authority staff to follow up with the system operator about the Hutt Valley and Wairarapa region outage and ensure it is included in next year's annual review, as the system operator's report was completed after the review period ended.

## Review of the risk and strategy documents and impact on the work programme

Authority representatives provided an update on the outputs from the SRC's risk and strategy review that was facilitated by the Authority Chief Strategy Officer at the August 2020 meeting. The discussion focused on the impact on the SRC's work programme. This also included an update on the Electricity Price Review Programme G2 project and the likely SRC's involvement in that project.<sup>1</sup>

The SRC would like to thank the Authority for its work in facilitating the SRC's annual risk and strategy review, assisting with development of themes from the review for the SRC's work programme, as well as continuing to keep the SRC informed of progress on G2. The SRC considers it is valuable to continue being involved with G2 and looks forward to discussing it further in early 2021.

Yours sincerely



Hon Heather Roy  
**Chair of the SRC**

cc: SRC members, Grant Benvenuti (Authority)

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The G2 project will examine the security and resilience of the electricity sector. Further information is on the [Authority's work programme](#).

7 December 2020

Hon Heather Roy  
Chair  
Security and Reliability Council (SRC)

By email: [heatherjroy@gmail.com](mailto:heatherjroy@gmail.com)

Dear Heather

**Response to your letter of 25 November 2020**

Thank you for your letter of 25 November 2020 that gives the SRC's advice arising from its 22 October 2020 meeting. The Authority Board considered all of the advice at its 3 December 2020 meeting. On behalf of the Authority, I have responded below to the advice received.

**Annual review of system operator performance**

Our Board was pleased to hear the system operator is performing to a high standard. We are supportive of the SRC's advice for the Authority to pursue improvements with the system operator's project delivery targets and annual self-review. I have directed my staff to engage with the system operator to discuss the improvements required specifically relating to:

- planning and committing to project delivery dates
- providing some stretch targets to raise performance standard over time
- including in future annual self-reviews:
  - important insights the system operator took from its review of international power system events
  - to better reflect on what did not go so well and the lessons learned.

With regard to the SRC's advice to follow up with the system operator about the Hutt Valley and Wairarapa region outage, the Board considers this is outside of the system operator's jurisdiction. Any follow up sits with the grid owner and I have directed the secretariat to provide the SRC with the full incident report and further information from the grid owner.

**Review of the risk and strategy documents and impact on the work programme**

We look forward to continuing to work with the SRC to develop the SRC's work programme in conjunction with the SRC's risk and strategy renewal. The Authority also looks forward to the SRC's continued involvement in the Electricity Price Review Programme G2 project.

Yours sincerely



James Stevenson-Wallace  
Chief Executive

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