

ACTION LIST

The following are the current SRC actions for completion.

Action	Date for completion	Status
The secretariat to assess the impact of coincident risks and include this analysis in the risk register.	Aug-21	Not started due to resource availability , target completion for Feb 2021.
The secretariat to provide an update from the grid owner about the Hutt Valley and Wairarapa region outage.	Aug-21	In progress , not completed due to resource availability; pending further investigation.
The secretariat to invite the Climate Commissioner's office to an SRC meeting in 2021.	Oct-21	In progress , target for October 2021, to enable a meaningful update on Govt response to CCC report.
The secretariat to investigate providing <i>Diligent Boards</i> for SRC members	Aug-21	Completed. We can pass feedback on to the administrators
The secretariat to arrange a visit from MBIE to discuss the NZ Battery project	Aug-21	Completed. Verbal update and discussion this morning at agenda item 8
The secretariat to provide a list of complementary projects under G2.	Aug-21	Completed. Verbal update from the Authority's Chief Strategy Officer.
Secretariat to make seven changes to the table of top security and reliability risks	Ongoing	Requested changes made. This is Agenda item 7 but will be discussed at the strategy session – agenda item 10
The secretariat to provide regular updates to the SRC regarding the status of the hazards from trees regulations.	Ongoing	In progress. Awaiting discussion document from MBIE (second half of 2021 subject to cabinet approval)
The secretariat to organise a follow up cyber-security survey to be sent to participants.	Feb-22	In progress. The next survey will be initiated in September, for discussion at the February 2022 meeting.

1. Updates

This section provides information on matters that do not warrant a dedicated agenda item, such as updates on recent matters relevant to security and reliability that have previously been discussed by the SRC or published by the Authority.

1.1 Security of supply updates from the system operator

1.1.1 This subsection sets out security of supply information from the system operator, as set out in their quarterly report. For the most up to date information, please see the system operator's website¹.

1.1.2 From the system operator's April to June 2020-21 report:

As a result of material South Island inflows ahead of cold change on 11-12 May, and with further moderate inflows expected in catchment areas in mid-May, this took us to a position where we were unlikely to cross the 1% curve in the near term (outside of exceptional circumstances). As a result, we discontinued daily reporting to the industry on 18 May. Should the storage position return to within seven days of the 1% risk curve, daily reporting will resume.

The improving situation was helped from March to May by market response to the tight situation through improved coal supply chain, more efficient use of gas with a Nova/Contact tolling arrangement, small changes to the gas supply assumptions and an improved diesel supply chain to Whirinaki. In May, thermal generation improved with Huntly 5 returning to service. In addition, Genesis secured additional gas for this winter from Methanex and Ballance Agri-Nutrients. This meant the amount of gas available to electricity generators aligned with our thermal assumptions within the risk curves. In early June changes in gas demand at Huntly power station and Methanex's production site were evident as a result of the Methanex/Genesis deal coming into effect. This appears to have contributed (among other things) to a reduction in coal-powered thermal generation.

The national hydro storage position improved steadily throughout June and for the first time since late January, hydro storage conditions in the South Island returned to above the 10th percentile of historic storage positions. Although this is good news, storage levels are still lower than average for the time of year and we are still vulnerable to another low inflow sequence, asset failures, or any other combination of events. We continue to monitor the situation closely.

By the beginning of July, New Zealand hydro storage is 87% of average for the time of year. North Island storage is 47% of historical average (a significant improvement in North Island supply, as over this quarter North Island storage was as low as 21% of historical average). These increases were driven by above average winter inflows.

1.2 Authority releases decision paper on code changes to assist uptake in distributed energy resource connections

1.2.1 The Authority has released a decision paper outlining new hosting capacity requirements to support the uptake by consumers of installing small distributed

¹ <https://www.transpower.co.nz/system-operator/operational-information>

generation units in or on their homes, for example rooftop solar photovoltaic (solar PV) panels. For further information [click here](#)

1.3 Huntly trips twice but system stays above the under-frequency event threshold

1.3.1 [Energy News Link](#)

1.4 Improved gas availability

1.4.1 [Energy News Link](#)

1.4.2 [Scoop Business Link](#)

1.5 Recent Authority actions relevant to security and reliability

Information gathering

1.5.1 To effectively perform its important monitoring functions the Authority needs timely and accurate information. To ensure it receives this and keeps the transaction costs for all parties as low as possible, the Authority is consulting on proposed code amendments.

1.5.2 [Link to consultation paper](#)

Consumer care guidelines

1.5.3 The Authority has published an update on implementation activities for the new consumer care guidelines, which came in to force on 1 July. To assist all retailers to align with these new guidelines by 31 December 2021, the Authority has requested the Electricity Retailer's Association (ERANZ) develop a consumer care policy template. For more information, [click here](#).

Energy Storage systems as instantaneous reserve

1.5.4 The Authority has decided to amend the Code to enable some energy storage system (ESS) owners to offer injectable instantaneous reserve, as an additional reliability mechanism in the power system. The draft decision paper follows consultation in April. The draft code amendment requires a number of complementary changes to the ancillary services procurement plan. For more information, [click here](#).

1.6 Hydro inflows

1.6.1 Hydro inflows have increased, bringing North Island storage up from 23% in mid-June, to 58% at the start of July, and South Island storage up from 78% to 97% of average. Timely, given the decade-old peak demand record increased to 6924MW. [Energy News Link](#), [Authority Market Commentary](#).

1.7 Street-level low voltage monitoring

- 1.7.1 Orion's increased monitoring of its low voltage (LV) network is designed to support its increasing customer base and make sure it is ready for the wide-scale shift to electricity. The Commerce Commission's information disclosure requirements for reliability do not go down to the LV level: [Energy News Link](#), [Orion Asset Management Plan](#): more info on pages 12, 15, 111, 149, 233.

1.8 Government commits to national energy strategy

- 1.8.1 The government has committed to an approach that draws together all the streams of work together into a national energy strategy. It also committed to consulting with everybody on the issue, as to country moves toward decarbonisation: [MBIE](#), [Energy News Link](#)

1.9 Covid-19 industry response

The Authority expected to publish a report into the industry's experiences through the lock down period to ensure that lessons learned are socialised across all businesses and agencies. We expect this report will be published late July/early August 2021.

1.10 CCC final advice will outline several paths to decarbonisation

- 1.10.1 The CCC has acknowledged there is room for more bio-fuel sources in New Zealand's future energy mix. They also note there will be skills shortages in key areas and new technologies may be delayed or come sooner than anticipated: [Energy News Link](#)

1.11 Methanex shuts one unit to free up gas for electricity generation

Methanex, New Zealand's largest gas user has contracted with Genesis Energy to support the security of the electricity system: [Scoop Business](#), [RNZ](#), [GIC Media Release](#)

1.12 Letter of expectation from Minister of Energy and Resources

Ministers may issue letters of expectation. These are not statutory letters but provide guidance and set out the Minister's expectations for the Authority's governance and planning. [Link to Minister's letter](#).

1.13 Information gathering

The Authority seeks to understand consumers better by increasing the level of information it receives about the retail market. [Consultation Info](#), [Energy News](#).

