

Meeting Date: 4 August 2021

PURPOSE AND SCOPE OF NEXT
MEETING'S SUBSTANTIVE PAPERS

SECURITY
AND
RELIABILITY
COUNCIL

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

1 Purpose and scope of next meeting's substantive papers

1.1 This is the SRC's opportunity to provide verbal guidance for next meeting's substantive papers

- 1.1.1 The Security and Reliability Council (SRC) directed its secretariat to facilitate in all future SRC agendas information which would allow the SRC to provide expectations for the following meeting's substantive papers.
- 1.1.2 The purpose of this direction was to improve the efficiency and effectiveness of the secretariat's preparation of the substantive papers. If there is any particular context or SRC concerns/questions, these would be valuable to share with the secretariat.
- 1.1.3 The next meeting's substantive papers are:
 - a) Reliability and resilience of the gas industry
 - b) Security of supply annual assessment
 - c) Annual review of system operator performance
 - d) Draft report on dry year risk review.

1.2 Reliability and resilience of the gas industry

- 1.2.1 The secretariat considers the purpose of this paper is to:
 - a) assist the SRC to provide advice about the resilience of the gas industry against impacts of disruption on the longer-term outlook for security and reliability
 - b) ensure the SRC receives relevant information from and about the gas industry to increase its overall knowledge of the sector and support its advice to the Authority
 - c) give the SRC the opportunity to give feedback to the Authority on gas-related initiatives and their application to security and reliability in the electricity industry
 - d) give the SRC the opportunity to hear from and ask questions of gas participants relevant to the SRC's purpose
- 1.2.2 The SRC brought this paper forward in its work programme, due to the heightened impact of gas on security and reliability of the power system during dry years.

1.3 Security of supply annual assessment

- 1.3.1 The security of supply annual assessment (SoSAA) is Transpower's annual medium-term security of supply assessment. It provides a ten-year view of the balance between supply and demand in the New Zealand electricity system.
- 1.3.2 As noted in last year's edition¹:

¹ <https://www.transpower.co.nz/sites/default/files/bulk-upload/documents/Final%20SoS%20Annual%20Assessment%202020%20report%20AS%20PUBLISHED.pdf>

The assessment presents three margins that, together, cover the key security of supply risks for the New Zealand electricity system; the New Zealand and South Island Winter Energy Margins (WEMs) and North Island Winter Capacity Margins (WCMS). The energy margins assess whether it is likely that there will be an adequate level of generation and HVDC transmission capacity to meet expected electricity demand across the winter months. The capacity margin assesses whether it is likely there will be adequate generation and HVDC transmission capacity to meet peak winter North Island demand

1.3.3 The secretariat considers the purpose of this paper is to:

- a) guide the SRC on the relevant and essential reading parts of the system operator's Security of Supply Annual Assessment (SoSAA or assessment)
- b) Outline the assessment framework, including the security standards
- c) Summarise the findings of each year's assessment

1.3.4 However, due to the system operator's exemption until 31 October of its requirement to deliver the SoSAA it is likely the paper will still only be in draft form at that stage. The system operator has agreed to present at the October meeting how the work is developing and share an available draft for discussion.

1.4 Annual self-review of system operator performance

1.4.1 The Electricity Industry Participation Code 2010 (Code) requires the Authority to review the system operator's performance each year. In doing so, it must take account of a self-review that the system operator must perform each year under the Code.²

1.4.2 The SRC was given a specific mandate for system operator performance because of the information asymmetry that arises between the Authority and the system operator. The SRC receives the draft executive summary of the review, as this gives the appropriate level of detail. As a group with industry and consumer representation, the SRC can bring perspectives to the system operator's performance otherwise unavailable to the Authority.

1.4.3 The secretariat considers the purpose of this paper is to enable the SRC to formulate advice to the Authority about the system operator's performance in the 2020/21 year, based on the system operator's self-review and a draft of the Authority's review.

1.5 Draft report on dry year risk review

1.5.1 The scope for the Authority's Dry Year Risk review is the subject of another paper in this pack (item 12).

1.5.2 The secretariat considers the purpose of this paper for the October meeting is for the Authority to present its draft report on the review and get further input from the

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Clause 7.11 of the Code specifies the requirements of both the system operator and the Authority in reviewing the system operator's performance.

SRC on how the work is progressing against the scope the SRC had input into at the August meeting.

- 1.5.3 This paper gives the SRC an opportunity to give feedback on the draft from a security and reliability perspective and may include the SRC's perspectives on related factors such as the government's response to the Climate Change Commission's final report.