



~~8 February 2022~~ February 2022

Submissions
Electricity Authority
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WELLINGTON

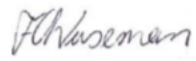
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TRUSTPOWER SUBMISSION: THE AUTHORITY'S PRELIMINARY DECISION ON WHETHER AN UNDESIRABLE TRADING SITUATION OCCURRED ON 9 AUGUST 2021

- 1.1.1 Trustpower Limited (**Trustpower**) welcomes the opportunity to provide a submission to the Electricity Authority (**the Authority**) on its preliminary decision on whether an undesirable trading situation (**UTS**) occurred on 9 August 2021.
- 1.1.2 Trustpower agrees with the Authority's preliminary finding that a UTS did not occur in relation to trading periods 37 to 42 on 9 August 2021.
- 1.1.3 We agree with the Authority's findings relating to the actions of Genesis Energy and Contact Energy. Earlier market pricing signals did not provide sufficient commercial incentive for the Huntly Rankine unit or the Taranaki Combined Cycle station to be started up. When it became clearer that a capacity shortfall was going to arise, it was simply not possible for these inflexible generators with significant start-up times to react.
- 1.1.4 We also agree with the Authority's findings that the system operator's actions and decisions were generally appropriate. The system operator's choices were proportionate to the risk they were seeking to manage, including the issuance of the 18:47 grid emergency notice. While there were issues with the system operator's curtailment instructions (as contained in the 19:09 notice) these did not affect the wholesale market pricing outcomes as scarcity pricing had already been invoked by the earlier 18:47 notice asking for a reduction in load.
- 1.1.5 While we recognise it is a very challenging job for the system operator to manage the power system and avoid cascade failure during this type of event, the issues that arose (as are well documented) suggest that significant improvements to the system operator's utilisation of demand response are required.
- 1.1.6 We note that since the event multiple reviews have been undertaken into the 9 August event, including by Transpower, the Authority and MBIE. We recommend that the progression of those outstanding recommendations from the reviews should be progressed as a matter of priority by the relevant agencies to ensure better outcomes arise for consumers if similar circumstances arise again in the future.
- 1.1.7 For any questions relating to the material in this submission, please contact Peter, Southey-Jensen Junior Regulatory Advisor on 027 205 7347

Regards,

A handwritten signature in cursive script, appearing to read "F. Wiseman".

Fiona Wiseman
Senior Advisor, Strategy and Regulation