

4 June 2024

Chantelle Bramley
Executive General Manager Operations
Transpower New Zealand Ltd
PO Box 1021
WELLINGTON

Sent via email: system.operator@transpower.co.nz

Dear Chantelle

2024 Draft Security of Supply Assessment

1. This is a submission from the Major Electricity Users' Group (MEUG) on Transpower's consultation paper "*Draft Security of Supply Assessment 2024*"¹ published for consultation on 7 May 2024.
2. MEUG members have been consulted on the approach to this submission. Members may lodge separate submissions. This submission does not contain any confidential information and can be published on Transpower's website unaltered.

Updated assessment clearly highlights issues facing the electricity sector

3. MEUG welcomes the System Operator updating its Security of Supply Assessment (SoSA) to reflect the factors, challenges and trends facing the electricity sector from 2024 into the medium-term. We consider that the System Operator has continued to follow a robust process for this work, including the use of plausible scenarios, testing of key inputs and publication of the outputs for New Zealand's security and capacity standards.
4. The 2024 SoSA highlights the importance of further investment in flexible peaking capacity such as peaking generation, batteries and demand response, in response to the increasing proportion of intermittent electricity generation in our system. Responsibility for these policy areas fall primarily within the remit of the Electricity Authority, with a role also for the Commerce Commission and the Ministry of Business, Innovation and Employment (MBIE). We recommend that addressing and monitoring these issues continues to be a top priority for agencies, by ensuring that the market conditions enable the type of developments needed to provide a secure, reliable and highly renewable electricity system to meet consumer demands.² We also note that the issue of reduced gas availability is currently being considered by the Gas Security Response Group, recently set up by MBIE.

¹ <https://www.transpower.co.nz/system-operator/information-industry/invitation-comment/draft-security-supply-assessment-2024>

² We note that it was useful to see the 2024 SoSA updated to reflect the minor decrease in forecast national demand.

5. MEUG recommends that the System Operator look to update the SoSA to reflect the recent announcement of the New Zealand Aluminium Smelter's (NZAS) long-term electricity supply agreement with Meridian Energy, Contact Energy and Mercury. This announcement³ helps provide certainty for the generation sector, as well as incorporating 20-year demand response agreements with Meridian Energy and Contact Energy, under which NZAS may be requested to reduce electricity consumption by up to a total of 185MW. This new information should be included within the analysis and key inputs going forward, including the level of demand response possible.

Next steps

6. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at karen@meug.co.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read "K Boyes", with a long horizontal flourish extending to the right.

Karen Boyes
Major Electricity Users' Group

³ Rio Tinto media release, <https://cdn.sanity.io/files/jhthdezs/production/f909522546cfb16fd8852698e9669ab772c58317.pdf>