

4 February 2019

Bennet Tucker
Market Security Services Manager
Operations Division
System Operator
By email to system.operator@transpower.co.nz

Dear Bennet

SOSFIP Review 2018

1. This is a submission by the Major Electricity Users' Group (MEUG) on the system operator consultation paper, Security of Supply Forecasting and Information Policy (SOSFIP) review, published 11 December 2018.¹
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. MEUG members appreciated the opportunity to discuss with you the reasons for changes in forecast Hydro risk Curves (HRCs) for winter 2019 compared to winter 2018. That discussion assisted understanding of the proposed amendments to SOSFIP for including contingent hydro reserves in the calculation of HRCs. As mentioned in that discussion MEUG supports the proposed change to include contingent reserves in HRCs. This isn't a trivial exercise and we have no comments on the options considered. The consultation paper envisages ongoing discussion with interested parties, including some outside the sphere of the usual electricity sector such as resource consenting authorities. We look forward to participating as appropriate in future consultations to implement inclusion of contingent reserves into HRCs.
4. Part of the recent discussions mentioned in the preceding paragraph covered possible future work by the system operator to introduce a monthly report with more detailed narrative and metrics explaining changes in the current month's HRC forecasts compared to the preceding month. The system operator has helpfully been adding additional explanatory information to the weekly Security of Supply updates. We agreed that type of information with some additional metrics on key drivers of change would assist the many parties operating in the market that do not have the resources of the few large integrated suppliers to interrogate and replicate with their own models the detailed material already published by the system operator. We don't think it is necessary to require including in SOSFIP a requirement the system operator develop a new third information document that bridges the gap between the weekly reports and the detailed granular explanation of the HRCs. Rather, we would like to work collaboratively with the system operator and other

¹ URL <https://www.transpower.co.nz/sites/default/files/bulk-upload/documents/SOSFIP%20consultation%20December%202018%20web.pdf> at <https://www.transpower.co.nz/system-operator/stakeholder-interaction/invitation-comment-draft-security-supply-forecasting-and>

interested participants to develop a monthly report of value to direct and near-direct wholesale market participant consumers and small retailers.

5. MEUG agrees with the other second order proposed amendments to change the deadline for preparing annual Security of Supply Assessments (SOSA), when hydro storage projections are published, an option to include additional hydro resources not currently included in calculations, removing Winter Energy Margin and Winter Capacity Margin methodologies as those are governed by the EA elsewhere, extending gas supply disruptions to cover all thermal fuels and changes to terminology and drafting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Matthes', with a long horizontal stroke extending to the right.

Ralph Matthes
Executive Director