

6 December 2019

David Katz
System Operator
By email to market.operations@transpower.co.nz

Dear David

Security of Supply Annual Assessment

1. This is feedback by the Major Electricity Users' Group (MEUG) on the System Operator proposed scenarios and sensitivities for the 2020 Security of Supply Annual Assessment.¹ These are often abbreviated Annual Security Assessments (ASA).
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. The webtool introduced earlier this year has been useful.²
4. The proposed 3 scenarios are unchanged from ASA 2019. Five of the current year sensitivities are carried over. This is reasonable.
5. The "De-rated Generation" sensitivity this year is to be replaced with "High Peak Demand" next year. Given scenario 3 Thermal Constrained, sensitivity 3 Thermal Decommissioning and sensitivity 4 delayed build time are proxies or partial indicators for de-rating the change seems reasonable.
6. The new sensitivity "High Peak Demand" is relevant to stress test the Winter Capacity Margin. Near-term flexibility of peak demand is a key uncertainty and should be considered. If testing only for upside risk, then a caveat should be made that there are options to manage peak demand through changes to line charge pricing signals and use of new and potential technologies such as batteries and vehicle to grid injection, to mitigate the risk of this sensitivity. Alternatively, another sensitivity "Low Peak Demand" could assist decision makers better understand the range of feasible outcomes.

Yours sincerely



Ralph Matthes
Executive Director

¹ <https://www.transpower.co.nz/system-operator/stakeholder-interaction/seeking-feedback-security-supply-annual-assessment>

² <https://www.transpower.co.nz/system-operator/security-supply/annual-assessment-results>