



4 June 2024

Transpower
By email: system.operator@transpower.co.nz

Draft 2024 Security of Supply Assessment

Meridian Energy Limited (**Meridian**) appreciates the opportunity to comment on the system operator's consultation its Security of Supply Assessment (**SOSA**) for 2024.

Our responses to the consultation questions are set out in the table below.

Question	Response
Do you agree with the demand and supply assumptions presented in the report?	<p>Broadly. We consider that more industrial demand response is currently available than the assumptions account for. We note that p 7 and 15 of the Appendices document suggest that the demand response built into the assessment is the 176 MW alluded to in the Electricity Authority's 2012 Security Standards Assumptions Document (SSAD). That figure is derived from the Authority's view of 166 MW of interruptible load and a nominal 10 MW of demand-side response (see footnote 11 of the SSAD). 10 MW likely vastly underestimates the amount of DR available to the system. We are happy to discuss this with the system operator further.</p> <p>We also query whether controllable load (i.e. ripple control) needs to be built into the assessment in some way, or whether the interruptible load assumption (166 MW) is up to date. It would likely be useful to the industry to have all relevant DR information built into the SOSA – particularly given the increasing role for DR in peak management.</p> <p>Meridian notes the reference case assumes no HVDC upgrades in the next 10 years (on p 20 of the SOSA). This does not seem to align with Transpower's announcements (in its capacity as the grid owner) of</p>

	<p>upgrades to the HVDC (including a new STATCOM) to be installed in May 2027. We query the absence of this from the reference case given capital expenditure was approved by the Commerce Commission in February and current information points to this being expected work.¹ If the SSAD's fixed view of South Island contribution to North Island WCM needs to change in light of expected increases to HVDC capacity then the system operator can request recalculation of the values on South Island contribution curve. A departure from the SSAD could also be considered if necessary under cl 7.3(2C) of the Code.</p> <p>Finally, we note the increase in expected South Island demand in this draft SOSA – compared to the 2023 SOSA – with some interest. We query whether the system operator or the EDBs supplying the relevant demand projections have considered the impact of the discontinuation of the GIDI fund on the pace of electrification and decarbonisation initiatives in the South Island. This policy change seems to be inconsistent with a significant increase in the rate of demand growth. We understand the use of the higher and lower demand growth sensitivities in catering for uncertainty in demand growth, but query the scrutiny that has been applied to EDB demand forecasts before their incorporation into the reference case.</p>
<p>Do you have any comments with respect to the presentation of the assessment results? Is further information or analysis required?</p>	<p>The presentation and discussion of results is logical and appropriate (i.e. in terms of coverage and depth) from Meridian's perspective.</p> <p>The sensitivities continue to be a useful tool for the analysis, but Meridian notes the inevitable role of the reference case as a "headline" distillation of the system operator's full analysis. The events of 10 May 2024 serve as a demonstration of the "constrained operational capacity" sensitivity playing out in reality. Meridian therefore queries whether the system operator considers the reference case to reflect current conditions, or whether adopting the constrained operational capacity sensitivity (for example) into the reference case better reflects current conditions.</p> <p>Meridian also queries whether the HVDC sensitivity (or some version of it) should be placed within the reference case, for the reasons given as part of the discussion of the above question.</p>

¹ See Transpower's recent HVDC Stage 1 Enhancement Project Analysis.

<p>Do you have any other comments on the content of the report?</p>	<p>Meridian has recently written to both Transpower and the Electricity Authority regarding the need for a broader discussion around the process for handling peak capacity shortfall risks and customer communications (amongst other matters). We consider there is value in considering tweaks to the SSAD, Security of Supply Forecasting and Information Policy, clause 7.3 of the Code, and the broader role of annual SOSAs as part of that discussion. While this may be beyond the scope of the current annual SOSA update, it is important that the broader settings and the place of the SOSA within the system remain appropriate for the future and to deliver long-term benefits to consumers.</p>
---	--

This submission is not confidential. I can be contacted to discuss any of the points made.

Nāku noa, nā



James France

Legal / Regulatory Counsel

M: +64 21 194 3135