

MINUTES

Meeting number: 28

Venue: Electricity Authority Board meeting

Time and date: 9.30 am until 1.15 pm, Thursday, 8 August 2019

Members Present

- Hon Heather Roy (Chair)
- Barbara Elliston
- Anne Herrington
- Tracey Hickman
- Greg Skelton
- Nathan Strong
- Bruce Turner (from 10.00 am)

Apologies

- Vince Hawksworth
- Guy Waipara

In attendance

Name	Title	Agenda item # attended
<u>Electricity Authority (Authority):</u>		
Rory Blundell	General Manager Market Performance	#4-10, #12-14 (from 9.48-11.17 am, 12.40-1.00 pm, 1.10-1.15 pm)
Grant Benvenuti	Manager Market Operations	#1-2, #4-10 (9.30-9.35 am, 9.48-11.17 am)
Callum McLean	Senior Adviser Market Operations	#1-2, #4-13 (9.30-9.35 am, 9.48 am-1.15 pm)
<u>Other:</u>		
John Clarke	General Manager Operations and Innovation, Transpower	#8 (10.07-10.40 am)
Matt Copland	SO Power Systems Group Manager, Operations, Transpower	#8 (10.07-10.45 am)

The meeting opened at 9.30 am

1. Attendance and apologies

- 1.1. The Chair welcomed members to the twenty-eighth meeting of the Security and Reliability Council (SRC).
- 1.2. Apologies were received from Vince Hawksworth and Guy Waipara. A quorum was established.

2. Changes to disclosure of interests

- 2.1. The Chair reviewed the interests register and approved members to act despite those declared interests.

Grant Benvenuti and Callum McLean left the meeting

3. Meeting planning

3.1. The members discussed their priorities for the 8 August 2019 meeting.

Rory Blundell, Grant Benvenuti and Callum McLean joined the meeting

4. Previous minutes

4.1. The minutes of the 20 June 2019 meeting were accepted as a true and accurate record, including the tracked changes proposed by the secretariat.

Nathan Strong moved, Anne Herrington seconded

5. Correspondence

5.1. The Chair gave an overview of the correspondence. Noted that a response from the Authority to the SRC's advice from the March meeting is yet to be received. The SRC appreciates timely responses.

6. Action list and updates

6.1. The group noted the updates to the action list. Discussion included what the status of 'on hold' means and asked how investigation of the March 2019 grid security situation in Wellington is being advanced.

Bruce Turner joined the meeting

7. Glossary and overview of meeting agenda

7.1. The Chair gave an overview of the meeting agenda.

John Clarke and Matt Copland joined the meeting

8. System operator business continuity and incident management

8.1. A system operator representative presented the slides to members. In response to questions from members, system operator representatives noted:

- 8.1.1. in addition to the lessons noted in the slides, the system operator also had some lessons about improving the clarity of roles and responsibilities, and the associated governance structure
- 8.1.2. exercises are held with externals: regional with relevant distributors; black start testing with the grid owner and one generator at a time
- 8.1.3. it would talk to one of the members' employers to understand their lessons and recommendations on this topic
- 8.1.4. Transpower has communications protocols for how it describes (on Facebook and other social media) outages so that readers do not confuse the time at which transmission assets were restored to service (or the time at which distributors have been given permission to reconnect tripped AUFLS load) with the time at which consumers would have power again
- 8.1.5. it tries to handle more events with the coordinated incident management system (CIMS) than strictly necessary so that the associated skills and practices do not atrophy through disuse

- 8.1.6. it understood that the grid owner had made changes to improve substation battery life as a result of the Penrose substation fire, but the system operator representative could not recall what those changes were.

John Clarke left the meeting

- 8.2. A member commented that information the SRC previously received about the time to recover from a black start was eye-opening and that conveying appropriate expectations in such a situation will be highly important and challenging. A secretariat representative noted that the time to restart usually quoted is only the time to restore the core grid, and does not include the time to remedy whatever situation caused the event in the first place, nor does it account for the time distributors need to restore individual distribution circuits to consumers.
- 8.3. A member asked the system operator representative whether the system operator uses or complies with any international standard for incident management. The representative was not aware and offered to find out if desired.

Matt Copland left the meeting

- 8.4. A secretariat representative:
 - 8.4.1. noted Transpower's different roles (system operator versus grid owner versus all of Transpower) have the potential to alter the incentives for how incidents are managed
 - 8.4.2. asked whether the SRC has any concerns that are structural (undue barriers, regulatory or market failure) or specific to Transpower's approach to business continuity and incident management.
- 8.5. Members noted:
 - 8.5.1. restoration of generation plant can be a hard-to-predict factor in restoring after an incident
 - 8.5.2. shorter staff employment tenures in modern workplaces tend to increase the frequency with which exercises need to be undertaken
 - 8.5.3. two instances where Transpower (particularly the grid owner) outage planning and communication was unsatisfactory
 - 8.5.4. their lack of confidence in the process for scheduling transmission outages to minimise the economic and social impacts of transmission asset failures at times of reduced transmission security
 - 8.5.5. two instances where Transpower considered not communicating risks as they judged it could be harmful to communities and policing costs
 - 8.5.6. with the development and ubiquity of mobile phones, there is potential for consumer-driven reporting of outages to augment industry-driven reporting.
- 8.6. The SRC agreed to advise the Authority:
 - 8.6.1. the system operator self-assesses the maturity of its incident management to be 'developing'

- 8.6.2. Transpower should involve a broader set of stakeholders (such as industry, police, emergency management groups, major electricity users and community representatives) when developing its communications plans because:
 - 8.6.2.1. it is important that Transpower does not make assumptions about what information stakeholders would want prior to or during an outage
 - 8.6.2.2. Transpower communicates using mediums that consumers see and media report against, and this can set consumer expectations
 - 8.6.2.3. Transpower needs to ensure it has effective communications with relevant parts of the industry supply chain so that there is an effective ability to communicate consistent information to stakeholders.

8.7. The SRC directed its secretariat to ensure that a proposed future paper about the communications plans of the Authority and Transpower include information about communication of restoration times and any decisions to withhold information.

9. Advice from the annual survey of SRC members

- 9.1. Members agreed that the SRC would:
 - 9.1.1. benefit from having better expertise in gas
 - 9.1.2. benefit from having access to expertise in cyber-security
 - 9.1.3. move to having four meetings a year by default, though ad hoc meetings and the Electricity Price Review can increase that beyond four.

10. SRC work programme planning

10.1. The Chair introduced the paper.

Grant Benvenuti and Rory Blundell left the meeting

The SRC meeting adjourned at 11.17 am

11. Meet with the Authority Board

11.1. The SRC met with the Authority Board.

The SRC meeting reconvened at 12.40 pm

Rory Blundell rejoined the meeting

11.2. After the meeting with the Authority Board, the SRC members discussed:

- 11.2.1. the inter-dependent nature of the industry means that if silos form this creates risks of poorly coordinated outcomes
- 11.2.2. New Zealand is quite economically pure, but there is sometimes a role for nudging behaviour
- 11.2.3. there is no entity that takes responsibility for ensuring technology is deployed in the national interest in a way that enables more efficient arrangements

- 11.2.4. that of 'availability, accessibility and affordability', the SRC has been focussed on availability, and this seems suitable given the peripheral nature of energy poverty in relation to the SRC's statutory function.

12. Item 10 continued, in light of discussion with Authority Board

- 12.1. The secretariat described some of the key changes from the paper presented at the 20 June 2019 SRC meeting.

Rory Blundell left the meeting

- 12.2. The members gave the secretariat feedback on the list of topics in Table 1 of the paper:
- 12.2.1. the impact of climate change and extreme weather on reliability of electricity should feature on the list
 - 12.2.2. trends that should be examined by the work programme are demand forecasts (given greater electrification of the economy), the value of lost load (given greater electricity dependence) and consumer tolerance for outages (given greater electricity dependence)
 - 12.2.3. item #9 on the list ('Reliability and resilience of the gas industry') is important
 - 12.2.4. the secretariat should ensure that risks associated with electrification of process heat and substitution between electricity and gas are understood
 - 12.2.5. the secretariat should include a new item that provides assurance whether key decision-makers have good information about consumer behaviour and expectations¹
 - 12.2.6. analyse whether system operations items are too heavily weighted
 - 12.2.7. an update (or a paper) on the outcomes of the compliance process in relation to the 2 March 2017 power system event would be helpful
 - 12.2.8. the content of the list could be vetted against 'top ten' risks from various industry organisations.

Rory Blundell rejoined the meeting

13. Suggestions for papers at future SRC meeting

- 13.1. The SRC did not discuss this agenda item.

The meeting ended at 1.15 pm

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Members noted possible data sources include: Utilities Disputes, Electricity Authority research, Transpower surveys and consumer advisory panel, Federated Farmers, Otago Energy Research Centre, and the Ministry of Business, Innovation and Employment's consumer survey.