

11 April 2024

Electricity Authority
Email: FSR@ea.govt.nz

The Future Operation of New Zealand's Power System

NZX Limited (**NZX**) submits this brief response to the Electricity Authority (**Authority**) consultation on '*The Future Operation of New Zealand's Power System*' dated 15 February 2024.

NZX thanks the Authority for the opportunity to make this submission. This submission is not confidential.

About NZX

NZX is a licenced securities exchange that operates the public equity, debt and derivatives markets. NZX is a regulated participant in the electricity market through its provision of market operation infrastructure and services as contracted by the Authority.

It is from this perspective and with this background that NZX is making this submission.

Response to Consultation Questions

Overall, we consider that Section 3 provides an accurate summary of the existing arrangements for New Zealand's power system operation. As this was only a summary, the Authority will be aware of complexity contained within the system operator business activities to meet its PPO's, compliance obligations and corporate objectives. Given this complexity and the interrelated nature of the electricity system, we caution that any proposed change to the current arrangements or structures may have downstream impacts on other participants, including service providers. This may in turn add additional cost pressures to the end consumer.

NZX agrees with the Authority's assessment on the key drivers of change in New Zealand's power system operations. We concur with the comments in paragraphs 4.42 and 5.24 which highlight that robust cybersecurity and data privacy practices will be crucial to the stability of the power system as its interconnections increase. We note that this is a global issue, and the principle of robust protections and security should apply right across the value chain. We believe there is a role for the Authority to ensure this is being applied by participants in a way that meets good practice and is aligned with international regulatory standards.

From our position, we do not see evidence of any material issue around the current levels of coordination between network planning, investment and operations. We do however see a

strong need for information sharing and cooperation between the relevant parties. If there is evidence of a coordination problem that is proven to be an insurmountable hurdle to planning, investment or operations, then that should be addressed by the relevant regulatory agency at the time. New Zealand's electricity market structure is based on a decentralised model of decision making and serves the consumer well compared to other more centralised models.

Thank you again for the opportunity to submit on this consultation. Please do not hesitate to contact me on any matter contained in this submission.

Yours sincerely



Shane Dinnan
Head of Energy and Carbon