

8 July 2024

s9(2)(a)

By email: s9(2)(a)

Tēnā koe s9(2)(a)

Thank you for your request, received on 11 June 2024, under the Official Information Act 1982 (the Act) for the following information:

- *“Correspondence to and from regulatory agencies or market participants relating to Transpower’s public statements regarding energy constraints around 9/10 May, including the days leading up to and days following the 9/10 May warning notice and media releases.”*

The Authority has identified 21 documents within scope of your request, these are attached to this letter. Some information is being redacted as it is out of scope of the request and under section 9(2)(a) of the Act to protect the privacy of natural persons.

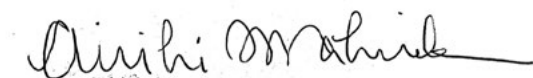
The Authority’s response to the letters received from Contact, Meridian and Mercury is available on our website: [Open letter regarding 10 May 2024 | Electricity Authority \(ea.govt.nz\)](https://www.ea.govt.nz/open-letter-regarding-10-may-2024)

I am satisfied, in terms of section 9(1) of the Act, that the need to withhold the information referred to above is not outweighed by other considerations that render it desirable, in the public interest, to make the information available.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact us by emailing [oiia@ea.govt.nz](mailto:oiia@ea.govt.nz).

Nāku noa, nā,



Airihi Mahuika  
**GM Legal, Monitoring and Compliance**



23 May 2024

Alison Andrews, Chief Executive  
Transpower

Sarah Gillies, Chief Executive  
Electricity Authority

Tēnā koe

### **Response to forecast tight supply on 10 May and Restoring confidence in market signals**

The industry has rightly put security of supply at the top of its priority list. It is our responsibility to 'keep the lights on' and ensure New Zealanders can rely on continuous supply of electricity when they need it. We also have a responsibility to deliver affordable electricity as we decarbonise generation.

However, Contact Energy is concerned that some actions taken in the lead up to, and during, the forecast tight supply conditions of 10 May could harm both market efficiency and confidence. The industry needs to rethink how we communicate with customers so that confidence in supply security is maintained and market incentives are preserved during periods of tight supply. We are also seeking clarification about the use of 'constrained on' mechanisms by the System Operator during tight market conditions.

In the days leading up to the morning of 10 May Transpower as System Operator identified a low residual situation between 7.30 and 8.30am. In response a number of steps were taken:

- a) A Consumer Advice Notice (CAN) was issued on 9 May at 7.28am to alert the market that residual generation was less than 200 MW.
- b) This was soon upgraded to a warning notice (WRN) at 10.51am on 9 May, where Transpower notified that there was insufficient generation to provide N-1 security.
- c) Later that day at 2.03pm, Transpower issued a press release requesting consumers conserve electricity the next morning. Transpower also requested that retailers repeat this message via their own channels. This resulted in 260MW of demand reduction.<sup>1</sup> We are unsure if this was in part driven by the discretionary demand control bids being dispatched.

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<sup>1</sup> <https://www.energynews.co.nz/news/demand-response/158765/industry-households-deliver-260-mw-demand-reduction>

- d) During the tight period certain assets were then constrained on, but out of merit order. For example, our diesel plant at Whirinaki was constrained on at \$6,000 / MWh, whilst market prices remained significantly lower.

The last two actions undermined market signals, damaged incentives to commit plant, and harmed incentives to invest.

Contact Energy acted in good faith based on the market signals. Most notably, our team at Stratford responded to the WRN notice by accelerating the completion of necessary maintenance work on the Taranaki Combined Cycle (TCC) power station to bring it back to service for the morning peak. This included abandoning some preventative maintenance work which could not be achieved in the timeframe, and likely contributed to the later failure of the plant. A start of this nature and in this heavily condensed timeframe is not best practice and causes additional plant wear and operating costs to Contact.<sup>2 3</sup>

Due to the significant reduction in demand compared to Transpower forecasts, market prices solved much lower than expected. As a result generation in the market was not adequately compensated for the clear scarcity that was evident. Market signals are preserved via scarcity pricing if there is involuntary curtailment, but no similar mechanism is in place for requests for voluntary demand reductions, or discretionary demand control.

We are also unsure why Whirinaki was constrained on. This resource was offered into the market and was available if necessary. However, we see no market-based reason it needed to be constrained on. This action resulted in generation being dispatched out of the merit order, ultimately harming market signals for plant that was added after the WRN notice was released.

The resulting prices distort market signals for future events, particularly for long commitment plants like TCC, which despite having high running costs had to be offered in at \$0/MWh as we have no control over generation output while it is ramping up. Perversely this means these actions increase the chances of future scarcity. This situation appears similar to the Authority's recent preliminary decision that a UTS occurred on 9 August 2021 due to "prices being determined by offers in conjunction with demand management in circumstances where participants would expect higher prices to apply."<sup>4</sup>

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<sup>2</sup> A full ramp-up of TCC takes 72 hours. To support the market we decided to turn the unit on [20] hours ahead of the forecast low residual period so that it could offer some supply during its ramp up period. We would not have chosen to turn it on at this time if there were not the market signals to support it.

<sup>3</sup> Transpower also requested Contact to advance our plans on the Tauhara geothermal power project to accelerate critical commissioning activities for the day into the 7:00am – 8:30 am Trading Periods. However, we concluded this could not be achieved as it would cause substantive risk to the plant.

<sup>4</sup> [https://www.ea.govt.nz/documents/4845/Preliminary\\_decision\\_paper\\_-\\_16\\_Feb\\_2024\\_UTS.pdf](https://www.ea.govt.nz/documents/4845/Preliminary_decision_paper_-_16_Feb_2024_UTS.pdf)

We believe that if these actions continue longer term, it will harm industry rationale to invest in energy transition. We are currently looking at investments into flexible assets such as grid scale batteries and large-scale demand response from industrials that are designed to meet the needs of cold winter days like 10 May. The business cases for these flexible resources are based on accurate market signals, including the ability to reach scarcity pricing or plants at top of the merit order being dispatched due to prevailing spot prices. Our experience is that it is becoming increasingly difficult to trust that these price signals will eventuate, making it harder to justify these investments to our shareholders.

Transpower and the Electricity Authority need to urgently start a work programme to restore confidence in market signals. We recommend that there are three parts to this work:

1. Clarifying the steps taken in response to scarcity conditions, including what notices are given, who the audience is, and the triggers that need to be met.
2. Considering mechanisms to preserve market incentives when demand is artificially reduced either by triggering discretionary demand control, or a public request to reduce demand. It may be appropriate for such actions to trigger scarcity pricing, as is the case for involuntary demand curtailment.
3. Improving the rules around the System Operator's ability to constrain on assets. In times of short supply it may be appropriate for market prices to be set at the offer price of the constrained on asset to maintain market signals.

Ngā mihi nui,



**John Clark**

Chief Generation Officer  
Contact Energy

**From:** John Clark [s9\(2\)\(a\)@contactenergy.co.nz](mailto:s9(2)(a)@contactenergy.co.nz)  
**Sent:** Thursday, 23 May 2024 4:05 pm  
**To:** Sarah Gillies; Andrew Millar; Chris Otton; Doug Watt  
**Cc:** [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)  
**Subject:** Contact Energy Letter Regarding Pricing on 10 May  
**Attachments:** Contact Energy - Letter regarding pricing on 10 May 2024.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Good afternoon

Please find attached a letter attached from Contact Energy expressing our thoughts and concerns regarding the response to forecast tight supply that occurred on 10 May 2024. We are happy to meet and discuss the matter further should it be of use.

Nga mihi nui,

**John Clark**  
**Chief Generation Officer**

[s9\(2\)\(a\)](mailto:s9(2)(a)@contactenergy.co.nz)  
Private Bag 2001, Taupō 3352 Wairakei Power Station  
Te Aro Road, Wairakei  
Taupō 3384  
[www.contact.co.nz](http://www.contact.co.nz)[contact.co.nz](mailto:contact.co.nz)

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*At Contact, we work flexibly – so whilst it suits me to send this email now, I do not expect a response or action outside your own working hours.*

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**From:** Chantelle Bramley  
**Sent:** s9(2)(a)@transpower.co.nz  
**To:** Friday, 24 May 2024 2:16 pm  
John Clark?; Sarah Gillies; Andrew Millar; Chris Otton;  
Doug Watt  
**Subject:** RE: Contact Energy Letter Regarding Pricing on 10 May

Some people who received this message don't often get email from chantelle.bramley@transpower.co.nz. [Learn why this is important](#)

John, thank you for your letter to Alison yesterday. She has asked me to reply.

It was good to meet with you and the team yesterday and discuss some of the issues you've subsequently flagged in your letter. We note your explanation on the impact to Contact's commercial position as a result of the shortfall issues the system faced on May 10<sup>th</sup>. We appreciated Contact's efforts during the event and the timely return of generation on outage. As we also discussed, we continue to work closely with the Electricity Authority on how best to manage security of supply this winter. As you have written to both Transpower and the Authority, we will connect with the Authority on the issues before responding further.

Have a lovely weekend

CB

**CHANTELLE BRAMLEY** (she/her)  
**EXECUTIVE GENERAL MANAGER, OPERATIONS**

Transpower New Zealand Ltd  
Waikoukou  
22 Boulcott Street, PO Box 1021, Wellington, 6011  
s9(2)(a)  
[transpower.co.nz](https://transpower.co.nz)

Please note: I am sending this email at a time that is convenient for me. Unless urgent, I do not expect you to review it until it is convenient for you.

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**From:** John Clark s9(2)(a)  
**Sent:** Thursday, May 23, 2024 4:05 PM  
**To:** Sarah Gillies s9(2)(a); Andrew Millar s9(2)(a)  
s9(2)(a); Chris Otton s9(2)(a); Doug Watt  
s9(2)(a)  
**Cc:** Chantelle Bramley s9(2)(a)@transpower.co.nz  
**Subject:** Contact Energy Letter Regarding Pricing on 10 May

Cyber Security Warning: This sender is from outside of the organisation. Please be cautious when opening the links or attachments.

Good afternoon

Please find attached a letter attached from Contact Energy expressing our thoughts and concerns regarding the response to forecast tight supply that occurred on 10 May 2024. We are happy to meet and discuss the matter further should it be of use.

Nga mihi nui,

**John Clark**

**Chief Generation Officer**

**Mob:** s9(2)(a)

Private Bag 2001, Taupō 3352 Wairakei Power Station  
Te Aro Road, Wairakei  
Taupō 3384  
[\[www.contact.co.nz\]](http://www.contact.co.nz)[contact.co.nz](http://contact.co.nz)

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*At Contact, we work flexibly – so whilst it suits me to send this email now, I do not expect a response or action outside your own working hours.*

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**From:** Hamish McKinnon  
**Sent:** s9(2)(a)@transpower.co.nz>  
**To:** Thursday, 30 May 2024 2:32 pm  
**Subject:** Chris Otton  
extra points after this morning

Hi Chris,

Out of scope

On the 22 MW shortfall from 10 May – the 9 May 1000 NRSL shows the following for the 0800 period:

- National energy shortfall 22 MW
- NI CE FIR shortfall 10.2 MW
- NI CE SIR shortfall 31.9 MW
- NI Residual 96 MW.

The equivalent PRSL for the same period shows no energy shortfall, only a 12.3 MW CE SIR shortfall and a NI Residual of 118.9 MW.

Our market team will present more detail on these results at the Tuesday industry brief. Would you like to maybe attend that and we can have more discussion afterward?

Thanks,  
Hamish.

**HAMISH MCKINNON**  
Principal Advisor, Market Services

**Transpower New Zealand Ltd**  
22 Boulcott St, PO Box 1021, Wellington

s9(2)(a)

s9(2)(a)

[www.transpower.co.nz](http://www.transpower.co.nz)

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Thank you.



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**From:** Aileen Gallagher

**Sent:** Wednesday, May 29, 2024 1:19 PM

**To:** Vince Hawsworth [s9\(2\)\(a\)](#) >; Alison Andrew, Transpower  
[s9\(2\)\(a\)](#) [@Transpower.co.nz](mailto:s9(2)(a)@Transpower.co.nz); Sarah Gillies [s9\(2\)\(a\)](#)

**Subject:** RE: Mercury response to events of 10 May 2024

Kia ora Vince,

Confirming receipt of your letter on behalf of Sarah.

Ngā mihi

Aileen

**Aileen Gallagher**

Executive Assistant to the Chief Executive

s9(2)(a)



Level 7, AON Centre, 1 Willis Street  
PO Box 10041, Wellington 6143, New Zealand  
[www.ea.govt.nz](http://www.ea.govt.nz)



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**From:** Vince Hawksworth s9(2)(a) >  
**Sent:** Wednesday, May 29, 2024 1:15 PM  
**To:** Alison Andrew, Transpower s9(2)(a) <[s9\(2\)\(a\)@Transpower.co.nz](mailto:s9(2)(a)@Transpower.co.nz)>; Sarah Gillies  
s9(2)(a)  
**Subject:** Mercury response to events of 10 May 2024  
**Importance:** High

Dear Alison and Sarah, please find attached Mercury's response to the events of 10 May 2024 and a suggested way forward.

Regards  
Vince

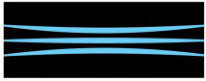
**VINCE HAWKSWORTH**  
CHIEF EXECUTIVE

---

**MERCURY.CO.NZ**

s9(2)(a)  
33 Broadway, Newmarket, Auckland, 1023





10 June 2024

Neal Barclay, Chief Executive Officer  
Meridian

Via email: s9(2)(a)

John Clark, Chief Generation Officer  
Contact Energy

Via email: s9(2)(a)

Mike Fuge, Chief Executive Officer  
Contact Energy

Via email: s9(2)(a)

Vince Hawkstone, Chief Executive Officer  
Mercury Energy

Via email: s9(2)(a)

CC: Sarah Gillies, Chief Executive Officer  
Electricity Authority

Via email: s9(2)(a)

Tena koutou

Thank you for your recent letters suggesting a range of opportunities to support the management of winter peak capacity. Transpower is focused on maintaining security of supply and events like those over May 9-10 highlight the importance of industry working together.

In the last few weeks, Transpower has provided information to industry on the system risks faced over the May 9-10 period. The Industry Forum last week also provided more context around the 200MW residual, how shortfalls are determined, and the use of Warning Notices. This provided an opportunity for market participants to seek clarity on these processes and gain a broader understanding of the interaction between reserve and scarcity pricing. Transpower will continue to support market participants throughout winter with information on system security risks and co-ordinate any response that may be required during events.

We agree there are a range of improvements that could be made to managing low residuals and broader escalation during peak capacity challenges. We will continue to work with the Electricity Authority on these changes for Winter 2025.

We would, however, like to have further discussions with you on how to manage any calls for public engagement. There is an opportunity to establish principles for when and how the public is involved following guidance from Transpower that a system event is imminent, noting that in undertaking its system operator function, Transpower requires flexibility to manage real time operations.

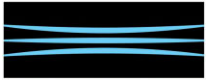
To further this conversation, we would like to invite you and other businesses involved in the CE Forum to a teams meeting the week of June 17 2024. A more detailed agenda will be provided prior to the session.

Ngā mihi



Alison Andrew  
Chief Executive

Released under the Official Information Act 1982



10 June 2024

CEO Forum via email:

Alison Andrew, Transpower: s9(2)(a)@transpower.co.nz  
James Kilty, Powerco: s9(2)(a)  
Babu Bahirathan, Nova: s9(2)(a)  
Clayton Delmarter, Manawa: s9(2)(a)  
Greg Skelton, Wellington Electricity: s9(2)(a)  
Jaun Park, Unison: s9(2)(a)  
Malcolm Johns, Genesis: s9(2)(a)  
Mike Fuge, Contact Energy: s9(2)(a)  
Neal Barclay, Meridian: s9(2)(a)  
Nigel Barbour, Orion: s9(2)(a)  
Simon Mackenzie, Vector: s9(2)(a)  
Vince Hawksworth, Mercury: s9(2)(a)  
Warren McNabb: s9(2)(a)  
Bridget Abernathy, ERANZ: s9(2)(a)  
Sarah Gillies, Electricity Authority: s9(2)(a)  
Simon Peart, Chapman Tripp: s9(2)(a)

Tena koutou

Transpower is focused on maintaining security of supply, and events like those over May 9-10 highlight the importance of industry working together. We have had feedback from industry participants suggesting a range of opportunities to support the management of winter peak capacity.

We would like to have further discussions with the CEO Forum on how to manage any calls for public engagement. There is an opportunity to establish principles for when and how the public is involved following guidance from Transpower that a system event is imminent, noting that in undertaking its system operator function, Transpower requires flexibility to manage real time operations.

To further this conversation, we would like to invite you to a Teams meeting the week of June 17, 2024. My EA, Janine Dwen, will be in touch to organise the best time. A more detailed agenda will be provided prior to the session.

Ngā mihi

Alison Andrew  
Chief Executive

**From:** Janine Dwen [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)  
**Sent:** Monday, 10 June 2024 5:15 pm  
**To:** James Kilty; Babu Bahirathan; Bridget Abernathy (ERANZ); Clayton Delmarter; Greg Skelton; Jaun Park (Unison); Malcolm Johns; Mike Fuge; Neal Barclay; Nigel Barbour (Orion); Sarah Gillies; Simon Mackenzie; Simon Peart; Vince Hawksworth; Warren McNabb  
**Cc:** Alison Andrew; David Knight  
**Subject:** Letter from Transpower to CE forum  
**Attachments:** 240610 ltr to CE forum re response to May9-10 event.pdf

You don't often get email from [janine.dwen@transpower.co.nz](mailto:janine.dwen@transpower.co.nz). [Learn why this is important](#)

Kia ora,

Please find attached a letter from Alison Andrew, CE Transpower.

I will be in touch separately with your EAs to schedule the Teams meeting.

Ngā mihi  
Janine

**JANINE DWEN** (she/her)  
Executive and Business Support Manager

Transpower New Zealand Ltd  
Waikoukou  
22 Boulcott Street, PO Box 1021, Wellington

[s9\(2\)\(a\)](mailto:s9(2)(a)@transpower.co.nz)

[s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)  
[www.transpower.co.nz](http://www.transpower.co.nz)

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Thank you.

**From:** Janine Dwen [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)>  
**Sent:** Monday, 10 June 2024 5:14 pm  
**To:** Neal Barclay; Mike Fuge; John Clark; Vince Hawksworth  
**Cc:** Sarah Gillies; Alison Andrew; David Knight  
**Subject:** Letter from Transpower  
**Attachments:** 240610 ltr to Meridian Contact Mercury re response to May9-10 event.pdf

Kia ora,

Please find attached a letter from Alison Andrew, CE Transpower, in response to your letters regarding 9-10 May.

Ngā mihi  
Janine

**JANINE DWEN (she/her)**  
Executive and Business Support Manager

Transpower New Zealand Ltd  
Waikoukou  
22 Boulcott Street, PO Box 1021, Wellington

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Thank you.

**From:** Diana Price s9(2)(a) @transpower.co.nz  
**Sent:** Thursday, 9 May 2024 9:50 am  
**To:** Govt no surprises  
**Cc:** Raewyn Moss; Nathan Green; Matthew Copland  
**Subject:** Low residual situation - tomorrow morning

Morena, we have issued a [low residual Customer Advice Notice \(CAN\)](#) for tomorrow morning between 7.30am and 8.30am due to the generation margin we aim to keep in the system dropping below 200 MW.

The tight situation is again due to the unseasonal cold snap across the country, low wind generation, and a number of generation units on scheduled maintenance ahead of winter.

The CAN has called for increased generation to be made available if possible. We understand that there aren't any additional generation units not on outage that can be made available in time, however there may be some units that can offer more generation than currently offered.

The CAN also asks local lines companies to advise how much controllable load (mostly hot water systems) they have available to be switched off if it is colder than forecast, wind drops or faults happen in the system ahead of the morning peak.

We are continuing to assess how tight the situation is and whether we will publicly ask consumers to be mindful of their electricity use tomorrow morning to help us through the tight spot.

We have scheduled an industry briefing for 11am this morning. You are welcome to join this meeting by clicking this link - [Join the meeting now](#)

I will update you as additional information becomes available.

Let me know if you have any questions.

Kind regards  
Diana

**DIANA PRICE**  
Head of Communications

**Transpower New Zealand Ltd**  
**Waikoukou, 22 Boulcott Street, Wellington 6011**  
**PO Box 1021, Wellington 6140**

s9(2)(a)  
[REDACTED]  
[transpower.co.nz](mailto:transpower.co.nz)

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Thank you.



Alison Andrew  
Chief Executive  
Transpower  
By email: s9(2)(a) @transpower.co.nz

Sarah Gillies  
Chief Executive  
Electricity Authority  
By email: s9(2)(a)

29 May 2024

Tēnā korua

## Response to 10 May 2024 events and ensuring a reliable transition of sector

The recent events within the electricity sector, both in the days preceding and on 10 May 2024, alongside emerging concerns regarding secure gas supply, have served to underscore the challenges in reliably transitioning the electricity grid to a more sustainable, renewable future.

Reliability of supply is expected by all New Zealanders and maintaining this is a “must” for the sector along with delivering affordability if we are to support electrification of the economy. New Zealand is not unique in facing this challenge. Though I remain confident in our collective ability to address this challenge here in New Zealand, it is evident that additional focus and effort is needed

### Considerations arising from May 10 events

Transpower managed the risks around 10 May well, ultimately keeping the lights on. However, the event highlighted several broader considerations, including:

- a) the impacts of the System Operator directly requesting voluntary demand response from customers on both:
  1. confidence that the market will deliver a secure supply of electricity, which has implications for electrification decisions by customers; and
  2. ensuring the intended market signals/incentives during periods of tight supply are not inadvertently overridden, creating challenges for unit commitment decisions and distorting investment incentives for flexible generation such as gas fired generation and large-scale batteries.
- b) the importance of prioritising work to ensure consumers (outside of those who currently engage in wholesale market arrangements) can be appropriately compensated for their role in responding in these types of events, and to enable the smart system to support distributed energy resources playing a greater role in managing these types of events in the future.

As a sector we need to collectively work through the challenges associated with (a) above with some urgency, given the implications for the management of likely future events and flow on impacts for consumers.

### Implications of gas market supply concerns on electricity system

Concerns around low gas production have also been recently identified that are likely to impact the electricity sector given the important role of gas generation in both enabling greater renewables to come into the system and maintaining security of supply during the transition.

As a sector we need to consider how we can support investment in existing and new flexible gas generation and associated storage, and if new market mechanisms are needed to underpin these investments.



This work is critical for ensuring we continue to have flexible generation to support security of supply while other technological options for “green peaking” continue to be developed.

**Suggested way forward**

The experience of events on 10 May and the workstreams on gas security highlight a broader need to consider whether the current or proposed mechanisms to support a reliable electricity transition, are or will be fit-for-purpose.

A suggested way to approach addressing these interconnected issues at a pace necessary to support ongoing reliability could be a roundtable discussion(s) with appropriate representatives from across the system to:

- > surface information on how the sector performed during the 10 May event. The intention would be to build a common understanding of what went well and areas for improvement, while also ensuring joined up thinking and quick progress via identifying potential changes to the Code and/or other supporting processes; and
- > further consider those initial findings, along with the potential implications of the emergent gas sector challenges for the electricity system, to identify potential options (both short term and long term) for ensuring a reliable transition can occur<sup>1</sup>.

I look forward to working with the Authority, Transpower and the broader sector to ensure we can reliably and affordably transition to a more sustainable, renewable future and will prioritise making my team available to assist during this important work.

Yours sincerely



**Vince Hawkworth**  
Chief Executive

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<sup>1</sup> The recent advice by the MDAG around the “four key pillars” for an effective wholesale market<sup>1</sup> provides a useful starting point for assessing the options, particularly given the challenges with maintaining public confidence highlighted by recent issues.



24 May 2024

Sarah Gillies, Chief Executive  
Electricity Authority

By email: s9(2)(a)

Alison Andrew, Chief Executive  
Transpower

By email: s9(2)(a)@transpower.co.nz

Tēnā korua

### Processes to manage winter peak capacity risk and maintain efficient market signals

Like many in the industry, I have been reflecting on the events leading up to and following 10 May 2024, including:

- the Warning Notice issued by Transpower at 1051 on 9 May 2024 that there was a risk of insufficient generation and reserve offers to meet demand and provide N-1 security for a contingent event between 0730 and 0830 the following morning;
- the industry response to the Warning Notice;
- the subsequent public communications from Transpower at 1330 on 9 May 2024;
- the varying response from retailers with their own customer communications; and
- the market outcomes in real time and incentives created by events of this kind.

As it eventuated, the risk was well managed through more generation being made available, industrial demand response (including Meridian contracting for a 20MW reduction at the New Zealand Aluminium Smelter), and mass market demand response. There was no Grid Emergency and wholesale electricity prices over the relevant part of the morning peaked at relatively low levels (\$459/MWh at Otahuhu at 0730 compared to \$4933/MWh at the same time two days earlier when there was no Warning Notice or associated public communications).

The management of this particular event was no doubt a success, in terms of keeping the lights on. And in real time with the inherent complexity and fluidity of the situation, the actions by all concerned were well meaning and effective. But I am concerned that if the approach to managing this event, particularly as it relates to calling on consumers to voluntarily reduce demand, were to become the norm, the long-term effects may be detrimental to the industry's capability to manage future events and ultimately detrimental to consumers.

In my opinion, there is merit in the Electricity Authority and Transpower initiating a project to consider how industry processes around management of winter peak capacity risks should be formalised in the Code and documents incorporated by reference in the Code. In respect of dry year risk there is highly detailed formalisation of the tools used by the System Operator, how risks are communicated to the public, and the actions that will be triggered if certain risk thresholds are crossed. As far as I can tell, there is nothing equivalent regarding the management of winter peak capacity risks.

Industry process that may benefit from further formalisation or consideration include:

- **The specification and use of the System Operator's low residual generation tools and when low residual situations will be communicated to the industry via Customer Advice Notice (CAN).** On 9 May 2024 a CAN was sent at 0728, in advance of the Warning Notice at 1051. Industry and wider stakeholders would benefit from a greater appreciation of the assumptions made in assessing a low residual situation, why the level of 200MW of residual generation is the standard applied, and the extent of any conservatism in the methodology.
- **When the System Operator will trigger a public conservation campaign.** In my opinion, mass communications to customers to save energy should be a last resort once the industry has had an opportunity to respond to the situation and the risk is deemed to remain unacceptable. Formal rules could define at what point the System Operator will release messaging to the public. Any requirements on retailers to flow communications through to their customers could also be formalised. A cursory look across the retail market tells us that on 10 May 2024, the practice of individual retailers varied considerably. This may be appropriate but if we want the response to be predictable it would seem greater consistency at least deserves consideration.
- **How efficient price signals and incentives should be maintained during a winter peak capacity event.** To the extent 'free' mass market demand response is relied upon, that will dampen wholesale prices and weaken incentives to invest in peaking, last resort generation, and dispatchable demand response. Lower than expected wholesale prices during events like this could also make it more challenging for high priced generation and demand response to commit ahead of time, meaning perversely increased risk of scarcity in the long term. Reduced incentives to invest in and commit peaking, last resort generation, and dispatchable demand response will likely harm consumers. The logic is not dissimilar to the Authority's recent preliminary decision that prices for trading periods on 9 August 2021 "were artificially depressed by demand management, in circumstances where participants would expect higher prices to apply, and this threatens, or may threaten, confidence in the wholesale market." Prices are equally artificially depressed by public requests for demand reduction and consideration of scarcity-like pricing may be necessary to preserve efficient price signals for the long-term benefit of consumers.
- **Whether mass market consumers should be recompensed in some way for conservation efforts during a winter peak event,** similar to the way in which consumers are recompensed during an official conservation campaign, due to seasonal scarcity. While many retailers are developing products to incentivise consumer load shifting, there are limited offerings in the market to date. The application of consumer compensation could maintain consumer willingness to assist in these events as well as go some way towards preserving adequate investment and commitment incentives in events where wholesale prices are suppressed by voluntary mass market demand response. Retailers would be incentivised to contract with generators or providers of demand response and seek investment in and commitment of resources that will help to mitigate the risk of peak capacity issues.
- **The North Island Winter Capacity Margin security standard set out in clause 7.3 of the Code could be reviewed.** The security standards have not been reviewed since 2017, at which time the Authority said it would not propose any changes but that it would review the standards again within five years. To our knowledge that review has not occurred. It is notable that the draft 2024 Security of Supply Assessment was published by Transpower three days prior to the events of 10 May 2024 and states that the North Island Winter Capacity Margin is currently met and with existing and already committed generation is expected to be met until 2027. I understand that standard represents what the Authority considers an efficient level of reliability with the cost benefit analysis determining that up to 22 hours per annum of energy or reserve shortfall (as a result of capacity shortage) is economic before additional investment in peaking generation is warranted. Such standards do not seem well aligned with the real world expectation of zero hours



of energy or reserve shortfall. This could be explored in any review of the standard and to the extent a higher standard is applied, the costs of this to consumers should be made clear.

In my opinion, this work should be a priority for both the Authority and Transpower.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Neal Barclay', written in a cursive style.

**Neal Barclay**  
Chief Executive

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**From:** Diana Price s9(2)(a) @transpower.co.nz>  
**Sent:** Friday, 10 May 2024 9:32 am  
**To:** Govt no surprises  
**Cc:** Raewyn Moss; Nathan Green; Matthew Copland  
**Subject:** Morning peak update

Kia ora, it's been a challenging night and morning on the power system but we have made it through the morning peak without needing to call on controllable load or drop any real load.

Late last night we were advised that Tokaanu power station had an issue with weeds which could compromise its ability to deliver the 240MW it had offered for the morning peak. During the night both TCC and Huntly 6 failed to start at the expected time. Fortunately, both Huntly 6 and TCC did start generating just before the morning peak. Tauhara also successfully started around 8am.

Wind generation was slightly higher than expected but it was also slightly colder than expected in the North Island.

Industrials backed off usual loads, we saw about 60MW in reductions from them.

In addition to the reductions from industrials we also saw an additional approximately 200MW of load reduction from lines companies and New Zealanders. This is a significant amount (more than the size of Hamilton!), and we are very grateful to all the organisations and media that have shared our messaging and all the kiwis who acted on it.

We will be producing a report detailing what happened on the power system and our response and sharing that with industry.

Our thanks to industry for their response and to all our staff who have worked tirelessly to ensure New Zealanders all had power this morning.

Please let me know if you have any questions.

Kind regards  
Diana

**DIANA PRICE**  
Head of Communications

**Transpower New Zealand Ltd**  
**Waikoukou, 22 Boulcott Street, Wellington 6011**  
**PO Box 1021, Wellington 6140**

s9(2)(a)  
[REDACTED]  
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Thank you.

**From:** Diana Price [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)  
**Sent:** Wednesday, 1 May 2024 6:00 pm  
**To:** Govt no surprises  
**Cc:** Raewyn Moss; Nathan Green; Matthew Copland  
**Subject:** NZGB CAN issued today

**Purpose:** *No surprises briefing*

**Action required:** *No action required*

Kia ora, we have issued a [NZGB Customer Advice Notice \(CAN\)](#) today alerting the industry to potential electricity supply shortfalls next week (9 and 10 May). These are shown in red in our [New Zealand Generation Balance \(NZGB\)](#) planning tool (a screenshot is included below).

The potential shortfalls are under the N-1-G category. This means the forecast shortfall would only happen if a very high peak load is experienced and two things were to happen:

- a large generator or HVDC pole was to unexpectedly become unavailable, AND
- another large generator or HVDC pole failed or became unavailable.

This is unlikely, and we expect no impact on consumer electricity supply. But we always prepare for the eventuality.

You will also see other potential shortfalls for weekdays from 3 May, but these are now monitored through the market schedules because they are within seven days. The market schedules provide a more accurate picture of forecast peak load, generation offers and demand bids than the NZGB balances. These currently show sufficient residual generation for these days, but we will let you know if the situation changes.

The potential NZGB shortfalls have appeared today because a generator has needed to schedule a maintenance outage at short notice. We continue to work closely with industry to ensure we can accommodate this and other necessary maintenance outages without impacting supply to consumers.

As a reminder, the NZGB is a conservative tool that looks at potential electricity supply shortfalls over the next six months. It assesses the impact of any planned generation and transmission outages on the industry's ability to supply the heaviest demand for the same period last year plus two percent. The potential shortfalls are also based on a situation where only 20% of installed wind capacity is available.

The NZGB CAN calls for industry to move outages where possible and to avoid scheduling further outages on days with potential shortfalls or tight margins. This is to ensure resilience in the power system should high peak demand eventuate and a material generation unit either fails or does not offer into the market.



Please let me know if you have any questions.

Kind regards  
Diana

**DIANA PRICE**  
Head of Communications

**Transpower New Zealand Ltd**  
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PO Box 1021, Wellington 6140

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**From:** Aileen Gallagher  
**Sent:** Friday, 24 May 2024 4:09 pm  
**To:** Liz Cleland; Sarah Gillies;  
s9(2)(a)@transpower.co.nz  
**Cc:** Neal Barclay  
**Subject:** RE: Letter from Neal Barclay, Chief Executive,  
Meridian Energy Limited

Kia ora Liz,

Confirming receipt of Neil's letter to Sarah.

Ngā mihi  
Aileen

**Aileen Gallagher**  
Executive Assistant to the Chief Executive

s9(2)(a)



Level 7, AON Centre, 1 Willis Street  
PO Box 10041, Wellington 6143, New Zealand  
[www.ea.govt.nz](http://www.ea.govt.nz)



---

**From:** Liz Cleland s9(2)(a)  
**Sent:** Friday, May 24, 2024 3:53 PM  
**To:** Sarah Gillies s9(2)(a) > s9(2)(a)@transpower.co.nz  
**Cc:** Neal Barclay s9(2)(a)  
**Subject:** Letter from Neal Barclay, Chief Executive, Meridian Energy Limited

Please find attached letter from Neal Barclay, Chief Executive, Meridian Energy Limited.

Kind regards

**Liz Cleland**  
EA to Chief Executive and Governance Lead  
Meridian Energy Limited  
Level 2, 98 Customhouse Quay, Wellington 6011

PO Box 10840, Wellington 6140

s9(2)(a)



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**From:** Andrew Millar  
**Sent:** Tuesday, 28 May 2024 7:28 pm  
**To:** Brett Woods; Chris Otton; Natalie Bartos; Doug Watt  
**Subject:** Re: 10 May

Kia ora Brent,

Thank you for the email and apologies for the slow response.

We're more than happy to meet to discuss 10 May and the related Contact letter.

@Chris - can you please work with Brett and @Marcie to find a time to meet? Good to have @Natalie and @Doug involved, as well as any anyone else you think might be appropriate.

Ngā mihi

Andrew

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**From:** Brett Woods [s9\(2\)\(a\)](#)  
**Sent:** Tuesday, May 28, 2024 9:38:53 AM  
**To:** Andrew Millar [s9\(2\)\(a\)](#); Chris Otton [s9\(2\)\(a\)](#)  
**Subject:** 10 May

Hi Both. You would have seen we sent a letter to the EA and Transpower on Friday regarding 10 May.

Keen to arrange a time for us to talk to the EA about this. Can you let me know who you'd want at your end and who I can work with to get something set up.

Cheers.

**Brett Woods**  
Head of Regulatory and Government Relations  
[s9\(2\)\(a\)](#)



PO Box 10742, Wellington 6143  
Level 2, Harbour City Tower  
29 Brandon Street  
Wellington, New Zealand  
[contact.co.nz](http://contact.co.nz)

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**From:** [Janine Dwen](#)  
**To:** [Aileen Gallagher](#)  
**Subject:** RE: Quick call on Monday - Alison and Sarah  
**Date:** Monday, 10 June 2024 11:06:03 am

---

Out of scope

Thanks, I will chat to Alison again, I think they were hoping to catch up today, she was looking for 5-10min chat between meetings. She may either email or leave a message on her voicemail. I will let her know and come back to you if later in the week would also be useful.

Thanks for your help.

Cheers

J

---

**From:** Aileen Gallagher [s9\(2\)\(a\)](#)  
**Sent:** Monday, June 10, 2024 10:55 AM  
**To:** Janine Dwen [s9\(2\)\(a\)](#) @transpower.co.nz>  
**Subject:** RE: Quick call on Monday - Alison and Sarah

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Out of scope & s9(2)(a)

Sarah hasn't appointed an Acting CE for this week – I'm due to check in with Sarah (hopefully Tuesday, mid-morning NZ time). At this stage, it's unlikely a phone call will happen today as Sarah is in now in meetings for the remainder of the day.

If you could please let me know what Alison's availability is like later in the week, I can check with Sarah on Tuesday morning – to see if we can tee up a time which works for both of them.

Ngā mihi  
Aileen

---

**From:** Janine Dwen <[s9\(2\)\(a\)](#) @transpower.co.nz>  
**Sent:** Monday, June 10, 2024 9:11 AM  
**To:** Aileen Gallagher [s9\(2\)\(a\)](#)  
**Subject:** RE: Quick call on Monday - Alison and Sarah

Out of scope & s9(2)(a)

I will check in with Alison about Thursday or Friday, I have a feeling that may be too late, if it is, does she have a 2IC during the period she is unavailable? Otherwise perhaps she could give Alison a quick call from her uber or the airport today if that could work? If so, if you are able to let me know rough timing that may happen I will pop a note in Alison's diary to expect a call.

Cheers  
Janine

---

**From:** Aileen Gallagher s9(2)(a)  
**Sent:** Monday, June 10, 2024 8:56 AM  
**To:** Janine Dwen s9(2)(a) @transpower.co.nz>  
**Subject:** RE: Quick call on Monday - Alison and Sarah

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Hi Janine,

Out of scope & s9(2)(a)

Re: Alison's request for a call with Sarah today, I'm sorry but Sarah is travelling to Melbourne today and then has a full day of meetings, she will be attending the conference Tuesday – Friday.

I could see if Sarah would be available for a 10 min call either Thursday or Friday morning. Would that work?

Ngā mihi  
Aileen

---

**From:** Janine Dwen s9(2)(a) @transpower.co.nz>  
**Sent:** Friday, June 7, 2024 3:50 PM  
**To:** Aileen Gallagher s9(2)(a)  
**Subject:** Quick call on Monday - Alison and Sarah

Hi Aileen,

Out of scope

Alison has asked if it would be possible to get a quick phone call with Sarah on Monday? She was hoping for somewhere between 11 am – 12:30 if possible, however appreciate you mentioned Sarah is heading to Melbourne at some stage, so if there is a time that would work better please

let me know. The call is re the Gentailer's letters re 10 May.

Thank you for your help!

Ngā mihi

Janine

**JANINE DWEN (she/her)**  
**Executive and Business Support Manager**  
Transpower New Zealand Ltd  
Waikoukou  
22 Boulcott Street, PO Box 1021, Wellington

s9(2)(a)

s9(2)(a)

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**From:** Andrew Millar  
**Sent:** Monday, 10 June 2024 10:57 am  
**To:** Chantelle Bramley; David Knight  
**Cc:** Mark Herring; Chris Otton  
**Subject:** RE: Response letter to Contact, Meridian, and Mercury on May 10

Thanks Chantelle. Hope that you had a good weekend too.

I'll come back to you on your email shortly.

Cheers

Andrew

**Andrew Millar**  
General Manager Market Policy

s9(2)(a)

---

**From:** Chantelle Bramley s9(2)(a) @transpower.co.nz>  
**Sent:** Monday, June 10, 2024 10:50 AM  
**To:** Andrew Millar s9(2)(a) David Knight s9(2)(a) @transpower.co.nz>  
**Subject:** RE: Response letter to Contact, Meridian, and Mercury on May 10

Hi there – hope you had a good week.

I wanted to check in on how you're progressing with the joint response? Alison is keen for us to provide a response today given the time since the letters were sent. Alison has tried to connect with Sarah to discuss but I understand Sarah is travelling this week and it hasn't been possible. As such we plan to send a version of the draft letter I provided you, from Transpower, noting that we'll continue working with the Authority on any required changes to market settings.

We are still going to suggest a meeting with the CE forum, likely early next week and with the usual competition lawyer present, to gather views on how the public is involved in any call for demand response. As we noted in our earlier conversation, it does not have to be Transpower who does this, so we'd like to hear other perspectives on how better to structure any public request.

Anyways let us know how you're getting on. We'll aim to send our letter out around 4pm if we haven't managed to progress a joint response.

Many thanks

CB

**CHANTELLE BRAMLEY** (she/her)  
EXECUTIVE GENERAL MANAGER, OPERATIONS



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**From:** Andrew Millar [s9\(2\)\(a\)](#)  
**Sent:** Thursday, June 6, 2024 9:12 PM  
**To:** Chantelle Bramley [s9\(2\)\(a\)](#) [@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz); David Knight [s9\(2\)\(a\)](#) [@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)  
**Cc:** Chris Otton [s9\(2\)\(a\)](#); Mark Herring [s9\(2\)\(a\)](#)  
[s9\(2\)\(a\)](#)  
**Subject:** RE: Response letter to Contact, Meridian, and Mercury on May 10

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Kia ora Chantelle, David,

Thank you again for the draft letter and the conversation this morning. It was a useful discussion.

A key issue we landed on was when, how, and should the SO call on consumer reduction (either directly or via retailers). This is a significant issue and goes to the heart of the letters from Contact, Meridian, and Mercury; effectively how to maintain confidence in security of supply while preserving market incentives (including scarcity pricing) in time of tight supply.

We agree that we should look at the process around these events to provide the sector with more certainty around the response to scarcity conditions. That may include codifying existing processes or clarifying new ones. It may also include looking at whether we need to formalise the process in the Code, or provide further industry education.

However, after a considering it further internally today, we remain concerned about convening a meeting of the CE forum to discuss these matters. This is not only because we are still working through our joint response, but Commerce Act risks still remain given the questions of when and how scarcity pricing might be applied in these situations would be central to the conversation (noting David's comments earlier in the day).

We need to consider this further, but a pragmatic alternative might be a joint open letter to the sector. Given your interest in meeting with the CE forum, this is something that Alison might wish to discuss with Sarah directly.

We also indicated that we would get some edits on your draft letter to you today. We're still working through these edits, so we won't get these through to you today unfortunately. I'll keep you posted.

Happy to discuss any of the above further, and thanks again for the collaboration.

Ngā mihi

Andrew

**Andrew Millar**  
General Manager Market Policy

s9(2)(a)

---

**From:** Chantelle Bramley <s9(2)(a)@transpower.co.nz>

**Sent:** Thursday, June 6, 2024 7:17 AM

**To:** Mark Herring s9(2)(a); Andrew Millar s9(2)(a)

**Cc:** Chris Otton s9(2)(a)

**Subject:** Re: Response letter to Contact, Meridian, and Mercury on May 10

Hi there - yes I can definitely give you the highlights. Have Cristiano and/or Briony from Ake not been in touch? They were keen to take the lead on walking you through their ideas for how it might work. I think they were aiming to catch Chris but perhaps that hasn't happened yet. As mentioned I can give you the highlights but I'll chase the team on getting the more fulsome discussion organised.

Talk soon

CB

**CHANTELLE BRAMLEY** (she/her)  
Executive General Manager, Operations

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s9(2)(a)

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**From:** Andrew Millar s9(2)(a)

**Sent:** Wednesday, June 5, 2024 9:43:08 PM

**To:** Chantelle Bramley <s9(2)(a)@transpower.co.nz>; Mark Herring

s9(2)(a)

**Cc:** Chris Otton s9(2)(a); David Knight s9(2)(a) >

**Subject:** RE: Response letter to Contact, Meridian, and Mercury on May 10

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Kia ora Chantelle,

Thank you for sending the draft letter. We look forward to discussing it tomorrow.

Either when we meet tomorrow or some other time, I'd be keen for a chat on demand response conversation you're having with Ara Ake and others. I know you've raised it with Mark, but given that the authors of these letters have raised concerns about price signals, it may be relevant to this conversation. Particularly if it something that progresses this winter.

More generally we're interested to learn more, including whether there are opportunities for this trial to inform our work.

Ngā mihi

Andrew

**Andrew Millar**  
General Manager Market Policy

s9(2)(a)

---

**From:** Chantelle Bramley <s9(2)(a)@transpower.co.nz>  
**Sent:** Wednesday, June 5, 2024 7:05 PM  
**To:** Andrew Millar s9(2)(a); Marcie Turnbull s9(2)(a)  
**Cc:** Chris Otton s9(2)(a); David Knight s9(2)(a)@transpower.co.nz  
**Subject:** RE: Response letter to Contact, Meridian, and Mercury on May 10

Evening all

Please find attached a draft letter for discussion tomorrow morning.

Many thanks

CB

**CHANTELLE BRAMLEY** (she/her)  
EXECUTIVE GENERAL MANAGER, OPERATIONS

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Waikoukou  
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**From:** Andrew Millar <s9(2)(a)>  
**Sent:** Tuesday, June 4, 2024 6:03 PM  
**To:** Chantelle Bramley <s9(2)(a)> @transpower.co.nz>; Marcie Turnbull <s9(2)(a)>  
**Cc:** Chris Otton <s9(2)(a)>; Marcie Turnbull <s9(2)(a)>  
**Subject:** Re: Response letter to Contact, Meridian, and Mercury on May 10

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Thanks Chantelle. Happy for you to hold the pen on the first draft. Thursday morning sounds good. Getting it finalised by Friday afternoon might be challenging given revisions and sign-outs, but let's aim for that in the first instance.

@Marcie - can you please aim for a Thursday morning time for Chris, Chantelle, Mark H, and I?

Cheers

Andrew

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---

**From:** Chantelle Bramley <s9(2)(a)> @transpower.co.nz>  
**Sent:** Tuesday, June 4, 2024 1:53:18 PM  
**To:** Andrew Millar <s9(2)(a)>  
**Cc:** Chris Otton <s9(2)(a)>; Marcie Turnbull <s9(2)(a)>  
**Subject:** RE: Response letter to Contact, Meridian, and Mercury on May 10

Perfect timing Andrew – I was just going to drop you a line as well. A joint response sounds like a good idea and Alison sketched out the general content that she and Sarah discussed. Do you want me to hold the pen on a draft which I can then circulate for discussion? Gives you something to react to which can sometimes make things easier. We could discuss the draft Thursday morning and aim to get it out by the end of the week once Sarah and Alison are happy.

Does that work?

CB

**CHANTELLE BRAMLEY** (she/her)  
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**From:** Andrew Millar s9(2)(a)

**Sent:** Tuesday, June 4, 2024 1:47 PM

**To:** Chantelle Bramley <s9(2)(a)@transpower.co.nz>

**Cc:** Chris Otton s9(2)(a); Marcie Turnbull s9(2)(a)

**Subject:** Response letter to Contact, Meridian, and Mercury on May 10

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Kia ora Chantelle,

Hope that you had a good long weekend.

I understand that you are working on a response to the letters from Contact, Meridian, and Mercury on May 10. We've received them as well and similarly looking at a response.

When Sarah and Alison met last week they agreed that we would look at a joint response letter, so it would be good to align our processes. Do you have time for quick chat this week to discuss an approach?

Ngā mihi

Andrew

**Andrew Millar** ([he/him](#))  
General Manager Market Policy

s9(2)(a)

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9 May, 1.30pm

Transpower media release

## **New Zealanders asked to reduce power use tomorrow morning**

New Zealand is facing a potential shortfall of electricity supply between 7am and 9am tomorrow morning because of an unseasonal cold snap and low wind generation.

Transpower is asking New Zealanders to help by being mindful of their electricity use between 7am and 9am tomorrow morning. This will reduce overall demand and help towards ensuring there is power available for all.

Some examples of how people can contribute are:

- turn off heaters and lights in rooms you are not using
- delay using appliances such as washing machines, clothes dryers and dishwashers until after 9am
- don't charge electronic devices and electric vehicles between 7am and 9am.

It is forecast to be a very cold morning, and people should stay warm by heating rooms they are using and continuing to keep them warm. However, they could consider turning down the temperature slightly between 7am–9am (by 1-2 degrees).

Transpower has released a warning notice this morning advising industry of the situation.

Transpower will work with electricity lines companies around New Zealand to switch off controllable load like hot water systems tomorrow morning to reduce demand. Hot water systems are regularly switched on and off during the day, so most people won't notice this.

Major industrial electricity consumers have also been asked to reduce electricity use for the time that the shortfall is anticipated.

If action from lines companies and major industrial consumers, alongside support from New Zealanders to conserve electricity, is not enough to keep the power system in balance, Transpower may need to work with lines companies to switch off supply to some areas around New Zealand.



**TRANSPOWER**

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s9(2)(a)

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This would be for a short time until the electricity supply shortage is resolved and will prevent the risk of widespread and longer outages.

People who rely on power for medical reasons are asked to ensure they have a backup plan in place and call 111 in an emergency.

We encourage people to check websites and Facebook pages from Transpower, their electricity retailer, or local lines company for updates.

ENDS

For interviews or more information, call Transpower's media phone: s9(2)(a)

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**From:** Diana Price [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)  
**Sent:** Thursday, 9 May 2024 1:37 pm  
**To:** Govt no surprises  
**Cc:** Raewyn Moss; Nathan Green; Matthew Copland  
**Subject:** Shortfall tomorrow morning - update  
**Attachments:** Transpower media release - 9 May - New Zealanders asked to reduce power use tomorrow morning.pdf

Kia ora, further to my email this morning for those that were not able to join the industry briefing, we have now issued a [Warning Notice](#).

We are currently showing a shortfall of 22MW for the 7.30am to 8.30am trading period tomorrow morning.

The MetService forecasts have continued to trend down as the day has gone on, getting colder with each one. There is currently 134MW of wind in the schedule but the Meteologica forecast indicates wind will deliver closer to 101MW – a downside of a further 33MW. Should temperatures be even colder than currently forecast we would expect to see around an additional 110MW of demand for each degree colder.

Should the shortfall still exist at gate closure the Warning Notice (WRN) would be escalated to a Grid Emergency Notice (GEN).

Given the situation we will be issuing a media statement shortly advising New Zealanders of the situation and asking them to be mindful of their electricity use tomorrow morning. A copy of that statement is attached.

We will also be sending an email to the major power system events contact list asking lines companies and retailers to support that messaging through their channels.

We are holding another industry briefing at 3.30pm to provide an update, you are welcome to join this by clicking this link – [Join the meeting now](#)

Please let me know if you have any questions.

Kind regards  
Diana

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**From:** Diana Price  
**Sent:** Thursday, May 9, 2024 9:50 AM  
**To:** Govt no surprises [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)  
**Cc:** Raewyn Moss [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz); Nathan Green [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz); Matthew Copland [s9\(2\)\(a\)@Transpower.co.nz](mailto:s9(2)(a)@Transpower.co.nz)  
**Subject:** Low residual situation - tomorrow morning



Morena, we have issued a [low residual Customer Advice Notice \(CAN\)](#) for tomorrow morning between 7.30am and 8.30am due to the generation margin we aim to keep in the system dropping below 200 MW.

The tight situation is again due to the unseasonal cold snap across the country, low wind generation, and a number of generation units on scheduled maintenance ahead of winter.

The CAN has called for increased generation to be made available if possible. We understand that there aren't any additional generation units not on outage that can be made available in time, however there may be some units that can offer more generation than currently offered.

The CAN also asks local lines companies to advise how much controllable load (mostly hot water systems) they have available to be switched off if it is colder than forecast, wind drops or faults happen in the system ahead of the morning peak.

We are continuing to assess how tight the situation is and whether we will publicly ask consumers to be mindful of their electricity use tomorrow morning to help us through the tight spot.

We have scheduled an industry briefing for 11am this morning. You are welcome to join this meeting by clicking this link - [Join the meeting now](#)

I will update you as additional information becomes available.

Let me know if you have any questions.

Kind regards  
Diana

**DIANA PRICE**  
Head of Communications

**Transpower New Zealand Ltd**  
**Waikoukou, 22 Boulcott Street, Wellington 6011**  
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Thank you.

**From:** Diana Price [s9\(2\)\(a\)@transpower.co.nz](mailto:s9(2)(a)@transpower.co.nz)  
**Sent:** Monday, 6 May 2024 7:39 pm  
**To:** Govt no surprises  
**Cc:** Raewyn Moss; Nathan Green; Matthew Copland  
**Subject:** Tighter supply this week and NZGB customer advice notice

**Purpose:** No surprises briefing

**Action required:** No action required

Kia ora, you'll be aware that unseasonably cold temperatures are forecast for much of the country this week. This increases demand for electricity, especially when cold temperatures reach larger population centres in the North Island such as Auckland.

Our market schedules are currently showing that supply will be tight during the peaks, but comfortable over the week ahead. We do not anticipate any impact on consumers and will alert you if that changes. The industry works particularly hard during cold weather like this to make sure sufficient generation is available to meet higher demand.

However, with tighter supply and reduced margins this week comes a greater risk of potential impact on consumers if something unexpected happens. For example, if it is colder and there is less wind than forecast and a major generation unit trips then we could need to call on controllable load to keep the system in balance. If there is a shortfall of electricity supply despite these efforts, we may need to call a grid emergency and instruct lines companies to drop a small amount of load, which would mean power cuts to some consumers.

We have already identified tight electricity supply margins through May in our [New Zealand Generation Balance \(NZGB\)](#) planning tool. This included identifying potential electricity supply shortfalls this Thursday and Friday (see my email on Wednesday last week). We have also issued a [NZGB CAN](#) this afternoon to alert industry to a potential electricity supply shortfall of 10.8 MW on Thursday 23 May.

The potential NZGB shortfalls are under the N-1-G category, which means any potential electricity shortfall would only happen if a very high peak load is experienced and two things were to happen:

- a large generator or HVDC pole was to unexpectedly become unavailable, AND
- another large generator or HVDC pole failed or became unavailable.

This combination of events is unlikely, but we work hard with industry to prepare for the eventuality by making sure sufficient electricity is made available on these days. We are seeing high commitment of thermal generation units this month and we thank industry for their commitment to keeping the power flowing for New Zealanders.

Tight NZGB margins are not unusual in May with many generators scheduling outages for essential maintenance work before winter.

Please let me know if you have any questions.

Kind regards

Diana

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Head of Communications

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