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8 November 2024

First steps in improving outage coordination

Transpower appreciates the opportunity to submit on the Electricity Authority's (Authority's) consultation *First steps in improving outage coordination*, published 21 October 2024.

As noted by the Authority, the system operator's (SO's) incentives to coordinate outages effectively are for reasons of ensuring security of supply (capacity and resource adequacy) as well as system security (ensuring system needs are always met, so that we may comply with the Principal Performance Obligations (PPOs). The grid owner (GO) has a role in coordinating its own outages as an asset owner, particularly, through the Outage Protocol arrangements.

The SO relies on the Planned Outage Coordination Process and the as-named software (POCP) for receiving information from asset owners about planned (and unplanned) asset outages. Allowing the SO to reasonably specify the manner and form in which to disclose asset outages ensures the process is efficient and effective. Most asset owners use POCP to disclose their outages and we have taken steps recently to improve the ability for asset owners to disclose outages using this platform.

As an asset owner the GO uses information from POCP for its coordination processes.

We agree with the Authority's proposals to disclose outages, update outage information as soon as possible after a change, and ensure outage coordination provisions apply for capacity reductions and unplanned outages. However:

- The type of outages that must be notified to the SO needs to be clarified and narrowed. This is required to avoid an unworkable volume of information being provided to the SO which is not needed for SO to achieve its PPOs or for the GO to coordinate its outages. The current proposed amendment would make it more difficult for the SO to achieve its PPOs and for the GO to coordinate its outages without investment in new/ upgraded tools.
- The definition of 'immediately' needs to be clarified to avoid the GO, as an asset owner, unnecessarily investing in tools. We think 'as soon as reasonably practical' is appropriate to meet the intent of the Code amendment.

We have responded to the Authority's questions in the Appendix. We identify where the response expressed is in our role as the SO or GO.

Yours faithfully,

Joel Cook

Head of Regulation

Appendix: Response to Questions

Questions	Comments
Q1. Do you agree with the issues identified by the Authority?	Yes.
Q2. What other outage coordination issues should the Authority consider for our future programme of work? Please expand.	<p>We would like to discuss this further with the Authority and the industry. An industry working group (including the SO and GO) would be an effective vehicle for considering future outage management changes. Careful consideration of any future changes needs the involvement of a broad range of electricity sector participants to ensure sector wide efficient and fair outcomes.</p> <p>The SO's principal areas of interest will include:</p> <ul style="list-style-type: none"> - formalising the structure around capacity adequacy assessments and defining security standards which the SO may use as triggers to give advice and/or directions to asset owners - Improving quality and quantity of outage information including degree of flexibility exploring options for limiting changes to planned outages in the period before real-time. <p>The GO is keen to see that any future enhancements the Authority considers to the SO ability to coordinate outages appropriately considers asset owner's need and optimal approach to carry out routine or urgent work that does not pass on unnecessary costs or negatively impact reliability. Any increased powers to coordinate outages need to be carefully considered and would need clear boundaries and rules to ensure that they are used transparently and fairly.</p>
Q3. Do you agree with the proposed changes to outage coordination obligations on the system operator and asset owners? If not, what don't you agree with and why?	<p>SO views</p> <p>Partially. However, the SO does not agree that all outages should be notified. We recommend that outage reporting is limited to those that could impact on the SO's PPOs.</p> <p>For the purposes of ensuring security of supply and system security the outages which we coordinate are limited to equipment or plant that is <u>directly</u> connected to or forms part of the grid, or equipment or plant intended to form part of the grid, or equipment or plant of an embedded generator that is offering into the market. We are also interested in outages in the distribution networks that distributors may consider could have an impact on the SO's</p>

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	<p>PPOs. The proposed changes will result in the SO being inundated with information about minor/inconsequential outages to the SO (about, for instance, low voltage network outages). Our systems and processes cannot filter impactful outage information from non-impactful outages. Our tooling would require significant upgrades to handle very high volumes of outage information. Therefore, participants' obligations should be limited to notifying outages which are likely to have an impact on the PPOs. The existing Code wording, in Schedule 8.3, Technical Code D, Clause 2(2), provided guidance for this by setting out that an asset owner "must contact the system operator for advice" if the asset owner was unsure if an outage would impact on the SO's PPOs.</p> <p>We also wish to emphasise that obligations for asset owners to update their outage information in respect of unplanned outages does not remove their (or traders on their behalf) obligations to update offers in the market, where relevant. Participants must also continue to meet their disclosure obligations under clause 13.2A.</p> <p>GO views</p> <p>Partially. However, the GO, like the SO, does not agree that all outages, including those on the lower voltage networks, should be reported to the SO. The GO uses the information collected by POCP to undertake our Outage Protocol role; we would need to filter out outages on lower voltage networks that would not impact on our coordination role. This would add complexity and cost to our process.</p>
<p>Q4. Do you agree the analysis presented in this regulatory statement? If not, why not?</p>	<p>Partially. We disagree with the cost analysis in 6.3-6.6. For the reasons set out in Q3 above, we believe there will be material costs and operational impacts to the SO and the GO.</p>
<p>Q5. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.</p>	<p>SO views</p> <p>No. As noted in Q3, the wording should be changed to clarify that outages notified to POCP are limited to:</p> <ul style="list-style-type: none"> - equipment or plant that is <u>directly</u> connected to or forms part of the grid, or - equipment or plant intended to form part of the grid, or

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	<ul style="list-style-type: none"> - equipment or plant of an embedded generator that is offering into the market, or - any outage that does not fit the criteria above that the asset owner may consider could have an impact on the SO's PPOs. <p>The additional costs to manage an unworkable volume of outages being submitted to POCP could be avoided by the Authority adopting our proposal. This would reduce costs without affecting the intended outcome of the proposed Code amendment. Therefore, this would be a more preferable option in meeting the Authority's statutory objective.</p> <p>GO views</p> <p>No. The proposal to have the SO notified of all outages and for these to be added to POCP will create additional work for the GO to coordinate its outages and an investment in tools to filter out outages that are inconsequential for grid outage planning.</p> <p>Our preferred option is to limit outages notified to POCP as proposed by the SO, as set out above. This option will reduce costs, making it a more preferable option in meeting the Authority's statutory objective.</p>
<p>Q6. Do you have any comments on the drafting of the proposed amendment?</p>	<p>The SO has concerns with the drafting of the proposed amendment.</p> <p>Duplicating terminology (particularly outage) for use between Part 8 and Part 12 of the Code does not sufficiently recognise the linkages between the two Parts, and creates a risk of unintended consequences.</p> <p>Part 1 - Definitions</p> <ul style="list-style-type: none"> - notified planned outage – as provided reads "...means any planned for which...", but should read "...means any planned outage for which..." - outage – inclusion of "or a local network" in the part (a) definition is ambiguous as the definition of asset only applies to embedded generation assets on the local network. We suggest removing all words in (a) after "...that" (as these words are duplicated in the definition of asset). - We would also like to clarify the outage notification requirements need only apply to embedded generators that operate embedded generating stations that offer into the electricity market, or embedded generators

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	<p>who reasonably believe an outage of their plant would have an impact on the PPOs.</p> <p>Schedule 8.3, Technical Code D</p> <ul style="list-style-type: none"> - Clause 2(2) we suggest retaining this subclause if the Authority' accepts our proposed changes to limit the range of outages reported to the SO (see our response to Q5), this would require asset owners to consult with the SO on the materiality of the outage in determining whether to notify the outage. - Clause 2(3) missing bolding on asset owner - Clause 2(4) missing bolding on owner. Also this clause requires an asset owner to update the SO "immediately" whereas "as soon as reasonably practicable" might be more appropriate. Current systems and processes are adequate for notifying unplanned outages. - Clause 4 missing bolding on 'outage' – ".....until a more suitable time, if such outage would, in the reasonable...." - Clause 7 numbering omits subclause (1). <p>The GO has additional concerns with the drafting:</p> <ul style="list-style-type: none"> - Clause 2. The requirement to "immediately" provide notification of a planned outage needs further explanation. As it is proposed, it could lead to disproportionate investment in tools and processes to meet a view of what immediate means, resulting in unnecessary cost on asset owners. We would recommend "immediately" be replaced with "provide notice as soon as reasonably practicable" or provide a realistic timeline of what if immediate is intended to mean, i.e. within one working day. - Clause 7(3), given the typical nature of unplanned outage, we suggest the following wording could be used instead: "The system operator may request an asset owner use all reasonable endeavours, and in accordance with good electricity industry practice, to end the unplanned outage as soon as possible to support the system operator in planning to comply, and in complying, with the principal performance obligations."