

31 March 2025

James Kilty  
Chief Executive  
Transpower  
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Sent via email: [system.operator@transpower.co.nz](mailto:system.operator@transpower.co.nz)

Dear James

## **Security of Supply Forecasting and Information Policy Review Issues Paper 2025**

1. This is a brief cross-submission from the Major Electricity Users' Group (MEUG) on Transpower's issues paper "*Security of Supply Forecasting and Information Policy Review*"<sup>1</sup> published on 10 March 2025.
2. This cross-submission does not contain any confidential information and can be published on Transpower's website unaltered. Members may lodge separate cross-submissions.

### **Clear drive to review the SOSFIP**

3. MEUG welcomed the opportunity to review the submissions from other market participants, who provided a range of useful perspectives on the proposed scope of the Security of Supply Forecasting and Information Policy (SOSFIP) review and broader security of supply in the electricity sector.
4. From our review, all parties appear to welcome this review and generally endorse the three areas that have been identified by the System Operator for consideration. We encourage work on these areas to commence as soon as possible. We support Contact Energy's call for the SOSFIP to also be updated urgently to better reflect the assumptions underlying the actual operation of the Taranaki Combined Cycle (TCC) plant, with regards to gas supply. This should be actioned quickly, to ensure it informs winter 2025.

### **Meridian's proposed amendments to contingent storage access**

5. MEUG welcomes the additional information that Meridian provided in its submission to support its call for amendments to contingent storage access. This helps provide greater insight into the operational conditions for accessing this water, the issues with current modelling and the linkages with other hydro generation and storage in the system. Meridian also provided a quantitative analysis of the benefits possible from considering a change to help demonstrate the case for change.

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<sup>1</sup> <https://static.transpower.co.nz/public/bulk-upload/documents/System%20Operator%20-SOSFIP%20review%20Issues%20Paper%20-%20March%202025.pdf?VersionId=40ZOnGYIIOC6EXKbSJgh1ND2CfdX1r0z>

6. It was helpful to see the submissions from Environment Canterbury<sup>2</sup> and Otago Regional Council<sup>3</sup> who provided insight on how the environmental impacts need to be considered within the consenting framework if changes were to be pursued. We agree with Environment Canterbury's view that this issue must be looked at "from a system perspective" and agree with Octopus Energy that if the System Operator is to consider Meridian proposal, we must ensure the process is not rushed. Given this, and as echoed by Contact Energy, MEUG still considers that temporary changes to the rules for another one to two years would be the best course of action until proper analysis is completed.

### Support investigating options raised better ensure security of supply

7. Submitters raised several ideas where the System Operator could possibly intervene to better ensure security of supply.<sup>4</sup> MEUG supports investigation of the following ideas:
- Orion's<sup>5</sup> proposal for a resource (energy) adequacy reserve facility as an alternative strategic mechanism. *"This approach would establish an enduring capacity specifically designated to manage extended dry periods, providing certainty around fuel availability while equitably allocating costs across market participants."*
  - Genesis Energy's<sup>6</sup> proposal to *"give the System Operator discretion to constrain on Huntly Rankine units a day ahead if they are seeing heightened risks such as uncertain demand and highly variable wind which aren't adequately showing up in market forecast prices for economic unit commitment decisions."*
  - Oji Fibre Solutions<sup>7</sup> comments around the System Operator needing to broaden its involvement in managing dry-year energy risk and specific consideration of options to bring on thermal general, possibly as an ancillary service. This is an idea that has been discussed by MEUG and is an option we believe warrants greater consideration.
  - Energy Resources Aotearoa<sup>8</sup> call for solutions that *"depoliticise the choice of fuel for firming and attract long-term investment in generation"*. We agree that *"there may be merit for a central market-making mechanism for matching firming capacity with new renewable generation in a way that does not simply reallocate existing capacity or exclusively rely on the gentailers"*.
  - Contact Energy's<sup>9</sup> call for *"incorporating capacity risk, not just energy risk into the hydro risk framework"*.
8. We would encourage the System Operator to work with both the Electricity Authority and the Ministry of Business, Innovation and Employment (MBIE) to investigate these ideas as part of the broader work programme to improve both affordability and security in the sector.

### Need for greater generation and fuel for the electricity sector

9. A key theme from many submitters was the need to focus on the underlying long-term energy security issues in the sector and the need for more generation, alongside the short-term improvements. MEUG supports:
- Energy Resources Aotearoa's<sup>10</sup> call to focus on *"finding more fuel to cover our risks of a*

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<sup>2</sup> [Environment Canterbury](#) submission

<sup>3</sup> [Otago Regional Council](#) submission.

<sup>4</sup> Under question 4 in the issues paper.

<sup>5</sup> [Orion](#) submission.

<sup>6</sup> [Genesis Energy](#) submission.

<sup>7</sup> [Oji Fibre Solutions](#) submission.

<sup>8</sup> Paragraph 21, [Energy Resources Aotearoa](#) submission.

<sup>9</sup> [Contact Energy](#) submission.

<sup>10</sup> [Energy Resources Aotearoa](#) submission.

*dry year blackout”, while ensuring that attention is drawn to “the problem of accessing reliable non-weather dependent fuel, like natural gas, and new firming capacity to firm new weather dependent generation so this situation can be avoided in future.”*

- The Guardians of Lake Hāwea<sup>11</sup> comments that “*carrying out regular short-term fixes is not going to resolve the long-term Security of Supply (SOS) problem that we face.*”
  - Harmony’s call for greater regulatory changes to “enable more hybrid projects (such as Solar + BESS or Wind + BESS)” and therefore more generation to enter the system.
10. We recognise the considerable work programme underway by the government to bring more generation to the market, and the many projects that both the four gentailers and the independent generators are working on to bring more supply to the sector.

### Welcome opportunity to discuss our comments further

11. If you have any questions regarding our cross submission, please contact MEUG on 027 472 7798 or via email at [karen@meug.co.nz](mailto:karen@meug.co.nz).

Yours sincerely



**Karen Boyes**  
Major Electricity Users’ Group

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<sup>11</sup> [Guardians of Lake Hawea](#) submission.