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To: Transpower

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Genesis Energy's submission on Transpower's System Operator Strategy Phase 2 Consultation

Genesis Energy Limited (**Genesis**) welcomes the opportunity to comment on Transpower's **(the System Operator) System Operator Strategy Phase 2 Consultation paper**. Please find below our comments on specific proposed initiatives under each of the five strategic priorities. Genesis supports the System Operator developing a ten-year Strategy and is generally supportive of this work programme, including the five proposed strategic priorities. We welcome the System Operator's commitment to a market-based approach, with clear definition of the role of the System Operator and the role of the market or other parties.

We support the System Operator prioritising work consistent with Statement of Government Policy to the Electricity Authority, including working with the Electricity Authority to review and update the security standards and the Security of Supply Assessments (SOSA). We also note MBIE recently consulted on a proposed dry-year reliability obligation; per our submission to MBIE, we support MBIE undertaking further detailed regulation design of any reliability obligation with the Authority and Transpower informed by the review of the security standards and SOSA.

We note the Strategy will be the foundation of the System Operator's proposal to the Electricity Authority for funding to cover the System Operator service from July 2028 to June 2031. We agree with the point made in the paper that affordability and value for money are core enablers. We would be supportive of the System Operator publishing further detail with indicative cost estimates and cost-benefit analysis for proposed initiatives.

Yours sincerely,

Mitchell Trezona-Lecomte

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Senior Advisor, Government Relations and Regulatory Affairs

Priority 1: Operating a secure, highly variable power system

Proposed SO work	GNE comment
P1.1 Evolve real-time security / FSR work programme	We support this work.
P1.2 Shift to probabilistic forecasting and risk assessments	We support development of P10, P50 and P90 solar, wind and demand forecasts and the integration of these alongside the SO's existing forecasting and SoS frameworks. We agree the shift to probabilistic forecasting, using P10, P50 and P90 scenarios, is sensible and will provide quantified rather than assumed risk margins. The System Operator may also wish to consider the extent to which these forecasting scenarios could inform an updated SOSA to ensure security standards / energy and capacity margins are aligned.

Priority 2: Efficient market operations and information provision

Proposed SO work	GNE comment
P2.1 Update SPD system due to renewables / BESS / DER	We support this work. It would be useful to receive further clarity on work the System Operator proposes to undertake to address periods of oversupply of cheap renewables beyond the amendments recently proposed by the Electricity Authority.

P2.2 Evolve ancillary services	We support this work including work to ensure ancillary service products are accessible to BESS.
P2.3 Evolve Security of Supply (SoS) framework	We support the System Operator prioritising work consistent with Statement of Government Policy to the Electricity Authority, including working with the Electricity Authority to review and update the security standards and the Security of Supply Assessments (SOSA). See further comments below under P2.4. We note the security standards have not been updated since 2012 and it would be timely to review and update these as a priority.
P2.4 Implement MBIE dry year risk mitigations (WERO)	We note the WERO is still under consideration. If the Government decides to progress the WERO, we agree this will be high priority if the WERO is progressed. A key step will be to review and update the security standards and SOSA to ensure they are fit for purpose. Would likely require more frequent SOSA updates to keep industry informed. Assumptions underpinning thermal plant in SOSA may also need further revision to ensure they reflect commercially viable thermal plant. We also note MBIE recently consulted on a proposed dry-year reliability obligation; per our submission to MBIE, we support MBIE undertaking further detailed regulation design of any reliability obligation with the Authority and Transpower informed by the review of the security standards and SOSA. We support the concept of an Electricity Security Opportunities Statement as an information tool to help industry understand where gaps may emerge and how investment could address these gaps.

P2.5 Integrating new asset types into power / market systems	We support this work. As noted in our submission on phase one of the Strategy development, Transpower has an important role to play in supporting generation growth via the connection process. We encourage Transpower to continue improving and accelerating the connection queue process. We support work on integration of new operating models, including aggregators and V2G.
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Priority 3: Evolving operational capability

Proposed SO work	GNE comment
P3.1 Control room of the future and P3.3 Operations Customer Portal & Data Exchange	We support this work.
P3.4 Forecasting and modelling uplift	We support this work, and assume this will be aligned to review of other SoS work ie SOSA etc.
P3.8 Cyber security	We support this work. We agree cyber security should be prioritised by Transpower and support Transpower having a dedicated cyber security workstream. There is an argument for bringing this priority forward where possible, including as part of DPMC's cyber security strategy work. We encourage integration of cybersecurity risks into Transpower's broader security work.

Priority 4: Leveraging data and distributed resource integration

Proposed SO work	GNE comment
P4.1 Develop standard operational data set for industry use	We support this work. We encourage the System Operator to work with the Authority (and MBIE as relevant), and relevant industry participants including retailers and networks, to ensure data standardisation work is aligned.
P4.2 AI Governance & P4.3 Data access and use	Yes, we support the System Operator undertaking work with the Authority and MBIE on AI governance. We also support the System Operator working with DSOs to establish data access and use arrangements.
P4.4 Future System Operator interoperability	Yes, we support the System Operator undertaking further work with the Authority to define a standard TSO-DSO model.

Priority 5: Strengthening industry resilience

Proposed SO work	GNE comment
P5.4 Coordinating emergency demand management	We support the proposed collaboration between the SO, EA and ENA in developing the LMP. We recommend that retailers are also included in the development process to ensure the LMP reflects the perspectives of all key parties involved in delivering demand-side flexibility and emergency management.
P5.5 Monitoring and responding to Natural Hazards (including Space Weather)	We support this work.

