



System Operator Policy Statement Review

Consultation – May 2026

Transpower New Zealand Limited



IMPORTANT

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1 Executive Summary

1. Transpower, in its role as System Operator, is consulting on proposals to amend the System Operator Policy Statement. The Policy Statement is a key system operations document which describes the policies and processes the System Operator uses to meet the principal performance obligations in the Electricity Industry Participation Code 2010. The aim of the review is to refine the Policy Statement to better support the System Operator's obligations for maintaining a secure and resilient power system, managing technical compliance, and addressing potential conflicts of interest.
2. The last Policy Statement review was completed in October 2024, with amendments approved by the Electricity Authority which came into force in March 2025. Building on that process, we are proposing further targeted changes across four main areas:
 - Security Policy – Risk Management Policies: Introduction of a new credible event classification for groups of generating units, clarifying risk management and reserve procurement processes.
 - Security Policy – Emergency Planning: Incorporation of the Low Residual Situations process and requirements for regular review and publication, ensuring transparency in managing insufficient generation and reserve shortfalls.
 - Dispatch Policy – Dispatch Schedule: Implementation of tie-breaking rules for generation allocation and clarification of actions when generators are dispatched within or below minimum operating levels.
 - Compliance Policy – Asset Capability Information: Addition of direct (grid-connected) consumers and other large (embedded) consumers as a new asset owner type, reflecting the growing need for information on large loads and their Fault Ride Through performance.
3. The proposed amendments are designed to provide additional clarity, promote efficiency and reliability, and ensure the Policy Statement remains fit for purpose in a changing system environment. The changes are largely technical, and we consider that they should be uncontroversial based on previous stakeholder feedback and our operational experience.
4. We have also identified some potential enhancements to the Policy Statement that could be considered by a future review:
 - Potential to formalise New Zealand Generation Balance (NZGB) arrangements: Doing so through the Policy Statement could clearly define NZGB's role in monitoring generation adequacy, provide market participants with confidence in how capacity risks are assessed and communicated, and support informed decision making during tight supply periods.
 - Modernising Policy Statement language: we think a wholesale style refresh of the Policy Statement might be warranted, to improve accessibility and comprehension of the policies it describes. If we undertook a style review this would require engagement with the Authority to ensure appropriate Code drafting standards are followed.
5. Transpower welcomes feedback on the proposed amendments, the potential future enhancements we have identified, and suggestions for any other potential amendments that could further enhance the Policy Statement.
6. The consultation period runs for three weeks with submissions due by 5pm on Thursday, 4 June 2026, followed by a one-week cross-submission period. Submissions will be published on the

Transpower website, and all feedback will be carefully considered before finalising the amendments for submission to the Electricity Authority in July 2026.

2 Introduction

7. In our role as the System Operator, we are seeking feedback on draft proposals to amend the Policy Statement.
8. The Policy Statement is one of the system operation documents that is incorporated by reference in the [Electricity Industry Participant Code 2010 \(the Code\)](#) under clause 8.10.¹
9. The proposed amendments to the Policy Statement are shown in the red-lined version of the draft Policy Statement in Appendix 1 of this consultation paper. It includes embedded comments linking to the relevant sections of this consultation paper.

2.1 Background – about the Policy Statement

10. The Policy Statement describes the policies and processes the System Operator uses to meet the [principal performance obligations \(PPOs\)](#) in the Code for maintaining a stable and resilient power system, and to manage technical compliance and conflicts of interest.²
11. The System Operator must comply with the Policy Statement in normal circumstances.³

2.2 Our last Policy Statement review

12. The System Operator must undertake a review of the Policy Statement at least once every 2 years (clause 7.15(1) of the Code). The last review was completed in October 2024.⁴ The Electricity Authority (**Authority**) [approved the amendments](#) we proposed, which took effect in the Policy Statement on 14 March 2025.
13. The changes were relatively uncontroversial and consisted of:
 - adding detail on how the System Operator will manage “stability events”;
 - providing additional detail and clarity around how the System Operator will manage demand if required in short duration grid emergencies, e.g. if there is insufficient generation to meet demand during a winter evening peak demand period due to a series of generating unit failures coinciding with poor weather conditions for wind generation; and
 - providing a more equitable allocation of demand reductions between grid connected parties (large industrial consumers and distribution lines companies) if demand management is required in short duration grid emergencies.

1 The current Policy Statement is here: [Certified policy statement - effective 14 March 2025](#)

2 Clause 8.11 of the Code sets out what the Policy Statement must contain.

3 Clause 8.8 of the Code requires the System Operator to comply with the Policy Statement subject to clause 8.14. Under clause 8.14, the System Operator may depart from the Policy Statement when a system security situation arises and such departure is required for the System Operator to comply with the reasonable and prudent system operator standard specified in clause 7.1A(1).

4 [Invitation to Comment: Draft Policy Statement 2024 \(Closed\) | Transpower](#)

14. During our October 2024 review, we identified further areas of the Security Policy that could be improved by addition of detail about the process we follow to identify and mitigate low residual capacity situations near real time. We did not propose any specific changes in relation to this as part of the October 2024 review as our priority was to complete the review in time for changes to be made before winter 2025, and we wanted more time to consider the additional potential changes.

2.3 Requirements for amendment of the Policy Statement

15. We must submit any proposed amendments to the Policy Statement to the Authority for approval (clauses 7.13 of the Code). The requirements for proposals to amend or replace system operation documents are contained in clauses 7.13-7.22 of the Code.
16. The Authority must consent to the consultation before the System Operator can consult on a proposal to amend a system operation document (clause 7.16) which has been granted.
17. We are required to consult “with affected participants or persons that represent the interests of those persons likely to be affected by the proposed amendment” before submitting the proposed amendments to the Authority (clause 7.20 of the Code).
18. Before the Authority can amend the Code to incorporate the proposed amendments to the Policy Statement, it may need to consult. It will not need to consult if it is satisfied on reasonable grounds that: (a) the nature of the amendment is technical and non-controversial, or (b) there is widespread support for the amendment among the people likely to be affected by it, or (c) there has been adequate prior consultation (for instance, by or through an advisory group) so that all relevant views have been considered (section 39 of the Electricity Industry Act 2010 (**Act**)).

2.4 How you can have your say

19. We welcome any feedback on the Policy Statement and our proposed amendments, including responses to our specific questions and any other potential amendments we should consider.
20. We have included a Word document, for the convenience of submitters, which incorporates all the questions contained in the consultation paper. You can use this for your submission if you would like to. We have also included a Word document version of the Policy Statement with the proposed amendments shown as track-changes. You may wish to use this to mark up any changes you wish to recommend through your submission.

2.5 Consultation period

21. The consultation period is 3 weeks commencing Thursday, 14 May 2026. Submissions are due by 5pm on Thursday, 4 June 2026. This is followed by a 1-week period for cross-submissions. Cross-submissions are due by 5pm on Thursday, 11 June 2026.

22. Please send submissions and cross-submissions to system.operator@transpower.co.nz. We will acknowledge receipt of all submissions and cross-submissions. Submissions and cross-submissions will be published on our website at [System Operator Consultations | Transpower](#).
23. If your submission or cross-submission contains confidential material, please ensure this is clearly identified and provide a version of your submission or cross-submission that can be published.
24. Please note that all information provided to Transpower is subject to potential disclosure under the Official Information Act 1982. Clause 7.20(4) of the Code also requires that the system operator provide a copy of each submission received to the Authority.
25. If you have any questions about this consultation, please send them to system.operator@transpower.co.nz. Your questions and our responses to them will be published on our website for reference by other submitters and stakeholders.

2.6 Next steps

26. We will carefully review all the submissions and cross-submissions, including preparation of a summary and response document, and (if applicable) revising our proposed amendments to the Policy Statement.
27. Subject to the nature and content of submissions we receive, we are aiming to submit proposed amendments to the Authority in July 2026. Clause 7.21 of the Code sets out the requirements for the information the System Operator must provide to the Authority.
28. Once we have provided it to the Authority we will publish our final Policy Statement proposal.

3 Proposed amendments to the Policy Statement

29. We are proposing amendments to the Policy Statement across four key areas:
- Security Policy – Risk Management Policies,
 - Security Policy – Emergency Planning,
 - Dispatch Policy – Dispatch Schedule and Oversupply Management, and
 - Compliance Policy – Asset Capability Information and Assessments.
30. The proposed amendments include changes that have been supported through prior consultation with industry, are intended to improve transparency and consistency, and/or are technical drafting changes.
31. A red-lined version of the draft Policy Statement is in Appendix 1 of this consultation paper. It includes embedded comments linking to the relevant sections of this consultation paper.

3.1 Security Policy – Risk Management Policies

3.1.1 New credible event classification for loss of a group of generating units

32. As System Operator, we must seek to manage the outcomes of events that may cause cascade failure. We achieve this by identifying potential credible events on the power system from asset failure that may result in cascade failure. These are then assessed to estimate the likely risks based on the potential impact on the power system. Credible events and their classifications are listed in the Risk Management Policies section of the Policy Statement (clause 12).
33. In August 2025 we consulted on the need to classify the risk of a group of generating units being simultaneously disconnected, a proposed Credible Event Review⁵ update and the drafting of a potential amendment to the Policy Statement. Submissions received generally supported and agreed with Transpower's new approach⁶ to generating unit risk when connected in groups, which has now been finalised.
34. The amendment now proposed is consistent with the approach consulted on in August 2025. We propose to implement this policy through the following changes to the Security Policy:
- insert a new type of credible event being the loss of a group of generating units (new bullet point in clause 12.1.1)
 - insert a new type of contingent, extended contingent or other event being the loss of a group of generating units (new clause 12.4A(c))
 - insert a corresponding definition in clause 169AA.

5 [Review of generating unit risk when connected in groups.pdf](#)

6 [Review of Generating Unit Risk when Connected in Groups - Response to Industry Feedback.pdf](#)

Question 1

Do you support our proposal to introduce a new credible event classification for the loss of a group of generating units?

3.2 Security Policy - Emergency Planning

3.2.1 Low Residual Situations process (including discretion in shortfall scarcity conditions)

35. In the October 2024 Policy Statement review, we invited respondents to provide feedback on whether certain elements of the Low Residual Situations (**LRS**) process should be included in the Policy Statement.⁷
36. Residual refers to the remaining offered capacity for a trading period after the required energy and reserves⁸ have been scheduled.
- LRS occur when forward market schedules indicate the Residual has dropped to a level where, given real time operating uncertainties, there is increased risk of a grid emergency and potential for demand management to be necessary.
 - Declaring a LRS informs industry participants of this risk, enabling them to respond and mitigate it.

We received one submission, which was generally supportive and provided useful feedback to improve understanding, transparency and industry confidence in our processes.⁹

37. In December 2024 via a different consultation, we invited feedback on the System Operator's coordination of LRS.¹⁰ We considered that amending the Policy Statement to include elements of the LRS process would enhance transparency and understanding of our approach. All submitters agreed that the LRS process needs to be formalised and generally agreed with our proposal to do so through our Policy Statement.¹¹
38. We currently notify LRS using Customer Advice Notices (CANs), which may be followed by an industry briefing. Low Residual CANs were introduced in May 2019 and industry briefings were added to improve industry coordination and communication in response to the supply shortfall event on 9 August 2021. The process provides a framework for informing the industry of impending shortfalls in energy and reserve capacity and coordinating the response. The process is described in online information on the Transpower website.¹²
39. The amendment now proposed is consistent with the approach consulted on in October and December 2024. We propose to implement this policy through the following changes to the Security Policy:

7 Para 34 – 43 [Policy Statement 2024 consultation information final.pdf](#)

8 Reserves include both instantaneous reserves and frequency keeping.

9 Para 3.9 [2025 Policy statement amendment](#)

10 [Low Residual Situation Review Consultation.pdf](#)

11 Para 12- 19 [Low Residual Review Consultation Responses.pdf](#)

12 [Process for notifying and managing energy or reserve shortfalls | Transpower](#)

- insert a new clause 61A requiring the System Operator to publish a process for managing insufficient generation offers and reserve shortfalls, including an LRS process
- insert a new clause 61B requiring the System Operator to review the policy regularly and update it as required, with any changes are communicated clearly to participants
- insert corresponding definitions in new clauses 169AB, 169AC, and 175A.

Question 2

Do you support our proposal to publish a process for managing insufficient generation offers and reserve shortfalls, including an LRS process?

3.3 Dispatch Policy – Dispatch Schedule

40. The increasing complexity of the power system driven by renewable penetration, embedded generation and operational constraints, requires clear and transparent dispatch rules. The following proposed amendments address three key areas where current arrangements rely on discretion or lack formal guidance.

3.3.1 Departing from the dispatch schedule for plant safety

41. The current offer structure does not adequately reflect key operational characteristics, such as minimum operating levels and minimum start times. This can result in inflexible generators being dispatched below their minimum operating levels, requiring the System Operator to apply discretion when clause 13.82(2)(a) of the Code is invoked by generators.
42. Clause 84M.3 allows discretionary constraints for restart cycle time, however other factors could lead to similar issues relating to plant safety, such as a generator potentially being dispatched below its minimum operating level.
43. We propose to insert new clause 84M.14 to allow the System Operator to depart from the dispatch schedule if it considers doing so is required for plant safety.

Question 3

Do you support our proposal to allow the System Operator to depart from the dispatch schedule for plant safety reasons?

3.3.2 Tie-breaker methodology

44. In July 2025, we invited feedback on our tie-breaker provisions consultation document.¹³ A tie-breaker situation arises when more, equally priced generation is offered at a single location than can be dispatched due to a network export limit. These situations are not yet widespread or frequent, but we are observing them in practice and expect that they will increase in the future. Generator owners and investors are increasingly seeking clarity and confidence on how tie-breakers are or will be resolved by the System Operator.
45. Currently, the resolution of tie-breaker situations is unprescribed requiring the System Operator to apply its discretion, often close to or in real-time, to decide which generator(s) to dispatch and for what quantity. This can lead to uncertain and inconsistent dispatch decisions.
46. Our proposed solution introduces a tie-breaker energy constraint within the SPD model that allocates dispatch at a given pricing node in proportion to offered quantities at the same price. The majority of submitters to our July 2025 consultation supported this approach, and we have decided to adopt the proposed solution we consulted on.¹⁴ The submitters supported Transpower progressing a proposal to incorporate any tie-breaker solution into the Policy Statement.¹⁵
47. We propose to implement this policy through the following changes to the Dispatch Policy:
 - insert the tie-breaker methodology at clause 84R
 - insert a corresponding definition at clause 185A.

Question 4

Do you support our proposal to introduce the tie-breaker methodology into the Dispatch Policy?

3.3.3 Dispatch order during oversupply

48. The Code does not specify how to allocate dispatch in oversupply situations where multiple outcomes are equally optimal. This creates challenges during very low price (\$0 or \$0.01/MWh), particularly when total generation exceeds system load. Oversupply risk is increasing with higher renewable penetration and embedded generation, making clear policy guidance essential.
49. Oversupply scenarios are complicated by various types of 'must-run' generation, including:
 - Hydro stations and chains have complicated resource consent conditions that can restrict lake filling rates and influence desired output.
 - Frequency keepers have constraints for control minimum operating limits.
 - Many units have minimum generating limits for efficiency and plant safety reasons.
50. Currently when too much generation is priced at \$0 or \$0.01/MWh, the System Operator may apply discretion with considerations given to offer price, generation output, system security requirements, restoration time, resource consents and post-event response (e.g. planned THI_WKM outage in January 2025¹⁶).

13 [Evolving market resource co-ordination Tie-breaker provisions Consultation Paper.pdf](#)

14 [Evolving market resource co-ordination Tie-breaker provisions Responses Nov-25.pdf](#)

15 [Evolving market resource co-ordination: Tie-breaker provisions \(Closed\) | Transpower](#)

16 [THI_WKM Planned Outage For CAN](#)

51. At a high-level the order of constraining off generation has been:¹⁷
- Wind / Solar farms
 - Fast ramping hydro
 - Thermals to minimum output levels
 - Process based generators such as co-generation
 - Geothermal units that cannot ramp quickly
52. We propose to formalise this process and implement this policy through the following changes to the Dispatch Policy:
- insert a new clause 84S requiring the System Operator to publish a process for managing oversupply, which must be consistent with the tie-breaker rule in new clause 84R
 - insert a new clause 84T requiring the System Operator to review the policy regularly and update it as required, with any changes communicated clearly to participants.
 - Insert a corresponding definition at clause 171A.

Question 5

Do you support our proposal to publish a process for managing oversupply?

3.4 Compliance Policy - Asset Capability Information

3.4.1 Process to request data from transmission connected load asset owners

53. Large loads on the network can present challenges, such as low frequency oscillations that may impact the System Operator's ability to meet PPOs. It is prudent for the Policy Statement to recognise the impact of direct-connect and other large loads. Historically, direct-connect load owners have not been responsive to data requests from the System Operator when low frequency oscillations occurred on the grid. This information is increasingly important for assessing Fault Ride Through (FRT) performance for generator stability, as these loads tend to trip during faults.
54. The System Operator will increasingly require more information about direct-connect and other large loads, including electrode boilers and data centres. Globally, system operators are introducing FRT requirements for loads similar to clause 8.25 for generation. While imposing formal requirements is not yet certain, understanding performance is essential for system stability.
55. We propose to implement this policy through the following changes to the Compliance Policy:
- insert a new clause 107.4 recognising direct consumers as a new type of asset owner from whom an asset capability statement is required

17 Operational Response [THI WKM Planned Outage For CAN.pdf](#)

- insert a new clause 108.5 identifying direct consumers and other large consumers as types of participant where asset performance can have a significant impact on the system operator's ability to comply with the PPOs.
- insert new clause 118A requiring the System Operator to assess the asset information provided by direct consumers and other large consumers.

Question 6

Do you support our proposal to make changes to the Compliance Policy to recognise that direct consumers, other large consumers, and their assets can impact on the System Operator's ability to comply with the PPOs?

3.5 Other potential amendments or options

56. Through our review we have taken the opportunity to make wording and typographical changes for consistency and clarity. This includes:
 - using the Code-defined term "publish" instead of "make available on the system operator's website", which mean the same thing
 - changing "instantaneous reserves" to "instantaneous reserve" (the Code-defined term)
 - linking some System Operator functions to all the PPOs rather than just managing the risk of cascade failure
 - splitting the definition of "standby residual shortfall" to improve clarity.
57. We welcome any feedback on the Policy Statement and our proposed amendments, including responses to our specific questions and any other potential amendments submitters think we should consider.
58. Our proposals are based on our experience and expertise in the role of System Operator. We have not identified any alternative options which could better achieve the objectives of the proposed amendments. We welcome feedback on any alternative options we should consider.

Question 7

Are there any other potential amendments or options we should consider? Please explain your preferred amendment(s) or option(s) and comment on whether they are consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.

4 Potential future Policy Statement developments

59. The Policy Statement provides the framework for how the System Operator maintains a secure, reliable, and efficient power system. It ensures transparency, consistency, and compliance with the Code. As the industry evolves driven by security of supply, continued growth of renewable energy, emerging technologies, and shifting market dynamics, the Policy Statement must adapt to remain fit for purpose in a rapidly changing energy landscape.
60. This section sets out potential enhancements to the Policy Statement we think could usefully be considered through a future Policy Statement review.

4.1 Potential to formalise NZGB arrangements

61. New Zealand Generation Balance (NZGB) is a capacity margin reporting tool that looks 200 days ahead. It is used, by the System Operator and participants, to inform the coordination of asset outages such that there is always sufficient capacity available to meet peak demand. It is also used to test which plausible demand or supply boundary scenarios may result in negative capacity margins. It is an important planning and reporting tool across the timeframe 200 days to 7 days ahead of real-time. Within 7-days, market schedules are the primary planning tool for the System Operator leading up to real-time.
62. In October 2025, we consulted on a Security of Supply Forecasting and Information Policy (**SOSFIP**) Review and indicated that we would consider formalising NZGB arrangements within the Policy Statement.¹⁸ Formalising NZGB would clearly define its role in monitoring generation adequacy, provide market participants with confidence in how capacity risks are assessed and communicated, and support informed decision making during tight supply periods. Including NZGB in the Policy Statement ensures this critical tool is recognised as part of the System Operator’s framework for signalling generation capacity margins and potential capacity shortfalls within planning timelines ahead of real-time.¹⁹
63. We think the Policy Statement should be used to formalise the purpose of NZGB and the key high-level requirements and parameters such as the forecast horizon, frequency of updates and reporting requirements.
64. We currently consider more detailed information, such as the modelling principles that guide NZGB assumptions, calculations, and selection of scenarios, would be specified outside of the Policy Statement. This approach allows the System Operator greater flexibility to evolve NZGB in response to ongoing changes in the power system. This approach would align with the approach used in our Energy Security Outlook 101 document, which sets out the assumptions and methodology used to calculate the Electricity Risk Curves (ERCs) and Simulated Storage Trajectories (SSTs).²⁰
65. As noted in our recent SOSFIP proposal, we will be looking to enhance our NZGB and Energy Security Outlook reporting for greater alignment by extending the NZGB time horizon, adding

18 [Para 57 System Operator - SOSFIP review consultation - October 2025.pdf](#)

19 [Process for notifying and managing energy or reserve shortfalls | Transpower](#)

20 [Energy Security Outlook 101.pdf](#)

additional capacity scenarios to NZGB and including capacity risk assessment (using NZGB) in Energy Security Outlooks.²¹

Question 8

Do you have any comments or suggestions on the approach we should take to formalising NZGB arrangements into the Policy Statement?

4.2 Modernising Policy Statement language

66. We seek stakeholder feedback on the clarity and usefulness of the Policy Statement generally in its current state. The form and language of the Policy Statement is largely carried over from when the Code and incorporated documents were originally developed for the commencement of the compulsory market. Over successive reviews (including, to an extent, this one) we have attempted to refresh language and describe operational policies in ways that align with more modern Code language, but we think a wholesale style refresh of the Policy Statement might be warranted, to improve accessibility and comprehension of the policies it describes.
67. If we undertook a style review this would require engagement with the Authority to ensure appropriate Code drafting standards are followed.

Question 9

Do you consider there is value in the System Operator progressing a style review of the Policy Statement separate from the regular policy reviews, and if so, what priority should it be given?

21 See Clause 49 of the [SOSFIP draft amendment proposal](#). Our ability to do this is contingent on receiving the funding to do so, which we currently estimate to be of order \$50k - \$100k.

5 Regulatory statement for the proposed amendments

5.1 Statement of the objectives of the proposed amendments

68. The objective of the proposed amendments is to improve the Policy Statement to help the System Operator better meet its Code obligations for maintaining a stable and resilient power system, managing technical compliance, and addressing potential conflicts of interest.
69. The proposed amendments are designed to provide additional clarity, promote efficiency and reliability, and ensure the Policy Statement remains fit for purpose. Key improvements include:
- Updating the list of credible events to include a new category of risks within the reserve management tool. This reflects the increasing trend of generation units being connected in groups, such as a string of wind turbines, photovoltaic panels or battery cells, which can disconnect simultaneously in the event of a fault.
 - Clarifying that the System Operator must apply suitable constraints to meet its obligations under the Code, even when website updates are pending.
 - Enhancing transparency and consistency in how the System Operator manages energy shortfall and oversupply situations.
 - Using information from large load asset owners to support stability assessments.

Question 10

Do you agree with the statement of objectives of the proposed amendment?

5.2 The proposed amendments

70. The proposed amendments to the Policy Statement are shown in the red-lined version of the draft Policy Statement in Appendix 1 of this consultation paper.

5.3 The proposed amendments' benefits are expected to outweigh their costs

71. Assessing the effect of proposed amendments is not easily quantifiable. We consider that a quantitative analysis of the costs and benefits of the proposal is not practical in this case, and is not justified given the relatively minor and technical nature of the proposed amendments.

72. The cost for the System Operator to implement the proposed amendments is expected to be immaterial and able to be absorbed within the System Operator's fixed fee funding already agreed with the Authority until 30 June 2028.
73. We consider the amendments are relatively uncontroversial, with the majority having already been consulted on. They reflect feedback received from stakeholders and are designed to refine existing operational practices. Implementation is expected to support the smooth and coordinated management of system security, dispatch and emergency planning, while promoting efficiency and reliability.
74. The qualitative benefits are clear. Our assessment is that by improving clarity and reducing reliance on our potentially subjective judgement, the proposed amendments will result in the Policy Statement better supporting its intended purpose and better meet the Authority's statutory objective under section 15 of the Act.
75. We do not consider that there are likely to be any material costs which could offset the expected benefits of the proposed amendments.

Question 11

Do you agree it is appropriate to rely on qualitative evaluation of the costs and benefits of the proposed amendments? If not, what information, evidence etc can you provide and/or what methods would you recommend to quantify the costs and benefits?

Question 12

Do you agree the benefits of the proposed amendments to the Policy Statement can reasonably be expected to outweigh its costs?

5.4 The proposed amendment complies with section 32(1) of the Act

76. The Authority's main objective under section 15(1) of the Act is to promote competition in, reliable supply by, and efficient operation of, the electricity industry for the long-term benefit of consumers.
77. Section 32(1) of the Act provides that the Code may contain any provisions that are consistent with the Authority's objectives and are necessary or desirable to promote one or all of the matters listed in section 32(1).
78. We consider that the proposed amendments comply with section 32(1) of the Act and help promote both the reliability and efficiency limbs of the Authority's main statutory objective. The amendments are intended to enhance the reliable supply of electricity to consumers and support the efficient operation of the electricity industry. These changes help ensure the Policy Statement remains fit for purpose in a changing system environment. Collectively, these amendments are expected to improve operational certainty, reduce the risk of misinterpretation, and support more efficient market outcomes. They reflect stakeholder feedback and operational experience and are consistent with the Authority's long-term goal of promoting competition, reliability, and efficiency for the benefit of electricity consumers.

79. The Authority's additional consumer protection objective (section 15(2) of the Act) is not engaged, as the changes do not relate to dealings between participants and domestic and small business consumers.

Question 13

Do you agree that the proposed amendment complies with section 32(1) of the Act?

Appendix 1: DRAFT POLICY STATEMENT (REDLINE VERSION)

80. The drafting of the proposed Policy Statement amendments is shown in the track-change version is available [here](#):

