24 November 2025

James Kilty
Chief Executive
Transpower
PO Box 1021
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Sent via email: system.operator@transpower.co.nz

Dear James

Security of Supply Assessment 2026 – Reference Case Assumptions and Sensitivities

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on Transpower's consultation paper "*Security of Supply Assessment 2026 – Reference Case Assumptions and Sensitivities*"[1] published on 3 November 2025.

2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on Transpower's website unaltered. Members may lodge separate submissions.

Support approach taken for 2026 SoSA and addition of Expected Future case

3. MEUG supports the System Operator updating the 2026 Security of Supply Assessment (SoSA) to reflect the new insights and information available on the electricity market and broader energy sector. We have reviewed the consultation paper and have the following comments:

   - **We agree with the proposed assumptions used for the reference case**: We consider that it is pragmatic to use a medium demand growth forecast over the 10-year period, despite electricity demand looking weaker in the short-term, and assume that the reference case will be updated to reflect the Commerce Commission's final determination approving the Huntly strategic energy agreement between the four gentailers.

     We encourage the System Operator to seek the Electricity Authority's approval to include the HVDC STATCOM investment into the reference case.

     It would be useful to understand how the System Operator's generation pipeline for the SoSA aligns with that published by the Electricity Authority,[2] to avoid any misinterpretation between the two sources.

[1] https://static.transpower.co.nz/public/bulk-upload/documents/2026%20SOSA%20-%20Reference%20Case%20and%20Sensitivities%20Consultation.pdf?VersionId=aMmXu46Xwlkbfq8OcFznrqfWsfYVhk1z
[2] https://public.tableau.com/app/profile/electricity.authority/viz/Investmentpipeline/Investmentpipeline

- **We agree that the proposed sensitivities represent the key security of supply uncertainties facing the New Zealand electricity sector over the assessment horizon (2026-2035).** We support the System Operator adding a sensitivity around "constrained operation capacity", to reflect the current challenges associated with incorporating higher levels of intermittent renewables into the electricity market, particularly during peak demand periods. We also support the change of the "thermal decommissioning" sensitivity to now be referred to as "change in thermal mix". We consider that this better reflects possible future changes around thermal generation, including the use of other fuels such as biomass.

  MEUG does have some concerns about the level of demand response uptake signalled for the 2026 SoSA. There is still a limited level of demand response available in the market, based on current bi-lateral agreements and the available market mechanisms. We consider that starting demand response uptake off at a lower level, then ramping it up towards the end of the 10-year period may be more prudent.

- **We support the introduction of an "Expected Future" case for SoSA 2026.** We consider that quarterly monitoring of progress against this expected future case would provide useful further market insight for stakeholders and decision-maker. It can also help inform the development of future SoSAs (2027 and beyond). We support the inclusion of the low demand / low gas supply sensitivities.

  We do query whether this expected future case will be updated and monitored annually going forward.

- **MEUG is comfortable with the changes made to the 2026 SoSA relative to the 2025 SoSA.**

Next steps

4. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at karen@meug.co.nz.

Yours sincerely

Karen Boyes
Major Electricity Users' Group