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## **System Operator Rolling Outage Plan Review – Vector response to consultation paper**

Vector appreciates the opportunity to provide comment on Transpower's System Operator Rolling Outage Plan (SOROP) Review consultation paper. This submission is not confidential and can be published in full on Transpower's website.

Vector agrees the SOROP is due for a review, and we are generally supportive of most of the changes proposed in the consultation paper. Proposed changes we do not support are set out below in our response to select questions.

### **Question 9** Do you agree with the proposal for the calculation of savings targets?

We believe the proposed new clause 4.2(d) is too broad and lacks any specific criteria the system operator should apply when it considers amending the savings targets for a specified participant based on that specified participant's feedback. We are concerned about the ability of participants, especially major consumers, to lobby for lower savings targets compared with residential consumers. We expand on this issue in our response to question 17 below.

*4.2. The system operator may amend the savings targets for all or some specified participants if it considers there are circumstances that justify it, for example-*

*...*

*(d) specified participant feedback, for any reason that the system operator accepts, indicates a need to amend savings for that participant.*

### **Question 13** Do you agree with the proposal to add the requirement for Participant Rolling Outage Plans to provide a seven-day planned outage list with daily outage and restoration times and half hourly GXP level demand upon notification of savings targets?

It is not entirely clear from the document, but it appears that the system operator will provide specified participants with a forecast electricity consumption when it first notifies savings targets.

The proposed new clause 6.2B seems to suggest that specified participants are then responsible for providing weekly demand forecast information from that point onwards.

*4.1.A direction may contain a savings target for the specified participant to whom it is given. The system operator will set savings targets as follows-*

*...*

*(b) The system operator will determine any energy savings target for a specified participant in the affected region as a percentage of the specified participant's forecast electricity consumption over the next 35 days. Specified participants must provide feedback by email to the system operator on their 35-day forecast electricity consumption within 48 hours of receipt of any such forecast if they believe the forecast is inaccurate. The system operator will generally set the same energy savings target in percentage terms for all specified participants in the affected region.*

*6.2B Specified participants must provide half hourly GXP level demand forecast information for conforming GXPs for the week ahead on a rolling daily basis, once their savings targets have been notified.*

We suggest this process is further clarified and that the system operator continues to be responsible for providing specified participants with weekly forecasts of electricity consumption and demand. This should be done as part of the weekly updates of the savings targets by the system operator. This data should be published, for transparency.

Using the same forecasting model and inputs for all specified participants rather than a fragmented approach will provide more robust and consistent outcomes. This would be particularly relevant during a developing event and an official conservation campaign has commenced which would increasingly complicate forecasting electricity consumption and demand accurately.

**Question 17** Do you agree with the proposal to remove the provision for directly connected consumers to provide a full information plan given participants (which includes directly connected consumers) can provide feedback on their demand forecast and on their savings targets?

Vector strongly opposes the second part of the proposed new clause 6.20 where the system operator may vary or amend the energy savings targets for any specified participant based on economic reasons (our emphasis added):

*6.20. All specified participants within the region affected by the supply shortage will likely be set the same energy savings targets (in percentage terms) **unless specified participant feedback on energy savings targets (as per clause 4.2) indicate strong system security or economic reasons to vary those targets**. The system operator may (at its sole discretion) vary or amend the energy savings targets for any specified participants after considering any specified participant feedback.*

We feel that the concept of good electricity industry practice includes an expectation that all participants will do their part to support the electricity system in the case of emergencies. While we support participants pursuing commercial opportunities with their flexible resources, which in aggregate should reduce the likelihood of forced curtailment being required in the first place, this should not exempt participants from being directed how to operate those resources during emergencies at both national and local levels, including making further load reductions when necessary.

By way of example, we have noted recent announcements that the Tiwai smelter has entered into additional commercial arrangements to reduce load when doing so would be beneficial to themselves and other market participants. This is positive for the system, and for the further evolution of the demand response market. However, this should not exempt, for example, Tiwai from bearing its fair share of forced curtailment in addition to its commercial arrangements as and when the system requires. This aligns with residential consumers who will already be doing their part in an official conservation campaign but do not get to opt out of rolling feeder outages.

It makes sense for the system operator to be able to use its discretion when it comes to *unforeseen* operational matters impacting on specified participant's ability to meet savings targets. However, any requests for exemptions based on economic grounds (or foreseeable operational matters) should be handled by the Electricity Authority, supported by advice from the system operator, and should be fully transparent. Nothing undermines the effectiveness of an official conservation campaign more than the public perception of inequitable deals behind closed doors with large commercial entities.

Kind regards,

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