From:	Rebecca Osborne
To:	Hayden Glass; Natalie Bartos; Doug Watt
Cc:	Chantelle Bramley; Ramu Naidoo; Joanne Mooar
Subject:	RE: Transpower - Pukaki - Final Draft for EA MBIE.docx
Date:	Thursday, 9 April 2026 8:06:39 am
Attachments:	Transpower - Pukaki - Cover sheet v1.pdf Written comments by Transpower New Zealand Limited on Meridian Energy Limited"s substantive application v3.pdf Comments_on_costs_and_benefits_JC_Final_8Apr26 v1.pdf

Thanks Hayden. Please see attached Transpower's final documents submitted last night.

R

From: Hayden Glass <Hayden.Glass@ea.govt.nz>
Sent: Thursday, 9 April 2026 7:46 am
To: Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>; Natalie Bartos (EA) <natalie.bartos@ea.govt.nz>; Doug Watt <doug.watt@ea.govt.nz>
Cc: Chantelle Bramley <Chantelle.Bramley@transpower.co.nz>; Ramu Naidoo section 9(2)(a) [redacted] Joanne Mooar <Joanne.Mooar@transpower.co.nz>
Subject: RE: Transpower - Pukaki - Final Draft for EA MBIE.docx

Cyber Security Warning: This sender is from outside of the organisation. Please be cautious when opening the links or attachments.

Thanks Rebecca. Attached is the EA comment.

Hayden

Hayden Glass
GM, Wholesale and Supply
Te Mana Hiko | Electricity Authority
s 9(2)(a) [redacted]
hayden.glass@ea.govt.nz

EA: Marcie Turnbull, marcie.turnbull@ea.govt.nz, s 9(2)(a) [redacted]

From: Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>
Sent: Wednesday, 8 April 2026 8:40 am
To: Hayden Glass <Hayden.Glass@ea.govt.nz>; Natalie Bartos <Natalie.Bartos@ea.govt.nz>; Doug Watt <Doug.Watt@ea.govt.nz>
Cc: Chantelle Bramley <Chantelle.Bramley@transpower.co.nz>; Ramu Naidoo section 9(2)(a) [redacted] Joanne Mooar <Joanne.Mooar@transpower.co.nz>
Subject: Transpower - Pukaki - Final Draft for EA MBIE.docx

Hi Hayden, Natalie & Doug

As discussed yesterday, please see attached Transpower's final draft submission to the Meridian fast-track process including attached comments by John Culy. Both shared on a confidential basis. We will submit later today – happy to take any feedback you may have.

Ngā mihi

REBECCA OSBORNE
Head of Market Services
Transpower New Zealand Ltd
Waikoukou, 22 Boulcott Street, PO Box 1021, Wellington
P 04 590 8638
M [redacted]
www.transpower.co.nz

Your Comment on the Lake Pūkaki Hydro Storage and Dam Resilience Works

Please include all the contact details listed below with your comments and indicate whether you can receive further communications from us by email.

1. Contact Details			
Please ensure that you have authority to comment on the application on behalf of those named on this form.			
Organisation name (if relevant)	Transpower New Zealand Limited (filed on its behalf by Chapman Tripp)		
First name	Nicholas		
Last name	Wood		
Postal address	PO Box 993, Wellington 6140		
Home phone / Mobile phone	021 114 7690	**Work phone**	04 498 4938
Email ***(a valid email address enables us to communicate efficiently with you)***	nicholas.wood@chapmantripp.com		

2. We will email you draft conditions of consent for your comment			
☑	I can receive emails and my email address is correct	☐	I cannot receive emails and my postal address is correct

Thank you for your comments

From:	Rebecca Osborne
To:	Hayden Glass; Natalie Bartos; Doug Watt
Cc:	Chantelle Bramley; Ramu Naidoo; Joanne Mooar
Subject:	Transpower - Pukaki - Final Draft for EA MBIE.docx
Date:	Wednesday, 8 April 2026 8:40:37 am
Attachments:	Transpower - Pukaki - Final Draft for EA MBIE.docx Comments_on_costs_and_benefits_revised_draft_JC_Final Draft for EA MBIE.docx

Hi Hayden, Natalie & Doug

As discussed yesterday, please see attached Transpower's final draft submission to the Meridian fast-track process including attached comments by John Culy. Both shared on a confidential basis. We will submit later today – happy to take any feedback you may have.

Ngā mihi

REBECCA OSBORNE
Head of Market Services
Transpower New Zealand Ltd
Waikoukou, 22 Boulcott Street, PO Box 1021, Wellington
P 04 590 8638
M [redacted]
www.transpower.co.nz

From:	Hayden Glass
To:	Rebecca Osborne; Natalie Bartos; Doug Watt
Cc:	Chantelle Bramley; Ramu Naidoo; Joanne Mooar
Subject:	RE: Transpower - Pukaki - Final Draft for EA MBIE.docx
Date:	Thursday, 9 April 2026 7:46:00 am
Attachments:	EA Lake Pūkaki Hydro Invitation to Comment Form FINAL.pdf

Thanks Rebecca. Attached is the EA comment.

Hayden

Hayden Glass
GM, Wholesale and Supply
Te Mana Hiko | Electricity Authority
s 9(2)(a) [redacted]
hayden.glass@ea.govt.nz

EA: Marcie Turnbull, marcie.turnbull@ea.govt.nz, s 9(2)(a) [redacted]

From: Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>
Sent: Wednesday, 8 April 2026 8:40 am
To: Hayden Glass <Hayden.Glass@ea.govt.nz>; Natalie Bartos <Natalie.Bartos@ea.govt.nz>; Doug Watt <Doug.Watt@ea.govt.nz>
Cc: Chantelle Bramley <Chantelle.Bramley@transpower.co.nz>; Ramu Naidoo section 9(2)(a) [redacted] Joanne Mooar <Joanne.Mooar@transpower.co.nz>
Subject: Transpower - Pukaki - Final Draft for EA MBIE.docx

Hi Hayden, Natalie & Doug

As discussed yesterday, please see attached Transpower's final draft submission to the Meridian fast-track process including attached comments by John Culy. Both shared on a confidential basis. We will submit later today – happy to take any feedback you may have.

Ngā mihi

REBECCA OSBORNE
Head of Market Services
Transpower New Zealand Ltd
Waikoukou, 22 Boulcott Street, PO Box 1021, Wellington
P 04 590 8638
M s 9(2)(a) [redacted]
www.transpower.co.nz

From: James Kilty <James.Kilty@transpower.co.nz>
Sent: Friday, 10 April 2026 3:27 pm
To: Sarah Gillies <Sarah.Gillies@ea.govt.nz>
Subject: RE: Meridian fast track application

Hi Sarah

I've had a chance to digest your submission on Meridian's Fast Track application and have a few questions – I thought best to send them in advance of a chat about it so you have time to consider them. My questions are about understanding how we got to this point and identifying differences in opinion that have emerged. I accept that differences of opinion are entirely rational in an area that, while founded in good analysis, ultimately requires a judgment call to be made on trade-offs given we are considering how the electricity system responds to High Impact Low Probability events. We agree that the market is effective at allocating and pricing risks and resources through competition. Where we appear to disagree (perhaps) is on the narrower question of whether the market's risk appetite aligns with consumers' in HILP events.

Process:

1. We did a lot of work together last year on SOSFIP to make it a clearer and more pragmatic regime, which you signed off in December. Our teams worked transparently on that work for many months. Your submission could be read to suggest that you believe that the contingent storage regime is now unnecessary. Is that your view? Is it a view you held last year while we worked on the SOSFIP?
2. We agree that the contingent storage regime is not a deeply considered "energy reserve" or "energy insurance" scheme and was developed a long time ago when market conditions were different. Regardless, it has played that role in practice, replicating a form of strategic reserve-type framework we've seen in most jurisdictions. We raised those issues during our SOSFIP work last year including an exploration of different energy reserve approaches around the world. As we noted at

the time, we were endeavouring to prompt a conversation around how the market manages HILP events as the economy confronts the transition to increased electrification at the same time as the electricity system transitions to increasingly intermittent resources. You didn't raise any concerns about the contingent storage regime or take up the issue of doing a review of the necessity or nature of strategic reserves generally at that time but I understand you may have had misgivings that are now evident in your submission. Your submission rightly notes that if the Fast Track panel approves this change, the contingent storage regime is materially undermined. We would be keen to understand whether you contemplate any next steps in relation to SOSFIP or other EA or SO-led work in this area (noting action will need to be swift to provide clarity to the market for settings for 2027)?

Substance of your perspective:

3. I also want to confirm your interpretation of the analysis we had undertaken by John Culy.
    1. Costs: I think you've misunderstood JC2's modelling on the cost (the $38m). That is in a circumstance where access to contingent storage is banned completely to test the upper bounds of cost. But when you put the current (recently revised) access arrangements into the assessment, that amount is around half of that (around $20m, or about 20c a week per connection). Would that change your perspective or is it the fact of there being a cost at all that is the issue?
    2. Benefits: The impact on forward prices is somewhat illusory in this application. We agree it *may* result in a reduction in wholesale prices – but customers are hedged well in advance and likely beyond the term of this three-year application – so any reduction in wholesale price from this application will be of little benefit to consumers. Rather it will be a wealth transfer between generators. Did you consider that when considering the benefits (i.e. the likelihood that there is no benefit to end users?).

On comms, our teams are in touch so I think we have an agreed path forward. I am keen to meet and discuss when you've had a chance to consider these issues.

Ngā mihi
James

JAMES KILTY (he/him)
Chief Executive
Transpower New Zealand Ltd
Waikoukou
22 Boulcott Street, PO Box 1021, Wellington
Phone: +[redacted]
Mobile: +[redacted]
www.transpower.co.nz

From: Sarah Gillies <Sarah.Gillies@ea.govt.nz>
Sent: Thursday, 9 April 2026 1:20 pm
To: James Kilty <James.Kilty@transpower.co.nz>
Subject: Meridian fast track application

Hi James

I understand Hayden briefed Chantelle on the Authority's submission. Happy to discuss though.

Ngā mihi nui
Sarah

Sarah Gillies (she/her)
Chief Executive

M: +[redacted] s 9(2)(a)

Level 7, AON Centre, 1 Willis Street
PO Box 10041, Wellington 6143, New Zealand
www.ea.govt.nz

From: Natalie Bartos <Natalie.Bartos@ea.govt.nz>
Sent: Wednesday, 13 May 2026 11:13 am
To: Ramu Naidoo <section 9(2)(a) [redacted]>
Subject: Fast-track application and impact on SOSFIP

Cyber Security Warning: This sender is from outside of the organisation. Please be cautious when opening the links or attachments.

Hi Ramu

I've been asked to provide some advice on what the impact to the SOSFIP would be if Meridian's fast-track application is approved.

If I recall correctly from our previous discussion, there will no impact on SOSFIP. The SO would continue to use the current framework, but there is the potential for hydro storage to be drawn down more quickly. Unfortunately, I can't find my notes, so just wanting to check if I've got that correct and if there's anything else I've missed.

Happy to chat if easier.

Thanks
Natalie

Natalie Bartos (she/her)
Manager – Operations Policy

DDI: s 9(2)(a) [redacted]
M: +s 9(2)(a) [redacted]

Level 7, AON Centre, 1 Willis Street
PO Box 10041, Wellington 6143, New Zealand
www.ea.govt.nz

From: Rebecca Osborne
To: Hayden Glass; Natalie Bartos; Doug Watt
Cc: Ramu Naidoo; Joanne Mooar
Subject: RE: Follow up on Fast-track discussion and OOS [redacted]
Date: Monday, 30 March 2026 9:53:04 am

Hi all

How are you placed on Wednesday afternoon or Thursday to discuss the nature of our respective submissions to the Meridian Fast-track process? We think that's about the right timing given they have to be submitted the following Wed, with Easter in-between. If you can let us know when would work then we'll do our best to align our calendars. As a starting point, how about 1-2pm either Wed or Thurs?

R

From: Chantelle Bramley <Chantelle.Bramley@transpower.co.nz>
Sent: Friday, 27 March 2026 1:20 pm
To: Hayden Glass <hayden.glass@ea.govt.nz>; tim.sparks <tim.sparks@ea.govt.nz>
Cc: Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>; Ramu Naidoo <section 9(2)(a) [redacted]>; Natalie Bartos (EA) <natalie.bartos@ea.govt.nz>
Subject: Follow up on Fast-track discussion and OOS [redacted]

Kia ora team

Out of scope [redacted]. I wanted to drop you a quick note to follow up on two topics we discussed at our GMs meeting last week.

Out of scope [redacted]

The second topic was the EA's approach to the Meridian Fast Track consultation. As you may recall we raised a few questions around how the EA's current thinking might support reliability outcomes, the effect on incentives for generators to ensure that thermals are fuelled and available, and that while different fuels may be interchangeable, assets are not. Rebecca and Chris O also discussed this at their regular catch up. We appreciated the ability to discuss the thinking last week and Ramu has since also followed up with Doug to provide more detail on our thinking. It would be good to stay connected on our various submissions and I believe the Transpower team will be looking to set up a meeting next week to compare notes.

Any questions please let me know otherwise have a good weekend

Thanks

CB

CHANTELLE BRAMLEY (she/her)
EXECUTIVE GENERAL MANAGER, OPERATIONS

Transpower New Zealand Ltd
Waikoukou
22 Boulcott Street, PO Box 1021, Wellington, 6011

M: [redacted]
transpower.co.nz

Please note: I am sending this email at a time that is convenient for me. Unless urgent, I do not expect you to review it until it is convenient for you.

From:	Ramu Naidoo
To:	Natalie Bartos
Subject:	RE: Pukaki fast track minutes of expert panel
Date:	Tuesday, 17 March 2026 8:54:13 am

Hi Nat,

Would be good to catchup on this if you have sometime today?
I'm pretty free after 1pm (except 2-2:30) if that works.

Cheers
Ramu

From: Ramu Naidoo
Sent: Tuesday, 10 March 2026 4:59 pm
To: 'Natalie Bartos' <Natalie.Bartos@ea.govt.nz>
Subject: RE: Pukaki fast track minutes of expert panel

Great!

From: Natalie Bartos <Natalie.Bartos@ea.govt.nz>
Sent: Tuesday, 10 March 2026 4:56 pm
To: Ramu Naidoo <section 9(2)(a) [redacted]>
Subject: RE: Pukaki fast track minutes of expert panel

Cyber Security Warning: This sender is from outside of the organisation. Please be cautious when opening the links or attachments.

Thanks. Hayden was, of course, one step a head of me and already thinking about next steps. Will keep you posted.

From: Ramu Naidoo <section 9(2)(a) [redacted]>
Sent: Tuesday, 10 March 2026 4:43 pm
To: Natalie Bartos <Natalie.Bartos@ea.govt.nz>
Subject: Pukaki fast track minutes of expert panel

Hi Nat,

As discussed. See Paragraph 19 and 20 of the minutes linked below.

Minute 2 - Invite to Comment

Cheers
Ramu

From:	Hayden Glass
To:	"Chantelle Bramley"; Rebecca Osborne
Subject:	RE: Wholesale and supply strategy
Date:	Monday, 15 December 2025 8:25:00 am

Good morning and what a delightfully warm but not distractingly sunny day,

Out of scope [redacted]

On Meridian fast track, I will check if the EA is doing anything behind the scenes but there isn't anything as far as I know. I am happy to debate our position again internally and to discuss with youse. Shall we set up a half hour later this week?

section 9(2)(g) [redacted]

Hayden

Hayden Glass
GM, Wholesale and Supply
Te Mana Hiko | Electricity Authority
s 9(2)(a) [redacted]
hayden.glass@ea.govt.nz

EAs (a job share; please contact both)
Fiona Oakey, fiona.oakey@ea.govt.nz, s 9(2)(a) [redacted]
Marcie Turnbull, marcie.turnbull@ea.govt.nz, s 9(2)(a) [redacted]

From: Chantelle Bramley <Chantelle.Bramley@transpower.co.nz>
Sent: Friday, 12 December 2025 4:37 pm
To: Hayden Glass <Hayden.Glass@ea.govt.nz>; Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>
Subject: Re: Wholesale and supply strategy

Hi there

Hope you're well. I wanted to just flag up two things

1. Meridian Fast track application: It didn't sound like this was on the EA's radar from the recent CEs catch up. I think another discussion on this might be useful. Meridian is effectively looking to remove contingent storage as the fuel of last resort for the next three winters. We think this is a fundamental change in how security of supply is managed currently in the system. The EA has previously signaled they will not get involved. We have been asked to provide input and we will but does seem to me something the EA should be engaging in. Perhaps it's behind the scenes but would be good to understand this more.

Out of scope [redacted]

Thanks all

CB

CHANTELLE BRAMLEY (she/her)
EXECUTIVE GENERAL MANAGER, OPERATIONS

Transpower New Zealand Ltd
Waikoukou
22 Boulcott Street, PO Box 1021, Wellington, 6011

M: +s 9(2)(a) [redacted]
transpower.co.nz

Out of scope [redacted]

Out of scope

[redacted]

ELECTRICITY AUTHORITY
TE MANA HIKO

GM Report – Wholesale and Supply

Prepared by: Hayden Glass
General Manager – Wholesale and Supply

20/04/2026

Out of scope

[redacted]

Meridian Fast-track application for easier access to Pūkaki contingent storage progressing

4.5 The 13 submissions have now been published together with Meridian's response. section 9(2)(g) [redacted]

4.6 The deadline for the Fast-track Panel's decision is 3 July. The panel may hold a hearing before releasing its decision but is not obliged to.

4.7 We will continue to provide regular updates

Out of scope [redacted]

From: Hayden Glass
To: Sarah Gillies
Cc: Natalie Bartos; Doug Watt; Claire Young
Subject: FW: Meridian fast track application
Date: Tuesday, 14 April 2026 5:39:00 pm
Attachments: image001.png
image002.gif
image003.jpg

Hi Sarah,

A few extra dots on Pukaki for your meeting with James Kilty tomorrow below. They have benefitted from Doug and Natalie's expert input. section 9(2)(g)(i) [redacted]

In general

1/ We agree with the SO that the power system impacts of this decision are a balance of the costs of keeping energy in reserve for High Impact Low Probability events vs the increased efficiency of having access to that energy (though generally not using it) in normal times. The way SO has been talking about it, the HILP in question is really two coincident HILPs, ie, lowest ever hydro inflows combined with an extended outage at Huntly 5.

2/ We also agree that the SO and EA do not need to agree on the balancing of interests.

3/ The SO and Meridian modelling can tell us something about this tradeoff. Though we suggest you don't get into a debate on the detailed numbers, the $38m benefit and the $440m cost match, ie, $38m is the value of as much water as is economically sensible replacing coal, which in turn puts the system at most risk of running out of water and thus incurring the significant costs of a shortage of energy. In short, if you want to use the $440m cost, you need to use the $38m benefit.

4/ But there is also more to it than modelling. section 9(2)(g)(i) [redacted] At a time when the system was clearly under real pressure (ie, August 2024) significant economic costs were incurred in shutting down industrial production because the trigger for access had not been met. To us this says something important about flexibility in administrative systems vs market systems. Insurance is only useful if it pays out when it needs to.

Specific and process points

5/ We did not consider whether the regime should continue in relation to Lake Pukaki until we were asked to submit. Instead, we played the cards as we were dealt them. SOSFIP was certainly a step forward. But we were not asked at that point whether having the contingent storage regime for Pukaki for the next three years would be net welfare improving against our statutory objectives. section 9(2)(g)(i) [redacted]

section 9(2)(g)(i) [redacted]

[redacted]

7/ We continue to think that a project to design and implement a strategic reserve would not be a high priority for the Authority. That does not in any way prevent us from having a view on the Pukaki application (which is the implication in James email).

8/ We haven't yet decided what we would do if the Fasttrack panel approves the application. We will of course discuss this once we have.

9/ It seems like we agree with each other on the irrelevance of any wholesale price impacts here. James argues that without wholesale price impacts there can't be benefits for consumers. We don't agree. There are reliability and competition benefits without consumer price changes.

10/ One other fact check. The Authority signed off the SOSFIP change in February (not December, as in James' email).

Hope some of this is helpful.

Thanks,

Hayden

Hayden Glass
GM, Wholesale and Supply
Te Mana Hiko | Electricity Authority
[redacted]
hayden.glass@ea.govt.nz

EA: Marcie Turnbull, marcie.turnbull@ea.govt.nz, [redacted]

From: Sarah Gillies <Sarah.Gillies@ea.govt.nz>
Sent: Friday, 10 April 2026 4:22 pm
To: Hayden Glass <Hayden.Glass@ea.govt.nz>
Subject: FW: Meridian fast track application

Hi

I haven't digested this fully but can you have a look and give me thoughts on responses?

Ngā mihi nui
Sarah

Sarah Gillies (she/her)
Chief Executive

M: +[redacted] section 9(2)( )

Level 7, AON Centre, 1 Willis Street
PO Box 10041, Wellington 6143, New Zealand
www.ea.govt.nz

Wellbeing notice*: Receiving this email outside of normal working hours? Managing work and life responsibilities is unique for everyone. I have sent this email at a time that works for me. Please respond at a time that works for you.*

From: James Kilty <James.Kilty@transpower.co.nz>
Sent: Friday, 10 April 2026 3:27 pm
To: Sarah Gillies <Sarah.Gillies@ea.govt.nz>
Subject: RE: Meridian fast track application

Hi Sarah

I've had a chance to digest your submission on Meridian's Fast Track application and have a few questions – I thought best to send them in advance of a chat about it so you have time to consider them. My questions are about understanding how we got to this point and identifying differences in opinion that have emerged. I accept that differences of opinion are entirely rational in an area that, while founded in good analysis, ultimately requires a judgment call to be made on trade-offs given we are considering how the electricity system responds to High Impact Low Probability events. We agree that the market is effective at allocating and pricing risks and resources through competition. Where we appear to disagree (perhaps) is on the narrower question of whether the market's risk appetite aligns with consumers' in HILP events.

Process:

1. We did a lot of work together last year on SOSFIP to make it a clearer and more pragmatic regime, which you signed off in December. Our teams worked transparently on that work for many months. Your submission could be read to suggest that you believe that the contingent storage regime is now unnecessary. Is that your view? Is it a view you held last year while we worked on the SOSFIP?
2. We agree that the contingent storage regime is not a deeply considered "energy reserve" or "energy insurance" scheme and was developed a long time ago when market conditions were different. Regardless, it has played that role in practice, replicating a form of strategic reserve-type framework we've seen in most jurisdictions. We raised those issues during our SOSFIP work last year including an exploration of different energy reserve approaches around the world. As we noted at

the time, we were endeavouring to prompt a conversation around how the market manages HILP events as the economy confronts the transition to increased electrification at the same time as the electricity system transitions to increasingly intermittent resources. You didn't raise any concerns about the contingent storage regime or take up the issue of doing a review of the necessity or nature of strategic reserves generally at that time but I understand you may have had misgivings that are now evident in your submission. Your submission rightly notes that if the Fast Track panel approves this change, the contingent storage regime is materially undermined. We would be keen to understand whether you contemplate any next steps in relation to SOSFIP or other EA or SO-led work in this area (noting action will need to be swift to provide clarity to the market for settings for 2027)?

Substance of your perspective:

3. I also want to confirm your interpretation of the analysis we had undertaken by John Culy.
    1. Costs: I think you've misunderstood JC2's modelling on the cost (the $38m). That is in a circumstance where access to contingent storage is banned completely to test the upper bounds of cost. But when you put the current (recently revised) access arrangements into the assessment, that amount is around half of that (around $20m, or about 20c a week per connection). Would that change your perspective or is it the fact of there being a cost at all that is the issue?
    2. Benefits: The impact on forward prices is somewhat illusory in this application. We agree it *may* result in a reduction in wholesale prices – but customers are hedged well in advance and likely beyond the term of this three-year application – so any reduction in wholesale price from this application will be of little benefit to consumers. Rather it will be a wealth transfer between generators. Did you consider that when considering the benefits (i.e. the likelihood that there is no benefit to end users?).

On comms, our teams are in touch so I think we have an agreed path forward. I am keen to meet and discuss when you've had a chance to consider these issues.

Ngā mihi
James

JAMES KILTY (he/him)
Chief Executive
Transpower New Zealand Ltd
Waikoukou
22 Boulcott Street, PO Box 1021, Wellington
Phone: section 9(2)(a) [redacted]
Mobile: section 9(2)(a) [redacted]
www.transpower.co.nz

From: Sarah Gillies <Sarah.Gillies@ea.govt.nz>
Sent: Thursday, 9 April 2026 1:20 pm
To: James Kilty <James.Kilty@transpower.co.nz>
Subject: Meridian fast track application

Hi James

I understand Hayden briefed Chantelle on the Authority's submission. Happy to discuss though.

Ngā mihi nui
Sarah

Sarah Gillies (she/her)
Chief Executive

M: +[redacted] section 9(2)( )

Level 7, AON Centre, 1 Willis Street
PO Box 10041, Wellington 6143, New Zealand
www.ea.govt.nz

Contingent storage

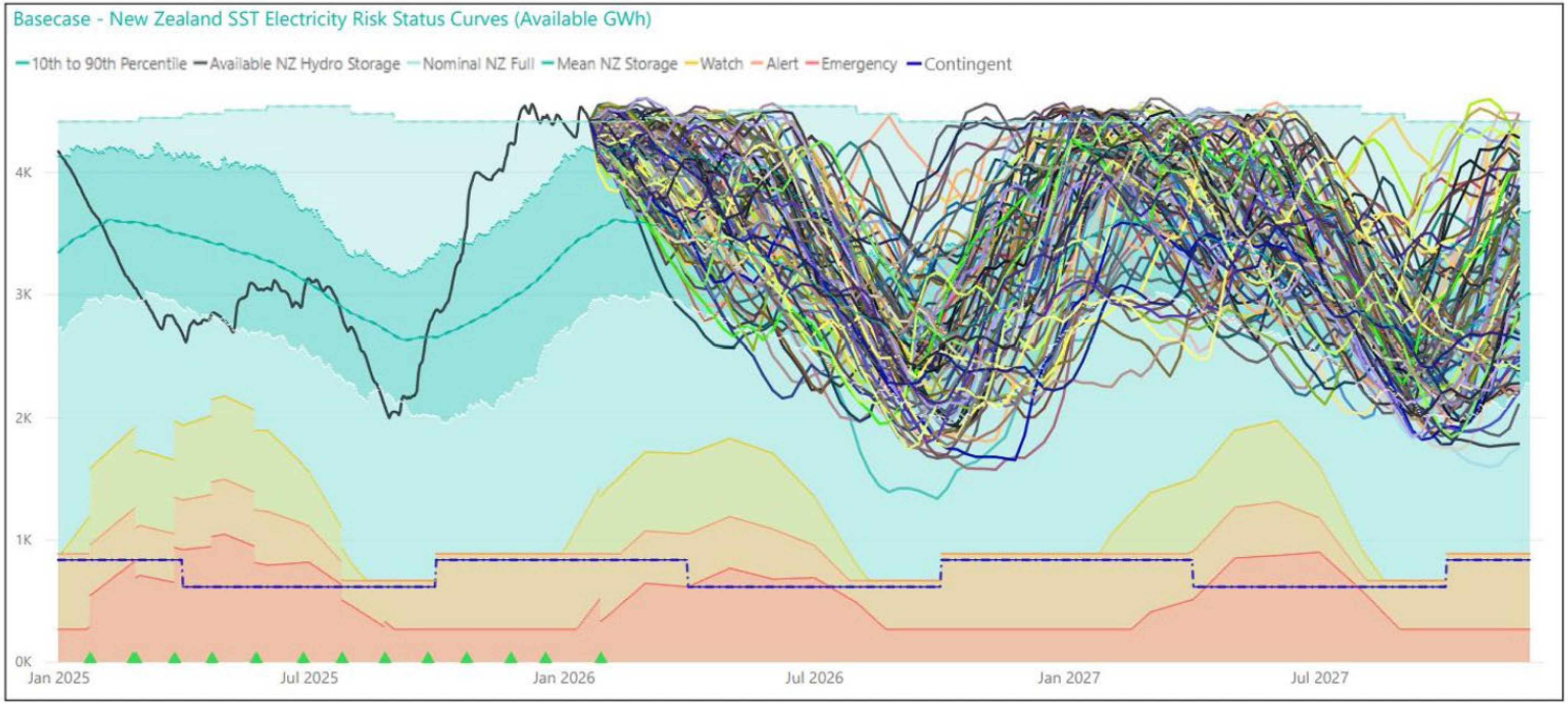
EA response to Meridian’s fast track application: core analysis

ELECTRICITY AUTHORITY
TE MANA HIKO

Outline

- Process update
- Contingent storage background
- Modelling of market impacts of allowing access
- Need to keep in mind LNG and other options
- Proposed response

At times when the 4% curve is below the contingent storage, the boundary is the CS plus buffer



New Buffers from recently reviewed Security of Supply Forecasting and Information Policy

Month	Buffer GWh
Jan	153
Feb	153
Mar	153
Apr	153
May	173
Jun	263
Jul	323
Aug	343
Sep	363
Oct	153
Nov	153
Dec	153

Contingent storage

- Lakes Pūkaki (Meridian Energy), Hāwea (Contact Energy), and Tekapo (Genesis Energy)
  - Pūkaki => 545 GWh year round
  - Hāwea => 67 GWh year round
  - Tekapo => 220 GWh from October through to April
- Consent decisions made by local authorities set it aside for environmental reasons and, under those consents, is only accessible for electricity generation in emergency conditions
- All triggered at the CSRB, which is the higher of the 4% risk curve or contingent storage plus the adder

Pukaki contingent storage

- 518mRL
    - 331GWh available if CSRB breached [either the 4% curve, or 4% plus buffer]
- 515mRL
    - 214GWh available if an OCC is happening
- 513mRL

- This is about as much energy as we think we could get out of LNG
    - Much less single unit risk than LNG
- Regime effectively values this water higher than all other fuel sources (including some demand response) by ensuring that it gets dispatched last
- Meridian act as if it were not available
    - Getting to 518mRL and not being able to go lower would be ruinous
    - Breaking consent conditions is bad
    - Not a stable boundary, ie, the 4% risk curve moves around through the year

Meridian’s modelling

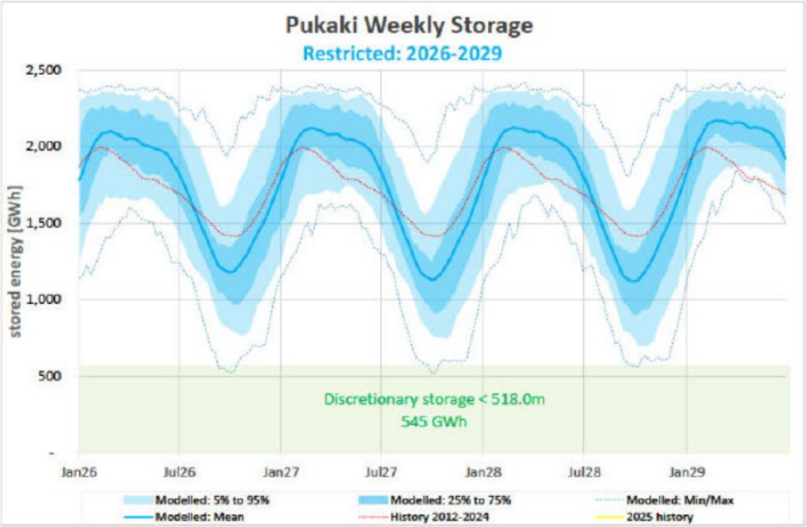


Figure 1 *Modelled status quo weekly storage 2026 – 2029, assuming current lake level restrictions (supplied: Meridian, Sept 2025)*

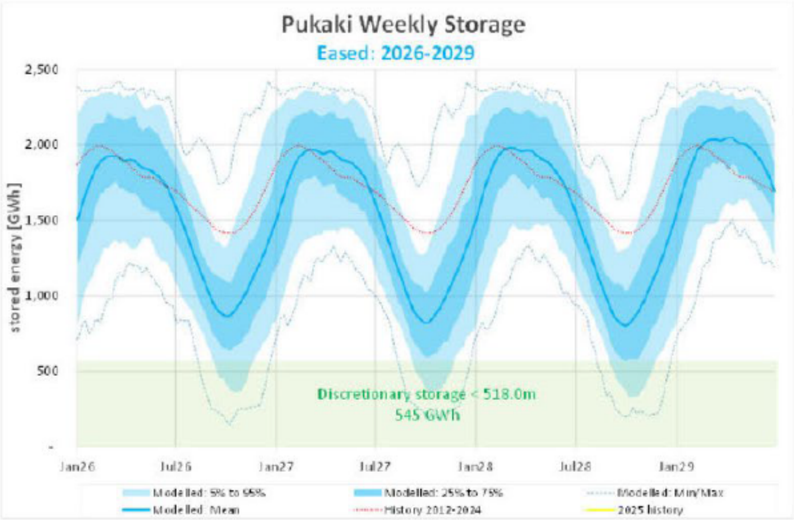


Figure 2 *Modelled weekly storage 2026 – 2029 with restrictions eased in accordance with PC1 (supplied: Meridian, Sept 2025)*

SO modelling

Restricted Access

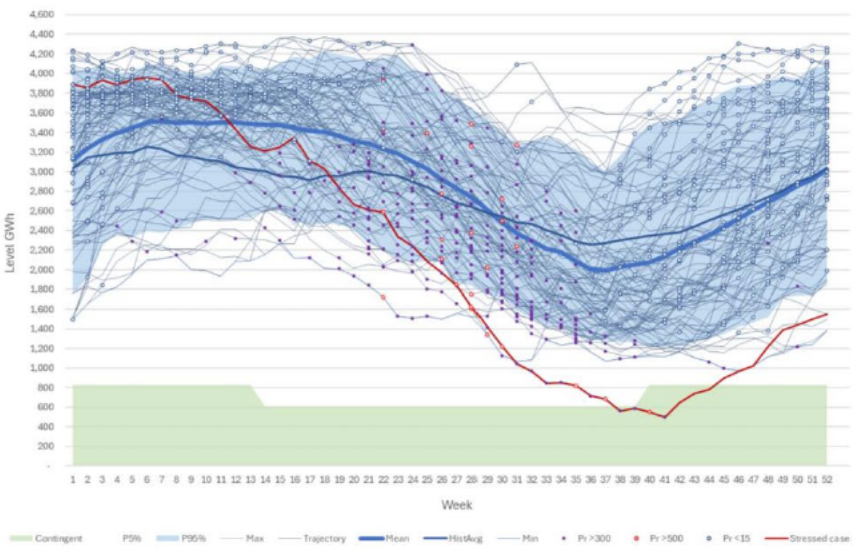
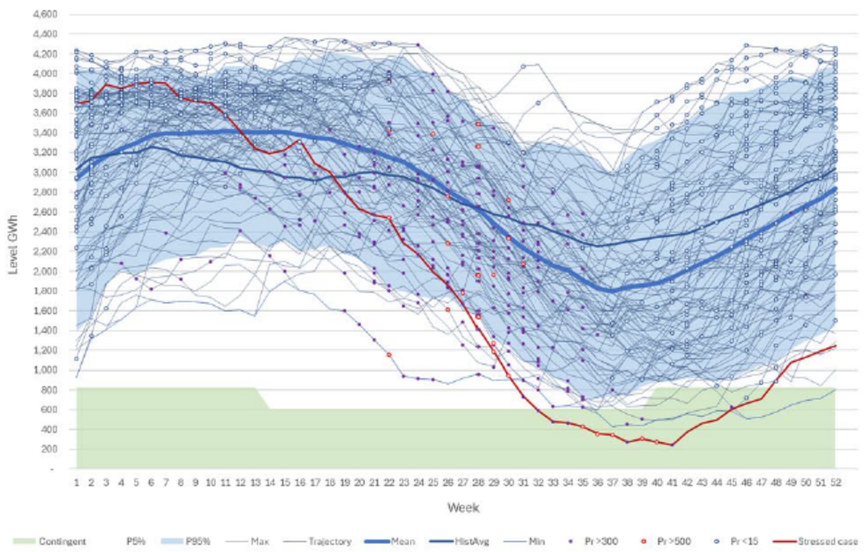


Figure 7: South Island controlled storage in 2035 with Restricted Access to contingent storage

Unrestricted Access



Out of scope

[redacted]

High-level response

- Make it clear that we are submitting on the implications for the power system, not the environment
- The System Operator is the expert on physical security of supply; we have a dual mandate, ie, prices and security
- More fuel is good in general for security
- We have a spot market to allocate resources and it determines the order that fuel is used
- We typically rely on commercial incentives to manage the tradeoff between using more fuel now and having more fuel later
- The boundary conditions imply that the contingent resource is more valuable than all other fuel and hence effectively ensure that it is used after all other fuel
- There is no justification for this, viewed purely from a electricity market perspective
- The spot market determines the merit order for swaptions, HFO, demand response and should do so for contingent storage
- The System Operator is concerned that these incentives will not work well in this case, including because other things may go wrong
- The contingent storage arrangements are not a market-designed strategic reserve; we do not know, if we were to create one whether it would be cheaper or more effective than the current arrangements

Separately

- We would need to think about what a decision to means for SOSFIP

From: Natalie Bartos
To: Sarah Gillies
Cc: Hayden Glass; Claire Young
Subject: James Kilty meeting - 15 April
Date: Monday, 13 April 2026 11:20:00 am
Attachments: image001.png
image002.png
image003.png
image004.png

Hi Sarah

Here are some notes for your meeting with James Kilty on 15 April.

Out of scope

[redacted]

Out of scope

[redacted]

Meridian's Pukaki fast-track application

- This is for your awareness; nothing in particular to raise with James, but just noting that he might raise it.
- As you know, both the EA and SO have made submissions to the fast-track panel.
- Our submission did not emphasise the importance of contingent storage for security of supply as much as the SO would have liked, instead saying that opening up contingent storage for use on the same basis as other fuels would be a small net positive for competition, reliability and efficiency.
- We wouldn't say our submission represents a change in view from the Authority. SOSFIP took us in the direction of improving access to contingent storage, and we mentioned clearly that the Fast Track process was out there. We have approached both the SOSFIP decision and the Pukaki submission with our statutory responsibilities front of mind.
- Despite the difference in view, our teams worked constructively together on the issue, and did a good job of keeping each other informed.

Out of scope

[redacted]

Thanks
Natalie

From: Claire Young <claire.young@ea.govt.nz>

Sent: Wednesday, 8 April 2026 11:12 am
To: *EA Senior Leadership Team <ea.slt@ea.govt.nz>
Subject: James Kilty meeting - 15 April

Kia ora team,

Sarah has her regular catch-up meeting with James Kilty on Wednesday 15 April.

Please email Sarah and cc me any items / points-to-note for Sarah by **8am Tuesday 14 April**. This gives me time to collate the info for Sarah and time for her to familiarise it.

Thanks!
Claire

Claire Young **(she/her)**
Executive Assistant to Sarah Gillies, Chief Executive
[redacted] section 9(2)
( )

Level 7, AON Centre, 1 Willis Street
PO Box 10041, Wellington 6143, New Zealand
www.ea.govt.nz

Wellbeing notice*: Receiving this email outside of normal working hours? Managing work and life responsibilities is unique for everyone. I have sent this email at a time that works for me. Please respond at a time that works for you.*