

14 May 2026

System Operator

By email: system.operator@transpower.co.nz

Draft Security of Supply Assessment 2026

Meridian welcomes the opportunity to provide feedback on the System Operator's consultation paper 'Draft Security of Supply Assessment 2026'. We appreciate Transpower's ongoing engagement with industry on this work.

Our feedback is as follows:

1. We consider Transpower's medium demand forecast (as adopted for both the Reference case and Expected Future case) likely overstates future demand growth. Transpower is forecasting an additional 2,500 GWh of winter energy demand by 2030 relative to Meridian's own high-growth REVO scenario. While there may be some variation in methodological approaches, this difference is significant. Meridian's view is that demand will be moderated by ongoing efficiency improvements, some level of gas-dependent industrial demand contraction, and slowing decarbonisation uptake. We note also that Transpower has recently revised down its long term demand forecasts in other contexts, notably its Te Kanapu initiative.¹ The sensitivity of the Energy Margin and Capacity Margin calculations to Transpower's demand forecast is clearly evident in Figures 5 to 7 of the consultation paper, which show Transpower's Low Demand Growth sensitivity results in energy and capacity margins which *significantly exceed* the security standards for most or all of the forecast period. This reinforces the importance of Transpower rigorously reviewing its demand forecast to ensure it represents a reasonable picture of future growth.
2. Related to this, Meridian considers Transpower's dry-year demand response assumption of 2% of total load likely understates the demand response available to the system.² This level of demand response does not reflect current industry arrangements. Meridian's agreement with NZAS alone provides around 800 GWh of demand response when fully available, equivalent to about 2% of national demand. Further demand response is expected from the Glenbrook Steel Mill once its Electric

¹ <https://www.transpower.co.nz/our-work/te-kanapu/our-scenarios>

² Recognising this is derived from the Security Standards Assumption Document (SSAD)

Arc Furnace is commissioned, alongside multiple smaller commercial and industrial agreements. New large loads are also likely to be contracted with demand response provisions. Further, in stressed years, load reductions have exceeded contractual settings, incentivised by price, as observed in 2024. While Transpower has included additional demand response in its sensitivities, we consider both the Reference and Expected Future cases should reflect additional demand response available and likely to be available to the system.

3. More broadly, we note that any commentary on the medium to longer term outlook needs to reflect the fact that supply-demand dynamics are not fixed. Shortfalls or surpluses in energy are of course reflected in market prices, which send signals to investors to build or, alternatively, hold off on new investment. This was one of the primary goals of creating a market for power in the mid-1990s, and the market for generation investment is working well. The wave of new generation currently under development is a clear sign of wholesale price signals effectively providing such incentives. As such, care needs to be taken with making any conclusive statements on longer-term supply-demand dynamics. At the same time, we recognise there remains potential for delays to new projects due to external factors such as supply chain constraints (e.g. transformers), grid connection processes, consenting timeframes, and policy uncertainty.
4. On a few specific matters:
 - As noted in our submission on Transpower's consultation on the 2026 SOSA assumptions, we support the adoption of an Expected Future case. This is a helpful addition to the SOSA, given current constraints relating to the SSAD.
 - We support use of the Low Gas Supply forecast in the Expected Future case and the inclusion of a Very Low Gas Supply sensitivity, given recent gas production trends (as reflected in Figure 8).
 - We support inclusion of an LNG import terminal as a sensitivity (rather than inclusion in the Reference or Expected Futures cases).
 - We support the retention of all three Rankine units at Huntly until 2035 in the Reference Case, consistent with the Huntly Strategic Energy Reserves Agreement.
 - We support inclusion of Transpower's HVDC STATCOM investment in the Reference Case (despite this not being specified in the SSAD).
5. Finally, given the SOSA's influence on investment and operational decisions, we consider the SOSA process would benefit from a policy review to confirm that the process settings and underlying assumptions remain fit for purpose in the context of the energy transition. In particular, the fact that participants can hold materially different views on supply and demand outlooks highlights the importance of ensuring the SOSA is supported by high-quality, consistent information and robust assumptions. A review could usefully consider matters such as the required frequency of publication, how assumptions are maintained and updated between SOSA cycles, the scope of the SOSA, and governance and assurance

arrangements. We recognise such a review may ultimately be led by the Electricity Authority.

Please contact me if you have any queries regarding this submission. This submission can be published in full.

Nāku noa, nā

Matt Hall

Principal Advisor – Regulatory Affairs and Government Relations