

20 July 2026

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

Tēnā koe,

System Operator Strategy Phase 2 Consultation: Draft Strategic Priorities

We welcome the opportunity to respond to the System Operator (**SO**)'s consultation on its draft strategic priorities.

Powerco supports the priorities and we agree with the SO's analysis of how the context in which we operate is changing and what the sector will need to do differently as a result.

We agree with the SO's impact analysis and the five strategic priorities that you have set. The proposed initiatives are specific enough to act on, and stakeholder feedback from the Phase 1 consultation, including Powerco's, has been substantively incorporated. The explicit assignment of distribution-level orchestration, distributed energy resources (**DER**) operating envelopes and local visibility to distributors (Section 4) is particularly welcome.

Powerco highlights three items for further consideration:

- **TSO–DSO interoperability:** We agree with the allocation of responsibilities shown in the diagram on page 33 of the consultation, including that Electricity Distribution Businesses (**EDBs**) have the primary responsibility for local orchestration on distribution networks. Initiative P4.4 is helpfully specific as a means to establish an operating model based on these responsibilities. The operating protocols developed should address the hierarchy of control for distribution-connected assets with dual obligations. As we suggested in our response to the Phase 1 consultation, coordinating any SO curtailment of distribution-embedded generation for transmission security flows through a defined EDB notification pathway developed jointly by the SO and EDBs.
- **Data access:** As we have previously discussed, EDBs cannot provide real-time data for load controlled by third-parties. Initiative P4.3 is an opportunity for the SO to build forecasting capability to make effective use of aggregate EDB data rather than require a level of device-level visibility that is neither technically available nor operationally necessary.
- **Multi-period continuity:** Implementing all four of the initiatives supporting priority 4 and the Control Room of the Future (P3.1) all extend beyond 2031 and are likely to require parallel investment by EDBs in their own systems and data platforms. A three-year System Operator Service Provider Agreement (**SOSPA**) funding window creates a potential investment risk. Without a clear signal that funding and commitment to the SO elements of these programmes will continue beyond 2031, EDBs may be reluctant to commit to the associated long-term investments required on their side. The SO strategy development process highlights

the importance of the SO and the Authority establishing in-principle multi-period funding for these programmes. This would provide EDBs with sufficient confidence to incorporate aligned investment proposals into DPP5 and DPP6 process to supporting long-term investment decisions.

We are always keen to discuss and develop the ideas in our submissions. If you have any questions or would like to talk further on the points we have raised, please contact us at emma.wilson@powerco.co.nz.

Nāku noa, nā,



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POWERCO