

3 June 2025

Transpower – System Operator
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Submission on the final Security of Supply Annual Assessment 2025

Introduction

1. Energy Resources Aotearoa is New Zealand's peak energy sector advocacy organisation. We represent participants across the energy system, providing a strategic sector perspective on energy issues and their adjacent portfolios. We enable constructive collaboration to bring coherence across the energy sector through and beyond New Zealand's journey to net-zero carbon emissions by 2050.
2. This document constitutes our submission on the [2025 Security of Supply Assessment \(SOSA\)](#). See our previous submission on the draft SOSA from December [2024](#).

The context

3. The sector is under stress, with gas production falling and energy prices increasing. We have a government whose focus has shifted from almost exclusively pursuing emission reductions to ensuring that energy is affordable and secure, while contributing to our emissions reduction goals.
4. The reference case sensitivities that get us through the ten-year period with security of supply rely on additional thermal fuel, not just a continuation of the status quo. We remain concerned that the Electricity Authority is consulting on options that move the current thermal capacity around, rather than increasing it. This may shift accountabilities but will not solve the problem.
5. The risk margins paint a worrying picture of our energy security, with projections that are worse than last year, due to reduced gas availability and delays to projects in the pipeline.
6. Unless sufficient new generation enters the supply pipeline and comes to market in time, New Zealanders will continue to face increasing energy costs, not just at

the household level, but we will see further impacts on our regions and businesses, and hampered economic growth.

Submission

7. Our primary concern is the need for the System Operator to prioritise firming for the new renewables in the pipeline by taking the reins and leading the sector to pragmatic, sensible energy solutions.
8. New Zealand's energy system is in dire need of system leadership to ensure that we do not continue to see the first two trends in your summary of three new inputs:
 - a a decrease in the forecast gas available; and
 - b a decrease in the peak and energy demand forecasts.
9. The former is a market failure caused by the government's intervention in 2018 to ban new oil and gas permits. The latter is a sign of businesses and industries closing due to the resulting high energy prices. Neither is good news for New Zealand's economic growth and prosperity.
10. We expect to see further declines in forecast gas reserves when the latest datasets are released this week. Staying within our security margin relies on the high gas supply and new generation sensitivities – or conversely, reduced demand for electricity and increased demand response – both point to low economic activity.
11. Fortunately, the energy sector has been given some hope in the Budget 2025 initiative to provide fiscal momentum to the gas sector. Now is the time to get behind the gas sector to ensure our pipeline of renewables has sufficient firming and can come online without reducing our energy security. Early signals are positive.
12. New wind and solar generation, as well as other sources of renewable fuels, are critical pieces of the energy puzzle, but they will not solve problems on their own. For example, wind and solar need sufficient thermal fuel to act as backup when the weather does not provide enough fuel to create energy. This is especially true when the hydroelectric lakes are low and winter is approaching.

Responses to questions

Question 1: Do you agree with the demand and supply assumptions presented in the report?

13. This Security of Supply Assessment (the 'SOSA') covers the 10 years to 2035. Given the news of Budget 2025 to provide additional stimulus to new gas field

development (see Summary of Initiatives, [here](#), page 13), we think the System Operator may need to revise the demand and supply assumptions (or at least the modelling sensitivities) to give consideration to the potential for new gas to come into the market before 2035. Such an outcome, in light of the fiscal stimulus, is not implausible.

Question 2: Do you have any comments with respect to the presentation of the assessment results? Is further information or analysis required?

14. We support the changes to *Key Inputs for the SOSA 2025*, but they present a concerning picture of the trends in our energy system.
15. We repeat the key sentiment from our submission on the draft SOSA. It is sensible to include 'known unknowns' in the modelling, in particular, additional gas *is needed and must be modelled*, despite not knowing where it might come from.
16. Recent Government policies to revitalise the natural gas sector may change the outlook. The SOSA covers a ten-year forecast period. If the new policies (and Budget initiative) are successful, we might expect to see new gas in the system sooner than has been assumed.

Question 3: Do you have any other comments on the content of the report?

17. We need system leadership, including the System Operator, to ensure that the Government's initiatives have teeth and can result in the desired development of gas for firming renewable energy over the next ten years. Negativity will not bring forth new thermal generation for energy security. Nor will hope.

Concluding remarks

18. We thank Transpower for its ongoing governance and monitoring of the electricity system, as well as the opportunity to provide input into the 10-year forward-looking modelling of electricity security in the SOSA. We welcome further discussion if needed.