Critical Contingency Operator (CCO)

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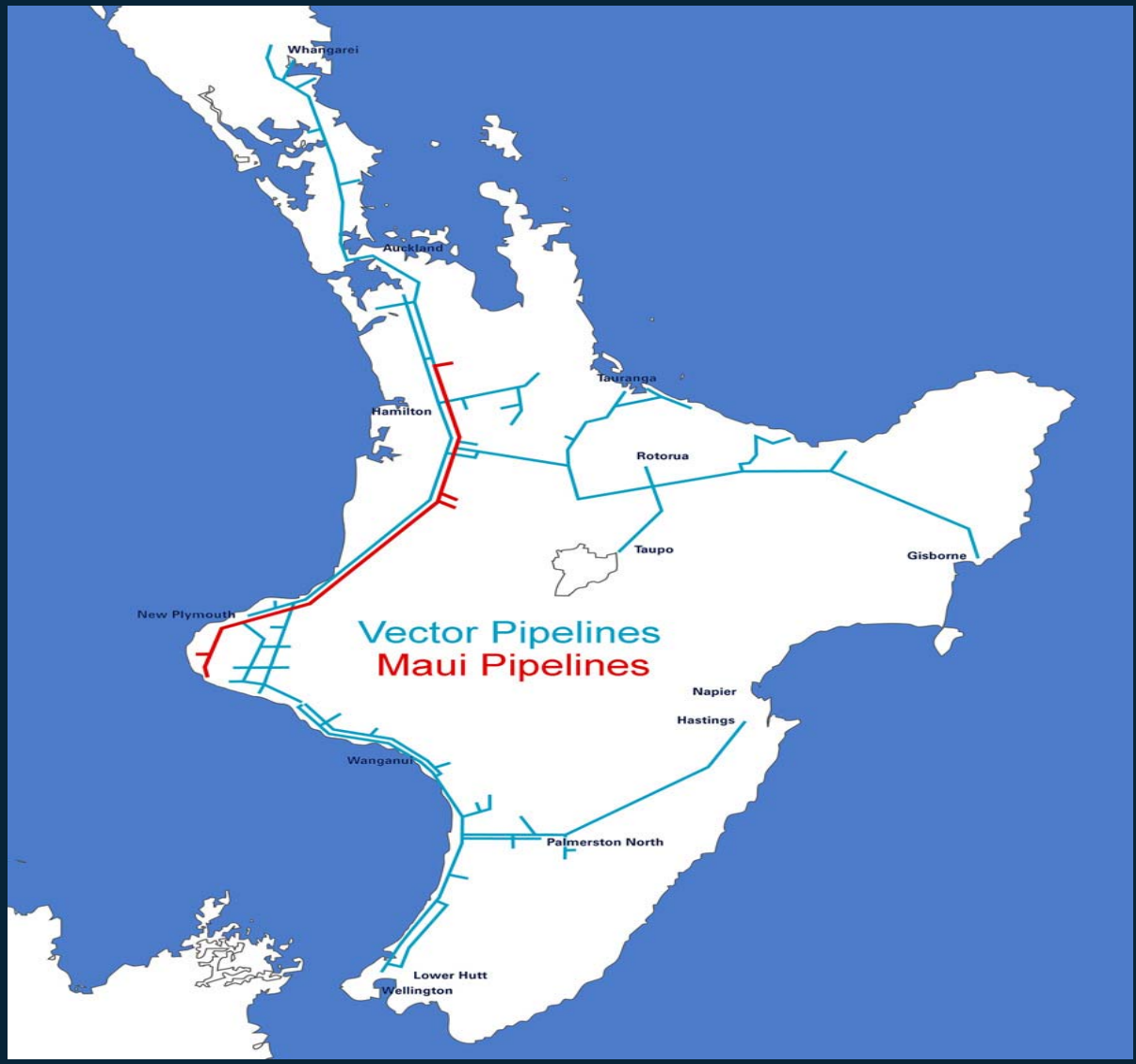
Background

- Industry dissatisfaction with existing voluntary arrangements (NGOCP)
- Government Policy Statement requirement for sound arrangements for the management of critical gas contingencies
- Call for regulatory approach to manage gas outages of sufficient magnitude
- 2006-07 GIC/Industry Consultation Process
- 2008 – Development of Gas Governance (Critical Contingency Management) Regulations 2008
- Where the market cannot self-manage enforce an obligatory curtailment of gas demand and a contingency pricing regime

Gas Governance (Critical Contingency Management) Regulations 2008

- Purpose: “To achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply.”
- Parts 1 and 2 came into force in December 2008 – getting ready
- Parts 3 and 4 will “go-live” when the provisions in Parts 1 and 2 have been met.
- New role of CCO established to manage critical contingencies on the Transmission System
- Vector appointed by GIC to provide CCO services under service provider agreement
- Vector and MDL defined as Transmission System Owners with new obligations – Critical Contingency Management Plans

Applies to Gas Transmission System Only, But Interface With Distribution



Main Differences to Existing Arrangements

- CCO makes decision to declare a Critical Contingency
- CCO makes decisions on demand curtailment/restoration
- CCO issues instructions to the TSOs to implement demand curtailment/restoration
- TSO then gives directions to Large Consumers and Retailers to curtail/restore demand
- CCO informs industry stakeholders
- Defined Critical Contingency thresholds
- Can declare CC if reason to believe threshold breach is unavoidable

Critical Contingency Thresholds

Location	Pmin	Time to Pmin
Rotowaro	32.0 barg	3 hours
Waitangirua	37.0 barg	10 hours
Hastings	32.0 barg	5 hours
KGTP	37.5 barg	3 hours
Gisborne	32.0 barg	5 hours
Taupo	32.0 barg	5 hours
Tauranga	32.0 barg	6 hours
Whakatane	32.0 barg	5 hours
Cambridge	32.0 barg	5 hours
Westfield	42.0 barg	4 hours
Whangarei	25.0 barg	5 hours

Types of Critical Contingencies

Supply/Demand Mismatch

- market forces and commercial/contractual trading arrangements
- Contractual load curtailment and balancing gas used

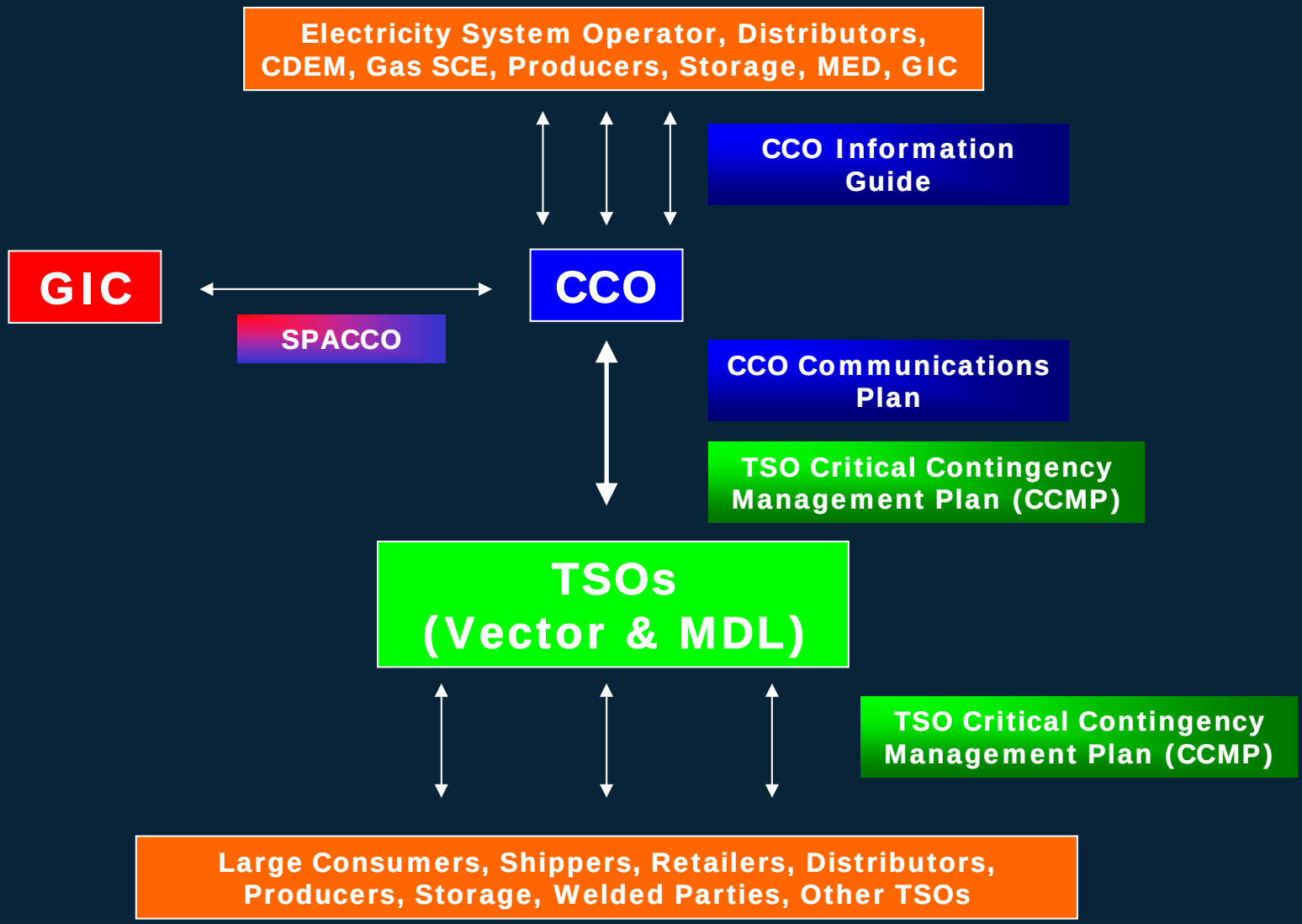
Physical Asset Failure or Damage

- Damage by external party
- Materials or control/safety system failure
- Natural disaster
- Gas supply interrupted or limited

Pohangina Bridge – Feb 04

Ath, Belgium – July 2004

Appomattox, Virginia, USA - Sep 08


Electricity System Operator, Distributors, CDEM, Gas SCE, Producers, Storage, MED, GIC
CCO Information Guide
GIC
CCO
SPACCO
CCO Communications Plan
TSO Critical Contingency Management Plan (CCMP)
TSOs (Vector & MDL)
TSO Critical Contingency Management Plan (CCMP)
Large Consumers, Shippers, Retailers, Distributors, Producers, Storage, Welded Parties, Other TSOs

Main CCO Activities

- Communications Plan (CCO - TSOs)
- Information Guide (CCO - Industry Stakeholders)
- Internet site – via existing OATIS site
- TSO CCMP assessments
- Test Exercises
- SCADA & OATIS access
- Consumer database – demand in each curtailment band
- Demand modelling systems
- Incident and performance reports

Critical Contingency Stages

- Potential CC
- Potential CC Termination
- CC Declaration – Threshold limits
- Implement Demand Curtailment
- Revise Demand Curtailment
- Restore Curtailed Demand
- CC Termination
- Post CC - Incident & Performance Reporting

Curtailment Bands (Domestic Not Included)

0	Gas off taken for injection into gas storage.
1a	>15TJ/day - direct from transmission system – with alternative fuel. If minimal load consumer, then manage wind down of plant.
1b	>15TJ/day - direct from transmission system – no alternative fuel. If minimal load consumer, then manage wind down of plant.
2	>10TJ/annum – industrial/commercial - with alternative fuel. If minimal load consumer, then manage wind down of plant.
3	>10TJ/annum – industrial/commercial - no alternative fuel. If minimal load consumer, then manage wind down of plant.
4	2 to 10TJ/annum - All consumers except for essential service providers. Minimal load consumers in bands 0-3 fully interrupted.
5	>2TJ/annum - essential service providers
6	<2TJ/annum - all remaining consumers

Communication of Notices

- CCO
  - Email and SMS + back up arrangements
  - Notices published in public domain in OATIS
  - Transpower – close phone contact
  - TSOs – close phone contact or face-to-face
  - Template Notices for each CC stage
  - Free phone number for updates
- TSOs
  - OATIS for email and SMS text alerts
  - Back up arrangements
  - Large Consumers – close phone contact

Go-Live date

- Depends on approval of CCMPs
- Now in fourth cycle of submissions of proposed versions
- Most process and technical issues now resolved
- Main outstanding issue is consistency of MDL and Vector Imbalance Calculation Methodologies in CCMPs
- Six-eight weeks from go-live?

Thank You For Your Attention