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Dear Ian

Submission on the Proposed Amendments to the Critical Contingency Management Regulations

Introduction

1. Vector Limited ("**Vector**") welcomes the opportunity to make this submission on the Gas Industry Company's ("GIC") Statement of Proposal ("**SoP**"), *Amendments to the Gas (Critical Contingency Management) Regulations 2008 ("**CCM Regulations**")*, dated 12 November 2012.
2. Vector also appreciates the GIC's engagement with stakeholders on this matter at the CCM Workshop on 6 December 2012.
3. No part of this submission is confidential and Vector is happy for it to be made publicly available.
4. Vector's contact person for this submission is:

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The CCM Review and the SoP

5. Vector supports the GIC's CCM Regulations Review, and is pleased with the significant progress the GIC has made in the SoP. The SoP proposals address many of Vector's previous recommendations and should, in general, lead to more robust CCM Regulations.

6. In particular, Vector supports:
 - a. the independent assessment and approval of Essential Service Provider ("ESP") and Minimal Load Consumer ("MLC") applications by the GIC, not by retailers;
 - b. tighter requirements for ESP and MLC designation, which adopt and replace the changes reflected in the Revised ESP and MLC Guidelines. For the avoidance of doubt, Vector supports the replacement of the Revised Guidelines with CCM Regulations for ESP and MLC designation. Vector agrees with the GIC's view, expressed at the CCM Workshop, that it would be preferable to avoid the need for ESP and MLC Guidelines;
 - c. the ESP designation applying only to the essential components of an ESP's service;
 - d. regular notification to consumers in relation to CCM Regulations, including encouraging them to implement appropriate back-up supply arrangements. Vector believes the notification should be provided by the GIC to retailers or directly from the GIC to ensure a consistent message to all end consumers; and
 - e. improving compliance with the CCM Regulations.
7. Vector, however, does not agree with the GIC's proposals in relation to responsibilities for communications during a critical contingency. The SoP proposes a substantial expansion of the role of the Critical Contingency Operator ("CCO"), which could divert the CCO's attention and resources during an event. Vector believes most of the additional functions are more appropriately the responsibility of the GIC.
8. Based on Vector's experience as CCO with the Maui Pipeline Outage of October 2011, Vector (acting as CCO) would not be comfortable taking on the role of incident spokesperson on behalf of the GIC and asset owner(s), or having to undertake roles such as determining whether a public conservation campaign should be activated. This was made clear in Vector's submission on Concept Consulting's *Review of Gas Critical Contingency Management: Post Maui Pipeline Outage* ("the Concept Report") and is further discussed under Q15 and Q16 below.

Responses to specific questions

9. Vector's responses to the specific questions in the SoP are set out below.

Q1: Are there any matters that should be addressed when considering proposals to amend the CCM Regulations?

10. In addition to the proposals in the SoP, Vector **recommends** that the GIC consider the following matters in amending the CCM Regulations:
- a. explanation of why the GIC considers that the CCO, rather than the GIC, is better placed to make a public conservation campaign where it could materially extend the ability to maintain pipeline pressure. Vector disagrees with this proposal and discusses its view under Q19;
 - b. clarification of how the CCO's additional functions, proposed in the SoP, would be contracted and funded; and
 - c. replacement of references to the Gas (Information Disclosure) Regulations 1997 with the Gas Transmission Information Disclosure Determination 2012.

Q2: Do you agree with the Gas Industry Co proposal to combine bands 2 and 3? If not, please provide your reasons.

11. It makes sense to combine bands 2 and 3. This would reduce confusion and compliance costs and would not impact on consumers' incentives to make arrangements for alternative fuel supplies, to ensure continuity of economic activity, during a critical contingency. Furthermore, it removes a potential benefit for consumers that do not make adequate provision for back-up supply or make other contingency arrangements.

Q3: Do you consider that the option of trading gas usage 'rights' during a critical contingency is worth exploring? Please explain your reasoning.

12. Vector does not support the option of trading rights for very short periods when important decisions relating to the security of the gas transmission system must be made. It would be a distraction to the proper management of a critical contingency.
13. There is no reason, however, why interested parties cannot discuss and make commercial arrangements that would better prepare them for critical contingencies, with the CCO's agreement (or awareness), before an event.

Q4: Do you agree that regulation 53(1)(d)(ii) and 53(2) provide the necessary flexibility for the CCO to respond to changing circumstances?

14. Vector agrees that the above regulations provide the CCO with the necessary flexibility to respond to changing circumstances, for example, to direct partial restoration.

Q5: Do you have any comments on the analysis of ESP consumers?

15. Vector generally agrees with the SoP's analysis of ESP consumers.

Q6: Are the proposed categories appropriate? Are there any additional categories that you think should be included? If so, please provide your justification.

16. Vector considers the proposed ESP categories to be appropriate and **recommends** that parties whose applications for ESP designation had been rejected should not be allowed to re-apply unless there is a material change in their circumstances.
17. Vector has sympathy for suggestions that applications for ESP and MLC status not be considered during critical contingencies, as re-consideration may cause unnecessary distraction from managing these events. Consumers that would genuinely qualify as ESPs or MLCs should reasonably be expected to ensure they are properly classified before a critical contingency. The communication with consumers referred to in paragraph 6(d) above should ensure the appropriate awareness on the part of consumers.
18. Vector recognises that the CCM Regulations should allow for legitimate reasons for applications to be made during critical contingencies, for example, a hospital that has a back-up generator which fails during a critical contingency or suppliers of essential foodstuffs that have been subject to 'panic buying'. Vector believes this is an area that warrants further consideration. One option is for the GIC to only consider new applications during a critical contingency if they are in respect of Band 7 (critical care providers).
19. New applicants should generally be able to apply at any time, but the GIC should make it clear that 1) applicants should apply in advance of critical contingencies, and 2) there will be no guarantee that applications will be processed or re-evaluated during a critical contingency. The GIC will have other priorities during critical contingencies so application processing times may take longer than normal.
20. As indicated in a previous submission on this matter, Vector believes a genuine ESP:

...should reasonably and prudently be expected to have considered its back-up arrangements within the specific context of the transmission system's ability to

deliver any gas during a supply failure, and not all of its consumption would necessarily qualify as an essential service.¹

21. The CCM Regulations should make a clear distinction between the essential and non-essential components of a service, i.e. provide for divisible rights. The need to make this distinction would be critically relevant for an ESP delivering multiple products or services, or in cases where a single meter connects a large site that has, for example, a building used for delivering an essential service and another for office accommodation.
22. Further consideration should be given to how the non-essential part of the load is managed, for example, whether it falls into a different band and how compliance will be assessed.
23. The categorisation of the supply of gas to apartments, student residents and domestic premises under commercial contracts should also be considered, as it is effectively a supply to domestic consumers.

Q7: Do you agree with the option evaluation set out above? If not, please explain why.

24. Vector agrees with the evaluation of the options, including the creation of a new Band 7 for critical care providers.
25. Vector **recommends** that the GIC should emphasise that a Band 7 designation is not a guarantee of supply availability, for example, in circumstances where there is no supply at all. It is because their services are so critical that Band 7 providers must have back-up supply arrangements.
26. Vector also **recommends** that the GIC give further consideration to whether the curtailment of Band 7 providers should appropriately be a matter for civil defence authorities to decide under the National Civil Defence Emergency Management Plan Order 2005 ("NCDEMP Order"), rather than the CCO, due to the life-and-death nature of their services. Under this scenario, Band 7 could still be created for categorisation purposes but cannot be curtailed by the CCO at any time (similar to the treatment of domestic demand).

Q8: Are there any other criteria for MLC designation that you feel would be appropriate? Please include your justification for any that you consider should be added

Q9: Would you delete any of the proposed categories?

¹ http://www.vector.co.nz/sites/vector.co.nz/files/vector_submission_-_esp_and_mlc_guidelines.pdf, paragraph 16

Q10: Should electricity generators be eligible for MLC status, as described in the first option above? Or should there be a separate category, as described in the second option?

27. The definition of a "critical process" is likely to vary from business to business, and could be difficult and costly to enforce.
28. In relation to the category "processing of animals", the GIC could consult animal welfare experts to clarify how animals that are in transit when the critical contingency is declared are to be treated.
29. Vector does not have any significant issue with electricity generators being eligible for MLC status, as long as they can demonstrate there are no reasonably practicable alternatives and input from the Electricity System Operator is sought regarding their applications.

Q11: Do you agree with the above evaluation of options? If not, please explain why.

30. Vector generally agrees with the evaluation of the options for broader MLC criteria, but as indicated under Q9/Q10, achieving consistency in the definition of a "critical process" is likely to vary from business to business, and would best be served by the development of guidelines.

Q12: Do you agree with the above evaluation of options? If not, please give your reasons.

31. Vector agrees with the evaluation of the options in relation to the approval of ESP and MLC applications, and strongly supports the GIC making ESP and MLC designations. While the SoP downplays the efficiencies that would be gained from this arrangement, Vector believes it would yield significant process efficiencies because an appeal process would no longer be required.

Q13: Do you agree with the 9-month timeframe for transitioning to the new ESP and MLC arrangements?

32. Vector agrees with the proposed 9-month transition, and **recommends** that the GIC clarify 1) how long its assessment of applications is expected to take, and 2) what the requirements during the 9-month transition period include. There may be other preparatory processes that could be completed by retailers before the amended CCM Regulations are gazetted.

Q14: Do you agree with the tight provisions for designations during a critical contingency event?

33. Vector agrees with the tighter provisions for ESP and MLC designation. As indicated in its response to Q6, parties whose applications for ESP and MLC designation had been rejected should not be allowed to re-apply unless there is a material change in their circumstances, for example, a genuine failure of back-up supply during an event. New applicants, however, should be allowed to apply at any time.
34. Vector **recommends** that the CCM Regulations clarify the status of ESP and MLC applications that are still being processed during a critical contingency event.

Q15: Do you agree that the communications framework outlined above is the minimum that should be provided for in terms of public communications during a contingency event? If not, please give your reasons.

35. Vector does not support the GIC's proposed communications framework.
36. Vector would not be comfortable taking on the substantially expanded CCO role the GIC proposes, and would prefer that the GIC take responsibility for most of the proposed additional functions. Vector also reiterates that it does not support an ad hoc or 'bolt on' approach to consideration of the CCO's functions.²
37. Vector is also concerned about the GIC's proposals prescribing how Vector, in its capacity as CCO, should manage communications. Ultimately, the GIC cannot reasonably expect to impose heightened communications responsibilities on the CCO while prescribing how these are managed. If the GIC wants to take control of how communications responsibilities are managed, it can readily do so, and should, by taking responsibility for these functions itself.
38. Vector is disappointed that the SoP reiterates the Concept Report's statement that "[t]here were several suggestions that the CCO was not sufficiently resourced to cope with proceeding effective communications at the same time as managing the contingency, particularly in the early phases". Vector's submission on the Concept Report explained why these statements were entirely unjustified. Vector made additional resources available for CCO operations from the early hours of the morning of 25 October 2011. While wider communications of the status of the Maui Pipeline Outage was poor during the first day of the event (Tuesday, 25 October 2011), these problems should not be attributable to Vector, in its capacity as CCO or otherwise, in any way, but to other parties failing to follow the agreed protocol.

² http://gasindustry.co.nz/sites/default/files/submissions/180/vector_-_submission_-_gic_-_concept_consulting_review_of_gccm_-_2012_07_02.pdf, paragraph 57

39. From early Tuesday morning of the outage, the division of communications responsibilities was agreed between the GIC, MDL, Transpower and Vector, with the GIC taking responsibility for managing media calls relating to CCO protocols, curtailment of customers, priority of customer curtailments, and impact of curtailment. This agreement was not adhered to, with other parties not responding to media and stakeholder inquiries.
40. Vector ended up taking on an expanded communications role, at the request of the then (Acting) Minister of Energy and Resources. It should be noted that the existing CCO Service Provider Agreement does not require the CCO to take on any media/communications/incident spokesperson responsibilities. Vector's commercial contracts with other parties, such as MDL, specifically exclude speaking on issues relating to their assets and operations without their express agreement.
41. The GIC's reiteration of Concept Report's observation illustrates that there is considerable risk in undertaking the CCO role; any poor performance in the management of critical contingencies may be attributed to the CCO even when the fault lies elsewhere and the CCO has fulfilled its obligations. This risk would be substantially heightened if the role of the CCO was expanded, particularly in communications, and if other parties do not properly fulfil their roles.
42. Vector also believes the GIC's proposed communications framework would result in considerable distraction of the CCO from actually managing the critical contingency. For example:
 - a. Vector is concerned that there may not be adequate clarity around the boundary between the CCO and the affected asset owner's communications responsibilities.
 - b. The GIC and the Minister should not be able to direct the CCO in terms of timing and frequency of critical contingency updates.
 - c. The GIC's proposal that the CCO prepare a reactive holding statement, copy it to the GIC, Minister and MBIE, then only release it only after certain triggers³ does not necessarily accord with what Vector considers to be the most appropriate approach for managing communications responsibilities (described above).
 - d. As a matter of principle, the asset owner should speak to their assets⁴, those with customer contracts should speak to their customers, and the GIC should

³ These are: (i) a curtailment of gas supply to electricity power stations and/or public comment by the electricity system operator, (ii) curtailment of gas supply to Band 2 consumers or below; or (iii) the critical contingency otherwise becoming publicly known, including inquires from news media.

⁴ This includes providing any indications of the "best estimate of the time that repairs will take" or the "expected time when normal supplies will resume". The GIC should also be cognisant that it may take some

speak to the process (the CCM Regulations) and pan-industry issues such as public conservation campaigns.

Q16: Have we correctly identified the parties that should provide communications and the information that each should provide?

43. Vector considers that the GIC has not correctly identified the parties that should provide communications and the information each party should provide.
44. The GIC states that “to meet the purpose of the Regulations, improvements to communications are required”, which involve: (i) “increas[ing] awareness of the existence of the CCM Regulations and the need for gas users to respond promptly to curtailment direction from their retailers”; (ii) ensur[ing] that stakeholders are kept well informed through any critical contingency”; and (iii) “assign[ing] responsibilities to those industry participants who are best-placed to undertake the communications”.
45. Vector considers the above roles to be essentially regulatory, rather than commercial, in nature, and should principally fit within the purview of the GIC.
46. Vector therefore **recommends** that the GIC take responsibility for:
 - a. the role of incident spokesperson;
 - b. public notification of critical contingencies;
 - c. preparation and publication of a holding statement upon the issue of a notice by the CCO of a potential or actual critical contingency; and
 - d. issuing public information updates and their content.
47. The CCO should provide information to the GIC relating to its function in support of these GIC functions. Likewise, the relevant asset owner should speak on behalf of its assets and provide any relevant information to the GIC that would enable it to discharge these functions.
48. The GIC further states that “[g]iven that the CCO has the best information on the effects of the contingency event on the physical system, it is the best party to provide regular updates on pipeline conditions and the extent of curtailment required”. This may or may not hold true, depending on the nature of the incident and the degree of the CCO’s independence. At best, this illustrates that it may be appropriate for the GIC to prescribe regulations specifying the information that the CCO and industry participants should be required to provide.

considerable time before a reasonable indication of timing for repairs etc can be provided. As with the Maui Pipeline Outage, it could be a matter of days, rather than hours, before this is determined.

49. The SoP's Executive Summary, page ix, bullet 2, proposes that the CCO be required to provide information on the effect of the failed asset(s) on the gas system. Vector notes that the CCO already provides this information through the CCO notices.

Q17: Do you agree that contingency imbalances should only apply in the case of non-regional contingencies? If not, what rationale would you provide for applying contingency imbalances to all critical contingencies (given that the Vector Transmission Code already provides for shipper mismatch)?

Q18: Do you agree that a set of guidelines would be the most efficient way to identify regional contingencies?

50. Vector believes the GIC should further investigate its proposal that contingency imbalances should continue to apply only in the case of non-regional contingencies.
51. Vector is concerned that limited thought has been given in the SoP to the impact of daily balancing. During a regional event, retailers not only have to manage the event but try to work out their imbalance position for the end of the event. This could easily end up with some retailers, who have small commercial and mass market customer base, having a significant negative position and generators having a significant positive position. The generators will want and can correct their position quickly to avoid any unwanted balancing costs, whilst the other retailers may not be able to correct their position in a day. This could significantly impact the stability of the restoration process.
52. If retailers knew that all imbalances created in the impacted region during any event would be managed exactly in the same manner, then this would:
- a. avoid unexpected balancing actions whilst the CCO is managing the restoration process;
 - b. enable transmission system operators ("TSOs") to purchase balancing gas if this would assist the restoration;
 - c. allow the type of event to change and for it to have no impact on processes;
 - d. cater for a pipeline issue on Frankley Road to be treated in the same manner as a production station outage; and
 - e. cater for over pressure using current code practices.

53. The only variance between regional and non-regional contingencies would be whether all or only some of Balancing and Peaking Pools were included in the Contingency Imbalance calculations and Contingency Pricing.

Q19: Do you agree that the CCO is the best party to determine regional/non-regional status of a critical contingency? If not, who would have better information on which to base a determination?

54. See response to Q17 and Q18.

Calls for public conservation

55. Vector considers that public conservation campaigns are a regulatory function and **recommends** that the GIC undertake this role during a critical contingency.

56. The GIC has stated that it is not persuaded by Vector's arguments against the CCO taking on responsibility for public conservation campaigns. Vector, as the CCO, has no obligations to undertake public conservation campaigns. As a matter of principle, and as indicated in paragraph 42(d), it would be in the best interest of industry if the asset owners speak to their assets, those with customer contracts speak to their customers, and the GIC speak to the process (the CCM Regulations) and pan-industry issues such as public conservation campaigns.

Q20: Do you agree that the CCO's role should allow direction of system reconfiguration, as outlined above? Is it important that the CCO only make such a direction where it is supported by the affected TSO?

57. Vector agrees that the CCO's role should allow direction of system reconfiguration to aid management of a critical contingency. The CCO should only be able to do this after it has consulted with the TSO to determine what reconfiguration is practical and would meet the CCO's intended outcome.

Q21: Do you agree with this analysis? If not, please state why.

58. Vector agrees with the analysis that "the transmission codes are adequate to manage" over-pressurisation associated with critical contingencies "as long as the parties understand who is controlling the relevant part of the transmission system".

Q22: Do you agree that the CCO is best placed to write the performance report after a critical contingency? If not, who would be better placed?

Q23: Do you agree with the modifications to the performance report provisions outlined above? If not, please identify those you do not agree with and explain why.

59. Vector does not believe it is appropriate for the CCO to prepare a Performance Report. It is not appropriate for the CCO provide a self-assessment of its performance or compliance as CCO and/or System Operator (Regulation 65(1)(a)).
60. If the CCO was not the System Operator, Vector would still not consider it appropriate for it to assess the performance or compliance of the System Operator.
61. Vector also believes there is little merit in having the CCO prepare a Performance Report and then for the GIC to commission a consultant to undertake a substantially duplicate Report, as happened following the Maui Pipeline Outage.
62. Vector believes the GIC should commission a suitably independent consultant, subject to consultation with the CCO and System Operator, over the appropriate candidate, to undertake any Performance Reports in the future.
63. The Regulations should also be amended to require that the CCO and System Operator are given the opportunity to review the draft Performance Report before it is publicly released for consultation and, again, before it is finalised to ensure they are factually accurate and robust, including in relation to the assessment of their performance and compliance. This could avoid some of the deficiencies that were evident in the Concept Report.
64. The CCO (and System Operator) would still have full opportunity to comment on the effectiveness of the regulations (Regulation 65(1)(b)), or where they should be changed (Regulation 65(1)(c)), as part of the GIC consultation on the draft Performance Report.

Q24: Do you agree that the CCO should collect and publish information on scheduled outages as outlined above? If not, please explain why.

65. Information on scheduled outages is important to the extent that it would enable the CCO to manage security of supply and give effect to its role. This information is already available and could be obtained through industry systems, as required. There is therefore no need for the CCO to independently compile and publish this information and thus create unnecessary duplication.

Q25: Do you agree that if the CCO requires more granular data, the most efficient source would be the allocation agent? If not, what other means would you suggest, and why?

66. Vector agrees with providing the CCO the authority to obtain more granular data from the Allocation Agent.

67. The ability for the Allocation Agent to provide any required information to the CCO may require amendments to the Gas (Downstream Reconciliation) Rules 2008 ("the Rules"). This should be investigated by the GIC, including whether such amendments, if required, are best undertaken as part of the ongoing review of the Rules.
68. These new functions for both the CCO and Allocation Agent are likely to involve additional costs. Vector suggests that the GIC indicate how they will be funded and whether these additional costs are efficient.

Q26: Do you have any comment on the need to ensure that Gas Industry Co is able to appoint a party as the CCO and the need to ensure that the CCO always has access to the information and data required to fulfil the role?

69. The CCO service is a potentially contestable service. There is nothing in the Gas Act 1992 that precludes parties, including the GIC, other than the System Operator from being the CCO. The CCM Regulations should reflect this.
70. The present CCM Regulations may be open to interpretations as to who may or may not be the CCO. Regulation 6(1) states that the GIC may appoint the System Operator to act as CCO, but Regulation 6(3) states that the GIC may appoint any person as the CCO. It would be a straightforward matter to tidy up Regulation 6 to make it clear that the GIC can appoint any party, including itself, as CCO. Vector would support any such changes.

Q27: Gas Industry Co proposes annual notifications to customers as a means of encouraging customers to make appropriate arrangements to cope with a critical contingency. Do you agree with this frequency and if not, why not?

71. Vector agrees with the proposed annual notification as a means to encourage consumers to make appropriate arrangements for critical contingencies.
72. To ensure consistent messaging to consumers, Vector **recommends** that the GIC make these notifications, for example, by producing brochures, leaflets or information packs and/or holding stakeholder briefings annually. Alternatively, the GIC can produce the information pack for distribution by retailers to consumers.

Q28: Given the seriousness of a situation that requires curtailment of Band 6, do you agree with the proposal to use text messaging to contact Band 6 customers urgently? If not, how would you propose to notify these customers in a manner that ensures they understand the need to curtail their gas use?

Q29: While we are sympathetic to retailers' concerns about contacting large numbers of customers, there appears to be merit in placing a 'best endeavours' obligation on retailers to contact at least their largest customers in Band 6 regarding curtailment progress. Please provide your views on this issue.

73. Vector agrees with the use of text messaging, in addition to other modern communications media, by retailers to contact Band 6 customers.
74. The requirement to contact Band 6 customers by telephone in decreasing order of size is unnecessary. Consumption volumes could vary according to time of year, e.g. for seasonal customers, and deciding which consumers to contact first would delay contact being made. Vector believes it would be better if retailers are able to contact their consumers in the quickest and most effective way to implement the TSO's notifications.

Q30: Please provide your views on the proposals outlined above for retailer curtailment plans.

75. Vector agrees that retailers should be required to prepare and maintain up-to-date retailer curtailment plans. Vector believes it is appropriate for such plans to be tested during critical contingency event tests.
76. In addition, Vector does not consider it appropriate for distributors to have oversight of the 'master list' (i.e. updating registry fields) of ESPs and MLCs, and **recommends** that this function be undertaken by retailers, who have the direct commercial relationships with these providers. This would require changes to the Gas (Switching Arrangements) Rules 2008.

Q31: Do you agree that retailers are best placed to assist their customers in applying for ESP or MLC status?

77. Vector would be happy to assist its customers in applying for ESP or MLC status. Vector sees this as part of the competitive value-add for customers choosing Vector as a retailer.
78. This does not mean that regulation should be introduced requiring retailers to assist. If some do not, this provides a competitive point of difference between retailers, such as Vector, that are willing to provide value-add services as part of their retail offering and other retailers that prefer a more basic service. Furthermore, it may be the case that some customers would not necessarily want, or see the need for, their retailer to be involved in this process.

Q32: Do you agree with the changes proposed to improve compliance with the CCM Regulations?

79. Vector generally agrees with the proposals to improve compliance with the CCM Regulations, including the proposal to insert offence provisions into the CCM Regulations.
80. Section 11.6 of the SoP describes a problem that could “arise...because the more gas a customer uses during a critical contingency, the cheaper a \$20,000 fines [sic] appears to be expressed on a \$/GJ basis”. Vector considers that this limit may be too low or insufficient to provide some parties the incentives to comply with the CCM Regulations.
81. Vector **recommends** that the GIC consider a higher limit in imposing penalties on non-compliant parties, to better reflect the varying impacts of their non-compliance on other industry participants and the market.
82. It is suggested that the GIC communicate the compliance provisions clearly and widely to stakeholders as part of the regular notification process.

Q33: Do you agree that using data from the allocation agent is the most expedient way of checking compliance with curtailment directions by ToU-metered customers? If not, what alternative would you suggest, and why?

83. Vector agrees with this statement with the understanding that it would be the GIC undertaking the compliance assessment following a critical contingency.

Q34: Do you agree with this proposal? If not, please give your reasons.

84. Vector considers this proposal to be unnecessary. OATIS has been set up to send CCO notices to TSOs, retailers and large consumers simultaneously.

Closing comments

85. To recap, Vector **recommends** that:
- a. the GIC consider additional matters for this review, including:
 - i. explanation of why the GIC considers the CCO, rather than the GIC, is better placed in making a public conservation campaign where it could materially extend the ability to maintain pipeline pressure;
 - ii. clarification of how the CCO’s additional functions, proposed in the SoP, would be contracted and funded; and

- iii. replacement of references to the Gas (Information Disclosure) Regulations 1997 with the Gas Transmission Information Disclosure Determination 2012;
- b. parties whose applications for ESP designation had been rejected should not be allowed to re-apply unless there is a material change in their circumstances. The GIC can consider the option of allowing only new applications for Band 7 during a critical contingency;
- c. the GIC emphasise that a Band 7 designation is not a guarantee of supply availability, and providers in this band should ensure they have back-up supply arrangements due to the criticality of the services they provide;
- d. the GIC give further consideration whether the responsibility of curtailing Band 7 providers should be a matter for civil defence authorities to decide under the NCDEMP Order, rather than the CCO, due to the criticality of their services;
- e. the GIC clarify how long its assessment of ESP and MLC applications is expected to take, and what the requirements during the 9-month transition period include;
- f. the CCM Regulations clarify the status of ESP and MLC applications that are still being processed during a critical contingency event;
- g. the GIC take responsibility for the following: the role of incident spokesperson, public notification of critical contingencies, preparation and publication of a holding statement upon the issue of a notice by the CCO of a potential or actual critical contingency, and issuing public information updates and their content;
- h. the GIC undertake the role of calling for public conservation during a critical contingency;
- i. to ensure consistent messaging to consumers, the GIC make the annual notifications to consumers about the CCM Regulations. Alternatively, the GIC can produce information packs for distribution by retailers to consumers;
- j. retailers, not distributors, undertake the function of overseeing the master list of ESPs and MLCs; and
- k. the GIC consider a higher limit in imposing penalties on non-compliant parties, to better reflect the varying impacts of their non-compliant actions on other industry participants and the market.

86. Vector reserves the right to make further recommendations at subsequent workshops and/or submission processes.

87. We look forward to the drafting workshop(s) following this submission process.

Yours sincerely



Bruce Girdwood

Manager Regulatory Affairs