

Appendix 1: List of questions for submitters

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Submission prepared by: **Maui Development Limited – John Blackstock**

QUESTION	COMMENT
<p>Q1: Are there any other matters that should be addressed when considering proposals to amend the CCM Regulations?</p>	<p>MDL suggests that the following issues could potentially be better addressed in the CCM Regulations:</p> <ul style="list-style-type: none"> • Restoration of Line Pack to enable an expeditious termination of a critical contingency event; • Recovery of Balancing Gas costs incurred by a TSO on the Day a critical contingency event is declared; • Exempting the Mokau Compressor Station from Critical Contingency Imbalance calculations; • Removal of the requirement for the list of contact details to be included in the CCMP itself (Regulations 25(1)(i) and 33(1));
<p>Q2: Do you agree with the Gas Industry Co proposal to combine bands 2 and 3? If not, please provide your reasons.</p>	<p>Yes.</p>
<p>Q3: Do you consider that the option of trading gas usage rights during a critical contingency is worth exploring? Please explain your reasoning.</p>	<p>MDL agrees that in practical terms, it is likely that there is only a narrow range of critical contingencies for which curtailment Band 3 would be affected and for which it might be feasible to curtail only a subset of that band. It is also possible that accommodating a trading mechanism during a critical contingency event could introduce a layer of complexity for the CCO and other industry stakeholders, which may impact existing processes being performed in accordance with the CCM Regulations.</p>
<p>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?</p>	<p>Yes.</p>
<p>Q5: Do you have any comments on the analysis of ESP consumers?</p>	<p>No. Please note that as a result of MDL's role as a Transmission System Owner (TSO) and the limited number of Consumer Installations or Interconnection Points directly connected to the Maui Pipeline, MDL feels other parties may be in a better position to comment on the following questions pertaining to ESP / MLC analysis, designation and process. Therefore, MDL's responses to the questions 5 through to 14 are offered on a high-level, "in principle" basis.</p>

QUESTION	COMMENT
Q6: Are the proposed categories appropriate? Are there any additional categories that you think should be included? If so, please provide your justification.	Yes.
Q7: Do you agree with the option evaluation set out above? If not, please explain why.	Yes.
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.	No.
Q9: Would you delete any of the proposed categories?	No.
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?	<p>MDL notes that the CCO's Information Guide (as amended in September 2012) states:</p> <p><i>"Prompt co-ordination with the Electricity System Operator and power generators supplied with gas from the transmission system is essential to ensure curtailment directions are developed that are compatible with power generation requirements and the operation of generation plant. The CCO will initiate and maintain close and regular telephone contact with the Electricity System Operator and power generators supplied with gas from the transmission system before, during and after each stage of a Critical Contingency. During the potential Critical Contingency stage the Electricity System Operator will issue a Customer Advice Notice (CAN) advising electricity market participants of the situation and referring them to the CCO free phone number and the CCO internet site for further details."</i> (emphasis added).</p> <p>Therefore, it is possible that the discussions and co-ordination during the pre-critical contingency phase may present an opportunity to start other generation units in order to support the electricity system. MDL acknowledges that the circumstances of an event may mean that the CCO proceeds directly to a critical contingency declaration. In such circumstances, MDL would favour the second option presented in the Statement of Proposal, where electricity generators are given a special designation allowing them to consume gas for the purposes of electricity grid support – but only when given approval to do so by the CCO, and provided that the CCO has consulted with the electricity system operator.</p>

QUESTION	COMMENT
Q11: Do you agree with the above evaluation of options? If not, please explain why.	Yes.
Q12: Do you agree with the above evaluation of options? If not, please give your reasons.	Yes.
Q13: Do you agree with the 9-month timeframe for transitioning to the new ESP and MLC arrangements?	Yes.
Q14: Do you agree with the tight provisions for designations during a critical contingency event?	Yes. MDL agrees with the need to appropriately designate ESPs and MLCs prior to, rather than during, a critical contingency event. MDL also supports the need to provide limited flexibility for ESP/MLC designations during an event to address truly unforeseen situations. However, MDL queries whether a prior unsuccessful application must be a pre-requisite?

QUESTION	COMMENT
<p>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.</p>	<p>MDL notes that the parties listed in Regulation 51 are the same parties that are listed in Regulation 36, which requires the CCO to publish an information guide explaining the communication flows between the CCO and the prescribed parties. Regulation 36 includes a sub-paragraph (g) that states that the information guide can apply to “<i>any other person that the critical contingency operator considers necessary</i>”. It would appear that the CCO has already relied on Regulation 36(g) to include “gas distributors” and the “Gas Industry Sector Coordinating Entity (SCE)” within the ambit of the information guide. MDL wonders whether Regulation 51 should cross-reference Regulation 36, or the CCO information guide, rather than the fixed list currently provided? This would be beneficial for future-proofing purposes and could provide the CCO with a greater level of communication flexibility and scope. Such an approach could also be applied to the other sections of the Regulations that have a prescribed list of entities to be notified (e.g. Regulation 62 for termination of a critical contingency event).</p> <p>The “Existing Arrangements” section of the SoP does not appear to make reference to Regulation 53(1)(g), which states that the “<i>CCO must [...] publish updated information on the status of the critical contingency [...].</i>” Section 7.2 of the SoP goes on to say that “<i>[t]he CCM Regulations do not explicitly require public notification of the critical contingency or provisions for key stakeholders to be kept informed throughout the event</i>”. MDL acknowledges that the CCM Regulations do not expressly require public notification (or indeed exactly how “public notification” would be achieved). However, unless we have misunderstood the context of the statement, it may be taking it a step too far to say that the CCM Regulations do not require provisions for key stakeholders to be kept informed throughout the event.</p> <p>MDL notes the references in the SoP to some deficiencies with the CCO website as a result of it utilising OATIS functionality e.g. “<i>the design of [OATIS] is not ideal as a communications tool for the general public</i>”. The CCO and GIC may need to consider how this statement interacts with the requirements set out in Regulation 9, namely:</p> <ol style="list-style-type: none"> (1) <i>Before the go-live date, the critical contingency operator in consultation with the industry body must develop a critical contingency Internet site for the purpose of providing a central repository for publicly available information relevant to a critical contingency.</i> (2) <i>The critical contingency Internet site must be able to perform the functions required of the Internet site by these regulations, and be accessible by the public on and after the go-live date.</i> (3) <i>The critical contingency operator must take reasonable steps to ensure the information on the critical contingency Internet site is accurate and up to date.</i> <p>MDL acknowledges there is a need to better coordinate communications during a critical contingency event. However, at this point in time MDL’s preference would be for a non-regulatory solution to continue to be pursued in this area.</p>

QUESTION	COMMENT
Q16: Have we correctly identified the parties that should provide communications and the information that each should provide?	See above.

QUESTION	COMMENT
<p>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)?</p>	<p>During the course of the 06 December 2012 industry workshop on the SoP, GIC representatives indicated that new information had very recently come to the fore that might impact what was proposed in the critical contingency imbalance section of the SoP. MDL looks forward to receiving and considering this further information. However, in anticipation of receiving that information, MDL offers the following comments for consideration:</p> <ul style="list-style-type: none"> • One possible rationale for critical contingency imbalances applying in all critical contingencies circumstances became evident as a result of analysis subsequent to the “Exercise Initial” test exercise conducted in 2010. In the process of analysing Exercise Initial, it became apparent to the CCO that there wasn’t a satisfactory mechanism in place to facilitate expedient re-supply of gas to re-pack and re-pressurise an affected section of Maui Pipeline during a regional critical contingency event. The only mechanism that appeared to be available was a resumption of normal gas nominations cycles but it was unclear about how this would take place prior to the regional critical contingency being terminated, and it is possible that this process may cause a significant delay in restoring normal supplies. It is also important to note that if Line Pack is not restored to a sufficient level when termination is declared, there is an increased likelihood of reverting back to a critical contingency situation. One possible solution could be to remove the “regional” concept and for critical contingency imbalances (or a variation thereof) to apply in all circumstances i.e. to incentivise Producers to expeditiously re-pack and re-pressurise the affected section of the transmission system and enable the CCO to terminate the critical contingency event sooner than otherwise would have been the case. • However, further thought would need to be given to whether removing the concept of a regional critical contingency in its entirety would result in perverse or unintended consequences. Is there potential for distorted (or a vacuum of) incentives? As noted in the SoP, it may be that the non-regional status as currently designed does not appropriately take into account the physical realities of a pipeline transmission event, such as that which occurred in October 2011. For example, it wouldn’t have made sense for the CCO to seek additional supply from Producers, or for them to be compensated for such supply, in the days immediately prior to the “repair day” since that gas couldn’t be transported downstream. It’s not until the day that the transmission restraint is fixed, that there seemingly becomes a greater justification for incentivising Producers to over-inject. As noted in the SoP, another consequence of removing the regional critical contingency concept is that shippers and interconnected parties who are arguably not “affected” by the event (e.g. parties upstream of a transmission constraint) are exposed to the imbalance pricing provisions. However, it could be argued that there is a “all hands on deck” element in such circumstances, given the relative infrequency and seriousness of critical contingency events, which justifies this outcome. It may therefore be that some sort of hybrid approach or regional pricing model is worth exploring. • Given the importance and level of uncertainty surrounding this area, MDL reiterates that it may be beneficial for the GIC to produce a Discussion / Options / Issues Paper specifically on the regional vs non-regional distinction and the accompanying rationale for the application of the critical contingency imbalance methodology.

QUESTION	COMMENT
<p>Q18: Do you agree that a set of guidelines would be the most efficient way to identify regional contingencies?</p>	<p>MDL notes that this question is contingent on the outcome of discussions on scope of critical contingency imbalances provisions i.e. it wouldn't be warranted if critical contingency imbalances applied across the board or if some alternate methodology was introduced. However, irrespective of point above it may be prudent for the GIC to develop a guideline note (even in the interim before any potential regulatory changes) to assist with clarifying regional / non-regional status.</p> <p>MDL assumes any guideline note would be more than the schematics attached as Appendix 2 of the SoP and would be supplemented with:</p> <ul style="list-style-type: none"> (a) more explanatory text that helps set the scene, explains the purpose of the guide and the GIC/CCO's interpretation of Regulation 82; and (b) more scenarios to be analysed and assessed against Regulation 82 and related sections of the Regulations. <p>MDL acknowledges that it is not feasible to produce an exhaustive list of potential scenarios for assessment, but suggest there is scope to cover a greater number of scenarios or combinations of scenarios with accompanying analysis. It is assumed that that any guide would be an evolving document and the GIC/CCO would contemplate industry members submitting scenarios for assessment on an ad hoc basis. It may also be useful for any examples / scenarios to clearly indicate the parts of the Transmission System that the CCO considers are likely to be subject to the declaration of the critical contingency event (acknowledging that if non-regional then presumably all parts of the Transmission System are affected). After all, this is something CCO is required by Reg 49(2)(b) to do when declaring a critical contingency under Regulation 48.</p>
<p>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?</p>	<p>Yes.</p>
<p>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?</p>	<p>As noted in its submission on the Concept Report, MDL believes that as a result of the location, operation and physical characteristics of the Maui Pipeline, there would be limited scope or need to reconfigure the Maui system in critical contingency circumstances. In any event, the October 2011 critical contingency showed that TSOs were willing to discuss and implement the reconfiguration of networks / systems, without an express ability in the Regulations for the CCO to compel such action. If this ability to direct is considered necessary, MDL suggests it needs to be "in consultation with" or "in agreement with" the relevant TSOs.</p>

QUESTION	COMMENT
Q21: Do you agree with this analysis? If not, please state why.	MDL agrees with the GIC's conclusion that commercial arrangements under transmissions codes should be adequate to deal with situations such as the high-pressure experienced on the southern section of the Maui Pipeline during the October 2011 event. MDL also agrees that TSOs would be assisted by a prompt notification of the status of a critical contingency event (e.g. regional vs non-regional).
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?	Yes.
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.	Yes.
Q24: Do you agree that the CCO should collect and publish information on scheduled outages as outlined above? If not, please explain why.	<p>MDL notes that in accordance with section 18 of the MPOC, MDL is already required to notify Shippers and Welded Parties who may be affected by Scheduled Maintenance on the Maui Pipeline as soon as reasonably practicable and not less than 30-Days before the Scheduled Maintenance is carried out.</p> <p>MDL raises the possibility that some maintenance activities may be confidential or commercially sensitive (e.g. new interconnections, restart or expansion of existing facilities) that some parties may not want made publicly available. Accordingly, this raises the question of exactly what falls within the ambit of a "scheduled outage" as contemplated by the SoP e.g. is it any scheduled activity at an interconnection point that will or may impact gas flow for any period of time?</p> <p>While acknowledging that current transmission code provisions may need to be amended, MDL considers this information may be better sourced by the TSO and shared with the CCO and other parties as required.</p>
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?	Yes. However, as a result of MDL's role as a Transmission System Owner (TSO) and the limited number of Consumer Installations or Interconnection Points directly connected to the Maui Pipeline, MDL feels other parties may be in a better position to respond to this question.

QUESTION	COMMENT
<p>Q26: Do you have any comment on the need to ensure that Gas Industry Co is always 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?</p>	<p>MDL agrees that the CCM Regulations should adequately provide for someone other than the incumbent to be appointed to the CCO role.</p> <p>MDL would need to see proposed drafting of any amendments to Regulation 38 (TSO providing transmissions system information to CCO) to be able to comment more fully.</p>
<p>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?</p>	<p>No Comment.</p>
<p>Q28: Given that 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?</p>	<p>MDL supports the proposal to broaden the definition of “ordinary notices” and “urgent notices” to include SMS messages and potentially website notifications. MDL requests that such a change is not confined to Band 6 notifications but would also apply to all notices issued and received pursuant to the CCM Regulations, such as the SMS and website notices generated by the TSOs to Retailers and Large Consumers.</p>
<p>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.</p>	<p>No Comment.</p>

QUESTION	COMMENT
Q30: Please provide your views on the proposals outlined above for retailer curtailment plans.	No Comment.
Q31: Do you agree that retailers are best placed to assist their customers in applying for ESP or MLC status?	No Comment.
Q32: Do you agree with the changes proposed to improve compliance with the CCM Regulations?	Yes.
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?	Yes.
Q34: Do you agree with this proposal? If not, please give your reasons.	No. As noted in the SoP steps have already been taken by the TSOs to convey CCO notices in a more timely fashion. It is not necessary to “hard-wire” such an arguably arbitrary timeframe into the CCM Regulations.