SUBMISSION BY

GENESIS POWER LIMITED

trading as Genesis Energy

ON

Review of Gas Emergency Arrangements

14 September 2006

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Introduction

1. Genesis Power Limited (trading as Genesis Energy) welcomes the opportunity to provide comment to the Gas Industry Company on their consultation paper entitled 'Review of Gas Emergency Arrangements', dated July 2006.

2. Genesis Energy is a state owned enterprise, involved in electricity generation and the retail of electricity and gas. Genesis Energy owns and operates over 1600MW of generation assets, including the Huntly Thermal Power Station, Tongariro Hydro Power Scheme, the Waikaremoana Hydro Scheme, Hau Nui Wind Farm and a number of co-generation plants. Genesis Energy is also one of New Zealand's largest electricity and gas retailers with approximately 700,000 customers.

Executive Summary

3. The Gas Industry Company, in a paper entitled 'Gas Emergency Arrangements' dated July 2006, has invited participant comments on issues around the current arrangements for managing gas emergency and contingency situations. This discussion paper has been prompted by a change in the market's circumstances and the general need to ensure that the current arrangements are 'fit for purpose'.

4. Genesis Energy, in principle, supports the implementation of mandatory emergency arrangements. However, Genesis Energy does not support the use of rules and/or regulations to achieve the outcomes sought from the review. Instead, Genesis Energy considers that a pan-industry arrangement should be vigorously pursued by the Gas Industry Company.

5. Genesis Energy is also increasingly frustrated with the overall quality of the Gas Industry Company's analysis. The analysis undertaken by the Gas Industry Company in the discussion paper is incomplete - the failure to identify the specific market failure and analyse the issue from this perspective runs the risk of perverse analytical and commercial outcomes.

6. In order to effectively move this arrangement forward, Genesis Energy strongly urges the Gas Industry Company to establish and facilitate a small working group of industry specialists working under a clear terms of reference with defined timeframes to properly develop a workable pan-industry arrangement that meets both public policy objectives and the commercial needs of industry participants. This group should review the submissions received on the Gas Industry Company's discussion paper and develop the appropriate response. Only if that approach fails, would Genesis Energy support a rules and/or regulation approach. Genesis Energy contends that such a process is fully consistent with application of the co-regulatory model.

Comments

7. Genesis Energy has set out below its comments on a number of specific issues that the discussion paper has raised. Genesis Energy has also provided the Gas Industry Company with responses to its specific questions in Appendix One attached.

The Analytical Framework

8. Genesis Energy does not necessarily disagree with the Gas Industry Company's presentation of the principles that are relevant to the issue of gas emergency arrangements or the issues facing the industry. However, these do not amount to an analytical framework but merely elements of it. For a full description of the appropriate elements of an analytical framework, Genesis Energy would refer the Gas Industry Company to its submission to the Gas Industry Company entitled 'Gas Transmission Access Issues Review' dated 26 July 2006. This submission contains a full discussion of the appropriate elements and process in the development of public policy.

9. Critical to the development of any public policy is the clear statement of the problem(s) to be addressed. While not expressly stated in the discussion paper, the market failure addressed by the proposed regulation is the inability of the market to balance supply and demand caused by either a field outage or a transmission pipeline disruption. Although intuitive, framing the market failure in this way is important as it then provides:

    a. A focus on the specific problems to be addressed – in this case when supply and demand cannot be balanced through market responses, including commercial negotiations and voluntary arrangements; and

b. A reasonable basis for understanding the most appropriate timing of any response – that is the time at which the market can no longer respond appropriately.

10. Without such a characterisation of market failure, it is unclear as to the appropriateness of the responses set out in the discussion paper. In light of this, Genesis Energy finds it difficult to unequivocally agree to the Gas Industry Company's suggestions and Genesis Energy's responses to the specific questions in Appendix One must be seen by the Gas Industry Company in that light. In Genesis Energy's view, this suggests that a stronger policy approach is needed to satisfy both the industry and the Ministry of Economic Development (the 'MED') that the recommendations eventually developed are the right ones.[1]

Choice of Delivery Mechanism

11. While the absence of a clear analytical framework is concerning enough in itself, Genesis Energy is particularly concerned about the emphasis placed by the Gas Industry Company on the mechanism to deliver the outcomes sought. In general, it is good regulatory practice to (in this order):

    a. identify the specific market failure(s) to be addressed (as just discussed above);

    b. develop solutions that best match the problem(s) and the strategic (public policy) objectives to be achieved; and then

    c. decide, if there is a choice of delivery mechanisms, which specific mechanism is the most appropriate means to deliver the solutions.

12. Unfortunately, the discussion paper commences with (c), as if the problem at hand was an annoyance to be dispatched before the 'real' issues are discussed. Genesis Energy, as a strong supporter of the co-regulatory model,[2] sees no real effort by the Gas Industry Company to understand the practical intention of co-regulation as combining an effective threat of regulation in situations where the industry can not come to a voluntary agreement due to free riding for example, with leaving as much as possible in the hands of the industry.

13. As previously stated, in Genesis Energy's view, the role of the Gas Industry Company is to provide the threat of regulation to make the industry participants come to an outcome consistent with the wishes of government. However, Genesis Energy does not consider that the Gas Industry Company has placed adequate emphasis on the likelihood of the industry, in the new, co-regulatory environment, of negotiating a pan-industry agreement.

14. Where appropriate, Genesis Energy has supported the use of rules and/or regulations as necessary to achieve the outcomes sought. For example, the switching and registry arrangements. However, in order to continue to do so, Genesis Energy considers that the Gas Industry Company must clearly demonstrate that having identified the problem and the

[1] This view is simply reinforced by the fact that of the three 'problems' set out in paragraph 1.3 of the discussion paper only the second (the lack of commercial imperatives and compensation regime) could provide any justification at all for regulatory intervention.

[2] The Gas Industry Company itself defines a co-regulatory body as an organisation that is set up as a partnership between Government and industry (emphasis added).

solution(s) that it can also equally clearly demonstrate that rules and/or regulations are the most appropriate means of delivering the agreed solution.

15. In the absence of a clear definition of the market failure being addressed or the best solutions to that failure, it is in any case, unclear to Genesis Energy what precisely rules or regulations would be used for. Therefore choice of delivery mechanism at this early stage in the analytical process is pre-emptive. This is particularly so given that the Gas Industry Company is consulting with the industry on the issues that need to be addressed. As noted above, Genesis Energy considers that the Gas Industry Company should come back to the issue of the best means or mechanism by which to deliver the solution only once it has thoroughly analysed the market failure(s) and reached a conclusion on the best solution(s). Any other approach risks the choice of means or mechanism driving the solution. This would clearly be inappropriate.

16. Genesis Energy clearly believes that a pan industry arrangement is workable:

    a. the industry can agree to be contractually bound to follow the arrangement; and

    b. Genesis Energy accepts there is currently no way to compel participants to agree to participate – however, the threat of regulation is patently a real one (the discussion paper is no better demonstration of how real the threat is).

17. However, for analytical consistency, as noted above, Genesis Energy remains open to the use of rules and/or regulations but only on the condition that such mechanisms are in fact appropriate to the solutions developed (and not the other way around). More specifically, in this particular situation, Genesis Energy acknowledges that rules and/or regulations may well be appropriate as a back-stop measure to meeting Government's and its objectives.

The Option Value of Waiting

18. Genesis Energy can not understand why the Gas Industry Company does not wish to see whether an industry agreement can emerge first. Genesis Energy considers that there are practical real-world implications to the issue of policy making in an uncertain environment that are of direct relevance to the approach being taken by the Gas Industry Company to move immediately to a regulated outcome.

19. Public policy makers face the unavoidable fact that they operate in a world of uncertainty. Moreover, an incorrect decision by policy makers may potentially impose very large costs on firms and the economy. Such costs occur through distorted resource use and reduced investment and innovation (that is, they violate the economic efficiency criterion of allocative and dynamic efficiency). Reduced investment results in a compounding loss of value that may become quite substantial over a long period. Since interventions inevitably alter the observed outcome, it is no longer possible to observe the outcome that would have occurred in the absence of the intervention.

20. The theory of decision making under uncertainty implies that the policy maker should take into account the value of future information that might avoid the mistake of regulating when not required to (or alternatively, of not regulating when required to). Therefore, if a regulatory intervention stifles the release of information about the outcome that otherwise would occur then it may be impossible to ever learn whether a market failure actually did exist or if it did, its precise nature. In contrast, if abstaining from intervention allows additional information to be gained about the likelihood and nature of market failure, then a mistaken failure to regulate

will become more evident and may be corrected subsequently through regulation. Therefore, where outcomes are uncertain, a decision that corrects itself if it proves in error deserves to be valued more highly than a decision which will not correct itself – in other words, waiting to intervene has a more positive option value when compared to the counterfactual of intervening then waiting.

21. While possibly perceived as a theoretical aside, Genesis Energy considers that the analysis above strongly suggests that there is an absence of a compelling case, at this stage anyway, to take regulatory action, and a high risk of misdiagnosing the appropriate regulatory response. In short, Genesis Energy fails to understand the enormity of the risks that the Gas Industry Company believes will emerge if it took this course of action.

22. Therefore, it is difficult for Genesis Energy to support the analysis of the Gas Industry Company in this instance when there is such an evident disconnect between the analysis of the problems/solutions and the Gas Industry Company's preferred delivery mechanism.

Moving Forward

23. Genesis Energy strongly encourages the Gas Industry Company to facilitate a clearer definition of the market failure to be addressed, the point at which the failure will occur and the appropriate responses to that specific failure.

24. Genesis Energy believes that the Gas Industry Company should, in consultation with the MED and industry participants, develop a clear process that facilitates a pan-industry agreement. A clear expectation of this process would be that if satisfactory progress is not made within a reasonable timeframe (as agreed by participants to the process prior to its commencement), then rules and/or regulations would be developed.

25. Finally, Genesis Energy recognises that this current discussion paper outlines the Gas Industry Company's preliminary views on the direction that could be taken and that it is not intended to incorporate a cost-benefit analysis. However, Genesis Energy expects that any further work on this issue must demonstrate in net-benefit terms why it is superior to other solutions and the mechanisms to implement them. This is particularly so if the Gas Industry Company considers that a rules and/or regulations-based arrangement is better than the mitigation of risks via a pan-industry arrangement. Only when this analysis is completed can Genesis Energy (and indeed, the Gas Industry Company) make an informed determination as to whether rules (if the preferred mechanism) are in fact, the best mechanism to deliver the agreed solution.

Conclusion

26. Genesis Energy recognises that there are problems with the current gas emergency arrangements and simply seeks to ensure that the solution(s) chosen are well-targeted to the problems. Much of the work undertaken by the Gas Industry Company is intuitively sensible, but must be rigorously tested against a clear problem statement to satisfy industry participants and officials that the results will yield economically efficient outcomes.

27. Finally it is unclear, once the nature of the market failure has been isolated, why industry participants can not be allowed the opportunity to deliver a pan industry arrangement nor why if one is developed, it would be less efficient than a rules and/or regulation-based mechanism. Arguments around the Commerce Commission are interesting but not compelling.

28. Genesis Energy is happy to discuss further any aspect of its submission with the Gas Industry Company.

Appendix One: Responses to Specific Consultation Questions

Questions		Comments
Q1	Do you agree that mechanisms to implement arrangements for emergency or contingency situations must be mandatory? If not, please explain.	Yes.
Q2	Do you agree Gas Industry Co has identified the most likely alternatives for mechanisms to implement arrangements for emergency or contingency situations? If not, please provide details of any other likely alternative mechanisms.	Yes.
Q3	Do you agree with Gas Industry Company's analysis of a Pan-Industry Agreement as a mechanism to implement arrangements for emergency or contingency situations? If not, please explain.	No. See the comments set out in the attached report. In addition It is easy for the Gas Industry Company to raise the spectre of Commerce Commission intervention as a negative element of pursuing an industry-based arrangement – once the Commerce Commission has accepted jurisdiction the process can become much more complex and costly. The generality of the Gas Industry Company's arguments are difficult to rebut as a set of propositions. However, it is this very generality that is its weakness – despite the Gas Industry Company's level of knowledge of what it wishes to eventually implement, the Gas Industry Company fails to contrast this with other previous factual examples, nor does it give an assessment of the probability of the Commerce Commission seeking jurisdiction. At a minimum, Genesis Energy would have expected the Gas Industry Company to have sought the preliminary views of the Commerce Commission on the issue of jurisdiction. Finally, factors such as delay, expense and resource drain are not quantified in a meaningful way in which industry participants can make an informed view of their potential impact or provide comments on the tangible impact of any trade-offs that may be required.
Q4	Do you agree with Gas Industry Company's analysis of rules or regulations as a mechanism to implement arrangements for emergency or contingency situations? If not, please explain.	No. See the comments set out in the attached report.

Questions		Comments
Q5	Do you believe the gas emergency arrangements are most appropriately implemented by rules or regulations recommended to the Minister if Energy? If not, please explain..	No. See the comments set out in the attached report.
Q6	Do you agree with Gas Industry Company's analysis of the framework design for emergency management arrangements? If not, please explain.	No. See the comments set out in the attached report.
Q7	Are there any other principles you believe should be included? If so, please provide details of those additional principles.	These principles form an appropriate starting point. However, no mention is made of economic efficiency as a touch-stone principle. Genesis Energy considers this to be a significant over-sight. As a general approach, Genesis Energy considers the principles against which the solutions are to be assessed need to be developed by a small industry working group.
Q8	Do you agree with Gas Industry Company's approach? If not, please explain.	Yes – to the extent that the 'approach' is a mandatory arrangement. See our comments in the attached report regarding why Genesis Energy does not consider that 'mandatory' does not equate to rules and/or regulations.
Q9	Do you agree that the gas emergency arrangements should be progressed now, rather than waiting for completion of the wholesale market review? If not, please explain.	The NGCOP should be progressed as soon as possible, otherwise in the event of a contingency event the industry will: 1. Be unprepared; 2. Not be able to manage the event effectively; 3. Suffer a loss of reputation; and 4. Risk the imposition of an inappropriate regulatory regime. Furthermore it is unlikely that the developing wholesale market will ever have the liquidity to cope with a NGOCP event.
Q10	Do you agree that the current definition of "Gas Contingency" should be amended? If not, please provide reasons.	Yes.

Questions	Comments
Q11 If you agree that the definition should be amended: (a) do you agree that an 'effects-based' decision is most appropriate? (b) do you have any suggestion as to a basic operational minimum level to underpin the definition? (c) what, if any, degree of discretion should there be to determine that a Gas Contingency has occurred? (d) how would you define "Gas Contingency"?	The key issue regarding the definition relates to the economic incentives faced by the system operator, in particular the risk of gas emergencies being declared *before* participants have had the opportunity to negotiate. The definition of "gas contingency" proposed in the discussion paper would allow the system operator to declare an emergency where the line pack dips below a certain level (objective criterion) or there is another event which in the opinion of the system operator requires emergency action (subjective criterion). Genesis Energy is concerned that the presence of the subjective criterion incentivises the system operator towards system reliability, not overall gas use efficiency or cost minimisation. Drawing the analogy with the electricity industry, the Electricity Commission can only act on the basis of an objective criterion (that is, the minzone). Accordingly, earlier this year when a dry year situation looked like it might develop the Electricity Commission were stressing that the situation did not warrant intervention on the basis of the minzone analysis. Ultimately the situation was resolved without intervention in this instance (i.e. the market was allowed to operate, water was conserved through pricing, non-hydro assets ran hard in the autumn). Because of the incentives on the system operator to intervene early, the framework for emergency intervention must be limited to the most serious cases. In terms of the specific sub-questions asked: a. Genesis Energy is uncomfortable that the event referred to in paragraph 6.10, sub-paragraph (b) could be determined on a subjective basis. This should be amended so that it is an objective test; b. This level should be established by individuals with operational expertise c. As little as possible. Genesis Energy would be greatly concerned that, for example, e3p could have its gas supply interrupted at someone's discretion; and d. The line pack falling to a level that requires additional supply or demand restraint. The key issues is however *when* a regulatory response is necessary to deal with the contingency (that is, when the contingency would be triggered).

Questions	Comments
Q12 Do you consider there should be a separate definition for regional and national contingencies, or some other split? If yes, please indicate how and why (including draft definitions)	Yes. There will need to be different levels of trigger on the different pipeline systems, a separate definition and process is required to manage each one respectively. Ultimately, whether there should be different definitions depends on the precise nature of the problem (or market failure) being addressed and their relevance (or not) to the different factual circumstances being addressed. In other words, is a market failure that relates to when supply and demand cannot be balanced through market responses, including commercial negotiations and voluntary arrangements relevant to the occurrence of regional gas emergency situations.
Q13 Do you agree that the current definition of "Transmission System" should be amended? If not, please provide reasons. If yes, please provide a draft definition.	Yes. The definition should be extended to capture all gas pipelines that operate above 25Bar.
Q14 Do you agree that the current definition of "NGC Transmission" should be replaced with a more generic definition of "System Operator" (or similar) as proposed? If not, please provide reasons.	Yes.
Q15 Do you agree with the scope of the proposed obligations to be imposed upon industry participants? If not, please provide reasons.	The scope proposed appears sensible at this stage. Ultimately, whether the suggested scope is appropriate or not depends on the precise nature of the problem (or market failure) being addressed. Genesis Energy proposes that the scope of obligations should be worked through by an industry group who should assess the proposed scope to see if any additional matters should be included.
Q16 What, if any, other carve-outs to the proposed obligations of industry participants do you believe are necessary?	Nothing specifically at this time.
Q17 Do you agree with the proposed approach to the liability of industry participants? If not, please provide reasons.	Clarification of the third party that industry participants will be liable to is required.

Questions	Comments
Q18 Is Gas Industry Company's belief that the proposed gas emergency arrangements will not require significant additional processes and systems to be developed correct? If not, please explain.	This is consistent with Genesis Energy's understanding.
Q19 Do you agree that any gas emergency arrangements should be consistent with the processes set out in the MPOC in respect of contingency and emergency situations? If not, please indicate your preferred approach and reasons.	No, the industry should not be constrained by MPOC. Instead, the issue of gas emergency arrangements should be dealt with on its own particular merits and as such, Genesis Energy considers it more appropriate that MPOC is amended to reflect the industry consensus reached on the emergency arrangement (if necessary).
Q20 Do you have a preference for the point at which MPOC is superseded by the gas emergency arrangements (e.g. when Phase 2 commences under NGOCP?)	The Gas Industry Company's suggestions seem reasonable.
Q21 Do you consider the Emergency Operator should automatically be the technical/system operator of the transmission system or an independent person? Please provide reasons for your views.	Yes. From a practical perspective it would be inefficient to require a separate team to be trained to manage the system, and be ready to mobilise to wherever the contingency is to be managed.
Q22 Do you believe the CCT should be maintained or that the Emergency Operator, or other person, should undertake that role? Please explain your reasons.	The CCT should be maintained to ensure good industry communication during an emergency.
Q23 If you wish to retain the CCT, do you believe its current make-up is appropriate?	The CCT needs to consist of key representatives from the industry.
Q24 What other changes, if any, would you make to the CCT role? Please explain your reasons.	Nothing at this stage, although matters may come up as a result of industry consultation.

Questions	Comments
Q25 Do you agree with the scope of the proposed powers to be given to the Emergency Operator? If not, please provide reasons.	Yes. However, as noted above, the issue of when the emergency operator notifies a contingency is critical to its powers.
Q26 Do you agree with the proposed approach to the liability of the Emergency Operator? If not, please provide reasons.	Yes.
Q27 Do you agree that the declaration process under the gas emergency arrangements should be more certain (as proposed)? If not, please indicate your preferred approach and reasons.	Yes.
Q28 Do you agree that the process for moving between phases is currently clear/definite? If not, please indicate any proposed changes.	Yes.
Q29 Do you agree that all industry participants (and other affected entities, such as major plant owners/operators) should be obliged to comply with directions from the Emergency Operator? If not, please provide details of reasons and any other proposed alternatives for providing certainty.	Yes.

Questions	Comments
Q30 Do you consider there is any merit in a two-stage approach, with stage one allowing for voluntary response and stage two imposing binding instructions? If yes, why?	Yes. This issues cuts to the heart of Genesis Energy's concerns about the nature of the market failure and the timing of the notification of a contingent event. Unless analysis is provided to demonstrate otherwise, Genesis Energy considers that the market failure being addressed relates to when supply and demand cannot be balanced through market responses, *including commercial negotiations and voluntary arrangements*. This framework suggests that *any* regulatory response (whether implemented via industry arrangement or rules and/or regulations) should be targeted at the point of failure where market responses are no longer able to operate. This approach is, by definition, a staged one and would allow the flexibility required in a mandatory process and possibly prevent the contingency from reaching Phase 3. With an increasing number of gas supply sources there is an increasing scope for supply side responses which may reduce the requirement for demand restraint.
Q31 Should the Emergency Operator be required to maintain a detailed load shedding plan? If so, should all (relevant) industry participants be required to provide detailed supply, demand and load shedding information to the Emergency Operator?	Participants should be required to provide demand and load shedding information but supply information is more complex and difficult to include in a fixed process.
Q32 Do you agree with the proposed obligations in relation to alternative gas suppliers? If not, please provide reasons.	Yes, provided any alternative supplier is obligated to provide specification gas and appropriate compensation regimes are put in place.
Q33 Do you agree that a back up/reserve market is not merited? If not, please provide reasons.	Yes.
Q34 Do you agree that the Emergency Operator should have the ability to direct the supply of non-specification gas? If not, please provide reasons.	No. The range of the current specification and in particular the limits on the level of detail in relation to inert gasses already causes many large users issues. If non-specification gas is provided many large users will not be able to operate their plant. Under no circumstances should non-specification gas be supplied.
Q35 Do you agree with the factors that an Emergency Operator must have regard to in making any such direction? If not, please provide reasons.	No. As noted above, non-specification gas should not be permitted.

Questions	Comments
Q36 Are there any other factors the Emergency Operator should have regard to in making any such direction? If so, please detail those additional factors.	No. However additional factors may become apparent during the development of the arrangement via the Genesis Energy-proposed industry working group.
Q37 Do you agree with the proposed approach to restoration? If not, please provide reasons.	Yes.
Q38 Do you have a view on guidelines for establishing a restoration table? Please specify.	No.
Q39 Do you agree that a post-contingency formal reconciliation process is appropriate? If not, please provide reasons.	Yes.
Q40 Do you have any comments on the proposed groups of types of communications and related obligations? Are there any other communications protocols/ information flows which you consider should be taken into account as part of this review?	No.
Q41 Do you agree with the proposed treatment of review, testing and documentation obligations under the NGOCP? If not, please provide reasons. If so, do you have any specific suggestions for how these should be dealt with?	Yes.
Q42 Please provide any comments on how best to set line pack limits and to review these over time.	Line pack limits should be set by the system operator and updated on a regular basis, and published. Of course the values would change according to the demand on the affected system. There should be some form of checking in place by appropriate "experts" who understand the implications.
Q43 Do you have views as to the appropriateness of any particular compliance regime? Please specify.	See the comments set out in the attached report in terms of Genesis Energy's strong support for a pan industry arrangement. This would, by definition, need to include enforcement provisions.

Questions	Comments
Q44 What is your view of WMWG's comment on the Farrier-Swier Consulting recommendations?	Genesis Energy agrees.
Q45 Do you agree the ex post fair price determination is a suitable model for developing emergency pricing? If not, please provide a description of your preferred approach to emergency pricing.	Yes.
Q46 Do you agree these are a comprehensive set of principles and objectives? If not please provide your augmentable list(s) and reasoning.	Genesis Energy considers that allocative and dynamic efficiency are also appropriate outcomes that should be sought by the Gas Industry Company.
Q47 What is your view of the line pack being notionally allocated across shippers in proportion with their nominations? If you disagree, what would be your preferred approach and why?	In relation to a pipeline event, the available gas should be allocated on the basis of curtailed demand requirements and repayment should be "in kind" once gas can flow. If everyone has sufficient gas available, the pricing regime does not need to apply.
Q48 In the absence of a transparent, short-term market for gas in New Zealand, what is your view of using an independent expert to set emergency prices ex post?	This is likely to be the best option available.
Q49 If you disagree with the use of an independent expert, what should be used as the basis for determining emergency gas prices and how is this superior?	N/A
Q50 In the event of a pipeline interruption, how do you view the pro rata allocation of line pack among shippers as a means of consistently applying the emergency pricing framework? If you disagree, what alternative arrangement would you suggest and why?	Allocation should be determined in relation to each party's share of the residual market that can be supplied. Essentially this would involve going into mismatch and then correcting the position post-event.

Questions	Comments
Q51 Do you agree that for an emergency pricing framework to operate in a low-cost manner it will be essential for the overall emergency plan to be a mandatory arrangement (irrespective of whether that is implemented by rules, regulations or a multilateral contract)?	Yes. See our response to Q 1 above.
Q52 What is your view of requiring parties to endeavour to settle their positions in the first instance by trading among themselves?	Genesis Energy strongly supports this. The NGOCP processes should incentivise participants to put appropriate arrangements in place to minimise their potential risks in an emergency situations.
Q53 Do you agree that there should be a limit below which parties are not able to enter the emergency pricing framework?	No.
Q54 What is your view of the price determination process? Do you agree that using a desktop study is the best approach?	This seems reasonable, depending on the final details.
Q55 Please provide any other comments on the procedural steps.	
Q56 What is your view of the appropriate body to undertake the role of determining emergency pricing whilst keeping the costs to a minimum?	Until the details of the pricing framework are fully developed it is unclear to who would be best positioned to manage the process.