

**Gas Transmission Access  
Single Code Options Paper – Part 1**

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QUESTION	COMMENT
<p>Q1: Do you agree with the proposed regulatory objective? If not, how would you propose describing the objective?</p>	<p>The CCO believes the first bullet of the objective should include “reliable” as follows:</p> <ol style="list-style-type: none"> <li>1. Efficient <b>and reliable</b> operation of the transmission system and use of pipeline capacity</li> </ol> <p>The Gas Act puts equal emphasis on efficiency and reliability and also stresses the management of risks relating to security of supply. This needs to be reflected in the proposed regulatory objective.</p> <p>While good asset management underpins reliability and is dealt with through asset management plans, the way the system is operated and the customer behaviours encouraged by the operating code are also important elements of a reliable system. Having an operating code that supports reliability is therefore essential. Focusing purely on economic efficiency without consideration of the effect on reliability when designing the new single operating code could create risks with regard to security of supply.</p> <p>When reviewing any potential draft operating code the CCO will be considering the following:</p> <ul style="list-style-type: none"> <li>• Are pipeline users strongly incentivised to be in balance?</li> <li>• What mechanisms does the operating code have for managing contingent events?</li> <li>• Does the code encourage or discourage operating the pipeline with sufficient contingency volume to allow time for an operating code contingency event response?</li> <li>• If there is a Critical Contingency event (under the Critical Contingency Regulations), what would the new imbalance methodology (required to deal with the economic outcomes of the Critical Contingency event under the new operating code) look like? Would it encourage the right behaviours in pipeline users during a Critical Contingency event?</li> </ul> <p>The CCO would also appreciate the development of some alternative language. Currently the operating code uses “contingency event” and “curtailment” for operating code activities, which causes some confusion with activities undertaken by the CCO under the Critical Contingency Regulations. Some more distinct terminology might help to prevent confusion.</p> <p>The CCO intends otherwise to remain a neutral party with regard to the design of the single operating code and makes no comment regarding the remaining submission questions</p>