



Responses to Consultation Questions

Statement of Proposal: Amending the Gas Governance (Critical Contingency Management) Regulations 2008

Submission prepared by: Greymouth Gas New Zealand Limited, Chris Boxall, Commercial Manager

Question	Comment
Introduction	<p>Greymouth is encouraged to see progress being made. However, each part requires more work which Greymouth summarises below and elaborates on in its answers to the consultation questions.</p> <p>Part 1 – Minor Changes</p> <p>Some of the ‘minor’ changes are anything but minor, and, taken together, they amount to a major change. While some proposals are sensible, others are incomplete, absent, or unworkable. Many proposals could have benefitted from more systems perspective.</p> <p>The design philosophy is unbalanced in key areas. Greymouth encourages GIC to return to first principles and unpack the fundamentals such as who is responsible for curtailment (shipper vs. retailer), who is to be curtailed (consumer at an ICP vs. consumer), and bureaucracy (less vs. more). In each case the statement of proposal has introduced an unexpected shift, which has resulted in many technical and structural issues.</p> <p>Greymouth advocates for a second SOP or consultation on marked-up legislative drafting to ensure that the system works as a package and that any incomplete, absent, or sub-optimal proposals have been addressed and made workable.</p> <p>Part 2 – Schedule 1 pressure changes</p>

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	<p>The proposal is not backed by adequate information. I.e. industry does not know whether end-users support this, there is inadequate discussion or debate on HSE matters (the proposal itself seems to contradict the purpose of the legislation), and there is nothing on how much customers save on costs and when.</p> <p>There is also a design philosophy question relating to the system (transmission vs. distribution). Greymouth considers it problematic that sub-20 bar gas gates or pipelines can be part of the transmission system when industry legislation strongly suggests the opposite. GIC must unpack this for it to perform its task in the next paragraph.</p> <p>Part 3 – Broadlands and Taupo</p> <p>Aside from some minor and technical matters which GIC has not yet addressed, there is another design philosophy question relating to points of connection (delivery point vs. gas gate) which is perhaps more a legacy drafting matter but nevertheless requires ironing out.</p> <p>GIC should provide industry with an updated transmission system map. Under the critical contingency legislation, it is GIC that decides what the transmission system is.</p>
<p>1. Part 1: Do you have any additional/further comments relating to Part 1 (Minor changes and intended recommendations to the Minister)?</p>	<p>Greymouth provides feedback as follows on each proposal that it does not support in full or in respect of which it has further comments. Proposals which are not addressed below are supported by Greymouth:</p> <p><i>1.2.4 No introduction of a price floor.</i></p> <p>Greymouth does not support the proposal not to introduce a floor to the critical contingency price. The need for a floor has been acknowledged by both GIC and industry, and it should not be dismissed for being too complicated. After GIC consults with MBIE, Greymouth would like to see GIC propose, and consult on, a workable solution.</p> <p>The upstream industry needs clear and transparent price signals, real-time, as to what the likely cash-out price will be, so they can consider extra production.</p>

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	<p>The system is effectively asking suppliers – in a supply-constrained market – to consider compromising long-term security of supply (i.e. potentially exceeding sustainable subsurface parameters) to put extra gas to the market to mitigate a critical contingency event. That should command a known high price. Prior prices have been too uncertain, and sometimes (retrospectively) surprisingly low.</p> <p><i>2.2.1 Amend the definition of band 2 to consumers who consume greater than 15 TJ per day but less than 100 TJ, and band 1 consumers who use greater than 100 TJ per day.</i></p> <p>Greymouth considers this proposal unworkable, with many interrelated issues:</p> <ul style="list-style-type: none"> i. Based on the preamble, it is not clear whether consumption is determined via a demand or a capacity test. Based on the suggested drafting changes: (a) applying a retrospective demand test for bands 1 and 2 is inconsistent with lower bands, which can be determined based on expected demand; and (b) demand can increase or decrease significantly over a three-year period, particularly with the present state of the gas market and regulatory settings, meaning some consumer installations could be categorised incorrectly using the retrospective method. ii. Without specifying that bands 1 and 2 exclude band 0, the gas storage facility could fall into band 0 and 2. That is a design oversight when switching the bands from a functional to a volume-based approach and should be corrected. iii. GIC should take this opportunity to (a) clarify that band 0 excludes partial demand at consumer installations to the extent that that is not

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	<p>used for gas storage injection,¹ and (b) amend other bands to clarify the band under which non-injection demand at now-shared consumer installations would be curtailed as that is still not clear.</p> <p>iv. The above also illustrates a shortfall with the band 2 proposed drafting assuming that there is one consumer at each consumer installation. Because that is not the case at STDP3, the current drafting excludes the TCC and Stratford Peakers from fitting into any band.</p> <p>v. In its preamble, GIC uses the term 'large consumer' to pertain to consumers in the larger curtailment bands. However, that is incorrect – 'large consumer' means any sized consumer who buys from a retailer² and is directly connected to the transmission system. Either 'large consumer' needs amending to align with the curtailment bands, or smaller direct-connect consumers who have been relying on retailers should relieve retailers of that burden.</p> <p>vi. Further, it is not clear whether GIC is proposing to change 'large consumer' to mean a single consumer irrespective of how many consumer installations it uses, or to keep it the same (where a large consumer must first pertain to a single point). If the former, how will the CCO know which consumers use which ICPs each day? If the latter, is 100 TJ too high for band 1 in a sub-300 TJ/d system?</p> <p>vii. The definition of gas producer in the legislation should be updated to point to s2(1) of the Gas Act, not to s43D(1) which doesn't contain it.</p>

¹ That seems obvious – but prior curtailment directions have sometimes been gas-gate focused and have not sufficiently unpacked the technicalities of band 0.

² Gas producer is defined as a party that supplies gas that is transmitted through pipelines, which (somewhat strangely – but correctly, as discussed previously between Greymouth and GIC in relation to the wholesale levy) means all retailers are gas producers because retailers supply gas (to consumers) that is transmitted through pipelines.

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	<p data-bbox="961 321 1818 375"><i>2.2.3 Split the current band 3 into 3A and 3 using 300 TJ per year as the lower threshold for 3A and upper threshold for 3.</i></p> <p data-bbox="1052 415 1839 505">Greymouth considers this proposal will introduce complexity and increase bureaucracy. There are also likely to be some distortions in such a split approach given decarbonisation initiatives.</p> <p data-bbox="961 545 1906 599"><i>2.2.5 Define all annual threshold volumes by taking the average consumption over the previous three years.</i></p> <p data-bbox="1052 639 1887 693">While Greymouth is supportive, frequency is missing. It would be less onerous if retailers calculated this once per year, rather than on a rolling basis.</p> <p data-bbox="961 734 1835 787"><i>2.2.7 Define all the daily threshold volumes by using the previous three years to determine consumption.</i></p> <p data-bbox="1052 828 1877 917">Retailers and miners should be looking for gas, not looking for a 1 in 1,095 occurrence of demand exceeding a daily threshold to then go and change the category on the gas registry. How is that efficient?</p> <p data-bbox="961 958 1902 1011"><i>2.2.10 Amend the definition of 'consumer installation' to include a gas installation with multiple points of connection to a distribution system or transmission system.</i></p> <p data-bbox="1052 1052 1562 1078">This proposal is not workable for these reasons:</p> <ul data-bbox="1010 1118 1902 1305" style="list-style-type: none"> - As per the proposal title, gas installation (in the Gas Act) pertains to single point of connection with a network, making it impossible for a consumer installation to include gas installations with multiple points of connection to a network. - As per the drafting, more than one gas installation with multiple points of connection for a single consumer would encompass a consumer's multi-ICP single-sites and single-ICP multi-sites across NZ. That would make it very

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	<p>difficult for all parties to model load or apply / interpret curtailment instructions.</p> <p>Greymouth understands the risk that GIC is trying to address, though it queries the materiality. If GIC is to proceed, it should rework the proposal. It would benefit from considering the design philosophy vis-à-vis who is to be curtailed: consumers, consumers at one ICP, or consumers at multiple ICPs (and if the latter, unpacking what multiple means).</p> <p><i>3.2.1 Require gas wholesalers to be responsible for issuing critical contingency notices to their retailers and to receive and forward compliance updates to the transmission system owner.</i></p> <p>This proposal lacks coherent design philosophy and there is a better solution. In the detail:</p> <ul style="list-style-type: none"> - If more steps in the chain are to be added, that creates more work and complexity for no value where related parties are wholesalers and retailers. If the proposal is progressed, Greymouth requests a carve-out for related parties. - A carve-out could also include gas wholesalers not needing to notify retailers with whom the TSO confirms (as per Oatis) it has a contractual relationship. - A gas wholesaler who sells to another party might not know whether that other party is also a gas wholesaler (and not a retailer). - It would be inefficient for gas wholesalers to report to the TSO on retailer compliance with their instructions – it would be possible, and slow, provided that the legislation only gave gas wholesalers a catch-and-pass obligation and not a primary obligation to assess for themselves the quality of the retailer’s information or view (which they might not be able to) retailers’ consumers’ compliance with the retailers’ instructions.

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	<p>Strategically, lack of relationship between white label retailers and TSOs is the problem trying to be solved – but there is a much simpler solution.³ There will always be a shipper that has a relationship with the TSO, so why doesn't the TSO issue instructions to shippers, and <u>shippers</u> curtail consumers?⁴</p> <p>Retailers only cover a sub-set of consumer installations, and they need not be involved at all. Shippers cover the whole set of consumer installations as they are allocated all demand by the TSO. Shippers also have visibility over ICP consumption, whereas sometimes retailers will not. The current arrangements pertain much more closely to shippers anyway (relating to retailing <i>through</i> pipelines (which for Greymouth means the shipper⁵ and which for white label retailers could mean the responsible retailer which closely resembles the shipper too)). Formalising that shippers need to curtail would solve a raft of problems arising from simultaneously embedding retailer obligations and changing the definition of retailer (which flips the prevailing design philosophy). The current obligations pertain much closer to shipper rather than a Gas Act retailer, making the shipper the obvious choice.</p> <p>Again, Greymouth encourages GIC to step back and reconsider its design philosophy. I.e. which party does GIC want to curtail consumers? Once that is answered, the position on how to involve gas wholesalers should become clear.</p> <p>3.2.3 <i>(part a) Clarify that directions for partial curtailment must be made with regard to consumption rates at the time a critical contingency is declared.</i></p> <p>Greymouth supports the intention for consumers not to be able to game the system, but this proposal requires further refinement. E.g. how will CCO or a retailer know a consumer's consumption rates at the time a critical contingency</p>

³ Setting aside the simplest solution, which GIC has ruled out, of having the CCO or a centralised party do the curtailments.

⁴ This should also be possible if GIC adopts suggested changes to the gas registry to add in fields for shipper and retailer, both of which are missing at present.

⁵ As confirmed with Grace Burtin, ex-GIC.

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	<p>is declared, or will (CCO then TSO then) retailer directions to consumers require consumers' interpretation? How would AG2 to AG6 consumers know what their consumption was at the time of a critical contingency? Some AG1s might also not know, if they do not have pulse outputs or monitor check meters. Should these consumers wait until they get data to know how they are to interpret the instruction? And over what time period does 'consumption at the time the critical contingency is declared' mean in practice given that past events have been declared to the minute? Minute intervals may not be (a) measurable by consumers, (b) measurable by industry systems after the fact, or (c) manageable vis-à-vis the partial forward operating rates to use. This proposal is not quite workable yet.</p> <p>3.2.5 <i>Require all customers with approved shutdown profiles to curtail fully before band 4 is directed to curtail.</i></p> <p>Greymouth does not support this. Customers have approved shutdown profiles for specific reasons – so proposing to either disregard that or delay other curtailments while that is given effect to seems ineffective.</p> <p>4.2.6 <i>[Amend the r39] provision of consumer information.</i></p> <p>Greymouth does not support this change. If a retailer trades gas upstream but does not ship that gas, how will the retailer monitor curtailment compliance at the customer's site when the retailer has nothing to do with that site (and no contracts in place for that)?</p> <p>Further, GIC mischaracterises the problem of upstream trades. While it is true that the retailer wouldn't (and currently doesn't) 'claim' that consumer under critical contingency legislation, that does not mean that that consumer slips through the cracks – the responsible retailer (likely to be the shipper) should 'claim' that consumer. This proposal needs reconsideration after other design philosophy elements are progressed.</p>

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	<p data-bbox="961 318 1906 378"><i>5.2.10 Require retailers to provide their retailer curtailment plans including the primary contact for the CCO to the industry body and to the CCO on an annual basis.</i></p> <p data-bbox="1052 415 1745 440">Greymouth requests three changes to make this more workable:</p> <ul data-bbox="1003 480 1906 792" style="list-style-type: none"> - Certification by a director is onerous – why not adopt what the Gas (Facilities Outage Information Disclosure) Rules 2022 (“Facility Rules”) do and let a senior manager responsible for the plan sign that off? - Industry is already swamped with March deadlines including climate change, end of annual / financial years, Facility Rules matters etc. Why not make this a task do within ten business days from 1 July every year (or better, every second year)? - Retailers’ plans should also be able to refer to an authoritative source of contact information like the similar proposal for CCMPs. That will also ensure the data can be kept up to date in a timely manner. <p data-bbox="961 829 1822 854"><i>5.2.13 Require that annual test exercises incorporate retailer curtailment plans.</i></p> <p data-bbox="1052 894 1906 1049">Greymouth sees a distinction between running full scale exercises, including role playing or customer contacts, with what should be desktop checks of other information that need not happen at the same time as a live exercise. Greymouth requests GIC to consider splitting these concepts, to get more effective outcomes.</p> <p data-bbox="961 1086 1556 1110"><i>5.2.16 Retailers to participate in annual test exercises.</i></p> <p data-bbox="1052 1151 1906 1305">Greymouth requests that this requirement permits retailers to (a) choose between their level of involvement (from basic desk-top participation to full customer involvement), and (b) opt-out or be deemed to opt-out for high priority matters that arise. Some retailers have few people and cannot make all industry scheduled dates or events and must adjust their presence accordingly.</p>

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	<p data-bbox="961 321 1892 376">5.2.19 <i>Include communications that occur in monitoring the system prior to a critical contingency and in declaring a critical contingency in the communications plan.</i></p> <p data-bbox="1052 415 1871 470">Greymouth queries why GIC is putting effort into legislating that parties who share a common objective should be required to talk to each other.</p> <p data-bbox="961 509 1892 630">7.2.1 <i>Amend the definition of ‘retailer’ to clarify that retailer means any person who supplies gas to another person, or other persons, for any purpose other than resupply by other person, or persons, as long as that gas is transported through the transmission system.</i></p> <p data-bbox="1052 669 1902 760">Greymouth does not support this proposal for related reasons discussed earlier. This is a major structural change for no obvious benefit. The proposal is also poorly drafted and not workable:</p> <ul data-bbox="1005 799 1902 1308" style="list-style-type: none"> - The responsible retailer on the gas registry could be a non-related party of the retailer – so how will industry know (with reference to the gas registry) who the retailer is for a consumer / ICP when there is no gas registry field for retailer? - With the proposed r39 amendment, (a) retailer’s consumers might not be connected at the gas gate, and (b) retailers might supply consumers without specifying that supply pertains to a specific site, so what happens then? - The spot market would become a gas retailer for critical contingency legislative purposes if it sold gas to a consumer regardless of who shipped that gas as emsTP supplies the gas having first bought it from a spot seller. However, it would be difficult for emsTP to know (a) about that customer in advance of a spot trade, and (b) which gas gate that customer bought gas in respect of given trades are based on nominations. If a consumer bought gas solely from the spot market, then if emsTradepoint was not the retailer (as redefined), then who would be the retailer and who would curtail the customer (and how)? - Retailers who do not ship may not have oversight of, or contractual relationships in respect of, delivery of gas to the consumer at their site and

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	<p>therefore cannot monitor consumption as they may not have rights to the site consumption information.</p> <p>The design philosophy needs reconsideration.</p> <p><i>7.2.9 Amend regulation 54A to include unexpected interruptions to asset operation.</i></p> <p>Greymouth supports this change but requests GIC to:</p> <ul style="list-style-type: none"> - Clarify how an asset owner is to know, ex-ante, whether it has caused or contributed to a critical contingency when that is often only determined ex-post by another party. Or is the real time causation or contribution test meant to be from the perspective of the asset owner at that time, acting reasonably? - Modernise the flow rates – very few parties refer to or measure transmission system energy flow in standard cubic meters per second. - Clarify for how long the reduced flow rates must persist for the flow de minimus to be met. E.g. does a 1 second 6 scm reduction pass the test, or is it 720 GJ for an hour, or does it relate to the Facility Rules’ de minimum of 20 TJ/d? <p><i>7.2.12 Require retailers and large consumers to use a specific compliance reporting template.</i></p> <p>Greymouth does not support this change which is the opposite of good emergency response design philosophy. Emergency responders should be freed up to focus on operational matters (including balancing), not bogged down in paperwork. What would GIC prefer: timely information to the TSO, or slower information (potentially by many hours if retailers are out in the field) to the TSO using the specific excel template?</p> <p><i>7.2.15 Not to amend the determination of “publish” to include publication on the Industry Notifications page on GIC’s website.</i></p>

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	<p>Greymouth does not support this. If the GIC’s website is available, that should be used – particularly if participants are already able to publish on that (all it would take is a note to say that a notice was made under the critical contingency legislation not the Facility Rules). Please would GIC confirm that is proposal does not preclude that approach.</p>
<p>1.1 Please provide comments and feedback, including whether there are additional changes that Gas Industry Co should consider.</p>	<p>Greymouth is surprised not to see a proposal to modify r38A to remove the obligation for upstream parties to supply information that is now published pursuant to the Facility Rules.</p> <p>Greymouth is also surprised not to see a proposal that addresses how curtailment should happen when a consumer or consumer installation is supplied by more than one retailer or has gas delivered to it by more than one shipper. Greymouth would have expected gas industry policy development in 2024 (with consumers buying on emsTP, with biogas, with supply constraints etc.) to consider multiple trader relationships like the electricity industry is considering. Please would GIC explain how the critical contingency arrangements would work in these circumstances by stepping through some worked examples. Then, if those examples cannot work, further proposals to the SOP should be progressed so that multiple shipper (or retailer) relationships can be efficiently and effectively managed under the critical contingency legislation. Greymouth understands that GIC is considering multiple trader relationships in its other legislative reviews on downstream allocation and switching.</p>
<p>2. Part 2: Do you agree with the proposed changes to the critical contingency threshold limits detailed in Schedule 1? Why or why not?</p>	<p>No (or at least, not yet).</p> <p>First Gas presents a compelling case for change but it and GIC appear to have overlooked some material matters. Greymouth is supportive of pressure changes that save costs without worsening safety or security risks, provided affected consumers agree. However, consumer agreement, good HSE management and cost savings detail have not been demonstrated in the proposal. Greymouth is open to reconsidering its position subject to further information and work being done by First Gas and GIC, i.e.:</p> <p>1. Pressure service levels – do consumers want this?</p>

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	<p>What consumers (i.e. end-use consumers, not shippers) want is paramount. Schedule 1 affects operating pressure levels as First Gas would likely breach its code RPO obligations were it to regularly trigger critical contingencies on purpose.⁶ Under the Gas (Safety and Measurement) Regulations 2010, retailers basically have an obligation to supply / deliver gas at pressures that are acceptable to consumers, some of whom are directly connected to the transmission system. This means that changes to Schedule 1 – because they will affect operations and consumers – must be signed off by consumers (and, for completeness, by non-related party network companies).</p> <p>First Gas and GIC present no evidence of direct connect end-user sign-off of the pressure changes. There is evidence of discussions with shippers, but shippers are not necessarily consumers, did not seem very engaged during webinars (they were scheduled when Greymouth could not attend), and cannot unilaterally answer technical pressure change queries on behalf of consumers (and Greymouth has not had time to consult its customers concurrently with considering this statement of proposal). Greymouth requests First Gas or GIC to liaise with all affected direct-connect consumers (and non-related party network companies) and obtain their express written consent to the pressure changes so GIC does not accidentally put retailers in breach of the gas safety rules.</p> <p>However unlikely it may be that a consumer objects, Greymouth cannot imagine GIC advancing a safety matter without evidence of consumer acceptance or discussion as to mitigation steps (as did happen eventually vis-à-vis Taupo/Broadlands). It would also be good to have a NZ-wide list of acceptable consumer pressures as a baseline for future work.</p> <p>2. HSE trade-offs must be better discussed and debated.</p> <p>Greymouth is concerned with the lack of discussion and debate about HSE. GIC says <i>“the pressure change doesn’t affect the likelihood of an event happening, but it increases the risk</i></p>

⁶ In one of its webinars, First Gas said “transmission compressors are nominally operated solely to maintain pressure pipeline above Pmin critical contingency threshold points.”

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	<p><i>of a loss of supply,” ergo “there is potentially less line pack available for [consumers].”⁷</i> Therefore the risk of an uncontrolled loss of containment is greater in the proposal than the status quo. This raises three concerns.</p> <p>First, while there are clearly trade-offs at play, how could a PCBU support a proposal under health and safety legislation that proposes saving non-burdensome costs to lessen the mitigation of HSE risks?</p> <p>Second, GIC says <i>“[it] consider[s] that [the Schedule 1] change[s] need to be carefully considered.”</i> Where is the analysis of each line-item change proposed for Schedule 1 that carefully considers security and safety risks? Such consideration should not be put into CCMP analysis (which would risk a sub-optimal pressure being approved), but rather the range stated in Schedule 1 should not contain any pressure that does not stack up from a safety or supply perspective. While the Logicamms report is a good starting point, it defers to GIC / industry to debate and address the matters raised in the report. GIC does not carefully consider nor specifically discuss this in the SOP. There is even (less than one page of) general discussion which says that specific consideration is required.⁸</p> <p>Third, the Logicamms modelling and GIC conclusions contradict the purpose of the critical contingency legislation as currently worded. If Schedule 1 is amended point forwards and that increases the risk of a loss of supply with potentially less line pack available for downstream supply, then wouldn’t that compromise long-term security of supply (the opposite of the purpose of the legislation)? I.e. while short-term security of supply would be compromised during an event because of less buffer, it also follows that long-term security of supply is compromised by designing a system that facilitates compromise to short-term security of supply at any time or frequency.</p>

⁷ Page 76 of the SOP.

⁸ Sapere does specifically consider the matter in the GIC-commissioned cost-benefit analysis but their entire point on this matter is that *“operating at lower pressures means that there is less gas in the pipeline system for when an interruption happens which could lead to a more rapid disconnection for consumers than might otherwise be the case.”* Not only is that analysis inadequate, but it misses the point GIC makes about uncontrolled loss of containment. Elsewhere Sapere says *“[it] do[es] not propose to provide additional analysis of these proposals which are the subject of separate analysis”*. But where is that analysis?

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	<p>3. What is the cost saving and when will consumers get that?</p> <p>First Gas said “customers will benefit from reduced cost.”⁹ How much will customers save? When will they get this saving? Will it be a rebate? How and when will the Commerce Commission be advised so that they know to factor this into future default price paths?</p>
<p>3. Do you agree with Gas Industry’s view regarding the exclusion of gas gates operated at distribution pressure <20? Why or why not?</p>	<p>Greymouth agrees that no blanket rule should exist for Schedule 1 pressures, for reasons discussed earlier.</p>
<p>4. What is your general view on the issue?</p>	<p>Greymouth considers that any pipeline operating at less than 20 bar (including Taupo/Broadlands) should be part of the distribution system, not the transmission system. Greymouth requests GIC to analyse this because it must when it updates the industry map (forthcoming).</p> <p>From an industry perspective, categorisation of pipelines into transmission and distribution are governed as follows:</p> <ul style="list-style-type: none"> - The Gas Act refers to a 20+ bar <i>operating</i> pressure pertaining to transmission services in general. - The GTC (which excludes Gas Act terms implied by law or custom) defines transmission system as “the high pressure Gas transmission system ... used by First Gas to [convey] Gas, as more particularly described on Oatis,” and as the CCMP has been approved and published and describes the pipelines below 20 bar it seems definitive that Taupo et. al. are not transmission pipelines. - The gas safety legislation (recall the discussion on pressure) naturally limits the operating pressure of distribution pipelines for HSE reasons. - The Commerce Commission defines¹⁰ gas transmission services (which GTBs supply) as “any gas pipeline services ... supplied across a network,” with network defined as

⁹ Page 35 of the presentation made at the January 2024 webinar.

¹⁰ Gas Distribution, and Gas Transmission, Services Input Methodologies Determination 2012.

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	<p><i>“the <u>high pressure</u> transmission pipeline systems ... [from receipt point to delivery point, where First Gas can choose the delivery point]”.</i></p> <p>All of this is aligned. It is the Commerce Commission and GTC which provide the nexus in industry arrangements, referencing that transmission system conveyance must pertain to high pressure (pressure reductions just before downstream systems potentially aside) – and the best interpretation that fits the Gas Act is that high pressure pertains to pipeline conveyance operating at 20+ bar. Why else did First Gas not propose for the new Schedule 1 changes to go below 20 bar?</p> <p>To try to disprove this – if the ‘transmission system’ was operated at 10-14 bar g, that would not be gas transmission conveyance under the Gas Act and it might leave a gap in the Commerce Commission’s arrangements (I.e. that would not be high pressure conveyance, nor would it be conveyance after a delivery point unless the location of the delivery point was amended by First Gas).¹¹</p> <p>To assist GIC, Greymouth requests GIC ask First Gas to clarify where, pursuant to the Commerce Commission’s determinations, its delivery points are located.</p>
<p>5. Part 3: Do you agree with the recommended changes to the critical contingency threshold limits to remove the Broadlands and Taupo gas gates? Why or why not?</p>	<p>Greymouth supports the introduction of biomethane and, as it does not ship in the area, is agnostic about the specific proposal though from a system perspective considers it important that all affected users (Greymouth understands) support the proposal.</p> <p>However, there are three technical or design matters to address:</p> <p>First, re intra-pipeline pressures. CCMPs are required, under r25(1)(a)(iv) of the critical contingency legislation, to maintain supply <i>across</i> the relevant parts of the transmission system. Therefore, if the transmission system has not been redefined, but gas gates have been removed as a point of measurement, something needs changing in the legislation to reflect that no intra-pipeline supply obligation exists between points otherwise removed</p>

¹¹ Ibid.

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	<p>from Schedule 1 and between one removed point and the point at which pressure has not been removed.</p> <p>Second, Greymouth considers it a strange design philosophy to have critical contingency legislation apply to part of the transmission system only. Greymouth is not saying that the Taupo/Broadlands proposal should not proceed, but rather that if that reduces below transmission pipeline parameters then prima facie the transmission system should be redefined.</p> <p>Third, Greymouth does not understand why Reporoa was not also removed as a gas gate. First Gas says no exemption is required as that pressure will still be at higher pipeline operating pressure. However, to conclude that, First Gas is taking the inlet pressure of MLV-30801 which it says is part of the delivery point. However, in the GTC, delivery point is the point where gas is taken or made available to be taken which can only be where the gas is measured (not where the pressure is reduced) as the downstream rules only allocate energy quantities. Similarly, the critical contingency legislation requires pressure to be measured at the gas gate which is defined as the point of connection between the transmission pipelines and downstream pipelines or consumers. Therefore, gas gates do not pertain to the inlet pressure but to the <u>outlet</u> pressure of the most downstream pressure regulator on the transmission system. To understand and unpack this issue, Greymouth requests GIC obtain information from First Gas sufficient to advise GIC what the inlet and outlet pressure at each delivery point are, or that GIC reassess its definition of gas gate from a design philosophy perspective. The critical contingency legislation seems operationalised based on inlet pressures upstream of gas gates yet designed around outlet pressures at gas gates. Greymouth queries whether the design and implementation are aligned.</p>
<p>6. What is your general view on the issue?</p>	<p>GIC must publish an updated transmission system map, hence the earlier discussion. GIC's obligation to do so arises because:</p> <ul style="list-style-type: none"> - Mangatainoka has been decommissioned as a gas gate. - Industry needs to know whether Taupo and nearby gas gates are part of the transmission system given its sub-20 bar operations.

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	<ul style="list-style-type: none"> - Gas gate inlet vs. outlet parameters require unpacking which should necessitate a much better map under legislation than GIC has currently provided. - The current map incorrectly refers to delivery points, not gas gates which are more specific (being points of connection, not compounds or concepts). - GIC determines what the transmission system is under part (b) of the definition of transmission system in the critical contingency legislation. - The current map is inaccurate.¹² <p>But most of all, pursuant to r10(5) of the critical contingency legislation, GIC <i>“must publish an updated map depicting the transmission system.”</i> While that is ‘where applicable’, surely that is applicable given the industry changes discussed above when GIC has recently legislated for increased facility outage transparency. While that is also subject to a notice being given by TSO to GIC, that must have happened in respect of Mangatainoka (if not in respect of Taupo), notwithstanding First Gas’ position as to pipeline categorisation.</p> <p>GIC’s restated map is outstanding. When is GIC going to supply that to industry?</p>

¹² <https://www.cco.org.nz/publications/>