

# Questions

## Title of Report

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

Question	Comment
Q1 Do you agree with our view that, in relation to the proposed amendments, there are no other reasonably practicable options for achieving the regulatory objective other than an amendment to the CCM Regulations? If not, why not?	Yes.
Q2: Do you agree with rewording regulation 71 to remove 71(3)(a) as described above?	Yes.
Q3: Do you agree with adding a floor price to the calculation of the contingency price? Do you agree with the proposed calculation method, using VWAP for the 7 days prior to and including the critical contingency day?	<p>Yes and yes, but if GIC progresses this proposal it needs to be clear about how carbon charges will be treated and what the floor would be if there was no VWAP for 7 days based on daily trades.</p> <p>GIC is incorrect to assume that no trades would equate to a zero price. No trade equals a numerically indeterminate price.</p>
Q4: Are there other pricing benchmarks that should be used in setting the critical contingency price?	<p>There has arguably been a decoupling of spot gas prices from electricity prices at times in recent years. Greymouth Gas therefore questions the merits of explicitly requiring consideration of wholesale electricity prices, and even the economic cost of lost supply to consumers. Instead, Greymouth Gas proposes that the pricing framework reflects the underlying cause of a critical contingency, e.g.:</p> <ul style="list-style-type: none"><li>- If it is a burst pipeline, for example, then the current wording might work.</li></ul>

	<ul style="list-style-type: none"> <li>- But if it is a loss of supply from a gas field without enough demand reduction, then the current considerations are not fit for purpose. In these situations, the price should be determined by answering the following question: what spot gas price is sufficient to encourage offers to come to market?</li> </ul> <p>Such an approach would more efficiently price security of supply in general which, in turn, should reduce the likelihood of a critical contingency. If the maximum power price is \$20,000/mwh, then the maximum gas price should be high on a pari pasu basis.</p>
<p>Q5: Do you agree with replacing the criminal penalties with civil pecuniary penalties for non-industry participants as described above? If not, why not?</p>	<p>No comment.</p>
<p>Q6: Do you agree that the distinction between large consumers that have alternative fuel capability and those that do not should be removed from the curtailment bands? Why or why not?</p>	<p>No comment.</p>
<p>Q7: Do you agree with reserving band 2 for large consumers who are electricity generators who export electricity to the grid? If not, what alternative way would you suggest for defining bands 1 and 2?</p>	<p>This is a potentially contentious change that should be given more analysis and attention than it has been given in this review.</p> <p>I.e. why rank power producers over product producers, when it could be the other way around? Greymouth Gas does not form a view at present, other than to suggest that the requirements and objectives of the <i>Gas</i> Act need to be more explicitly analysed as part of a consideration of all the options here.</p>
<p>Q8: Do you agree that the lower threshold of the curtailment band for the largest consumers should be changed to yearly consumption? Why or why not?</p>	<p>Daily and annual units can be easily multiplied and divided to align, so that is a minor issue.</p> <p>Amendments may be required to regulations 39 and 40 to ensure that variable annual consumptions can be properly reflected in curtailment bands.</p> <p>Regulation 39 could be further improved if:</p> <ul style="list-style-type: none"> <li>- It excluded consumption which can more efficiently be obtained already from the Allocation Agent pursuant to regulation 41, and</li> </ul>

	<ul style="list-style-type: none"> <li>- It, or another section, allowed the CCO to obtain further relevant information from the gas registry for efficiency reasons.</li> </ul>
<p>Q9: Do you agree with the proposed 4,000 TJ per year threshold? Is there a different threshold you consider would work better?</p>	No comment.
<p>Q10: Do you agree with an annual threshold and a daily consumption threshold for a curtailment band of gas thermal generation plant?</p>	<p>Not really – it is a bit complex. In an emergency, or even on any given day, consumers (and their retailers) should not be in any doubt about which band they are in.</p> <p>If this proposal is progressed, then amendments to regulation 40 would probably be necessary to reflect the possibility of intra-day changes in curtailment bands depending on intra-day decisions on how much peaking generation to produce. In that case, would one curtailment band apply for the whole day (if so, which one), or would one apply for each hour?</p>
<p>Q11: Do you agree with the proposal to create curtailment band 3A as described above? Do you agree with an annual consumption threshold of 300 TJ? Why or why not?</p>	No. This proposal would add complexity to the regime without any significant benefit to consumers.
<p>Q12: Do you have any other comments about the proposed changes to the curtailment bands?</p>	<p>Yes – if the policy goal is to be able to curtail more gas more quickly, then it is poor policy construction to assume that one variable will solve things, e.g. curtailment bands.</p> <p>A better approach is to consider more options. The best option for that policy goal is to have the CCO's team contact consumers directly rather than having to use TSO and retailers as intermediaries.</p>
<p>Q13: Do you agree that guidance is required on assigning consumers to curtailment bands? Do you agree with the concept of an average over the previous three years for the annual threshold volumes?</p>	<p>Yes – this should preferably be included in the Regulations.</p> <p>Again, it is better to consider other options rather than one pre-determined option. Greymouth Gas does not form a view at this stage other than to note that the energy and climate change landscape is changing much more rapidly than on a three-yearly basis.</p>
<p>Q14: Do you agree with using three years to determine whether thermal generators use at least 15</p>	Where did the 'from time to time' come from? This suggests that GIC is referring to capacity, rather than consumption.

<p>TJ per day from time to time?</p>	<p>There needs to be more thought from GIC about what 'consumption' means, then on what measurement period is relevant, then on whether there needs to be a different measurement period for different categories.</p>
<p>Q15: Do you agree with amending the definition of "consumer installation" to include a gas installation with multiple points of connection to a distribution system or transmission system? Why or why not?</p>	<p>This is a complex subject. Greymouth Gas advocates for consistency across the critical contingency, downstream allocation and gas registry legislation.</p> <p>GIC should not consider such a change in isolation only within the critical contingency legislation. This definition is fundamental and requires debate.</p>
<p>Q16: Do you agree that gas wholesalers should be responsible for issuing critical contingency notices to their retailers and for receiving and forwarding compliance updates to the transmission system owner? If not, can you suggest an alternative way to ensure that non-shipper retailers and their consumers receive critical contingency directions and provide compliance updates?</p>	<p>No – a daisy chain approach is very inefficient. The best solution is for the CCO to have two functions:</p> <ol style="list-style-type: none"> <li>i. First, one that performs the current role, i.e. monitoring and calling critical contingencies etc.</li> <li>ii. Second, one that issues directions to all industry participants (including consumers) directly.</li> </ol> <p>This approach has many advantages vs. the status quo:</p> <ul style="list-style-type: none"> <li>- It is more efficient as it cuts out TSOs, wholesalers and retailers from performing a 'catch and pass' role - TSO, wholesalers and retailers can be included in all communications so that they are aware their customers have been curtailed, without the inefficiency of first having to receive and then pass on the direction.</li> <li>- The CCO is best placed to automate and standardise messaging.</li> <li>- It will likely result in quicker messages to consumers, which is a new stated policy goal.</li> <li>- The parties that have been cut out, for example, can put added focus into complementary tasks like sourcing gas, monitoring customer performance with directions and performing asset owner obligations.</li> </ul> <p>Further, GIC needs to be careful and consistent across legislation in its definition of participants, such that it is clear for participants which category that they are in.</p>
<p>Q17: Do you agree with this assessment and proposals? Why or why not?</p>	<p>Greymouth Gas agrees with the underlying rationale for this proposal, but it risks adding complexity and scope for error if consumers are not clear about how much they need to curtail. E.g.:</p>

	<ul style="list-style-type: none"> <li>• It needs to be clear <i>what</i> is being curtailed – is it actual demand, forecast demand, or capacity? The proposal refers to curtailment of actual usage vs maximum hourly demand – whatever the answer is, it will need to be clear within the regulations.</li> <li>• How will the CCO, when issuing directions for partial curtailment, have any information about (presumably consumer) consumption rates at the time when a critical contingency is declared? What about the time lag between that time and when curtailments are directed? What about the information provision requirements which could be excessive?</li> <li>• Consumers may have different shutdown profile requirements for different levels of consumption rates.</li> </ul>
<p>Q18: Do you agree with the changes to the curtailment order as outlined in Table 4? Why or why not?</p>	<p>No, it makes the process both overly prescriptive and overly complex.</p>
<p>Q19: Do you agree with the proposed changes regarding information provided to the CCO? Why or why not?</p>	<p>For TSO information – no comment.</p> <p>For asset owner information – no. The upstream outage protocol has since gone live so there is a robust process established for this now. Industry does not need duplicate arrangements. In reality most of the GTAC ICAs, if the GTAC goes live, will also defer to the outage code.</p> <p>For consumer information – no. Responsible retailers have no role in the shutdown profile, so GIC or the consumer should provide that.</p> <p>It would be preferable if shippers or retailers do not have to provide consumption information, as it is a process that could be automated via the gas registry and allocation agent. It does, however, require a proper refresh of the gas registry legislation.</p>
<p>Q20: With respect to CCMPs, do you agree with the proposed changes to contact detail requirements as outlined above?</p>	<p>The CCMP is unnecessary if the CCO also performs the role of directly notifying consumers. All that work and bureaucracy can be eliminated for major efficiency gains.</p>
<p>Q21: Do you agree with the proposed CCMP amendment procedures outlined above? Why or why not?</p>	<p>No – further to Q22, but also because safety changes should be proactively consulted on.</p>

<p>Q22: Do you agree with allowing a go-live date for a proposed amended CCMP?</p>	<p>Unsure – industry needs to be clear about what code or procedure is live and when. Recent experience with the GTAC on go-live timings has been fraught with delays.</p>
<p>Q23: Do you agree with deleting the requirement in r74 that refers to the DR Rules? If not, why not?</p>	<p>This is complex and requires more debate and analysis than ½ a page. Parts of s6 of the GTAC are counter-intuitive and Greymouth Gas recommends that First Gas (and industry) settle on the commercial interpretation, then gain comfort with the operationalisation, of the GTAC before any references here are amended. An alternative would be to discuss this now, but industry seems a bit over the GTAC at present.</p> <p>Wash-ups also need to be considered.</p>
<p>Q24: Do you agree with the proposal for retailers to provide their retailer curtailment plans to the industry body on an annual basis? Why or why not? Would 1 March be an appropriate submission deadline?</p>	<p>No – this is added work for no apparent value-add. How does GIC know whether a plan is out of date if that plan has no expiry date?</p>
<p>Q25: Do you agree that incorporating retailer curtailment plans into the annual exercise would be an effective way to ensure their effectiveness and currency? If not, why not?</p>	<p>No – it is further work for no apparent value-add.</p>
<p>Q26: Do you have other suggestions for ways to improve retailer curtailment plans?</p>	<p>Get rid of them. Automate and digitise the whole catch-and-pass process, so the CCO has one officer making the decisions, and another directing consumers en-mass.</p>
<p>Q27: Do you agree that retailers should be required to participate in annual test exercises? If not, why not?</p>	<p>No comment.</p>
<p>Q28: Do you agree that the scope of the communications plan should include communications that occur in monitoring the system prior to a critical contingency and in declaring a critical contingency?</p>	<p>No comment.</p>

Q29	Do you agree with the proposed changes for critical care and essential services designations? Why or why not?	No comment.
Q30	Do you agree with the proposed changes to the critical contingency threshold limits detailed in Schedule 1? Why or why not?	No comment.
Q31	Do you agree with this amendment to the definition of retailer?	Yes, provided that GIC does not disagree, in its next step in the process, that 'supply' pertains to title transfer and not simply delivery by an agent.
Q32	Do you agree with the proposal to amend regulation 48 to allow for short-term transient breaches of a pressure threshold?	No – GIC expresses concern about curtailments occurring when they are not necessary. However, a Critical Contingency can be declared without any need for curtailment. It is important that the process for actual declaration of a critical contingency is not left to the CCO's discretion – the existing prescriptive requirements should remain.
Q33	Do you agree with the proposal to allow for planned outages not triggering a critical contingency?	No comment.
Q34	Do you agree with the proposal to amend regulation 54A to include unexpected interruptions to asset operation? Do you have alternate suggestions for how the obligation should be worded?	<p>Greymouth Gas welcomes the use of the more neutral term "unexpected interruption", which allows asset owners to provide information about interruptions to their assets without apportioning cause at a time when it is not possible to ascertain the cause of an event.</p> <p>Greymouth Gas also considers that the thresholds for asset owner provision of information should be aligned with the upstream outage code. I.e. it should be clarified that the test is not almost instantaneous, e.g. 'cubic meters per second', but rather an actual or expected GJ reduction per day.</p>
Q35	Do you agree that retailers and large consumers should be required to use the specified compliance reporting template?	<p>No – the process is bureaucratic enough. Needing to use the template, especially if managing an event away from a desk or laptop, will slow down reporting times.</p> <p>If the policy goal is enhanced information of curtailment directions, the best policy solution is for the CCO to perform that role.</p>
Q36	Do you agree with this proposal?	Yes.

<p>Q37</p> <p>Do you agree with these proposed amendments? Why or why not?</p>	<p>No. Why doesn't the GIC consider writing the report? The CCO is conflicted and may be less likely to hold itself to account or recommend actions that impose unrecoverable costs on it.</p>
<p>Q38</p> <p>Do you agree with these update amendments? Are there any that you feel are not warranted or should be changed? Are there other updates that should be included?</p>	<p>Yes, but it might be worthwhile to define transmission system code.</p>
<p>Q39</p> <p>Do you agree with the proposed minor amendments? Are there any you feel should be added or amended?</p>	<p>No comment.</p>
<p>Other</p>	<p>GIC should future-proof the legislation. Greymouth Gas considers that GIC must address these policy matters:</p> <ul style="list-style-type: none"> <li>- What happens if two parties supply gas to the same consumer and that consumer is not a large consumer?</li> <li>- What happens if a consumer that is not a large consumer gets some gas, on a day, from a gas market – i.e. from whom will they get curtailment notices (and is the gas market the retailer)?</li> <li>- How do retailers that do not have a contractual relationship with First Gas receive curtailment and other directions?</li> <li>- If the definition of retailer is amended and supply (therefore trade) does not happen at a gas gate and/or happens at a receipt point: <ul style="list-style-type: none"> <li>• How are curtailment directions to be interpreted?</li> <li>• How is regulation 39 to be interpreted?</li> </ul> </li> </ul>