

## Post Maui Pipeline Outage Review of Gas Governance (Critical Contingency Management) Regulations 2008

Update – 7 May 2012

Work on capturing learnings from the five-day Maui outage in October last year is well advanced.

In liaison with key market participants, Vector in its role as the Critical Contingency Operator (CCO) is implementing the majority of recommendations in the CCO's Performance Report on the response to the Maui outage contingency. These generally involve technical or process improvements, such as improving liaison between the CCO and the electricity System Operator and improving Transmission Service Operators' Critical Contingency Management Plans.

Six of the CCO's 19 recommendations are directed at Gas Industry Co and may require changes to the Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations). Gas Industry Co is well advanced with its work acting on those recommendations and identifying any other issues that might see changes to the CCM Regulations.

Concept Consulting Group is nearing completion of extensive work directly with industry participants to identify any wider opportunities to improve critical contingency management in the New Zealand gas market. Developments in international practice have also been considered. A discussion paper will be issued shortly.

Gas Industry Co is also reviewing its Guidelines for Essential Service Providers (ESPs) and Minimal Load Users (MLCs) and will shortly seek submissions on revisions based on experience from the Maui Pipeline outage about the process for designating these Users.

In addition, Gas Industry Co is addressing wider issues, such as industry and consumer awareness of critical contingency management processes, and how best to communicate with stakeholders and the public before, during and after an event. Specifically, it is considering:

- how aspects of the curtailment bands work, whether those aspects are appropriate for optimal management of critical contingencies, and if changes are needed.
- the response to the critical contingency by gas consumers, and particularly whether large consumers have backup arrangements to be resilient against gas outages.
- current arrangements for ESP and MLC designations, with a focus on how those designations are made.

The Ministry of Economic Development (MED) is providing a separate report to the Minister of Energy and Resources on the Maui pipeline outage and associated issues.

Meanwhile, Gas Industry Co as Market Administrator continues its assessment of three alleged breaches of the CCM Regulations arising from the Maui Pipeline outage, and which were reported by the CCO. The Market Administrator's role is to determine whether each of the alleged breaches raises a material issue based on information provided in the breach notices and other information submitted by the CCO and the participant allegedly in breach.

[Click here](#) for the terms of reference for the MED report.

[Click here](#) for further information about the Maui gas pipeline critical contingency in October 2011.

[Click here](#) for further information about the critical contingency management process and Regulations.