

3 November 2011

### **Reviews of Maui Pipeline Outage Under Way**

Reviews of the Maui pipeline failure that restricted gas supplies to the upper North Island for five days last week are under way, Gas Industry Co said today. The critical contingency was declared by the CCO early in the morning of Tuesday 25 October. It was terminated at midday on Sunday 30 October.

The first review is an initial incident report prepared by the Critical Contingency Operator (the CCO) covering the cause and duration of the event, actions taken by key players, and the level of compliance with directives during the event. A second performance report from the CCO is then required covering a broader range of aspects of the critical contingency arrangements and the industry's actions, including a review of what bands customers fell into. Both reports are required to be prepared under the regulations governing gas critical contingencies. These are the Gas Governance (Critical Contingency Management) Regulations 2008, which are administered by the Gas Industry Company, the industry body and co-regulator under the Gas Act 1992.

Gas Industry Co Chief Executive Steve Bielby said the two reports from the CCO would provide the baseline for further work by Gas Industry Co, in particular whether any improvements can be made to the critical contingency framework in the Regulations. The Acting Minister of Energy and Resources has also requested a review by the Ministry of Economic Development to consider wider aspects of the event.

"There will accordingly be a full assessment of this incident, including the effectiveness of critical contingency management plans, communications processes, the system of customer bands used to manage customer curtailments, the status of key customers as essential providers and broader issues such as business preparedness for a range of interruptions." he said.

"My initial observations during the emergency were that the critical contingency framework held up well under a severe testing. As in most cases like this, the reviews will no doubt find areas where some things could be done better by customers and the wider industry. We will ensure that there is broad opportunity for input from interested parties."

He acknowledged that some gas consumers faced challenges from the outage, but emphasised the importance of contingency planning to address a range of business risks.

"Utility services can be disrupted for a variety of reasons and contingency plans for an outage are always appropriate. During this event we saw that consumers with effective gas-outage contingency

plans were able to reduce or replace their primary gas supply while minimising the impact on their operations. We saw others who did not have this flexibility. While having an alternative to gas is not always possible, it is important that all businesses, essential providers, and community amenities have contingency plans appropriate to their needs. We are keen that all customers take this event as a timely opportunity to review their contingency plans for a utility outage.”

Mr Bielby said the effects of the gas supply constraint during the pipeline outage were a reminder of how valuable gas is to New Zealand. “Gas has a long history as a highly effective and reliable energy source, and I’m confident it will continue remain so in the future.”

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Contact:

Keith FitzPatrick  
Industry & Communications Adviser  
Gas Industry Co  
04 494 2461  
027 767 1152

### **Additional Information**

The initial CCO Incident Report will include:

- The cause and duration of the critical contingency.
- Actions taken by the CCO and transmission system owner during the critical contingency.
- General compliance by retailers and consumers with directions during the critical emergency.

The subsequent CCO Performance Report will:

- Include an assessment of the CCO’s and transmission system owner’s compliance with the Regulations and the effectiveness of the critical contingency management plans, the industry communications plan and the information guide.
- Include an assessment of the extent to which the CCO considers the regulations, the critical contingency management plans, the industry communications plan, and the information guide achieve the purpose of the Regulations.
- Identify any amendments to the Regulations, critical contingency management plans, industry communications plan, and information guide that the CCO considers would better achieve the purpose of the Regulations.