

Critical Contingency Performance Report Feedback Form

On 24 May 2016, and in accordance with Gas Governance (Critical Contingency Management) Regulations 2008 (the Regulations), the CCO declared a Critical Contingency following the breach of a pressure threshold specified in the First Gas Ltd Critical Contingency Management Plan (CCMP). The pressure threshold breach occurred subsequent to an event on the Transpower electricity transmission network which resulted in unplanned outages at the Pohokura, McKee, Kupe and Kapuni Gas production stations. The Critical Contingency was declared at 18:30 and terminated at 23:00 the same day.

The CCO published an Incident Report on 31 May 2016 as required by r64 of the regulations. A copy of the Incident Report can be obtained from the publications section of the CCO website at <http://www.cco.org.nz/historical-cc-events>. The report was prepared in consultation with the Transmission System Owners (TSOs) – First Gas Ltd and Maui Development Ltd.

Under r65, the CCO is also required to prepare and publish a Performance Report. The regulations require the Performance Report to:

- assess the effectiveness of the TSOs' Critical Contingency Management Plans (CCMPs), the CCO Communications Plan, and the CCO Information Guide; and
- assess the extent to which the CCO considers that the regulations, the TSOs' CCMPs, the CCO Communications Plan, and the CCO Information Guide achieve the purpose of the regulations; and
- identify where applicable, any amendments to the regulations, TSOs' CCMPs, the CCO Communications Plan, and the CCO Information Guide that it considers would better achieve the purpose of the regulations.

The Critical Contingency Operator must publish a draft of the performance report, together with information on how and when to make a submission.

The draft performance report has now been published and is available on the CCO website at <http://www.cco.org.nz/historical-cc-events> and the Gas Industry Company website at <http://gasindustry.co.nz>.

The CCO is keen to hear from the industry and any other stakeholders and invites submissions using the form below. Submissions should be sent to the CCO using the e-mail address CCO@cco.org.nz by Friday 29th July.

Please note that all submissions will be forwarded to the Gas Industry Company for publication on the GIC website.

The CCO would welcome your comments on any aspect of the Critical Contingency event, so do not restrict your submission to the specific questions asked. If you have no view on a question, feel free to leave it blank.

Copies of feedback forms can also be obtained from the publications section of the CCO website at <http://www.cco.org.nz> and from the Gas Industry Company website at <http://gasindustry.co.nz>.

Section 1 – Respondents Details

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Participant Description *delete where applicable	Retailer/Shipper/Producer

Notes:

- (a) **The Regulations** - the purpose of the regulations is to achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply.
- (b) **Transmission System Owners (TSOs) Critical Contingency Management Plans (CCMPs)** – these are prepared by the TSOs and include the contents defined in r25. They are approved by industry body under r30 or 31 in consultation with the CCO.
- (c) **CCO Communication Plan** – this is prepared by the CCO under r35. It governs communications between the CCO and TSOs during a critical contingency.
- (d) **CCO Information Guide** – this is prepared by the CCO under r36. It explains communication flows between the CCO and key industry stakeholders.
- (e) All of the above documents are published by the CCO and copies can be obtained from the publications section of the CCO website at <http://www.cco.org.nz>

Section 2: Content of the Report

In this section, please provide any comments, statements for inclusion, observations or feedback on the content of the report.

Circumstances Contributing to the Event.
As this was the first live event subsequent to the previous revision of the rules and it was caused (at least in part) by an upstream field trip, it would be helpful for the CCO to comment on whether communication is required by the asset owner who caused the event – and note any issues or observations relating to this.
Analysis of the System Data.
No comment.
Review of Event Response & Management.
<p>The CCO should note GGNZ's primary first responder experience. Details have been separately provided but basically it is that, when out of the office:</p> <ul style="list-style-type: none">- TSO .pdfs were unable to be read on a smart phone, and- In trying to validate the information (and access the details) during the live event, CCO's automated messaging service said that there was no live event.
Assessment & Recommendations.
<p>The downstream side of the rules still feels a bit clunky – particularly for teams without 24/7 call centres and when team members are out of the office. In a nutshell, while the CCO / TSOs are not wrong to treat parts of the process like a tick-box exercise, this does leave retailers to manage the risk and it does expose the whole supply chain to risk and / or delay.</p> <p>For example, it does not make sense that retailers get notified of an instruction then need to go and get the instructions from Oatis to obtain details on what actions are required, then carry out the actions. It would be helpful (and more time efficient, especially outside business hours) for the Oatis emails to include the actions required, even if only summarized (i.e. "on alert" + regions affected or "curtail"), since the original CCO PDF has already been sent out. Ideally first responders in the field need to get clear, accurate and timely instructions so that they can be freed up to respond to emergencies. We had customers that receive their directions directly from the CCO calling us quite confused on when actually to act.</p> <p>It is interesting to note that the text messages are not the notice (and this potentially raises some further queries about whether a notice was given). Text messages do not necessarily signal urgency, may well not wake someone who is sleeping, and may not be read by a person for some time even if the phone has received a message. Texts should form part of the solution – but phone calls should also come into the mix.</p> <p>Finally, an observation that complying with CCMPs does not obviate the need to also comply with the regulations. It might be a good idea, when combining the CCMPs, to simplify these and do a re-check of how they best give effect to or comply with the regulations.</p>

Section 3: CCO Communications

During the event, the CCO issued notices and communications in accordance with the CCO Communications Plan and Information Guide. The processes in these documents reflect the specific formal requirements of the regulations. However, the CCO also recognises that some stakeholders would have benefited from more frequent updates on the status of the critical contingency.

The regulations require that the CCO must, to the extent that is reasonably practicable in the circumstances, keep stakeholders informed as to the status of the Critical Contingency. The current process includes:

- Compiling the Status Update notice template in the Information Guide (Appendix 8)
- Emailing the notice to stakeholders
- Publishing the notice on the CCO website
- Sending an SMS alert to stakeholders advising a notice has been published
- Updating an 0800 information line

This process can be reasonably time consuming, particularly when the CCO is also focused on monitoring the status of the system and discussing the situation with the key affected parties.

The CCO is particularly interested to determine which components of the above process are most useful to stakeholders and whether the requirement to keep stakeholders informed can be made more effective given the time constraints on the CCO during an event. For example, social media is not currently used as a communication tool for status updates. However, if stakeholders considered this would be effective, simply adding this to the above processes would not be an ideal solution given the time constraints on the CCO unless something “less effective” is removed.

Suggestions for streamlining communications to keep stakeholders informed as to the status of a Critical Contingency.

The best solution would be to take TSOs out of the loop and treat all notices as urgent notices. This would require changes to the regulations, but anything less (maybe at a higher cost) will likely result in inefficiencies with the potential for delay across the supply chain.

From the CCO’s perspective based on the current regulations, if the CCO continues to provide an 0800 information line then it should provide correct information. On the flip side, if the CCO or TSO is not available via phone to clarify instructions (if required) then that is a potential source of delay.

Section 4: Any other Comments

Please include any other comments or observations you would like to make.

The final gas price (in the \$6’s per GJ) was more aligned with the intent of the regulations than the draft gas price (in the \$3’s per GJ). However, the final price was low enough to create doubt in upstream producers’ minds re whether or not they will be adequately rewarded for providing additional supply during a live event.

In future events, resource will need to be spread thinner to also cover this. The best solution would be similar to what was done for regional critical contingencies – i.e. notification shortly after the event to get a transparent, fast, and economic view of the price. Perhaps the CCO could even run an auction system to achieve this.

Maybe the case for a review of the regulations is growing.

