



Critical Contingency Operator (CCO)

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Background

- Industry dissatisfaction with existing voluntary arrangements (NGOCP)
- Government Policy Statement requirement for sound arrangements for the management of critical gas contingencies
- Call for regulatory approach to manage gas outages of sufficient magnitude
- 2006-07 GIC/Industry Consultation Process
- 2008 – Development of Gas Governance (Critical Contingency Management) Regulations 2008
- Where the market cannot self-manage enforce an obligatory curtailment of gas demand and a contingency pricing regime

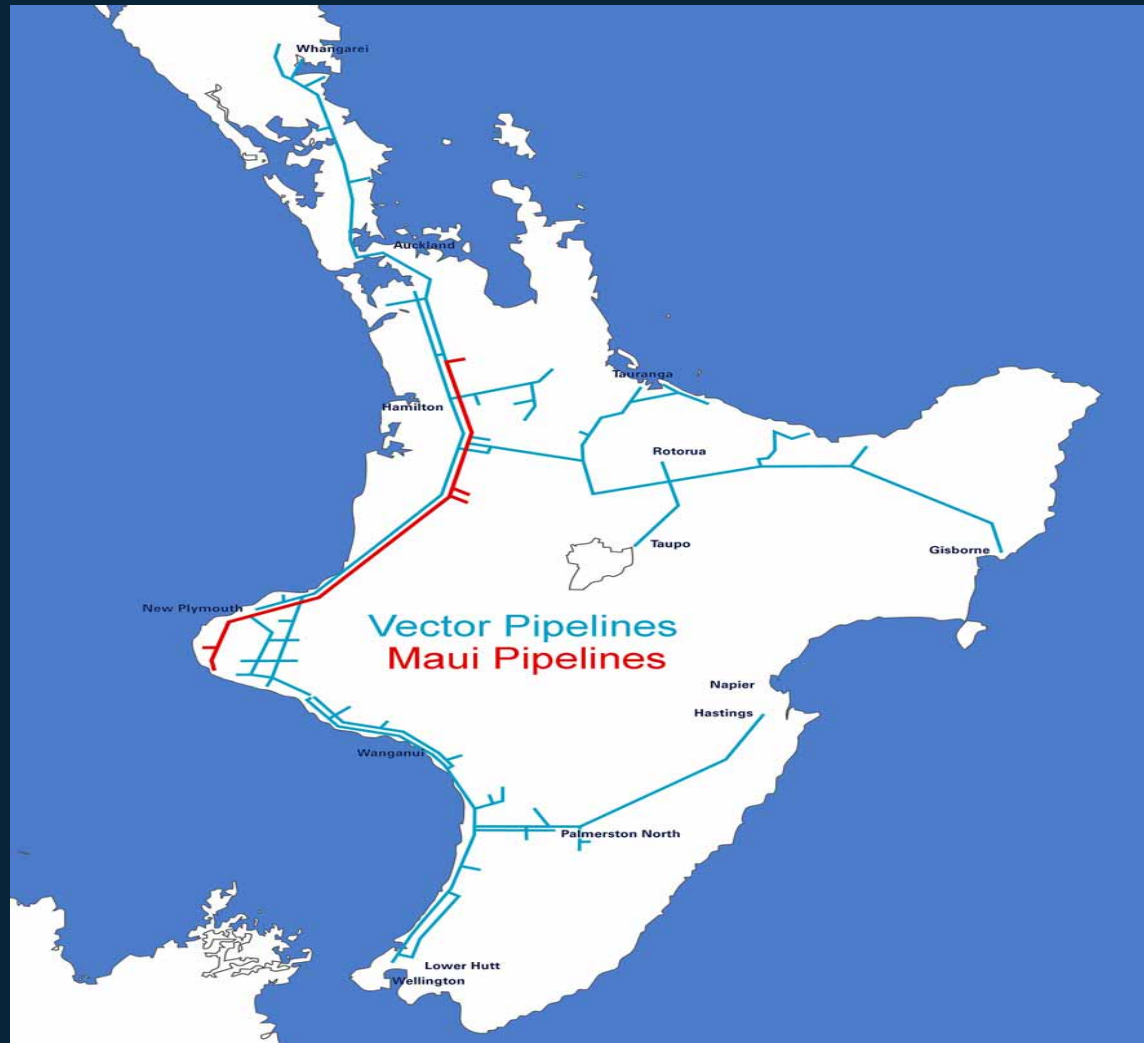


Gas Governance (Critical Contingency Management) Regulations 2008

- Purpose: “To achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply.”
- Parts 1 and 2 came into force in December 2008 – getting ready
- Parts 3 and 4 will “go-live” when the provisions in Parts 1 and 2 have been met.
- New role of CCO established to manage critical contingencies on the Transmission System [r6]
- Vector appointed by GIC to provide CCO services under service provider agreement [r7-r8]
- Vector and MDL defined as Transmission System Owners with new obligations [r5] – Critical Contingency Management Plans [r25]



Applies to Gas Transmission System Only, But Interface With Distribution





Main Differences to Existing Arrangements

- CCO role is distinctly separate to TSO [r85]
- NGOCP replaced [r13]
- CCO makes decision to declare a Critical Contingency [r47-52]
- CCO makes decisions on demand curtailment/restoration [r53-59]
- CCO issues instructions to the TSOs to implement demand curtailment/restoration [r53-59]
- TSO then gives directions to Large Consumers and Retailers to curtail/restore demand [r53-59]
- CCO informs industry stakeholders [r53-59]
- Defined Critical Contingency thresholds [r25a and schedule 1]
- Can declare CC if reason to believe threshold breach is unavoidable [r48]



Critical Contingency Thresholds

Location	Pmin	Time to Pmin
■ Rotowaro	32.0 barg	3 hours
■ Waitangirua	37.0 barg	10 hours
■ Hastings	32.0 barg	5 hours
■ KGTP	37.5 barg	3 hours
■ Gisborne	32.0 barg	5 hours
■ Taupo	32.0 barg	5 hours
■ Tauranga	32.0 barg	6 hours
■ Whakatane	32.0 barg	5 hours
■ Cambridge	32.0 barg	5 hours
■ Westfield	42.0 barg	4 hours
■ Whangarei	25.0 barg	5 hours



Types of Critical Contingencies

Supply/Demand Mismatch

- market forces and commercial/contractual trading arrangements
- Contractual load curtailment and balancing gas used

Physical Asset Failure or Damage

- Damage by external party
- Materials or control/safety system failure
- Natural disaster
- Gas supply interrupted or limited



Pohangina Bridge – Feb 04





Vector

Ath, Belgium – July 2004





Vector

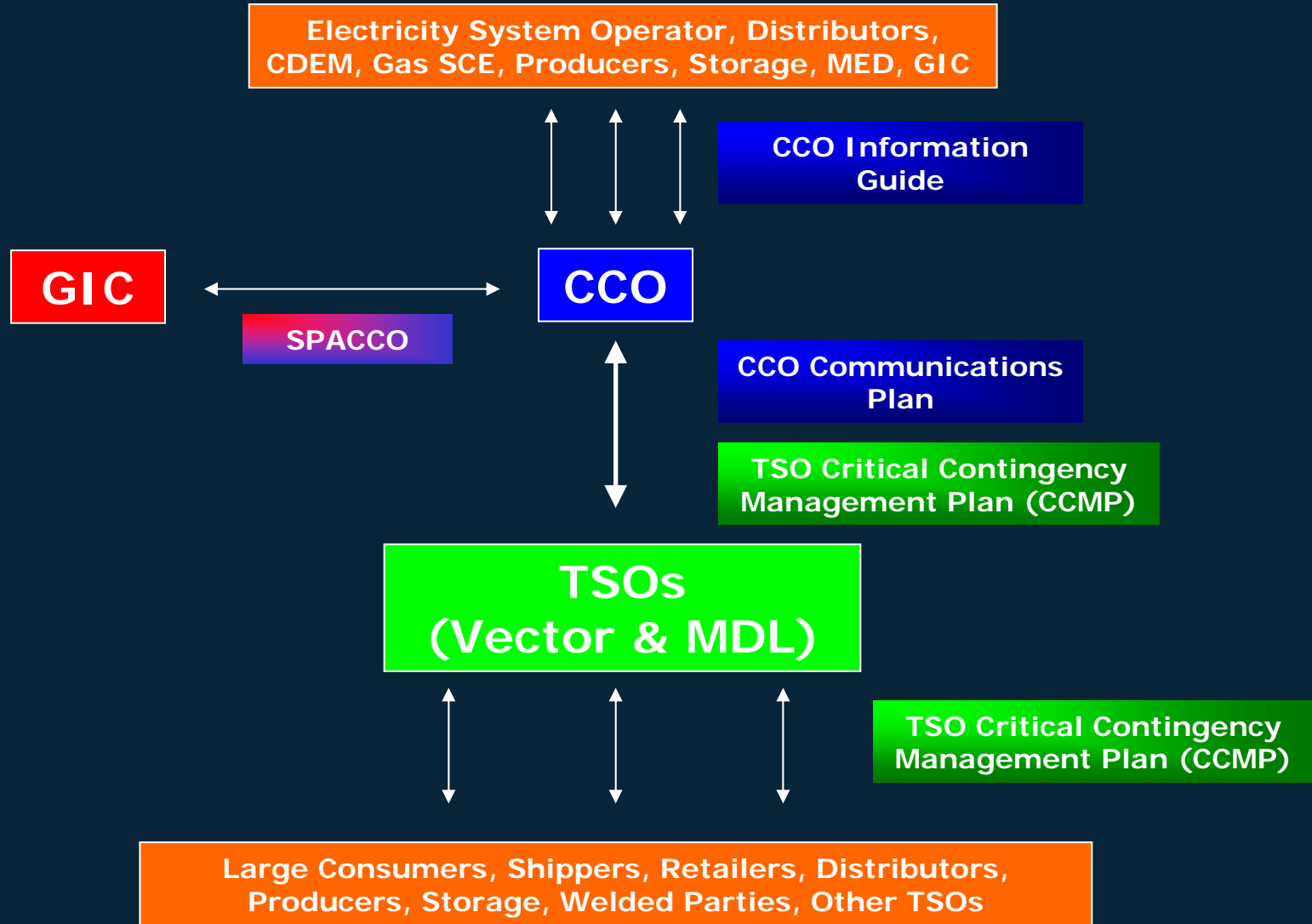
Appomattox, Virginia, USA - Sep 08





Main CCO Activities

- Communications Plan (CCO - TSOs) [r35]
- Information Guide (CCO - Industry Stakeholders) [r36-37]
- Internet site – via existing OATIS site [r9]
- TSO CCMP assessments [r28]
- Test Exercises [r34]
- SCADA & OATIS access [r38]
- Consumer database – demand in each curtailment band [r39-46]
- Demand modelling systems [r53]
- Incident and performance reports [r64-66]





Critical Contingency Stages

- Potential CC
- Potential CC Termination
- CC Declaration – Threshold limits
- Implement Demand Curtailment
- Revise Demand Curtailment
- Demand Restoration
- Revise Demand Restoration
- CC Termination
- Post CC - Incident & Performance Reporting



Curtailment Bands (Domestic Not Included)

0	Gas off taken for injection into gas storage.
1a	>15TJ/day - direct from transmission system – with alternative fuel. If minimal load consumer, then manage wind down of plant.
1b	>15TJ/day - direct from transmission system – no alternative fuel. If minimal load consumer, then manage wind down of plant.
2	>10TJ/annum – industrial/commercial - with alternative fuel. If minimal load consumer, then manage wind down of plant.
3	>10TJ/annum – industrial/commercial - no alternative fuel. If minimal load consumer, then manage wind down of plant.
4	2 to 10TJ/annum - All consumers except for essential service providers. Minimal load consumers in bands 0-3 fully interrupted.
5	>2TJ/annum - essential service providers
6	<2TJ/annum - all remaining consumers



Communication of Notices

- CCO [r21-23]
 - Email and SMS + back up arrangements
 - Notices published in public domain in OATIS
 - Transpower – close phone contact
 - TSOs – close phone contact or face-to-face
 - Template Notices for each CC stage
 - Free phone number for updates (0800 CCO 123)
- TSOs [r21-23]
 - OATIS for email and SMS text alerts
 - Back up arrangements
 - Large Consumers – close phone contact



Go-Live date

- Depends on approval of CCMPs
- Now in fifth cycle of submissions of proposed versions
- Most process and technical issues now resolved
- Main outstanding issue is finalising Vector Imbalance Methodology
- Go-live late Nov – early Dec?

Thank You For Your Attention