Critical Contingency Performance Report

Pursuant to Regulation 65 of the Gas Governance (Critical Contingency Management) Regulations 2008

Pohokura Production Station Outage 03 March 2012

Prepared by

Vector Gas Limited

02 April 2012

INTRODUCTION

This is the Critical Contingency Performance Report on the Pohokura Production Station Outage of 03 March 2012, prepared by Vector Gas Limited[1] (*Vector Gas*), in its role as the Critical Contingency Operator (*CCO*) for the New Zealand gas transmission system and in accordance with the Critical Contingency Operator Service Provider Agreement dated 28 November 2008.

This report is about one particular aspect of the outage: how various parties with responsibilities under the Gas Governance (Critical Contingency Management) Regulations 2008 (*the Regulations*) and associated documents[2] (*Documents*) that govern the management of critical contingencies performed during the outage.

Statutory basis of this report

This report has been prepared in accordance with the requirements of regulation 65 of the Regulations, which require us to prepare and publish a performance report after the end of each critical contingency. The report needs to be prepared and published within 20 business days of the end of the contingency, unless we and the Gas Industry Company agree to an extension. In this case the report should be published by 02 April 2012 which is 20 business days after of the end of the contingency.

Regulation 65(1) requires the performance report to include three separate parts:

- An assessment of our compliance and that of the Transmission System Owners[3] with the Regulations and the effectiveness of the Documents;
- An assessment of the extent to which we consider that the Regulations and the Documents achieve the purpose of the Regulations; and
- Our recommendations to amend the Regulations or the Documents to better achieve the purpose of the Regulations.

The Regulations require us to consult with each affected Transmission System Owner and any other person we consider necessary in preparing a performance report.

This report has been prepared in consultation with the Transmission System Owners – Maui Development Limited and Vector Gas – and with the Gas Industry

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[1] Vector Gas, a wholly owned subsidiary of Vector Limited, is the Technical Operator of the Maui pipeline for Maui Development Limited under the provisions of the Contract of Employment that forms part of the Maui Joint Venture Agreement 1974. Vector Gas has also been appointed as the Critical Contingency Operator for the transmission system under an agreement with the Gas Industry Company.

[2] The Critical Contingency Management Plans, the Critical Contingency Communications Plans and the Critical Contingency Operator's Information the Guide.

[3] In the case of the Maui Pipeline, the Transmission System Owner is Maui Developments Limited. For further details of Maui Development Limited, please see their website at http://www.mauipipeline.co.nz. Vector Gas is the Transmission System Owner of the Vector gas transmission system. While the legal entity Vector Gas is also the Critical Contingency Operator, at the operational level, the TSO and CCO functions are undertaken by different business units of Vector.

Company. We also invited submissions from a range of industry participants and stakeholders. Feedback was received from the following parties:

- Vector Gas Limited (TSO)
- Maui Development Limited (TSO)
- Methanex New Zealand Limited
- Might River Power

We have previously published an Incident Report in accordance with regulation 64. The Incident Report includes material on the cause of the critical contingency and its duration; the actions taken by us and Transmission System Owners (*TSOs*) and the general level of compliance by retailers and consumers with TSO directions. A copy of the Incident Report can be obtained from the publications section of our website[4].

THE OUTAGE

This report is about a critical contingency that was declared following an unplanned outage at the Pohokura Production Station. To provide some context for the remainder of this report, we outline below a brief chronology of events before, during and after the outage. The source of this section is our previously published Incident Report.

Potential Critical Contingency

At 3.40am on Saturday 03 March 2012 an unplanned outage of the Pohokura Production Station (PPS) occurred causing a complete loss of supply to the Ngatimaru Road and Tikorangi 2 receipt points. The outage also caused reductions of supply to the Tikorangi receipt point due to gas from PPS no longer being available for processing at the McKee/Mangahewa Production Station.

Shell Exploration New Zealand Limited, Todd Pohokura Limited and Todd Taranaki Limited initiated curtailments at their respective Welded Points in accordance with section 15.2 of the Maui Pipeline Operating Code (MPOC). The MDL system operator then proceeded to notify corresponding Delivery Points of the curtailment to demand (with accompanying Operational Flow Orders) and affected Shippers.

By 8.30am pressure and line pack in the Maui pipeline were continuing to decline. We determined that if this rate of decline continued it was possible that a critical contingency might need to be declared. We also determined that if demand curtailment was required it would need to be targeted at the band 0, 1a and 1b curtailment bands to balance remaining supply with demand. At 08.30 we held a teleconference with Transpower and the Power Generators operating gas fired power plant to discuss the general power generation situation and provisional demand curtailment plans.

We issued a Notification of Potential Critical Contingency at 9.11am.

[4] https://www.oatis.co.nz/Ngc.Oatis.UI.Web.Internet/Common/Publications.aspx

Declaration of Critical Contingency Stage

The code curtailment process was insufficient to prevent pressure and line pack in the Maui pipeline declining further and approaching the critical contingency threshold specified in the MDL Critical Contingency Management Plan of 3 hours to 32 barg at the inlet to Rotowaro Compressor Station (RCS).

At 12.01pm information was received from PPS that due to the difficulties being encountered they were unsure when PPS could be restarted. At this time the rate of pressure decline at RCS indicated it would take 4 hours to reach 32 barg.

At 12.20pm we determined under Regulation 48 (1) (b) (ii) that there was a critical contingency due to a reasonable expectation that a breach of the critical contingency threshold specified in the MDL Critical Contingency Management Plan at the inlet to RCS was otherwise unavoidable and necessary to achieve the purpose of the Regulations.

At 12.30pm we held a further teleconference with Transpower and the Power Generators operating gas fired power plant to confirm the general power generation situation and demand curtailment plans.

At 12.48pm we issued a Notice of Declaration of Critical Contingency.

Demand Curtailment Stage

Pressure and line pack in the Maui pipeline continued to decline and at 1:20pm we issued a Notice of Direction to Implement Demand Curtailment for bands 0, 1a and 1b to curtail to previously agreed levels by 2.00pm.

By 3.00pm pressure and line pack in the Maui pipeline had stabilised due to compliance with our demand curtailment directions.

At 3.45pm information was received from PPS that they expected to be back at full production rates between 6.00pm and 7.00pm.

At 5.00pm PPS commenced production again and pressure and linepack in the Maui pipeline started to recover.

At 6:00pm we held a further teleconference with Transpower and the Power Generators operating gas fired power plant to discuss the situation and provisional demand restoration plans.

At 7:00pm PPS production had returned to full rates and continued to supply in a stable manner.

Demand Restoration Stage

Pressure and line pack in the Maui pipeline continued to recover steadily and at 9.00pm we were satisfied that the system had stabilised sufficiently for demand to be restored at 10.00pm.

At 9.21pm we issued Notice of Direction to Restore Demand for bands 0, 1a and 1b to be able to take full rates again from 10.00pm.

PPS continued to stably supply full rates and pressure and line pack in the Maui pipeline continued to recover.

Termination of Critical Contingency Stage

At 11.30pm we determined that the critical contingency could be terminated as the system was now capable of supplying demand at the level at which gas was supplied immediately before the PPS outage occurred.

At 11.39pm we issued a Notice of Termination of Critical Contingency.

OUR COMPLIANCE WITH THE REGULATIONS

In the table that follows, we have listed our obligations under the Regulations and noted our compliance with those obligations.

TABLE 2

OUR COMPLIANCE WITH THE REGULATIONS

CCM Regulations	Obligations	Responsible Role	Document	Compliant [Yes/No/ Explain]	Comment
Reg 35	Prior to the Critical Contingency (***CC***), CCO must prepare and publish a communication plan (explaining communication flows).	Critical Contingency Operator (***CCO***)	Communications Plan	Yes	Prescribed consultation process. Published on OATIS
Regs 36 & 37	Prior to CC, CCO must prepare and publish an information guide (explaining communication flows).	CCO	Information Guide	Yes	Prescribed consultation process. Published on OATIS
Reg 48	CCO must make determination that there is a critical contingency	CCO	CCO Checklist Demand Modelling	Yes	
Reg 49	If CCO determines that CC exists, CCO must declare that there is a CC and give notice to TSOs.	CCO	Information Guide Communications Plan	Yes	
Reg 51	CCO must give notice of CC to electricity system operator, director of civil defence, operators of gas storage and gas production facilities, GIC, Minister and Secretary.	CCO	Information Guide	Yes	
Reg 52	CCO must publish details of CC on OATIS,	CCO	Information	Yes	Published on OATIS

CCM Regulations	Obligations	Responsible Role	Document	Compliant [Yes/No/ Explain]	Comment
	including on CC website.		Guide Communications Plan		
Reg 53	CCO must: - Monitor line pack; - Receive and consider communications; - Explore available opportunities to use gas to mitigate severity of CC; - Issue directions to TSOs re curtailment of gas; and - Issue directions to TSOs to restore gas once system stabilised.	CCO	Communications Plan Information Guide SCADA Information Demand Modelling	Yes	Contact Energy Limited used gas from their Ahuroa storage facility to supply their power generating plant at Stratford. All available gas producers elected to maximise their production rates either prior to or after declaration of the critical contingency.
Reg 59	Once CC continued for longer than 3 days, CCO must give notice to GIC, director of civil defence, Minister and Secretary.	CCO	Information Guide	N/A	
Reg 61 & 62	CCO must advise of termination of CC as soon as reasonably practical. Notice must be given to TSOs and persons outlined in Reg 51 above. Notice to TSOs to include time CC terminated and that TSO must tell retailers & large customers of termination.	CCO	Information Guide Communications Plan	Yes	
Reg 63	Notice of termination of CC must be published on OATIS, including on CC website.	CCO	Information Guide Communications Plan	Yes	Published on OATIS

CCM Regulations	Obligations	Responsible Role	Document	Compliant [Yes/No/ Explain]	Comment
Reg 64	CCO to complete incident report within 5 days of termination of CC. Report must be published on OATIS, including on CC website.	CCO	Incident Report	Yes	Published on OATIS
Reg 65	CCO to complete performance report within 20 business days of making a determination to terminate a CC. Report must be prepared in consultation with TSOs and any other relevant person. Report must: - Assess CCO's and TSOs' compliance with Regulations and effectiveness of Management Plan, Communication Plan & Information Guide (**CC Docs**); - Assess extent CC Docs achieve purpose of Regulations; - Recommend amendments to CC Docs; If necessary, CCO must prepare and publish revised Communication Plan.	CCO	Performance Report	Yes Note that this report is the Performance Report	

OUR COMMUNICATIONS PLAN

We prepared our Communication Plan in accordance with Regulation 35 of the Regulations. It governs communications between us and the Transmission System Owners during a critical contingency.

The plan sets out procedures for operational level communications between us and the Transmission System Owners during a critical contingency to ensure compliance with the Regulations is achieved.

In the table that follows we have listed our obligations as set out in the plan and noted our compliance with those obligations, together with the process we used to verify our compliance.

TABLE 3

OUR COMMUNICATIONS PLAN

CCO Communication Plan	Obligations	Responsible Role	Document	Compliant [Yes/No/ Explain]	Compliance Verification Process
Para 2.1	TSO to notify CCO of potential critical contingency situation.	Vector Gas Limited as TO for MDL	Telephone call and email to CCO.	Yes	Vector Gas Limited Critical Contingency Management Process
Para 2.1	CCO to give notification of potential critical contingency to TSOs.	CCO	Verbal notification to TSOs. Notice issued by email, SMS text alert and published on OATIS.	Yes	CCO Management Process
Para 3	CCO to determine and declare critical contingency and issue notice to TSOs	CCO	Verbal notification to TSOs. Notice issued by email, SMS text alert and published on OATIS.	Yes	CCO Management Process
Para 4.1	CCO to issue notices directing curtailment of demand to TSOs.	CCO	Notices issued by email, SMS text alert and published on OATIS.	Yes	CCO Management Process
Para 4.2	CCO to issue notices directing revised curtailment of demand to TSOs.	CCO	N/A	N/A	CCO Management Process

CCO Communication Plan	Obligations	Responsible Role	Document	Compliant [Yes/No/ Explain]	Compliance Verification Process
Para 4.3	CCO to issue notices directing restoration of demand to TSOs.	CCO	Notices issued by email, SMS text alert and published on OATIS.	Yes	CCO Management Process
Para 4.4	Alternative demand restoration order directed by CCO if required. It was not required to activate this during the incident.	CCO	N/A	N/A	CCO Management Process
Para 4.5	TSOs to inform CCO of any instances of non-compliance with curtailment directions. The TSOs did not make any such reports during the incident.	TSOs	N/A	N/A	Vector Gas Limited Critical Contingency Management Process
Para 4.6	TSOs to forward retailer and large consumer compliance updates to CCO.	TSOs	Copies of compliance updates emailed to CCO.	Yes	Vector Gas Limited Critical Contingency Management Process
Para 5	CCO to determine and declare termination of critical contingency and issue notice to TSOs	CCO	Verbal notification to TSOs. Notice issued by email, SMS text alert and published on OATIS.	Yes	CCO Management Process
Para 6	CCO to communicate notices as set out in plan using templates in plan appendix.	CCO	Notices issued by email, SMS test alert and published on OATIS in template format.	Yes	CCO Management Process

Effectiveness

All processes, procedures and communications detailed in the CCO Communication Plan were employed during the critical contingency.

Feedback from industry participants was that they believed it was effective and achieved the purpose of the Regulations.

Extent to which it achieves the purpose of the Regulations

The CCO communications plan assisted in achieving the purpose of the Regulations by ensuring timely and accurate information and directions flowed from us to the TSOs.

Identified amendments to better achieve the purpose of the Regulations

Amendments to contents and process for issuing notices

There was a delay of approximately 5 hours between the issue of our CC termination notice and the corresponding TSOs notices. This and other issues relating to amendments to the contents and process for issuing notices is already addressed in recommendation 2 of the our Performance Report on the Maui Pipeline Outage. This recommendation is currently being addressed.

OUR INFORMATION GUIDE

We prepared the Information Guide in accordance with Regulation 36. It explains communication flows between us and key industry stakeholders.

The Guide is designed to underpin the Regulations and to set out information flows between the CCO and key industry stakeholders during a critical contingency to ensure compliance with the Regulations is achieved.

In the table that follows we have listed our obligations described in the plan and noted our compliance with those obligations.

TABLE 4

OUR INFORMATION GUIDE

CCO Information Guide	Obligations	Responsible Role	Document	Compliant [Yes/No/ Explain]
Para 2.2	TSO to notify industry stakeholders of potential critical contingency situation.	CCO	Notice issued by email, SMS text alert and published on OATIS.	Yes
Para 2.3	CCO to determine and declare critical contingency and issue notice to industry stakeholders.	CCO	Notice issued by email, SMS text alert and published on OATIS.	Yes
Para 2.4.2	CCO to issue notices directing demand curtailment to industry stakeholders.	CCO	Notices issued by email, SMS text alert and published on OATIS.	Yes
Para 2.4.3	CCO to issue notices directing revised demand curtailment to industry stakeholders.	CCO	N/A	N/A
Para 2.4.4	CCO to issue notices directing restoration of demand to industry stakeholders.	CCO	Notices issued by email, SMS text alert and published on OATIS.	Yes
Para 2.4.5	CCO to issue notice of continuing critical contingency to selected industry stakeholders.	CCO	Notice issued by email, SMS text alert and published on OATIS.	Yes

CCO Information Guide	Obligations	Responsible Role	Document	Compliant [Yes/No/ Explain]
Para 2.5	CCO to determine and declare termination of critical contingency and issue notice to industry stakeholders.	CCO	Notice issued by email, SMS text alert and published on OATIS.	Yes
Para 3	CCO to communicate notices as set out in plan using templates in plan appendix.	CCO	Notice issued by email, SMS text alert and published on OATIS.	Yes
Para 4.1	CCO to update CCO free phone information service with details about incident	CCO	CCO free phone service updated at regular intervals.	Yes
Para 4.2	CCO to liaise closely with the Electricity System Operator (**ESO**) regarding gas availability for power generation.	CCO	CCO maintained regular and timely liaison with the ESO.	Yes
Para 4.5	CCO to liaise directly with industry Sector Coordinating Entity if role established by activation of National Crisis Management Centre (**NCMC**) at the Ministry for Civil Defence and Emergency Management (**MCDEM**). NCMC not activated during incident.	CCO	N/A	N/A

Effectiveness

All processes, procedures and communications detailed in the Information Guide were employed during the critical contingency. The plan was effective in this regard.

Extent to which the Information Guide achieves the purpose of the Regulations

The Information Guide assisted in achieving the purpose of the regulations by ensuring timely and accurate information flowed from us to the key industry stakeholders to keep them informed of the situation and provide them with opportunities to assess where wider intervention, collaboration and communications may be required to assist in mitigating the severity of the critical contingency.

Identified amendments to better achieve the purpose of the Regulations

Amendments to contents and process for issuing notices

There was a delay of approximately 5 hours between the issue of our CC termination notice and the corresponding TSOs notices. This and other issues relating to amendments to the contents and process for issuing notices is already addressed in recommendation 4 of the our Performance Report on the Maui Pipeline Outage. This recommendation is currently being addressed.

Communication with Transpower and electricity generators during critical contingencies

Recommendations 5 and 6 of our Performance Report on the Maui Pipeline Outage identified improvements that could be made in this area. These improvements were implemented prior to this critical contingency and were deployed successfully during the event. The improvements will be formally included in the amended CCO Information Guide.

Communication with Large Consumers

It is the current arrangement for the TSOs to communicate direct with Large Consumers. However it would be beneficial if similar arrangements to those described above were deployed for direct communications between the CCO and the remaining two Large Consumers at Methanex New Zealand Limited and Ballance Agri-Nutrients Limited.

Recommendation 1

CCO to liaise with Methanex New Zealand Limited and Ballance Agri-Nutrients Limited to put similar direct communications steps in place, update the CCO Information Guide to describe the amended processes, revise operational check lists and update the CCO contacts database. CCO to coordinate with the TSOs regarding any corresponding amendments required in the CCMPs.

VECTOR GAS AS TRANSMISSION SYSTEM OWNER'S COMPLIANCE WITH THE REGULATIONS

This section assesses compliance with the Regulations by Vector Gas, in its capacity as transmission system owner.

In the table that follows we have listed Vector Gas's obligations under the Regulations and noted our assessment of its compliance with those obligations.

TABLE 5

VECTOR GAS AS TRANSMISSION SYSTEM OWNER'S COMPLIANCE WITH THE REGULATIONS

CCM Regulations	Obligations	Responsible Role	Compliant [Yes/No/ Explain]	Comment
Reg 24 and 25	Prior to CC, TSO must prepare a CC Management plan Management plan must contain specific information	Vector Gas as TSO	Yes	Published on Oatis
Reg 38	TSO must provide transmission system information to CCO – eg amount of gas in system, technical pipeline information etc.	Vector Gas as TSO	Yes	SCADA OATIS
Reg 54	If CC declared, TSO must comply with CCO directions and issue directions (as set by CCO) on to retailers and large customers in accordance with Management Plan and Communication Plan.	Vector Gas as TSO	Yes	TSO Critical Contingency Management Process
Reg 65 and 66	TSO must assist CCO in preparing performance report following CC. If report recommends alterations to CCMP, TSO must prepare amended Plan, consult (in accord with Reg 26) and submit Plan to GIC for approval.	Vector Gas as TSO	Yes	
Reg 67	Nominate industry expert to determine CC price by 09 March 2012 (optional).	Vector Gas as TSO	Yes	
Reg 72	TSO can make submissions on proposed CC price notified by industry expert. TSOs have 5 days after receiving notice of	Vector Gas as TSO	N/A	Date not yet passed

CCM Regulations	Obligations	Responsible Role	Compliant [Yes/No/ Explain]	Comment
	proposed CC price to make submissions.			
Reg 74/75	TSO must determine CC imbalances for affected parties by 23 May 2012. TSO must apply calculation methodology set out in r 75. Methodology set out in CCM Regulations and Management Plans (Vector at Appendix 8).	Vector Gas as TSO	N/A	Date not yet passed
Reg 77	TSO must provide GIC CC imbalances (and assoc info) by 24 May 2012.	Vector Gas as TSO	N/A	Date not yet passed

VECTOR GAS'S CRITICAL CONTINGENCY MANAGEMENT PLAN

Transmission System Owners' Critical Contingency Management Plans (CCMPs) are prepared by the TSOs and include the contents defined in Regulation 25. They are approved by the industry body under Regulation 30 or Regulation 31 in consultation with us.

Effectiveness

All processes, procedures and communications detailed in Vector Gas CCMP were fully employed during the critical contingency. The CCMP is designed to underpin the Regulations and to set out information flows between us and Vector Gas and between Vector Gas and identified affected parties during a critical contingency to ensure compliance with the Regulations is achieved. The CCMP was effective in this regard.

Extent to which it achieves the purpose of the Regulations

The purpose of the Regulations is to ensure long-term security of supply is not compromised. This is achieved by ensuring that the transmission system remains stable at all times by managing demand levels to avoid the critical contingency threshold pressure limits being breached. This in turn ensures that supply continuity to connected gas distribution networks is secured. The Vector Gas CCMP assisted in achieving this purpose by ensuring timely and accurate information flowed from Vector Gas to the identified affected parties to keep them informed of the situation and to take the actions required of them under the Regulations.

Identified amendments to better achieve the purpose of the Regulations

Amendments to contents and process for issuing notices

There was a delay of approximately 5 hours between the issue of our CC termination notice and the corresponding Vector Gas notices. This and other issues relating to amendments to the contents and process for issuing notices is already addressed in recommendation 8 of the our Performance Report on the Maui Pipeline Outage. This recommendation is currently being addressed.

Communication with Large Consumers

Recommendation 1 refers to proposed improvements in the way the CCO communicates direct with Ballance Agri-Nutrients Limited.

Recommendation 2

Vector Gas to coordinate with the CCO and include any associated amendments required regarding communications with Ballance Agri-Nutrients Limited in an amended version of the CCMP.

TABLE 6

VECTOR GAS'S CRITICAL CONTINGENCY MANAGEMENT PLAN

Vector CC Management Plan	Obligations	Responsible Role	Compliant [Yes/No/ Explain]
Para 3.3	Vector to post notices on OATIS. Notification of notices posted on OATIS to be sent to affected parties by SMS and/or email.	Vector Gas as TSO	Yes
Para 3.4 – 3.5	CCO to give notice of declaration of CC to Vector and Vector is to communicate notice to all parties listed in Appendix 4. Communications to be made in accordance with process flow chart in appendix 1. All other notices issued during the CC will be notified to same parties in same way. Communications to be made in accordance with process flow chart in appendix 2.	Vector Gas as TSO	Yes
Para 3.5	Vector will receive updates from affected parties. Vector will pass these communications to CCO as soon as practicable.	Vector Gas as TSO	Yes
Para 3.6	CCO to give notice of termination of CC to Vector and Vector is to communicate notice to all parties listed in Appendix 4. Communications to be made in accordance with process flow chart in appendix 3.	Vector Gas as TSO	Yes
Para 3.7	Vector to communicate with CCO by phone or by email.	Vector Gas as TSO	Yes

MDL COMPLIANCE WITH THE REGULATIONS

This section assesses compliance with the Regulations contained in Part 3 of the Regulations.

In the table that follows we have listed MDL obligations under the Regulations and noted our assessment of its compliance with those obligations.

We note that all respondents who assessed MDL compliance with the Regulations indicated they believed that MDL was fully compliant.

TABLE 7

MDL COMPLIANCE WITH THE REGULATIONS

CCM Regulations	Obligations	Responsible Role	Compliant [Yes/No/ Explain]	Comment
Reg 24 and 25	Prior to CC, TSO must prepare a CC Management plan Management plan must contain specific information	MDL	Yes	Published on Oatis
Reg 38	TSO must provide transmission system information to CCO – eg amount of gas in system, technical pipeline information etc.	Vector Gas as Technical Operator for MDL	Yes	SCADA OATIS
Reg 54	If CC declared, TSO must comply with CCO directions and issue directions (as set by CCO) on to retailers and large customers in accordance with Management Plan and Communication Plan.	Vector Gas as Technical Operator for MDL	Yes	TSO Critical Contingency Management Process
Reg 65	TSO must assist CCO in preparing performance report following CC. If report recommends alterations to CCMP, TSO must prepare amended Plan, consult (in accord with Reg 26) and submit Plan to GIC for approval.	Vector Gas as Technical Operator for MDL	Yes	
Reg 67	Nominate industry expert to determine CC price by 09 March 2012 (optional).	MDL	Yes	
Reg 72	TSO can make submissions on proposed CC price notified by industry expert. TSOs have 5 days after receiving notice of proposed CC price to make submissions.	MDL	N/A	Date not yet passed

CCM Regulations	Obligations	Responsible Role	Compliant [Yes/No/ Explain]	Comment
Reg 74/75	TSO must determine CC imbalances for affected parties by 23 May 2012. TSO must apply calculation methodology set out in r 75. Methodology set out in CCM Regulations and Management Plans (MDL at section 5).	MDL	N/A	Date not yet passed
Reg 77	TSO must provide GIC CC imbalances (and assoc info) by 24 May 2012.	MDL	N/A	Date not yet passed

MDL CCMP

Transmission System Owners (TSOs) Critical Contingency Management Plans (CCMPs) are prepared by the TSOs and include the contents defined in Regulation 25. They are approved by the industry body under Regulation 30 or Regulation 31 in consultation with us.

Effectiveness

All processes, procedures and communications detailed in the MDL CCMP were employed during the critical contingency. The CCMP is designed to underpin the Regulations and to set out information flows between the MDL and the CCO and between MDL and identified affected parties during a critical contingency to ensure compliance with the Regulations is achieved. The CCMP was effective in this regard.

Extent to which it achieves the purpose of the Regulations

The purpose of the Regulations is to ensure long-term security of supply is not compromised. This is achieved by ensuring that the transmission system remains stable at all times by managing demand levels to avoid the critical contingency threshold pressure limits being breached. This in turn ensures that supply continuity to connected gas distribution networks is secured. The MDL CCMP assisted in achieving this purpose by ensuring timely and accurate information flowed from MDL to the identified affected parties to keep them informed of the situation and to take the actions required of them under the Regulations.

Identified amendments to better achieve the purpose of the Regulations

Amendments to contents and process for issuing notices

There was a delay of approximately 5 hours between the issue of our CC termination notice and the corresponding MDL notices. This and other issues relating to amendments to the contents and process for issuing notices is already addressed in recommendation 11 of the our Performance Report on the Maui Pipeline Outage. This recommendation is currently being addressed.

Communication with Large Consumers

Recommendation 1 refers to proposed improvements in the way the CCO communicates direct with Methanex New Zealand Limited.

Recommendation 3

MDL to coordinate with the CCO and include any associated amendments required regarding communications with Methanex New Zealand Limited in an amended version of the CCMP.

TABLE 8

MDL'S CRITICAL CONTINGENCY MANAGEMENT PLANS

MDL CC Management Plan	Obligations	Responsible Role	Compliant [Yes/No/ Explain]
Para 2.1	If an (Pipeline) Emergency, (Pipeline) Contingency Event, FM event or interruption under s15 of MPOC occurs and is likely to breach CC threshold, Vector (on behalf of MDL[5]) to inform CCO.	Vector Gas as Technical Operator for MDL	Yes
Para 3.2	Vector/MDL to post notices on OATIS and affected parties to be informed of notice posted on OATIS by text and/or email. Urgent notices to CCO to be communicated by phone or email.	Vector Gas as Technical Operator for MDL	Yes
Para 3.3	MDL/Vector to send notice of declaration of CC to affected parties as soon as practicable.	Vector Gas as Technical Operator for MDL	Yes
Para 3.4	CCO will give notices during CC to MDL/Vector and MDL/Vector is to communicate notice to all parties.	Vector Gas as Technical Operator for MDL	Yes
Para 3.4	MDL/Vector will receive communications from other parties (eg Welded Parties), MDL/Vector to pass communications onto CCO.	Vector Gas as Technical Operator for MDL	Yes
Reg 3.5	CCO to give notice terminating CC to MDL/Vector, MDL/Vector to give notice of termination to affected parties.	Vector Gas as Technical Operator for MDL	Yes

[5] The MDL CCMP places communication obligations on MDL. However, under the System Operator Agreement, Vector performs these communications. See System Operator Agreement (2010) at Sch2, 1(e).

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.

It is noted that all respondents who assessed the effectiveness of the Regulations broadly indicated they believed they were effective and achieved the purpose of the Regulations. Some respondents made comments on where the Regulations could be amended to better serve the purpose of the Regulations.

Effectiveness

The Regulations and their application by those parties with obligations under the Regulations were effective.

Extent to which the Regulations achieve the purpose of the Regulations

The Regulations and their application by those parties with obligations under the Regulations fully achieved the purpose of the Regulations.

Identified amendments to better achieve the purpose of the Regulations

No amendments were identified during the event that have not previously been identified in our recently published Performance Report on the Maui pipeline outage.

CONCLUSION

Our conclusion is that overall, that system worked well and achieved the purposes for which it was designed.

We would like to take this opportunity to acknowledge assistance we received from many parties before, during and after the outage who all contributed to this positive outcome.

David Worsnop
Group General Manager Service Delivery

Steve Ilkovics
Critical Contingency Operator