

Welcome to Gas Industry Co's *News Bulletin*, a periodic advisory of new and current consultations, workstream developments, publications and presentations.

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## Gas Transmission Security and Reliability Update released.

Gas Industry Co has today published the document *Security and Reliability Update (S&R Update)* following the release of earlier documents in April 2016: *Gas Transmission Security and Reliability Issues Paper (Issues Paper)* and an *Analysis of Submissions* on that paper.

During the review of security and reliability (S&R), the two gas transmission systems came under the single ownership of First Gas Limited. As part of its submission on the *Issues Paper*, First Gas noted the importance of S&R to its business, and its desire to improve related communications, including continued constructive discussions with Gas industry Co, shippers and end-users. This was borne out by First Gas engaging widely with stakeholders in the course of preparing its initial *Asset Management Plan (New AMP)*, including an update on key projects.

The *S&R Update* paper reviews how matters now stand in relation to S&R, including an assessment of First Gas's New AMP, and other S&R-related developments. All documents referred to in this article are available on our website [here](#).

### Background

The April 2016 *Issues Paper* focussed on security and reliability of the gas transmission system:

- introducing key gas transmission S&R concepts;
- reviewing available security and reliability information for each transmission system;
- discussing current commercial and regulatory arrangements for gas transmission that support S&R;
- analysing what is required to achieve effective gas transmission S&R and considering whether all of those elements are present in current New Zealand arrangements; and
- drawing conclusions from the preceding analysis and proposing a number of action points.

[> Read more](#)

## Gas Transmission Access Code workshop presentations available.

The paper *Gas Transmission Access Code Development: Proposed Decisions and Next Steps* by First Gas Limited was discussed at a workshop on 28 February 2017. The *Proposed Decisions and Next Steps* paper, and the presentations from the workshop by Gas Industry Co and First Gas are available on our website [here](#).

Gas Industry Co and First Gas are co-leading the development of a single new gas transmission access code. As part of that, Gas Industry Co issued a paper in September 2016 entitled *Gas Transmission Access: Single Code Options Paper Part 1 (SCOP1)*, and First Gas issued a paper in November 2016 entitled *Gas Transmission Access: Single Code Options Paper (SCOP2)*.

The purpose of *SCOP2* was to explore the options for shaping a single new Gas Transmission Access Code (GTAC) to replace the Maui Pipeline Operating Code and the Vector Transmission Code. *SCOP2* focused on decisions that are important to establishing the direction for the new code and the IT system to implement it.

All the documents referred to above and previous workshop presentations are available on our website.

[> Read more](#)

## Market-based balancing next steps.

In our 17 February News Bulletin we released an *Analysis of Submissions on Review of Market-Based Balancing (MBB Review Submissions Analysis)*. The *MBB Review Submissions Analysis* found that most submitters considered Gas Industry Co's approach to the analysis was reasonable and helpful, with some submitters suggesting further analysis was needed. Submitters generally agreed with the findings of the paper that balancing had substantially improved, but they had different views on whether the efficiency improvements anticipated in the cost benefit analysis (CBA) supporting MBB had been achieved. In particular, several submitters believed that the cost of implementing MBB exceeded the allowance made in the CBA.

The costs of implementing MBB are likely to be substantially 'sunk', and therefore not relevant to future decisions. However, we believe that there is value in finding out if the CBA did underestimate these costs. This might help inform future CBAs. As part of the next steps in the *MBB Submissions Analysis*, we have therefore written to retailers requesting information about the incremental costs of implementing MBB.

The *MBB Review*, submissions received, and the *MBB Review Submissions Analysis*, are available [here](#).

## Critical Contingency Operator – Annual Industry Exercise in April.

The Critical Contingency Operator (CCO) will be running its Annual Industry Exercise on 11 April 2017 to test the First Gas Ltd Critical Contingency Management Plan (CCMP).

The CCMP was prepared by First Gas in compliance with its obligation as the Transmission System Owner (TSO) under the Gas Governance (Critical Contingency Management) Regulations 2008. Following review by an expert adviser, Gas Industry Co approved the CCMP on 22 February 2017. It is published on the CCO's website [here](#).

In preparation for the annual industry exercise, the CCO will conduct the following training sessions during March in Auckland, Wellington and New Plymouth.

Location	Venue	Date	Time
Auckland	Genesis Energy 660 Great South Rd Ellerslie	Tuesday 14 March 2017	1.00 – 3.00pm
Wellington	Gas Industry Company Level 8, The Todd Building 95 Customhouse Quay	Wednesday 15 March 2017	10.00 – 12.00pm
New Plymouth	First Gas Ltd 42 Connett Road West Bell Block	Tuesday 21 March 2017	10.00 – 12.00pm

To attend one of the sessions above or to find out more, please respond directly to the CCO [here](#). The Participant's Brief which provides details of the exercise and how to participate is available on the CCO website [here](#).

## Consumer switching numbers for February 2017 available.

The Gas Registry statistics recording [gas consumer switching numbers for February 2017](#) are available. There were 3,917 customer switches completed during February. This was 770 more switches in February than in January 2017.

Switching rates have been over 18% for more than two years. Switching times have fallen markedly in the past two years. At the start of 2015, switches took a little over six days, on average. It now takes an average of two business days for a switch to be completed.

If you wish to discuss any aspect of this Bulletin, please contact us at [info@gasindustry.co.nz](mailto:info@gasindustry.co.nz) or 04-4721800

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