

20 November 2013

CCO APPOINTMENT

Core Group appointed as Critical Contingency Operator

Gas Industry Co is pleased to advise that, following a competitive tender process, it has selected New Plymouth-based Core Group to be the next Critical Contingency Operator (CCO) under the Gas (Critical Contingency Management) Regulations 2008 (Regulations).

Core Group will assume the role from Vector Gas Limited (Vector Gas), which was appointed as the inaugural CCO, as required by the Regulations, for a five-year term.

Vector Gas was offered the opportunity to roll the contract over for a further two years at the prevailing terms, conditions and price. Vector Gas responded that it wished to decline the offer, citing both the proposed expansion of the CCO role and its expectation that the CCO role would be contested after the initial five years. A number of proposals were received and evaluated with input from an industry panel. The Core Group proposal was considered to provide the best combination of services and price.

A Service Provider Agreement (SPA) concluded with Core Group on 20 November 2013 will appoint Core Group as CCO on 1 March 2014, following a hand over period. Although the tender process was competitive, costs under the new SPA will represent approximately a 35% increase over previously budgeted CCO costs.

Stakeholders should be aware that Vector Gas continues in the role of CCO until the handover is complete. Gas Industry Co will announce when Core Group takes over as the CCO.

In the meantime, Core Group will be establishing its communication systems and associated infrastructure. As part of this process, information held by the current CCO regarding historical loads, curtailment bands, and deferred curtailment arrangements will be transferred to Core Group as CCO-designate. It is likely that Core Group will test its communication arrangements during the handover period, including by sending test emails and text messages. Gas Industry Co requests stakeholders' cooperation and participation in this process.

As part of the handover arrangements, Gas Industry Co will be hosting a familiarisation session for stakeholders that will introduce Core Group and highlight key forthcoming changes to the Regulations. This session is anticipated to be held on 12 December 2013 in Wellington, and further information on it will be released closer to the time.

I am sure you will join me in welcoming Core Group to the role, and I am confident that you will provide them with your full support, to ensure the broader industry remains well prepared for any future critical contingencies.

Although Vector Gas will continue as CCO for several months, I would like to take this opportunity to thank Vector Gas, and especially the CCO team, for their efforts over the years. In particular, the work that was put into establishing the CCO role was commendable and underpinned the effective management of the most severe outage in the history of the New Zealand gas industry in October 2011.

About Core Group

[Core Group](#) is an integrated engineering, project management, and field services company, specialising in the provision of asset integrity management services to the oil, gas and pipeline industries. Incorporated in 2008, it employs 35 people across its main disciplines of pipeline integrity management, pipeline and plant maintenance, project management and supervision, engineering design, and GIS services. Its team includes chartered and professional engineers, professional project managers, supervisors and qualified technicians. It is a corporate member of the Australian Pipeline Industry Association (APIA) and the Australian Corrosion Association (ACA).

Importantly, the principals at Core Group are very familiar with the CCO role, having previously helped to provide the CCO function for Vector Gas and its predecessors, and having direct hands-on critical contingency management experience prior to the inception of the CCM Regulations.

Steve Bielby
Chief Executive