

CRITICAL CONTINGENCY MANAGEMENT – FAQ’s

What is a critical contingency?

A critical contingency generally occurs when gas supply is disrupted to all or part of the natural gas transmission system. Such a disruption can be caused by an outage in a gas production station that prevents gas from being injected into the transmission system or a fault (e.g. a leak or breakage) in a transmission pipeline that prevents gas from being delivered into or from the pipeline.

The pressure in the transmission system needs to be kept within a specific range, and a mismatch between gas demand and gas supply can cause gas pressures to drop. If the gas pressure drops to a level that jeopardises the safe delivery of gas, this in turn triggers a critical contingency to be declared under the Gas Governance (Critical Contingency Management) Regulations 2008 (the Regulations.). The Regulations provide for specific the gas pressure threshold limits to be set by the transmission system owner.

What happens during a critical contingency?

The Critical Contingency Operator (CCO) has the responsibility under the Regulations for declaring and managing critical contingency situations. Once a critical contingency has been declared by the CCO, his objective is to stabilise pressures and gas supply on the affected parts of the transmission system. Stabilising pressure is important, because if gas pressure drops too low – if the pipeline is effectively sucked dry of gas – then restoring full gas supply to the affected downstream networks can take a very long time (possibly months).

The main tool that the CCO has in managing pipeline pressure is the ability to require industrial and commercial gas users to stop using gas on the affected parts of the transmission pipeline. The CCO’s directions are relayed to retailers, who in turn instruct their customers to cease their gas usage as soon as possible.

The CCO manages pipeline pressure so that, when the fault causing the critical contingency is repaired, the supply of gas can be restored as quickly as possible.

Gas Industry Co has appointed Vector Limited to fulfil the role of the CCO (see further detail below).

My gas retailer has told me I need to stop using gas. Do I have to?

Yes.

If the CCO or your retailer has asked you to reduce or totally stop your gas use, you must comply with the request.

Once a declaration is made by the CCO, the Regulations enable the CCO to direct curtailment of gas use on any part of the system so as to manage gas pressure and gas supply on the affected parts of the transmission system.

What happens if I don't?

If people fail to comply with curtailment requests from their retailers, then there is a risk that the CCO will be unable to stabilise the pressure in the transmission system. Ultimately, there could be a total loss of gas supply to all consumers and the need for months of restoration work as qualified gas fitters will be required to visit every consumer's home or premises to reactivate supply (purging gas lines, relighting pilot lights, etc).

The curtailment instructions given by the CCO, and passed on by retailers to their customers, are carefully calculated to balance the needs of customers to continue operating, and the need for the CCO to maintain adequate pressure on the transmission system.

Compliance with curtailment instructions from the CCO, either given directly or through a retailer, is required under the Regulations. Persons who consider that the Regulations are not being complied with can allege a breach of the Regulations to Gas Industry Co (there is a form [here](#) for that purpose). Alleged breaches will be referred for enforcement action under the Gas Governance (Compliance) Regulations 2008.

I use gas at my home. Am I covered by the Regulations?

No. Domestic (residential) gas users are not covered by the Regulations and so cannot be directed to stop their gas use. However, a critical contingency may be of such severity that domestic users may be asked to decrease their gas use on a voluntary basis during a critical contingency.

What if I need to use gas for safety reasons?

Under the Regulations, you are not required to comply with a direction made during a critical contingency if it would unreasonably endanger the life or safety of you or anyone else.

I have been told I am in a "band" that requires me to curtail. What does that mean?

Under the Regulations, gas users are separated into bands depending on the level of their gas usage. These are set out in the table below:

Curtailment Band	Consumption in Terajoules (TJ)	Description
0	N/A	Gas off taken for injection into storage
1a	More than 15TJ per day	Consumers (excluding essential service providers) supplied directly from the transmission system and that have an alternative fuel capability. If minimum load consumer then manage wind-down of plant
1b	More than 15TJ per day	Consumers (excluding essential service providers) supplied directly from the transmission system and that do not have an alternative fuel capability. If minimum load consumer then manage wind-down of plant
2	More than 10TJ per annum and up to 15TJ per day	Consumers (excluding essential service providers) with alternative fuel capability. If minimum load consumer then manage wind-down of plant
3	More than 10TJ per annum and up to 15TJ per day	Consumers (excluding essential service providers) without alternative fuel capability. If minimum load consumer then manage wind-down of plant

Curtailment Band	Consumption in Terajoules (TJ)	Description
4	More than 2TJ per annum and up to 10TJ per annum	Consumers, excluding essential service providers. Minimal load consumers in curtailment bands 1a to 3 curtailed in full
5	More than 2TJ per annum	Essential service providers
6	2TJ or less per annum	All remaining consumers (this does not include domestic consumers as domestic consumers are not covered by the Regulations)

Who are essential service providers?

The Regulations provide for certain classes of consumers to be designated as essential service providers, by application in writing to their retailer. An example of a gas consumer that may qualify as an essential service provider could be a hospital.

If you believe that you should be classified as an essential service provider, you should contact your retailer.

Essential service providers are in Band 5, and so are likely to be curtailed later and to be restored earlier than would otherwise be the case. However, it is important to note that in a situation where the CCO needs to curtail all bands, it is likely that service providers may not be able to be supplied. Even though gas outages significant enough to trigger critical contingencies are rare events, Gas Industry Co strongly suggests that organisations with a critical dependency should have alternative arrangements in place. [Click here for Guidelines for Essential Services and Minimal Load users.](#)

What does minimal load consumer mean?

The Regulations provide for the designation of certain consumers as minimal load consumers. This means consumers who require a minimal amount of gas during a critical contingency in order to avoid serious damage to their plant, or to mitigate serious environmental damage, while completing orderly full shut- down of plant in the shortest time possible.

If you believe that you should be classified as minimal load consumer, you should contact your retailer.

Again, it is prudent for gas users not to rely on this provision. In a serious critical contingency, it may not be possible for the CCO to allow minimal load users to keep taking gas, even at low levels. Even though gas outages significant enough to trigger critical contingencies are rare events, users with a critical dependency should have alternative arrangements in place. [Click here for Guidelines for Essential Services and Minimal Load users.](#)

When can I start using gas again?

The Regulations set out the process for the restoration of supply and the termination of a critical contingency by the CCO.

You will be advised by the CCO or your retailer when you can resume use of gas.

What does Gas Industry Co do?

Gas Industry Co is the industry body approved under the Gas Act 1992 to design and administer governance arrangements for the gas industry, including arrangements for the management of critical gas outages on the two gas transmission pipeline systems (Maui and Vector). Gas Industry Co administers the Regulations.

Who is the CCO?

Under the Regulations, Gas Industry Co has appointed Vector Limited to fulfil the role of the independent CCO. The role of the CCO is to monitor the operating conditions of the gas transmission pipelines and to declare and manage critical contingencies.

What are gas transmission pipelines?

Gas transmission pipelines transport natural gas at high pressures from Taranaki to towns and cities around the North Island.

There are two interconnected pipelines that work together to provide transmission services. One pipeline system is owned by Vector Limited; the other by Maui Development Limited (which is owned by Shell, OMV and Todd Petroleum). Vector Limited provides system operation services to both pipelines. A schematic of the transmission pipelines in the North Island can be found [here](#)

Where can I get further information?

If you have any queries about critical contingencies, please contact your gas retailer.

A link to the Regulations can be found [here](#).

The CCO notices are published in the 'critical notices' section of the CCO website at <https://www.oatis.co.nz/Ngc.Oatis.Ul.Web.Internet/Common/OatisLogin.aspx>. This site has full public access and no log-in details are required. The CCO publishes regular supplementary information and status update notices in the 'other notices' section of the CCO website during a critical contingency.

The CCO website also contains all related documentation, publications and resources about the critical contingency process. Details about any current critical contingencies are available at 0800-CCO-123 (toll free).