



Shell New Zealand (2011) Ltd

ASB Tower, , Level 10

2 Hunter Street

PO Box 1873

Wellington 6140

New Zealand

Internet www.shell.co.nz

23 June 2017

Gas Industry Company
95 Customhouse Quay
WELLINGTON

Attn: Ian Wilson

Dear Ian,

Gas Transmission Access Code Development- May 2017 “Emerging Views” Paper

I provide our submission on First Gas May 2017 “Emerging Views” paper, attached.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Murray Jackson', is centered below the closing text.

Murray Jackson



ATTACHMENT: SUBMISSION on First Gas' May 2017 paper:

Gas Transmission Access Code Development: Emerging Views on Detailed Design of Access Products, Pricing, Balancing and Allocation

Question	Response
Q1: Are any aspects of the detailed design missing?	<p>Provide protocol for establishment of Approved Nominations and Scheduled Quantity including:</p> <ul style="list-style-type: none">• Provide ability to selectively approve or reject provisional nominations (per MPOC)• Establish “Lessor of” rule when establishing final Scheduled Quantity from provisional SQs.• All nominations at welded points should be provisional until confirmed by both operators;• Retain ability of a Welded Point (injection or delivery) to curtail in event of unforeseen operational problem• Specify ID nominations to operate on a schedule (as per MPOC), four ID cycles should be sufficient. <p>Allocation and Balancing, we seek</p> <ul style="list-style-type: none">• Establishment of a default rule for allocation in absence of agreement (pro-rata or OBA)• Clarification of responsibility for mismatch and balancing charges at each WP, if any;• Clarification of shipper and welded party obligations for daily balancing (suggest use UK shipper licence requirements)• Quantification of balancing incentives (examples)• Verification to ensure balancing incentives are sufficiently strong, and protocol for Park and Loan adequately defined, to ensure reasonably stable pipeline pressure,• Review of the practicality of any Park and Loan Service given the limited linepack flexibility available. Ensure the required balancing incentives to make this service viable are not excessive.• Confirmation that receipt point nominations will not be “chained” to delivery nominations so that curtailment of any welded point will not affect the standing of scheduled quantity of any other welded point. <p>Other:</p> <ul style="list-style-type: none">• Define Day in New Zealand standard time (per MPOC), consider moving commencement of Day to 9am rather than midnight;• Confirm pressure limit in Taranaki to be less than or equal to 48 bar g at Bertrand Road.

Question	Response
<p>Q2: Have any options been missed for addressing any specific aspects of the design (e.g. access products, pricing, balancing, Allocation)</p>	<p>Retain operational flexibility, e.g. to allow a WP to agree a profile with pipeline to allow for start-up & shutdown etc, Given the limited pipeline linepack flexibility, the Park and Loan mechanism does not look to be an adequate substitute for this service. We are concerned that the Park and Loan service will get in the way of flexibility enjoyed between operators (producers, users, and pipeline) since 1980.</p> <p>We are concerned about sustainability of postage stamp pricing, notwithstanding any transition measures that are provided to avoid pricing “shock”. We seek:</p> <ul style="list-style-type: none"> • quantification of prospective tariffs for each zone as soon as practicable (initial estimates). • distance based pricing within each zone (\$/GJ/km)
<p>Q3: What are your preferences in the following areas of design: access products, pricing, balancing, allocation</p>	<p>See above: Generally, we seek designs that can be referenced to good international gas practice. This is important to ensure mechanisms are sustainable from a system perspective, with reduced risks in respect of IT project duration and cost.</p>
<p>Q4: Is any additional information required to support a full draft of the GTAC?</p>	<p>We will seek technical verification from prospective IT suppliers that the IT mechanisms proposed for GTAC implementation can be accommodated within existing designs that have been proven in operation, and that they do not require extraordinary bespoke modifications.</p> <p>We seek a full draft with all applicable elements to assess how the proposed GTAC works from a system perspective.</p> <p>We look forward to learning of First Gas’ proposal on Code Change Governance arrangements. We seek that code changes are required to be in accord with good international gas transmission practice. We see that compliance with Gas Act is not an adequate requirement on its own.</p>