

FIRST GAS INFORMATION PAPER

TO: Transmission Pipeline Stakeholders
FROM: First Gas
DATE: 7 June 2017
RE: **Initial Summary of GTAC IT Risks**

Introduction

The planned introduction of the Gas Transmission Access Code (GTAC) includes provision for the procurement and development of new pipeline transaction management software, which will replace the current OATIS system. Stakeholders have requested further information on the risks that have been identified with this IT procurement to date to inform submissions on the *Emerging Views on Detailed Design* paper released by First Gas in May 2017.¹

The schedule for the software procurement, development and implementation is aligned with a GTAC go-live date of 1 October 2018 and includes the following key milestones/stages:

- August 2017: Issue statement of requirements and RFP to vendors of “off the shelf” transaction management systems and developers of bespoke solutions
- September-December 2017: Evaluate and select preferred solution and provider
- January-September 2018: Implementation, counterparty system interfacing, user acceptance testing and training.

Several vendors with existing pipeline transaction management software packages have expressed interest in providing a solution. First Gas has been in contact with four providers (ESI, Quorum, Tieto, and Trellis), and has begun assessing the features of the software they offer. Our initial view is that the solutions offered can meet the requirements of the GTAC, although a degree of customisation in some areas will be needed. An important determinant of the preferred solution will be the degree of customisation required, and this will be examined in detail as part of the evaluation and selection process.

In addition, First Gas has been approached by companies with the capability to develop a bespoke solution. This possibility will be considered as part of the process to test the merits of creating a new bespoke solution, or revising and upgrading OATIS.

Risks

We have a high level of confidence that pipeline transaction management software that meets the core requirements of the GTAC is available or can be built. Pipeline transaction management software is in operation in many parts of the world, and the issues faced by First Gas in preparing requirements for the GTAC are not unique.

At this early stage of the procurement process, we have identified six categories of possible risk. A summary of these risks and our approach to mitigating each risk is set out below:

1. **Cost.** Overall, the acquisition cost of the software will be subject to a competitive RFP process. Beyond this, the main problems to watch for will be the cost of any customisation required for off the shelf packages, or an unexpected increase in development costs for bespoke solutions. These risks will be managed by careful preparation of the requirements document, attention to any possible cost increases at the time of the contract negotiation, and an emphasis on low software maintenance costs. Because requirements can change over

¹ Available here: <http://www.gasindustry.co.nz/work-programmes/transmission-pipeline-access/developing/gtac-workshop-17-may-2017/>

time, the package chosen will need to be flexible enough to accommodate later changes at a reasonable cost.

2. **Time delay.** Consultation with likely software vendors indicates that the schedule set out above is reasonable, can be met in the circumstances of the GTAC, and has been met on other transaction management system development and implementation projects. Attention will need to be paid to the amount of software customisation that will be required and factors that will extend development time, such as last minute changes. Delivery will be required well before the required implementation date to allow for training and integration with shipper systems and other systems used by pipeline users.
3. **Readiness of code provisions.** Most of the pipeline management issues faced by First Gas are not unique and are provided for in existing software packages. However, some of the design choices made in the GTAC and some non-core requirements could require significant extra development time and/or additional cost. The need for these features will be assessed against the cost and time required to provide them.
4. **Integration costs and risks.** Shippers' systems need to be integrated with the software package chosen. This will be managed by engaging with shippers early in 2018 about the package selected (file formats, connectivity, capability), and working through detailed training and integration processes before system go live.
5. **Updating requirements over time.** Adequate provision will need to be made for keeping the components of the software selected up to date. For packaged software, this process should be handled by the vendor's regular update and maintenance processes. For bespoke software, this will need to be handled by First Gas with an explicit process that ensures the system keeps pace with technology changes and industry developments.

General

One of the key requirements in developing and implementing the GTAC will be a close integration between the code development team and the team in charge of selecting and implementing the software. This is currently being ensured through staff members who are members of both teams.

We welcome comments or suggestions from shippers and stakeholders about our proposed IT procurement process and planning in submissions on the *Emerging Views on Detailed Design* paper due on 23 June 2017.