

## FIRST GAS INFORMATION PAPER

TO: Transmission Pipeline Stakeholders  
FROM: Ben Gerritsen  
DATE: 29 August 2017  
RE: **GTAC: Acquisition of Transaction Management Software**

---

### Introduction

The programme for procuring new transaction management software to support a new gas transmission access code (GTAC) was outlined in our Information Paper “Initial Summary of IT Risks” dated 2 June 2017 (the Initial IT Risks paper). That paper provided an initial assessment of the project risks and outlined the key dates in the procurement, evaluation, implementation and user acceptance processes. We have also issued a proposal to amend the MPOC to transition to the GTAC, which includes as a condition precedent that First Gas certifies that the required IT system will be ready ahead of the “go live” date.

The purpose of this note is to provide further information on the proposed process for procuring and implementing the GTAC IT system. We have tried to design a process that ensures that all parties are kept informed of progress, and to allow sufficient time for all parties to learn about the new system’s requirements, receive training on the new system, and develop their own systems to efficiently manage transactions and information flows. At the same time, we recognise that the procurement and implementation process still contains an element of risk. We believe that First Gas has strong incentives and is best placed to manage this risk.

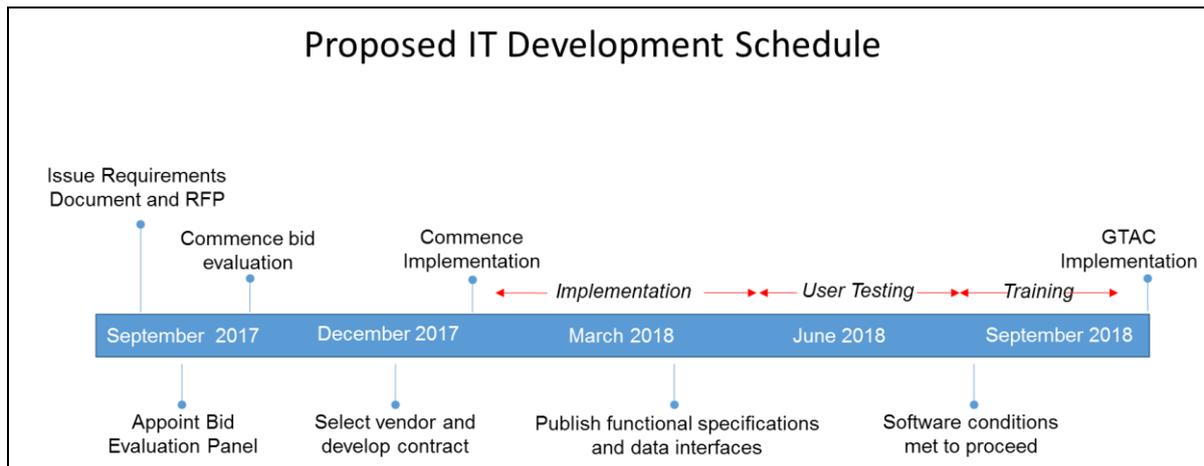
### Background

Since the Initial IT Risks paper was tabled, we have continued to stay in contact with the four software providers (ESI, Quorum, Tieto and Trellis), who we consider capable of providing a “packaged” software solution that can be used to meet the requirements of the GTAC. We are now further along in the process of developing the specific provisions of the GTAC, and continue to narrow down the range of uncertainty associated with the form of code provisions. This will allow us to commence the formal process of selecting the vendor for the software required to implement the GTAC.

The requirements for managing transactions and information flows for a gas transmission system are not unique. The same requirements have been faced in other parts of the world and robust, professional software solutions have been developed to meet those requirements. Our discussions with potential software vendors to date have not uncovered any requirements for the GTAC that cannot be accommodated (albeit with some degree of system customisation). One of the main questions to be resolved as part of the procurement process is therefore how the requirements for customising existing systems are likely to impact on timing and costs.

### Schedule

The outline schedule for the IT procurement and implementation process is shown below. The timings of the different activities listed in 2018 and shown in italics are indicative only and will be the subject of discussion with the preferred vendor.



**Requirements Document:** We will shortly be completing a Requirements Document for the software. This will be used as a basis for the RFP that will be sent to the selected software vendors. It will provide a detailed specification of the software functionality we expect to procure, including options for system users to integrate their systems with the GTAC IT system. We will share this document with interested stakeholders and IT vendors for feedback.

**RFP and Bid Evaluation:** Software vendors will be asked to submit bids to provide and implement their software solution. These proposals will be evaluated by a Bid Evaluation Panel, which will recommend the software to be purchased to the First Gas management and Board. An important part of the bid assessment will be the support offered by the software vendor for the implementation process. The final decision on the software purchase contract will be made by First Gas. First Gas intends to get pipeline user input to ensure that users' views are represented during the selection process. either by seeking the appointment of a Shipper representative on the Bid Evaluation Panel or by forming a reference group to inform the evaluation.

**Implementation:** Because we intend to purchase packaged software, we will be able to provide information to pipeline users on the selected software early in 2018. This is expected to include descriptions of the operation of the software, the standard reports available, and the standard data interfaces. Specific data relating to First Gas' pipelines will need to be loaded and any required customisation carried out after the selection is made. At this time, we will also be seeking user's views on areas where the data provided by the software can be improved and where the addition of extra reports will be useful.

**User testing:** We will be asking users to test the operation of the software once the initial configuration has been completed. This will enable any problem areas to be located and addressed during the implementation period.

**Training:** We will be providing training sessions for anyone required to use the software. These sessions will be conducted prior to the implementation date.

**Certification of IT Readiness**

One of the procedural requirements of the MPOC change mentioned above and currently under consideration by the GIC is that First Gas must certify that the information technology systems required to implement the GTAC are fit for purpose and ready to be put into production on the date the GTAC is implemented. "Fit for purpose" in this context means that the IT system will be capable of carrying out the core functions required under the GTAC. First Gas' certification to this effect has to be issued at least 40 business days (approximately 2 months) before GTAC implementation. There are also other requirements that must be met at the same date before the GTAC can be introduced.

This process of certification, together with the other requirements that must be met, is intended as a final check that the introduction of the GTAC can proceed on the specified date. It does not mean that all the software implementation processes must be completed on the date the certificate is issued, but First Gas must certify that the software will be ready and fit for purpose on the GTAC introduction date. In fact, some implementation processes (such as final training) may not be completed on the date the certificate is issued.

The involvement of pipeline users will begin early in 2018 and last throughout the process of implementation and user testing. Our intention is to put the information necessary for Shippers to modify their own systems in their hands as soon as possible.

We have noted that Shippers have expressed concerns that they will not have enough time to modify and test the interface of their systems with the new software and in particular that the 40-business day period used to set the certification period was not enough. We have always intended that information would be made available to Shippers and other pipeline users as early in the implementation period as possible. However, to allay these concerns we will request the GIC to add a new condition to the MPOC change request which allows the termination of the MPOC and the commencement of the GTAC. This condition will require First Gas to publish the functional specifications and data interfaces of the software selected 120 business days before implementation. This should provide plenty of time for any changes needed to Shipper systems.

If there are serious problems with the software implementation schedule or with the other requirements for commencing the GTAC they are likely to be apparent well before the scheduled certification date in August 2018. If this happens, First Gas will notify any change in the scheduled GTAC commencement date as early as possible and will not wait for the certification date.

### **Schedule**

We believe the schedule for the IT implementation outlined in this paper is attainable and is in line with timeframe estimates presented to us by software vendors. We also believe that it provides adequate time for users to adjust their systems, and we will be relying on input from pipeline users to obtain the best possible result. We welcome any comments that parties have on this paper.