

## FIRST GAS INFORMATION PAPER

TO: Transmission Pipeline Stakeholders  
 FROM: First Gas  
 DATE: 15 November 2017  
 RE: **GTAC items deferred and TSO discretion**

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**Table 1 Items deferred till 2018**

Description	Comment
Park and Loan arrangements	Provides additional option for Shippers and OBA Parties. Needs to be defined alongside running mismatch tolerance when setting Balancing SOPs – i.e. to determine how available line pack is best distributed via tolerances and authorised imbalances
PR auction terms and conditions	Look at separating section 3.18 into two parts – clear product definition (in the code) and auction terms and conditions (outside the code). Also consider whether governance process for finalising auction terms and conditions is adequate, and how any compliance roles might be defined
Balancing SoPs (including running mismatch tolerances, and specific MHQs)	Consider setting out objectives, principles and process for setting these parameters given that they have commercial impacts on Shippers and interconnected parties. Detailed work of setting Line Pack limits and specific DQ/HQs will take place during 2018, considering the total line pack available to First Gas, how that can be impacted by imbalances and hourly flows, and how line pack should be reasonably allocated between tolerance and park and loan
Re-negotiation of supplementary agreements	To be renegotiated (where necessary) following GTAC approval on a case-by-case basis. Where any counterparty has specific questions prior to GTAC finalisation, they can contact First Gas for guidance
Gas Transmission Pricing Methodology (GTPM)	First Gas will develop a GTAC GTPM following GTAC approval that complies with section 2.4 of the GTB Information Disclosure Determination 2012. First Gas will consult on the GTPM prior to its finalisation and release on 30 June 2018 (3 months before the start of the gas year)
Interconnection policies	First Gas will develop a single interconnection policy following GTAC approval. The terms of ICAs are known in advance through the contents of section 7 of the GTAC and the template receipt and delivery point ICAs that have been published on the GIC website. The interconnection policy will therefore focus on process and will consider previous GIC work and guidance on interconnection issues

**Table 2 Matters where TSP has discretion**

Description	Comment
Discontinue transmission services at a delivery point or disestablish an uneconomic or unused delivery point, subject to specific criteria [s2.10 and s2.11]	FG to consider inserting an obligation to provide an estimate of ongoing opex costs
Add to or exclude any Receipt Point from a Receipt Zone, provided that 20 Business Days’ notice is given [s3.2]	FG to consider whether to consult on any proposed change or to go through GIC for approval of any change
Determine whether investment, Interruptible Capacity or PRs should occur at a Delivery Point [s3.4]	Should be amended to “and/or”
<del>If, how much, and on what terms, Interruptible Capacity should be offered [s3.4]</del>	Not an area of discretion
Eligibility criteria that an end-user willing to provide interruptible load must meet [s3.8]	OK
Terminate an Interruptible Agreement if the end-users fails to comply with a curtailment notice [s3.12]	OK
How many PRs will be offered (up to level of Available Operational Capacity) [s3.13], but must notify Shippers how FG determined the number [s3.18(b)]	Trustpower concerned with “up to”... consider that it should be “all”. FG to consider whether this is a matter best dealt with in the PR auction terms and conditions or GTAC
Define PRs as being applicable to a group of Congested Delivery Points [s3.16]	OK
Cancel any Scheduled PR Auction where it considers that the Delivery Point is no longer affected by congestion [s3.17]	OK
Determine that a Delivery Point ceases to be affected by congestion [s3.24]	OK
Approve a request for an Agreed Hourly Profile at a Dedicated Delivery Point, not to be unreasonably delayed or declined [s3.26]	<p>FG to consider providing more clarity on the criteria for considering and approving an AHP. GTAC should set out the reasons why FG cannot approve (e.g. adverse impacts on other parties)</p> <p>Concern around the notice period and having to go through the process again.</p> <p>FG will add “or other parties”.</p> <p>FG to consider implications for priority rights (if any)</p>
Suspend or cancel agreed hourly profiles, if it reasonably expects they might breach an Acceptable Line Pack Limit or require DNC or Supplementary Capacity to be curtailed [s3.27]	OK

The number of Intra-Day Cycles, provided that there are not less than four and that any change is subject to consultation and 60 Business Days' notice [s4.11]	OK
Determine that metering is not required for a Delivery Point where installation would be impractical or uneconomic and may require a Shipper using the delivery point to provide its Delivery Quantities [s5.2]	To align with Downstream Reconciliation Rules (i.e. "Subject to DRRs...")
Enter into a Supplementary Agreement that varies certain terms and conditions [s7.1]	Consider use of "and"
Enter into an Interruptible Agreement [s7.7]	OK
Determine line pack limits sufficient for it to provide all DNC and Supplementary Capacity while comply with Security Standard Criteria and the Code [s8.5]	OK
Determine what action is taken in the event that a breach of the Acceptable Line Pack Limit is likely without preventative action (except in the event of a CC, FM or Emergency) [s8.6]	FG to consider whether this provision should set out a hierarchy of responses. Also, since Line Pack Limits apply for the whole system, consider whether (a) should be deleted
Increase ERM charges on not less than five Business Days' notice where it reasonably believes these fees are not providing an appropriate incentive to remove ERM [s8.14]	FG to consider whether range/limits should apply, and/or whether these charges should only be changed via change request
Whether a park and loan service is offered and the aggregate quantities [s8.16 and 8.17]	FG to consider if the ability to offer park and loan should be subject to not adversely affecting other parties (as with AHPs). FG to also consider relationship with s8.22
Publish on OATIS the procedures for applications to store Parked Gas or take Loaned Gas [s8.18]	OK
Introduce procedures to allocate quantities of Parked Gas and/or Loaned Gas if the published aggregate quantities that may be accumulated or withdrawn are exceeded [s8.19(a)]	OK
Determine and notify on OATIS the prices payable to store Parked Gas and take Loaned Gas [s8.21]	OK
Curtail the injection of gas at a Receipt Point, the flow of gas through the transmission system or the taking of gas at a Delivery Point to the extent that it determines to be necessary in certain prescribed circumstances [s 9.1]	FG to consider whether (e)(i) should be deleted from definition of emergency
Undertaking of scheduled Maintenance on not less than 20 Business Days' prior notice and delay any scheduled Maintenance [s9.2]	FG to consider if consultation clock needs to reset if FG doesn't proceed with maintenance
Undertake unscheduled Maintenance by providing as much notice as is reasonably practicable [s9.3]	OK

<p>Issue an OFO to a Shipper (or Interconnected Party) to reduce that Shipper's (or Interconnected Party's) offtake of gas subject to specific events occurring [s9.5 and 9.6]</p>	<p>FG to again consider party best placed to receive and act on an OFO, and whether this is the interconnected party and dedicated delivery points and Shippers and network delivery points.</p> <p>FG to also consider "best endeavours" requirement on Shippers and/or describing steps in the process</p>
<p>Notify a Shipper or Interconnected Party of the proportionate reduction in their offtake or gas after an OFO is issued [s9.7 and 9.8]</p>	<p>Revisit considering comments above on ss9.5 &amp; 9.6</p>
<p>Curtail a Shipper's take of gas if a Shipper fails to comply with an OFO [s9.11]</p>	<p>Revisit considering comments above on ss9.5 &amp; 9.6</p>
<p>Curtail requests for capacity where Congestion would result from aggregate NQs (subject to Priority Rights); or issue an OFO or curtail capacity (subject to Priority Rights) if Congestion is in effect [s10.3]</p>	<p>OK</p>
<p>Change the multiplier that applies to Daily Overrun and Daily Underrun charges if the current multiplier is not providing Shippers with an appropriate incentive to maximise the accuracy of their NQs [s11.4]</p>	<p>FG to consider whether range/limits should apply, and/or whether these charges should only be changed via change request</p>
<p>Change the multiplier that applies to Hourly Overrun if the current multiplier is not providing Shippers with an appropriate incentive to avoid exceeding the HQ [s11.5]</p>	<p>FG to consider whether range/limits should apply, and/or whether these charges should only be changed via change request</p>
<p>Determine standard transmission fees annually in accordance with the transmission pricing methodology [s11.15]</p>	<p>OK</p>
<p>Decline to approve a recommended Change Request on the basis that the Change Request would breach the RPO obligation, require expenditure that could not be recovered, or affect current or future transmission services [s17.14]</p>	<p>FG to consider whether to add a requirement on FG to disclose estimated expenditure earlier in the change process</p>
<p>Ability to make a temporary change to the Code if it believes that such change is necessary to respond to unforeseen circumstance which threaten the integrity of, or the proper commercial operation of the Transmission System [s17.19]</p>	<p>Gas Industry Co to publish Guideline on how such change requests would be dealt with</p>
<p>Suspend transmission services if FG becomes aware that a Shipper is in breach of the Code if, in FG's opinion, that action is reasonably necessary to protect other Shippers or their use of the transmission system [s19.5]</p>	<p>OK</p>