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Sent via email: Ian.Wilson@gasindustry.co.nz

Dear Ian

Submission on GTAC Preliminary Assessment Paper

This is First Gas' submission on the GIC's consultation paper "*Preliminary Assessment of October 2018 Gas Transmission Access Code (GTAC)*", released on 5 December 2018. We commend the GIC on its Preliminary Assessment Paper. The paper provides robust, structured analysis that assures stakeholders that the GTAC development has been a considered process.

We would also like to thank stakeholders and the GIC for their continued time and commitment to the GTAC process. Over the latter half of 2018 we have engaged with stakeholders in an intensive manner to address the concerns raised by the GIC in their assessment of the previous iteration of the GTAC. We believe that this process has been successful, not only in eliciting responses from stakeholders on particular issues, but also in establishing a better shared understanding of the industry concerns relating to gas transmission access. While this process has required a great deal of effort, we think it has been wholly worthwhile.

It is not surprising that we agree with the GIC's assessment that the GTAC is materially better. We refer back to the objectives identified in the *Gas Transmission Access Code: Single Code Options Paper (SCOP2)* to outline our reasons for supporting the GIC's assessment:

- **Enable the use of gas:** Barriers to market entry will be lowered through the GTAC as annual capacity booking is removed and trading will be frictionless. We also see changes to the arrangements for interconnection and non-standard arrangements as facilitating new transmission customers to maximise use of the system;
- **Minimise the cost of transporting gas:** The GTAC pricing structure allows for users to pay for only what they need. Transaction costs between pipelines are removed;
- **Keep it simple:** Arrangements are clear, principled and consistent across the entire transmission system. While we accept that some aspects of the code are quite complex and technical, we have endeavoured to limit this complexity to where it is genuinely needed;
- **Ensure flexibility:** The GTAC provides a wide range of flexibility in terms of capacity booking, non-standard arrangements, tailored ICAs and choice over allocation methods at welded points; and
- **Increase transparency:** Information is public by default and a wide range of data can now be shared at granular levels.

We believe that through our work gas industry stakeholders, we have established a modern code that will ensure gas remains part of New Zealand's energy future. We have attached a completed submission template in **Attachment A** that responds to the specific questions posed by the GIC.

Please contact me on 04 381 8056 if you have any queries on the matters raised in our submission.

Yours faithfully



Angela Ogier
Transmission Commercial Manager