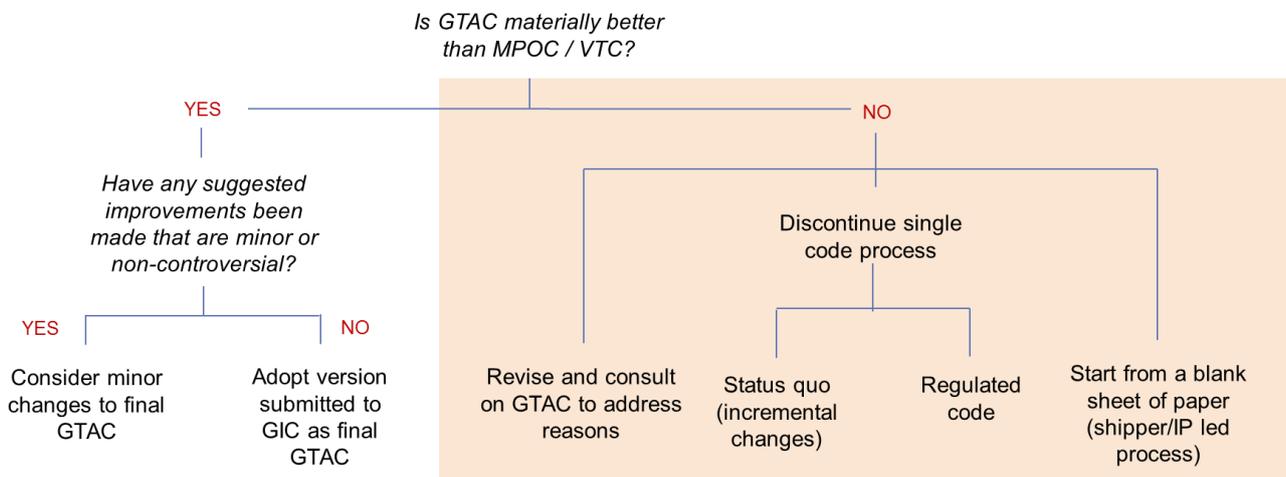


MEMORANDUM

TO: Pipeline Users
 FROM: First Gas
 DATE: 8 March 2018
 RE: **Supplementary Questions on GTAC Preliminary Assessment**

At the GTAC workshop on 1 March 2018, First Gas presented our initial response to the GIC's preliminary assessment of the Gas Transmission Access Code (GTAC). That presentation contained three supplementary questions to those presented in the preliminary assessment paper, which seek stakeholder input on whether and how to move forward with the process of developing a single gas transmission code. This note provides some further information that might help inform stakeholder views on next steps and formally asks stakeholders to respond to these questions in their submissions.

To help focus responses to the questions posed by First Gas, the figure below modifies the decision tree presented on 1 March 2018. The version presented below recognises that there may be 3 possible pathways forward if the final assessment concluding that the GTAC is not materially better than MPOC/VTC. One pathway is to revise and consult on the GTAC to address the reasons the GIC concluded it is not materially better (i.e. the red arrows). Another pathway is to discontinue work on a single code. This could allow incremental improvements to be made to the existing codes, but may lead to a regulated code depending on the regulatory response. The final pathway is to start from a blank sheet of paper and revisit single code arrangements from first principles. Given the amount of rework that we think would be involved, First Gas would not be prepared to lead that process – so we have labelled that pathway as a shipper/interconnected party led process in the figure below.



The three supplementary questions that we invite stakeholder views on are:

- **How far away from the materially better standard do you think we are?** For example, do you think we need to fundamentally re-work the access products and concepts; significantly re-work a few items and adjust a range of other items; adjust a range of items; or adjust a few key items?
- **How long do you think it will take to re-engage and achieve materially better?** For example, a similar amount of time as spent so far (August 2016 to November 2017); about half as much time as spent to date; six months; or three months? Do you have any views on an

appropriate go-live date for the new code, given the other steps involved (GIC assessment and IT implementation)?

- **Do you have any preferences on how the process should be run from here on in?** For example, in terms of the pathways shown in the decision tree above, should we revise and consult on the GTAC to address the reasons the GIC concluded it is not materially better, should we discontinue the process, or should we start from a blank sheet of paper? Should we use workshops like we have previously; focused work group sessions; one-on-one discussions; or a mix of the above?

First Gas remains committed to working with stakeholders to implement a single gas transmission code, as that continues to be a sensible objective to rationalise industry arrangements. We are prepared to continue leading the process of improving the GTAC if sufficient industry support exists for this pathway.