

31 October 2018

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Sent via email: [Ian.Wilson@gasindustry.co.nz](mailto:Ian.Wilson@gasindustry.co.nz)

Dear Ian

## Submission of GTAC for assessment

We are pleased to submit the Gas Transmission Access Code (GTAC) and supporting arrangements for assessment by the GIC. The package of documents for assessment are:

- Final GTAC
- Final GTAC marked up with changes from the version submitted on 8 December 2017
- Balancing Standard Operating Procedure under the GTAC
- Curtailment Standard Operating Procedure under the GTAC
- Metering Requirements under the GTAC
- Interconnection Policy under the GTAC

Other supporting arrangements will be developed should the GIC assess that the GTAC is materially better:

- Supplementary Agreements Policy
- Priority Rights Auction Terms and Conditions
- Arrangements with emsTradePoint to facilitate exchange of market data
- Transmission Pricing Methodology and other disclosures required under Part 4 of the Commerce Act.

These documents do not impact the core terms of use of the gas transmission system and will require additional consultation, which is more appropriately done after approval of the code. We have also not provided full copies of the proposed Receipt Point and Delivery Point Interconnection Agreements (ICAs) since the common and essential terms of these agreements are contained in schedules 5 and 6 of the GTAC and remaining clauses will be negotiated bilaterally.

We issued an initial version of the above package of documents on 11 September 2018 for consultation with stakeholders. At that time, we issued an accompanying document "GTAC Guide to 2018 Changes". This explained our rationale for the changes we had made to the GTAC through the 2018 work programme. This document remains relevant, with the changes resulting from stakeholder consultation on the 11 September 2018 version of the GTAC explained in Attachment A of this letter.

We received ten submissions on the 11 September 2018 version of the GTAC. These submissions have helped to further refine and improve the GTAC and we thank stakeholders for submitting during a busy time. We provided feedback to stakeholders on how the points raised in submissions had been reflected in the GTAC in the document "Proposed GTAC changes following industry submission", which was issued at the industry workshop on 16 October 2018. At that workshop we focussed on the more substantive issues from the submissions and gave stakeholders an opportunity to discuss the issues involved. Following the workshop, we also held one-on-one meetings with stakeholders that wished to discuss their submissions. Attachment A of this letter outlines the major changes to the document following these submissions.

We would like to thank the GIC for its continuing support of the GTAC process and trust that this letter provides appropriate context to support the GIC's Preliminary Assessment. Please contact me on 04 381 8056 should you have any queries.

Yours faithfully



**Angela Ogier**  
Transmission Commercial Manager

Attachment A: Changes to the GTAC since 11 September 2018  
Attachment B: Final GTAC  
Attachment C: Final GTAC marked up with changes in relation to the version submitted on 8 December 2017  
Attachment D: Balancing and Line Pack Standard Operating Procedure under the GTAC  
Attachment E: Curtailment and Operational Flow Order Standard Operating Procedure under the GTAC  
Attachment F: Metering Requirements under the GTAC  
Attachment G: Interconnection Policy under the GTAC

## Attachment A: Changes to the GTAC since 11 September 2018

### **Peaking**

We have made two changes to the Peaking Regime:

- The calculation of the threshold for charging for peaking was changed to reference both the nomination for each hour and the three-hourly running average of hourly nominations. This has addressed the potential under the previous formula for parties to be charged for flowing to their hourly nomination, which was not intended.
- The provision allowing for a *de minimis* threshold of 1TJ for peaking to be applied was changed from a zero nomination to < 1TJ. This ensures that zero or very small nominations are treated as if they were 1TJ, which is fairer and ensures that peaking charges are only levied where the flow could have material system impacts.

We also wanted to clarify our initial assessment of parties that would be subject to the peaking regime:

- Huntly Power Station
- TCC DP
- Stratford DP2 (Stratford peakers)
- Stratford DP3 – delivery of gas to storage
- Stratford DP3 – receipt of gas from storage
- Mangorei DP (Nova's new peaker yet to be built)
- Te Rapa DP (Co-gen)
- Any future peaker power station loads

Based on our current assessment, we consider these loads have the ability to impact other users of the transmission system through their intra-day gas flows and all operate with a controllable, variable load that the user needs to schedule over the day. This means that the peaking regime provides an appropriate, cost-effective tool to make use of system flexibility while managing the potential impacts of these loads on other users.

### **Balancing**

A concern was raised by Methanex that First Gas' was less likely to buy or sell balancing gas under the GTAC than under existing codes. We have inserted a clarification in section 8.6 of the GTAC that First Gas will buy and sell balancing gas to manage line pack and/or Target Taranaki Pressure should we need to do so. We believe that this clarification addresses the concern raised.

### **Provision of Realtime ERM position**

First Gas will be using the current estimated ERM position and forecast ERM position of shippers and OBA parties to manage the pipeline. First Gas had stated it would calculate this information and provide it to users on an hourly basis. This provision of information was not documented and therefore we have added the provision of this information to s. 8.15 and noted that the individual position is confidential information.

### **Downstream Reconciliation Rules**

Concerns were raised that the provision of data for the D+1 process was not correctly recorded and that the default rule would not work as the Daily Delivery Quantity (DDQ) was not granular enough. The following changes were made:

- The definition of DDQ was changed to allow for this quantity to reference a delivery point or a delivery zone.
- References to industry agreements were clarified to specifically reference the Data Agreement between First Gas and the GIC. These changes ensure First Gas can provide daily data under either the DRR, the Data Agreement, or the default rule (whichever applies at the time).

***Receipt Point ICA Technical Standards***

Existing interconnected parties raised concerns that the technical standards for receipt points in ICA Schedule 2 (Schedule 5 of the GTAC) may require changes at existing receipt points. We held one-on-one meetings with these interconnected parties to better understand their concerns. We agree that the technical standards currently in place at all receipt points are appropriate for current operating conditions and will remain appropriate under the GTAC. We therefore do not intend to change technical compliance standards for interconnected parties. However, we are concerned that, should there be a change to technical standards, interconnected parties should be required to keep pace with that technical change irrespective of the date they connected to the transmission system.

We have therefore inserted the following provisions (s. 1.9) at the end of ICA Schedule 2 to address the issue raised:

- Existing receipt points that comply with existing technical standards will not need to comply with the new technical standards but will need to continue to comply with existing technical standards
- Existing receipt points that comply with ICA Schedule 2 will need to maintain compliance with ICA Schedule 2 (and subsequent changes)
- New facilities and equipment will need to comply with ICA Schedule 2.

Changes to technical standards are likely to come from regulation and therefore interconnected parties would be required to comply with regulations. Changes that are not due to regulation would be subject to the change process, and interconnected parties will be able to participate in this process. This would allow these parties to highlight any concerns with a change, including the cost implications of any proposed change.