



Review of comments on the updated Gas Quality Requirements and Procedures document

October 2019

Executive Summary

Gas Industry Co maintains a number of “Requirements and Procedures” documents that provide an overview of the legal requirements and technical standards that apply to particular areas of the industry and describe common industry practices. In anticipation of the Gas Transmission Access Code (GTAC) coming into effect, Gas Industry Co (GIC) drafted updates to the Gas Quality Requirement and Procedures document (Gas Quality R&P document) and invited comment.

We received comments from two stakeholders:

- First Gas Limited (First Gas); and
- Vector Limited (Vector).

Each submitted a cover letter and a file with their suggested edits redlined. Here we summarise and respond to those comments. We have revised the Gas Quality R&P document accordingly.

The Gas Quality R&P document we issued for comment, the comments we received, and the revised Gas Quality R&P document (redlined from the version we issued for comment) can be found on GIC’s website at:

<https://www.gasindustry.co.nz/work-programmes/gas-quality/current-arrangements/>

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1. Summary of Submissions

1.1 What submitters said

First Gas suggests that:

- the document should make it clear that it relates only to natural gas. Also, although possibly outside the scope of this review, GIC should consider what would occur if other gases were blended with natural gas;
- although the proposed amendments broadly reflect the GTAC requirements for gas quality, it may indicate that First Gas has a greater responsibility to monitor gas quality and odourisation than First Gas believes it has; and
- As required by GTAC s12.4, First Gas will issue a non-specification gas notice to system users as soon as it becomes aware of, or suspects, non-specification gas may flow at a delivery point, but it is not well-placed to assess the consequences of such an occurrence.

Vector suggests that:

- regarding Gas Measurement System Owners (GMSOs), rather than saying that “... GMSOs are generally not affected by odourant failures”, the document should say that “GMSOs need gas to be appropriately odourised at all times to ensure any leakage can be detected”; and
- the document should now reference the 2018 version of AS/NZS 2885.1, including a new part to the standard, AS/NZS 2885.6 – Pipeline Safety Management. Vector suggests that these Standards should be reviewed to check that the document is consistent with them.

Both Vector and First Gas provide marked-up copies of the document reflecting the above suggestions and including other suggested edits.

1.2 Discussion on matters raised

Only Natural Gas

In its submission, First Gas says that:

We understand the scope of the gas quality requirements and procedures document is the quality of natural gas only. We recommend that this be made clear in the document to remove any possibility of confusion. References to “gas” in the title and introduction, for instance, should be amended to “natural gas”. We also recommend defining “gas” in the glossary to only mean “natural gas” for the purpose of this document.

We agree that the document only relates to gas injected into, carried through, or withdrawn from the open access gas transmission or gas distribution pipelines.

A possible issue with the First Gas suggestion is that “natural gas” is not generally a term defined in legislation, or generally used in contracts, or in the Gas Transmission Access Code (GTAC). Where it has been used, for example in the Health and Safety in Employment (Pipelines) Regulations 1999, its definition can be very wide: “any naturally occurring gaseous hydrocarbon”, and “includes Liquefied Petroleum Gas”.

On reflection, rather than introducing the new term “natural gas”, we have introduced a “Scope” section to make it clear what is meant by “gas”:

In this document, “gas” means gas injected into, carried through, or withdrawn from the open access gas transmission or gas distribution pipelines and required by the owners of those pipelines to meet the requirements of NZS 5259: Specification for Reticulated Natural Gas.

This is now reflected in the Glossary definition of “gas”. We think this will remove any possible ambiguity.

Regarding the possibility that in future other types of gas may be carried in the pipelines, we acknowledge that the possibility of blending hydrogen into the gas stream is becoming more likely and it would be useful to identify any potential issues well in advance. As First Gas notes, this work would be outside the scope of reviewing the Gas Quality R&P document, and we will address it in our broader work programme.

Monitoring of gas quality

First Gas comments that, while it records certain aspects of gas quality such as calorific value, it does so for billing purposes. It is the injecting party who is responsible for “monitoring” gas quality. We agree that the GTAC places an obligation on the injecting party to monitor gas quality and have edited the document to ensure that this is clear.

Assessment of effect of gas quality events

In respect of a non-specification gas event or loss of odorant event, First Gas believes that, as a reasonable and prudent operator (RPO), its obligation is to make sure that all associated information is available, and all parties are informed. It is not responsible for assessing the possible effect of such events.

We agree that it would be unreasonable to expect First Gas to speculate on how a gas quality event might affect individual end users. However, First Gas will have the best understanding of how the transmission system is configured and operated. So, it is best placed to assess, for example, which delivery points non-specification gas is likely to flow towards, and whether that non-specification gas is likely to be diluted by other gas flows before delivery to those points. We have edited the document to make this clear.

GMSO need for odorised gas

The penultimate paragraph of s6.2 of the draft Gas Quality R&P document said that “GMSOs are generally not affected by odorant failures”. Vector suggests that it is more correct to say that “GMSOs need gas to be appropriately odorised at all times to ensure any leakage can be detected”. We accept Vector’s suggestion.

Other suggested edits

We find that the edits suggested by First Gas and Vector do generally make the document more informative and have mostly adopted them, including updating the references to AS 2885.

While the extra detail in the section on price-quality regulation (p20), including reference to a customised price path (CPP), is not directly relevant to gas quality, we think it gives useful context and have included it.

2. Next steps

R&P documents aim to represent the broad industry consensus on a range of subjects. Gas Industry Co is responsible for maintaining the documents, but stakeholders are responsible for ensuring that the document reflects their own views on the requirements and procedures. Where one or more stakeholders disagree with the majority view on a particular aspect of an R&P document, we will note that contrary view in the document. In this way the R&P documents record the full spectrum of stakeholder views.

Having consulted on the Gas Measurement R&P document, we are satisfied that it is fit for purpose and addresses the comments we have received. If at any time a stakeholder takes issue with some aspect of it, they are free to notify us, and we will discuss their views with the industry at the next iteration of the document. We will only review the document on an as-required basis.

ABOUT GAS INDUSTRY CO

Gas Industry Co is the gas industry body and co-regulator under the Gas Act. Its role is to:

- develop arrangements, including regulations where appropriate, which improve:
 - the operation of gas markets;
 - access to infrastructure; and
 - consumer outcomes;
- develop these arrangements with the principal objective to ensure that gas is delivered to existing and new customers in a safe, efficient, reliable, fair and environmentally sustainable manner; and
- oversee compliance with, and review such arrangements.

Gas Industry Co is required to have regard to the Government's policy objectives for the gas sector, and to report on the achievement of those objectives and on the state of the New Zealand gas industry.

Gas Industry Co's corporate strategy is to 'optimise the contribution of gas to New Zealand'.