Wednesday 11 July 2018 at 9:00 am

#### Process matters

##### Action Points

* GIC to publish workshop presentations as soon as possible (preferably the day after the workshops).

##### Discussion

Workload and the drafting of interconnection agreements were discussed. A matter arising on the ‘accuracy of nominations’ was taken and discussed; however, no actions arose as the general agreement was that this would be part of future workshop discussions.

#### Target Taranaki Pressure

##### FAP findings

* Efficient and prudent to at least maintain level of control under MPOC (187)
	+ Reasonable endeavours to keep between 42-48
	+ Reasonable endeavours to keep towards low end
	+ Reference to aggregate ERM
	+ RPICA not mirror of section 7.13(e) (187)
* Inclusion in the GTAC as well as in the ICAs (per 7.13)

##### Action Points

* Bell Gully to amend the GTAC to better reflect the position in the MPOC with regard to TTP as noted in the FAP.
* First Gas to consider and revert whether the ERM concept is equivalent to the DOIL concept in the MPOC.

##### Discussion

The FAP points were discussed and generally agreed.

#### Balancing

##### FAP findings

* FG has not defined the amount of linepack to be set aside for shipper tolerances and no constraint on setting tolerances. As this is outside GTAC, there is no constraint on FG to act neutrally (19, 75)
* Principles for setting running mismatch tolerances or the tolerances themselves to be included in GTAC (19, 75)
* First Gas role as balancing agent

##### Action Points

* First Gas to add a further workshop session on balancing after it considers further detailed design in accordance with the discussion below, before proceeding to detailed drafting.
* First Gas to consider and revert to the group on a higher industry-wide tolerance than 30 TJ, possibly with a different number depending on whether Mokau is running or not.
* First Gas to include the industry-wide tolerance number in the Balancing Gas SOP.
* Bell Gully to amend the GTAC such that at least the industry-wide tolerance number (if included in the Balancing SOP) is subject to the GTAC change request process.
* Bell Gullyamendto (i.e. make the sub-points subject to tolerances (and unable to limit them) on a day
* First Gas to consider and revert to the group on the application of s8.6 of the GTAC vis-à-vis the order of First Gas buying and selling gas to i) prevent high and low line pack notices, and ii) take action to bring the linepack back within TTP as soon as possible if the thresholds have been breached.
* Bell Gully to amend the GTAC such that exposure to cash-outs is linked to the current day position.
* First Gas to consider and revert to the group on the proposed approach to allocating tolerances to shippers / OBA parties having regard to the need for certainty and minimising the ability to game the system.
* , including supplying industry with an .xls worked example across a number of days to illustrate how its proposed tolerance splits will work.
* First Gas to consider and revert to the group on the relationship between Line Pack Notices and TTP, and whether ERM fee multipliers apply at the point of the threshold being breached or on the issue of a notice.
* Bell Gully to amend the GTAC such that parties are provided with the relevant real time information to assess the triggers that relate to Line Pack Notices.

##### Discussion

First Gas proposed to offer industry-wide tolerance of 30 TJ, noting that it hadn’t changed the principles by which they had determined the numbers. However, it was noted that the MPOC currently provided for 51 TJ. First Gas countered that the MPOC provides too much tolerance, yet this was countered with the need to factor probability into the totals otherwise pipeline operations would be being made much more conservative. First Gas agreed to reconsider the number. The relevant actions and the following were also agreed:

* The Balancing SOP would not have regard for park and loan (and that park and loan is still proposed not to be developed further in the GTAC).
* No industry-wide tolerance would be ring-fenced specifically for AHP, park and loan or start-up / shut-down processes – but rather, use of line pack for these items would be considered on a case by case basis depending on marginal additional line pack availability on any day.
* Industry-wide tolerance would be maximised for users, within the physical parameters of the pipeline.

In terms of the split of industry-wide tolerance, t partly However, in general the parties did not understand how tolerance splits would work, despite there being general agreement that the industry-wide tolerance should be split 50/50 between receipt and delivery points.

It was agreed that exposure to balancing gas and cash-out costs would be based on the current day position. There was debate, but no agreement, about what mechanisms should set tolerances noting that prior day DNC did not necessarily provide certainty or accuracy.

Parties agreed to link Low and High Linepack Notices to a specific target, rather than the currently worded uncertainty. There was some unresolved debate about whether the target would relate to TTP or linepack. First Gas agreed to provide the relevant information.

#### Peaking

##### FAP findings

* Hourly overruns only apply at DDPs (13, 50, 61)
* HORs may be avoided through Specific HQ/DQ and AHPs but no guidance on how these will be applied. Potential for inefficient usage of the pipeline (55)
* AHPs are uncertain and require further design work (13, 50, 55). Case for applying AHPs not well justified (55)
* AHPs only available at DDPs – this is unfair (50)
* OBA parties don’t have access to AHPs (18, 68)
* Operational flexibility important but should not be provided without discrimination (182)

##### Action Points

* First Gas to add a further workshop session on peaking after it considers further detailed design in accordance with the discussion below, before proceeding to detailed drafting.
* First Gas to consider and revert to the group on which other receipt and delivery points (if any) will be subject to the peaking regime, including any ‘look through’ end-users embedded in a network and whether there are any limitations on points proposed to be subject to the regime due to any existing Supplementary Agreements.
* First Gas to consider and revert to the group on which receipt and delivery points will be subject to OPN requirements.
* First Gas to cand revert on how the peaking regime applies if .
* and revert further on .
* consider and revert.
* nsider and revert on .
* and revert on, and whether marginal additional or all flow would then be subject to the charges

##### Discussion

First Gas proposed two broad peaking options as outlined in its memo 2.3. It was generally agreed that ‘option 1’ would be progressed, which is a significant change from that currently written into the GTAC but it better aligns with the physical parameters, should supply First Gas with its required information on planned outages, and should address most, if not all FAP points. AHPs, Specific HDQ/DDQ and Hourly Overrun Charges would also be simplified. Parties agreed the broad outline of the regime per First Gas’ memo 2.3, save for the following matters which were further agreed:

* The peaking regime only applies at dedicated delivery points and receipt points.
* All particular principles outlined in the middle of page 3 of memo 2.3 need to apply, i.e. ‘and’ nor ‘or’, for a point to be subject to the peaking regime.
* Three further principles are i) receipt points that only have injection compressors, ii) points that have a single point of control, and iii) end-users on shared delivery points if their load is material.
* That incentive fees would not apply to planned or unplanned outages.
* For parties to whom peaking applies, optional AHP would be replaced with mandatory hourly profiles which can change (and change DNC) on a day.
* AHPs don’t apply in critical contingencies.
* OPNs would be retained for points that can have a material impact on the system (with reference to the critical contingency management framework), for providing notice about ramping up and down.

Matters discussed, but not agreed, were set down as action points for further design work. It was queried whether all DNC would be curtailed if an AHP was curtailed.

First Gas indicated that the points of interest in relation to the peaking regime (not OPNs) are Huntly, Stratford, TCC, new power stations, Maui and Pohokura, and maybe a few other points, but they also confirmed that Turangi and Kowhai would probably not be captured by OPNs.

The meeting closed at 4.15pm.