Thursday 12 July 2018 at 9.00 am

#### Process matters

##### Action Points

* Trustpower to write a letter to other shippers raising its concerns regarding possible Commerce Act risks and proposing that shippers procure legal advice.
* IF to ensure that the workstream on governance (i.e. in relation to code changes) also has a discussion on how Commerce Act risks might be treated.

##### Discussion

A matter arising was taken in relation to authorisation risks under the Commerce Act. It was noted that the GIC’s obligations and appetite to mitigate risks in this space for industry participants are limited. It was noted that the MPOC MOU provides that obtaining advice regarding Commerce Act risks is the responsibility of the parties. Notwithstanding the Commerce Commissions’ advice to First Gas on treatment of park and loan revenue, it was considered unlikely that the Commerce Commission would provide a more wide-ranging view while the content of the GTAC is still uncertain. First Gas did not support it writing to the Commerce Commission. However, there was general agreement amongst the group to do something and have further discussions on the matter.

#### Nominations

##### FAP issues

* The burden of nominations largely falls on shared delivery points. UK system operator makes nominations on behalf of mass market load (46)
* IPs approval of nominations
* Number of nomination cycles facilitating management of overrun/underrun

##### Action Points

* Bell Gully to draft a GTAC schedule reflecting ‘option 2’ per First Gas’ memo 3.1 in relation to a mass market nomination scheme, which is an optional, causer-pays algorithm.
* Bell Gully to amend the GTAC relating to Interconnected Parties’ approval of nominations at points with an OBA (“approve, curtail or reject”).
* First Gas to consider the functionality of the IT system in relation to receipt point nominations (in particular “auto-confirmation”).
* and Interconnected Parties, then and revert to the group with a proposal

##### Discussion

(not obviate) (and not TOUs) , which was estimated at $0.35m

, but also that more functionality (potentially customisable) would add value.

It was noted that the IT system does not have limitations on the number of nomination cycles, and that previous discussions had implied an industry desire for more than four cycles if possible. First Gas noted the need for a window for it and interconnected parties to consider and approve nominations.

#### Priority rights

##### FAP issues

* FG discretion to negotiate supplementary agreements (SAs) could allocate scarce capacity outside PR process (88)
* Transfer between end-users if they change shippers not clear (43)
* Shippers may not give best estimate of capacity and FG may not police this (43)

##### Action Points

* Bell Gully to amend the GTAC to make supplementary capacity for agreements entered into under the GTAC equal, in terms of structure (but not necessarily pricing or other allowable carve-outs) to DNC, with priority rights allowed..
* Bell Gully to amend the GTAC to provide that a shipper would use reasonable endeavours to trade PRs if that shipper lost the customer to which the PRs related.
* Bell Gully to amend the GTAC to

##### Discussion

The FAPs points were debated and the action points agreed. The only matter that had an opposing minority view was that PRs should be required to follow changes in end-users. However, it was agreed that this, and the term of PRs, reverts to the PR Auction Rules now which will eventually be subject to GIC oversight.

#### Wash-ups and Shared Delivery Point Allocations

##### FAP finding

* Wash-up agreement should be simple to prepare (68)
* Not concerned that a wash-up agreement is still to be negotiated (126)
* Absence of D+1 agreement under GTAC to replace existing one under VTC

##### Action Points

* Vector and First Gas to draft a GTAC schedule on wash-ups (based on Schedule 3 of the MBB D+1 Pilot Agreement), consult outside of the GTAC process, then supply the result to Bell Gully for it to review and consult as part of the GTAC process.
* Bell Gully to draft a GTAC schedule based on schedules 1 and 2 of the MBB D+1 Pilot Agreement, plus that parties cannot ‘go through zero’ when cashed out.
* Bell Gully to amend parts of the GTAC to ensure that the schedules mesh, including removing the requirement for separate agreements and an alternative default rule, and possibly including a reference to the GIC’s D+1 business rules.

##### Discussion

Further to the deferred item from 10 July, First Gas confirmed that the wash-up agreement and the daily allocation agreement referred to in the GTAC were different agreements. However, when it was pointed out that the MBB D+1 Agreement is, in fact, part of the VTC, the parties all agreed to include wash-ups and daily allocations as schedules within the GTAC (and accordingly these will not be associated agreements).

There was wide support for the current wash-up process, i.e. as noted in First Gas’ memo 3.3 plus that prior day closing positions will not change.

The parties agreed to only have one allocation methodology at shared delivery points. Using the current GTAC default rule as the methodology was debated but ruled out as current evidence would not be able to conclude how accurate it was. It was therefore agreed to continue using the current D+1 methodology, save for a new addition that a party cannot be cashed-out in one direction by a quantity that takes its direction to the other side.

#### Transitional arrangements

##### Action Points

* First Gas to consider whether parties’ positions are carried over from the MPOC / VTC or whether a reset occurs on 30 September and how cash-outs on 30 September will be treated, before then presenting a proposal to the group.
* Bell Gully to draft a schedule to the GTAC to provide for GJ quantities created as wash-ups in periods prior to the GTAC to be treated as a forward GJ wash-up under the terms of the GTAC.
* Belly Gully to draft a schedule to the GTAC to provide for any financial amounts that need to be washed-up under the GTAC in relation to periods prior to the GTAC, to be washed-up according to the relevant dollar amounts and mechanism applicable at that time.

##### Discussion

This was taken as a matter arising following on from the action points on wash-ups and allocations. First Gas noted it would be flexible with tolerances relating to the transitional period for approximately 10 days subsequent to go-live. The action points were discussed and agreed. There is some complexity to the action points because the MBB D+1 Agreement must terminate as a condition of termination of the MPOC. The parties agreed that other issues in relation to transition were likely to be identified as the process develops.

#### Next steps

##### Action Points

* GIC to circulate notes of the workshops next week.
* First Gas to consider using the spare workshop days (in Auckland) to loop back on some matters that have had significant design changes (such as balancing and peaking).
* First Gas to run a different process in relation to liabilities – i.e. the parties will debate high-level liabilities on 8 August, then Bell Gully will mark-up GTAC clauses (rather than First Gas prepare a memo) for parties to discuss and review at a later August workshop.

##### Discussion

It was widely agreed that the summit had been a success, not only in terms of completing the agendas, and working through the issues as far as possible on the day, but also in terms of partly alleviating wider concerns about how realistic the whole process is. A further action point was agreed to debottleneck review of the liabilities parts of the GTAC. However, a minority is still concerned around the shortened window for the IT process in 2019.

The meeting closed at 3.00pm.