MEMORANDUM

TO: Pipeline Users

FROM: First Gas

DATE: 30 November 2017

RE: Agenda Item B – Agreed Hourly Profiles

At the GTAC workshop on 17 November 2017, First Gas agreed to review provisions setting out the criteria for approving an Agreed Hourly Profile (AHPs) (including the reasons why an AHP may be declined), streamlining AHP process where possible, whether AHPs should be offered via standard nominations process, whether AHPs should have a tolerance, and the relationships between MHQ, AHPs, and DNC) (Agenda Item B).

A mark-up of the proposed changes is attached. Only parts of the code that give effect to these changes have been included in this document. The intent of the changes is listed below along with the action item being responded to.

*Streamlining AHP processes and implications on PRs from AHPs (items 12 and 26):*

* AHPs will be submitted in nominations cycles
* A shipper may submit an AHP at an intraday cycle.  If approved by First Gas, the AHP will apply from the commencement of that nomination cycle
* ICAs shall provide for AHPs from producers. This will allow for notification of maintenance, etc
* Shippers may submit AHPs in a nomination cycle in lieu of a DNC nomination (item 12, 26).

*The mechanics of an AHP (items 26, 27 and 28):*

* If an AHP is in place then the DNC for that day is equal to the sum of the agreed hourly profile (item 28)
* Once an AHP has been approved for a day, a shipper will not be able to go back to submitting DNC for the rest of the day
* If a shipper submits an AHP during an intraday cycle, then the DNC for the day will be the deemed capacity calculated on the last approved NQ up to the point of the AHP becoming active plus the sum of the AHP for the remainder of the day. This is consistent with the treatment of DNC nominations
* An AHP that is approved cannot reduce the total flow for the day below deemed capacity at that nomination cycle. This is consistent with the treatment of DNC nomination
* The MHQ at any point during the day will be the greater of: MDQ/16, Specific HQ/DQ or the relevant HQ under the AHP. No tolerance on top of the AHP will apply (item 27)
* If the AHP is not approved by First Gas, then the default will be to offer the highest DNC possible.

*Criteria for approving AHP (item 10):*

* Clarification on the criteria for accepting an AHP.

*Treatment of AHPs and PRs (item 46):*

* As DNC is equal to the sum of the AHP there is no difference in treatment between DNC and AHP in relation to PRs – i.e. acceptance of AHP is subject to consideration of PRs. It is correct that changes to AHPs could lead to some PRs being unable to be used on a day if a shipper nominates under their PR limit, this is the same for DNC (also item 46).

We welcome comment on these mark-ups by **5pm Wednesday 6th of December 2017.**

## Marked Up Sections Relevant to Agreed Hourly Profiles

## Defined Terms

* 1. In this Code:

*Agreed Hourly Profile* or *AHP* means a schedule of Hourly amounts of transmission capacity requested by a Shipper and approved by First Gas in respect of a Dedicated Delivery Point;

*Daily Nominated Capacity Fee* or *DNCFee* means the fee payable by a Shipper for DNC, as published on OATIS;

*Daily Nominated Capacity Charge* means the charge for DNC calculated in accordance with *section 11.1*;

*Daily Overrun Charge* means the charge payable for exceeding:

* + 1. under a TSA, the amount of DNC, calculated in accordance with *section 11.4(a)*; or
    2. under a Supplementary Agreement or Interruptible Agreement, the MDQ set out in, or determined under the relevant agreement, calculated as set out in that agreement;

*Hourly Overrun Charge* means the charge for exceeding MHQ, which is calculated:

* + 1. under a TSA, in accordance with *section 11.5*; or
    2. under a Supplementary Agreement or Interruptible Agreement, as set out in that agreement;

*Hourly Delivery Quantity* or *HDQ* means the quantity of Gas taken by a Shipper in a Delivery Zone or at a Delivery Point in an Hour, determined in accordance with *section 6*;

*Maximum Daily Quantity* or *MDQ* means, in respect of a Day, the maximum quantity of a Shipper’s Gas that First Gas is required to transport from the Receipt Zone (or individual Receipt Point) to a Delivery Zone or Individual Delivery Point, which shall be (as applicable):

* + 1. under a TSA, the amount of DNC; or
    2. under a Supplementary Agreement or Interruptible Agreement, the amount set out in or determined in accordance with that agreement; or

*Maximum Hourly Quantity* or *MHQ* means, in respect of an Hour, the maximum quantity of a Shipper’s Gas that First Gas is required to transport from the Receipt Zone (or individual Receipt Point) to a Delivery Zone or Individual Delivery Point, which shall be (as applicable):

* + 1. under a TSA:
       1. ; or
       2. where an AHP applies, the greater of: 1/16th of the relevant MDQ, the Specific HDQ/DDQ (if applicable) and the transmission capacity for that Hour set out in the AHP;
       3. for a Dedicated Delivery Point if applicable, the Specific HDQ/DDQ multiplied by the Daily Delivery Quantity; or
    2. under a Supplementary Agreement or Interruptible Agreement, the amount set out in or determined in accordance with that agreement;

*Nominated Quantity* or *NQ* means, in respect of a Day and:

* + 1. a Receipt Point, a Shipper’s notification to First Gas of the quantity of Gas it has requested the Interconnected Party to inject into the Transmission System for that Shipper or, where the Shipper is the Interconnected Party, the quantity of Gas that it intends to inject; and
    2. a Delivery Zone or Individual Delivery Point:
       1. the amount of DNC; and/or
       2. the transmission capacity corresponding to an AHP,

that a Shipper requests First Gas to make available to it;

*Receipt Quantity* means, in respect of a Day and a Shipper the quantity of Gas injected by (or on behalf of) that Shipper at a Receipt Point, as determined in accordance with *section 6*;

*Specific HDQ/DDQ* means the ratio of Hourly Delivery Quantity to Daily Delivery Quantity for a specified Dedicated Delivery Point and a Year, as determined by First Gas and published on OATIS by 1 September in the prior Year;

# transmission products and zones

## Agreed Hourly Profiles

* 1. An Agreed Hourly Profile (*AHP*) is intended to provide an additional means for both a Shipper and First Gas to manage transmission capacity in respect of an End-user whose use of Gas is unusually variable.
  2. A Shipper may, using the relevant functionality provided on OATIS, request an AHP in any nominations cycle for a Dedicated Delivery Point only. The OATIS functionality will distinguish the transmission capacity corresponding to the AHP from that corresponding to DNC.
  3. An AHP can only be requested in advance. An AHP may be for part of a Day and/or a full Day (or Days) up to a maximum of 7 Days. An AHP must commence at a time corresponding to the start of a nominations cycle. An AHP that starts at any time other than 00:00 on a Day must include all Hours from the time it starts until 24:00 on that Day.
  4. No AHP may reduce the Shipper’s DNC below the amount determined in accordance with *section 4.16*.
  5. An AHP amends DNC. For all purposes of this Code, DNC amended by an AHP shall be treated as “standard” DNC unless specifically stated otherwise. The Shipper’s DNC shall be, where an AHP applies for:
     1. a full Day, equal to the sum of the Hourly amounts of transmission capacity set out in the AHP; or
     2. part of a Day, equal to:

DNCP × H/24 + ∑HTCAHP

where:

*DNCP* is the Shipper’s DNC at the time the AHP starts;

*H* is the number of hours between 00:00 on the Day until the AHP start time; and

*∑HTCAHP* is the sum of the Hourly amounts of transmission capacity set out in the AHP.

* 1. First Gas will approve any requested AHP unless it determines that that would require it to curtail any Shipper’s:
     1. request (in the same nominations cycle) for DNC; and/or
     2. previously approved DNC or Supplementary Capacity.
  2. Subject to *section 4.16*, where it is unable to approve a Shipper’s request for an AHP, First Gas will offer the most DNC it can.
  3. First Gas may curtail any previously approved AHP where it determines that is necessary to avoid breaching an Acceptable Line Pack Limit or having to curtail DNC or Supplementary Capacity.
  4. A Shipper may cancel a previously approved AHP only via OATIS, provided that the Shipper may not, on a Day, cancel an AHP that starts on that Day in respect of that Day. A Shipper may, on any Day, cancel a previously approved AHP in respect of all subsequent Days to which it applies.
  5. Subject to *section 3.29*, once an AHP has started, a Shipper shall not be able, on that Day, to revert to nominating DNC for that Day but may, in accordance with *section 3.27*, request a change in that AHP.

# nominations

## First Gas Analysis and Response

[4.17 Now deleted: *section 3.28* states that an AHP starts on a Day must go through to the end of that Day. Hence, an AHP cannot expire or be cancelled “on” (i.e. before the end of) a Day.]

# additional agreements

## Interconnection Agreements

* 1. Any ICA must (without limitation) stipulate:
     1. for any Receipt Point, that the Interconnected Party may request that it be able to inject Gas according to an agreed hourly profile;

# congestion management

## Congestion Management

* 1. First Gas will, to the extent necessary:
     1. where Congestion would result from aggregate NQs:
        1. estimate the amount by which those NQs exceed the Available Operational Capacity;
        2. curtail any request for Interruptible Capacity (if any);
        3. curtail any request for an AHP;
        4. curtail requests for Supplementary Capacity (if any), where the relevant Supplementary Agreement allows; and

after approving NQs to the extent Shippers have exercised their Priority Rights:

* + - 1. to the extent there is Available Operational Capacity, approve further NQs in accordance with *section 10.4*; or
      2. if Available Operation Capacity is still insufficient, curtail NQs in accordance with *section 10.4*, subject to the limitations set out in *section 4.16*; or
    1. where Congestion is in effect due to the aggregate offtake of Gas:
       1. estimate the reduction in current offtake required;
       2. determine (where visible to First Gas) whether any Shipper is exceeding its MHQ and instruct any that Shipper (by means of an OFO if necessary) to reduce its offtake accordingly;
       3. curtail Interruptible Capacity (if any);
       4. curtail any AHP;
       5. curtail Supplementary Capacity (if any), where the relevant Supplementary Agreement allows; and
       6. if Available Operational Capacity is still insufficient, after allowing for the extent to which Shippers have exercised their Priority Rights, curtail Shipper’s then current Approved NQs in accordance with *section 10.4*, subject to the limitations set out in *section 4.16*.
  1. First Gas will determine the reductions in NQ referred to in *section 10.3(a)(vi)* or *section 10.3(b)(vi)* pro-rata in proportion to a Shipper’s NQ (excluding any AHP) divided by the sum of all Shippers’ NQs (excluding all AHPs) multiplied by the overall reduction in, respectively, NQs or most recent Approved NQs required.

# fees and charges

## Hourly Overrun Charges

* 1. Subject to *sections 11.6* and *11.12*, a Shipper using a Dedicated Delivery Point (whether included in a Delivery Zone or not) shall pay a charge for any Hour in which it incurs an Hourly overrun (*Hourly Overrun Charge*), equal to:

DNCFEE × HOQ × M

where:

*HOQ* is the Shipper’s Hourly overrun quantity and is equal to the greater of:

* + - 1. HDQDNC - (DDQDNC × Specific HDQ/DDQ); or
      2. where an Agreed Hourly Profile applies, HDQDNC – HTCAHP; and
      3. zero,

where:

*HDQDNC* is the Shipper’s Hourly Delivery Quantity shipped using DNC in that Hour, equal to:

* + - 1. where the Shipper is the sole user of the Dedicated Delivery Point, the metered quantity for that Hour; or
      2. where the Dedicated Delivery Point is used by more than one Shipper, the Hourly Delivery Quantity determined pursuant to *section 6.11*;

*DDQDNC* has the meaning referred to in *section 11.4*;

*HTCAHP* is the Hourly transmission capacity for that Hour from the Agreed Hourly Profile; and

*M* is 5 where the Dedicated Delivery Point is affected by Congestion, and 2 for all other Dedicated Delivery Points,

provided that where it considers the current value of M is not providing Shippers with an appropriate incentive to avoid Hourly overruns, First Gas will notify, and consult with Shippers concerning the value of M that would, in its view, better achieve that outcome. Unless Shippers provide compelling evidence as to why it should not do so, First Gas may (but not sooner than 60 Business Days after the date of its notification) increase the value of M to its preferred value up to, for Dedicated Delivery Points that are not Congested, a maximum of 5. Any greater increase in the value of M (and any increase in the value of M for a Congested Dedicated Delivery Points to greater than 10) shall be subject to a Change Request

First Gas may decrease the current value of M on expiry of 60 Business Days’ notice to Shippers.