Block 1 Outputs – 6 Balancing

Appendix 1 - Proposed GTAC amendments

*Aggregate Tolerance* means the aggregate Running Mismatch Tolerance provided to all Shippers and OBA Parties by way of LPTDELIVERIES and LPTRECEIPTS;

*Balancing SOP* means a balancing standard operating procedure issued by First Gas following appropriate consultation (including for each amendment) that:

[];

*High Line Pack Notice* means a notice issued by First Gas to all Shippers and Interconnected Parties on OATIS pursuant to section 8.8(a) indicating that Line Pack is increasing towards the upper Acceptable Line Pack Limit in respect of the Target Taranaki Pressure;

*Low Line Pack Notice* means a notice issued by First Gas to all Shippers and Interconnected Parties on OATIS pursuant to section 8.8(a) indicating that Line Pack is decreasing towards the lower Acceptable Line Pack Limit in respect of the Target Taranaki Pressure;

*Running Mismatch Tolerance* means, for each Day and:

* + 1. each Shipper, subject to (c) an amount no lesser than +/- 400 GJ, no greater than +/- 1500 GJ, and otherwise equal to +/-:

(i) for Receipt Quantities:

RQSHIPPER ÷ RQTOTAL × LPTRECEIPTSwhere:

*RQSHIPPER* is the aggregate of that Shipper’s Receipt Quantities (whether under a TSA, an Existing Supplementary Agreement, a Supplementary Agreement, an Interruptible Agreement or otherwise) in respect of Receipt Points where an OBA does not apply;

RQTOTAL is the aggregate of all Shippers’ Receipt Quantities (whether under a TSA, an Existing Supplementary Agreement, a Supplementary Agreement, an Interruptible Agreement or otherwise) in respect of Receipt Points where an OBA does not apply; and

LPTRECEIPTS is the quantity of Line Pack to provide flexibility for Receipt Quantities into the Transmission System, periodically determined by First Gas in accordance with section 8.6 and published on OATIS; plus

(ii) for Daily Delivery Quantities:

DQSHIPPER ÷ DQTOTAL × LPTDELIVERIES

where:

*DQSHIPPER* is the aggregate of that Shipper’s Daily Delivery Quantities (whether under a TSA, an Existing Supplementary Agreement, a Supplementary Agreement, an Interruptible Agreement or otherwise) in respect of Delivery Points where an OBA does not apply;

DQTOTAL is the aggregate of all Shippers’ Daily Delivery Quantities (whether under a TSA, an Existing Supplementary Agreement, a Supplementary Agreement, an Interruptible Agreement or otherwise) in respect of Delivery Points where an OBA does not apply; and

*LPTDELIVERIES* is the quantity of Line Pack to provide flexibility for Daily Delivery Quantities from the Transmission System, periodically determined by First Gas in accordance with *section 8.6* and published on OATIS; and

* + 1. each OBA Party, subject to (c) an amount no lesser than +/- 400 GJ, no greater than +/- 1500 GJ, and otherwise equal to +/-:

(i) for Receipt Quantities:

MQOBAP ÷ MQOBAPS × LPTRECEIPTS

where:

*MQOBAP* is the aggregate of the OBA Party’s Metered Quantities at the relevant Receipt Point;

MQOBAPS is the aggregate of the Metered Quantities of all Receipt Points where an OBA applies; and

LPTRECEIPTS is the quantity of Line Pack to provide flexibility for Receipt Quantities into the Transmission System, periodically determined by First Gas in accordance with section 8.6 and published on OATIS; plus

(ii) for Daily Delivery Quantities:

MQOBAP ÷ MQOBAPS × LPTDELIVERIES

where:

*MQOBAP* is the aggregate of the OBA Party’s Metered Quantities at all the relevant Delivery Point;

MQOBAPS is the aggregate of the Metered Quantities of all Delivery Points where an OBA applies; and

LPTDELIVERIES is the quantity of Line Pack to provide flexibility for Daily Delivery Quantities from the Transmission System, periodically determined by First Gas in accordance with section 8.6 and published on OATIS;

where each of the relevant Receipt Quantities, Daily Delivery Quantities and Metered Quantities (as applicable) referred to in each of RQSHIPPER, RQTOTAL, DQSHIPPER, DQTOTAL, MQOBAP,and MQOBAPS is determined based on the arithmetic average of the relevant quantities for each Day specified in each formula in the Month that is two Months prior to the then current Month and based on as-billed data prior to application of any Wash-ups; and

* + 1. if and to the extent that LPTRECEIPTS and / or LPTDELIVERIES is not at least wholly allocated as tolerance to the relevant set of parties due to any maximums in (a) and (b) coming into play, then relevant parties who would otherwise have been assigned a lesser tolerance shall, on a basis pro-rata with the formulae in (a) and (b), have their tolerance scaled upwards until such time as LPTRECEIPTS and LPTDELIVERIES are wholly allocated where possible;

# balancing

## Line Pack Management

* 1. First Gas will use reasonable endeavours to maintain the Line Pack between the lower and upper limits it determines (respectively, the lower and upper *Acceptable Line Pack Limits* (which shall have regard for the Taranaki Target Pressure range referred to in *section 3.37*)).
	2. First Gas shall provide Aggregate Tolerance that:
		1. is quantified in the Balancing SOP;
		2. is a minimum of 50 TJ;
		3. is divided equally into LPTDELIVERIES and LPTRECEIPTS;
		4. meets its current obligations to provide all DNC and Supplementary Capacity;
		5. has regard to:
			1. prevailing Transmission System operating conditions, including the availability and operability of compression;
			2. not affecting its ability to provide additional transmission capacity;
			3. not unduly increasing the risk of breaching an Acceptable Line Pack Limit; and
			4. the requirements relating to Target Taranaki Pressure set out in *section 3.37*; and
		6. meets any other obligations it has under this Code and any obligations it has to Interconnected Parties.

* 1. Outside of an allowance for Aggregate Tolerance, First Gas may offer further use of flexible Pipeline tolerance on a Day for AHPs and any park and loan service (where First Gas elects to offer such service).
	2. Where it determines that a breach of an Acceptable Line Pack Limit is anticipated without any corrective action, First Gas will (subject to a Critical Contingency, Force Majeure Event or Emergency):
		1. where time and circumstances permit, issue a Low Line Pack Notice or High Line Pack Notice (as applicable); or
		2. where:
			1. time and circumstances do not permit the issue of such a notice; or
			2. corrective action in response to its prior issuance of a Low Line Pack Notice or High Line Pack Notice did not result in sufficient corrective action (or is expected to not result in sufficient corrective action in sufficient time); or
			3. it otherwise considers it necessary to do so,

use reasonable endeavours to buy or sell Gas to manage Line Pack (*Balancing Gas*) within Acceptable Line Pack Limits.

* 1. For any Day on which a Shipper or OBA Party has negative Excess Running Mismatch (*Negative ERM*), that Shipper or OBA Party will pay to First Gas a charge equal to:

Negative ERM × FNERM × IN

where:

*FNERM* is a fee determined by First Gas in accordance with *section 8.14* and published on OATIS; and

*IN* is 1, except where in respect of all or any part of any Day the:

* + 1. Line Pack is or falls below the specified lower Acceptable Line Pack Limit, when it is 5 for such Day; and
		2. except where paragraph (a) applies, Line Pack is above or exceeds the specified upper Acceptable Line Pack Limit, when it is zero for such Day.
	1. For any Day on which a Shipper or OBA Party has positive Excess Running Mismatch (*Positive ERM*), that Shipper or OBA Party will pay to First Gas a charge equal to:

Positive ERM × FPERM × IP

where:

*FPERM* is a fee determined by First Gas in accordance with *section 8.14* and published on OATIS; and

*IP* is 1, except where in respect of all or any part of any Day the:

* + 1. Line Pack is above or exceeds the specified upper Acceptable Line Pack Limit, when it is 5 for such Day; and
		2. except where paragraph (a) applies, Line Pack is or falls below the specified lower Acceptable Line Pack Limit, when it is zero for such Day.