



13 August 2018

Angela Ogier
Transmission Commercial Manager
First Gas Limited
By email

Dear Angela,

Re: Block 1 Consultation

This letter summarises our comments (which are attached in appendices) on the five Block 1 consultation documents.

For Outputs 4 to 6, we have provided mark-ups to, and comments in, the word documents. A short critique of these substantive issues and drafting matters is summarised below to assist:

A) Block 1, Output 4 – Allocation Methods

Substantive Issues

- There are issues with the current D+1 allocation process which should be addressed – such as the absence of, or clear inaccuracy of, gas gate data.
- The D+1 allocation process is two-fold: i) a monthly process that uses “special allocations” to over-write “initial allocations”, basically ratifying the intra-month numbers for billing purposes, and ii) a daily process relating to the GIC’s outputs which create a pro-forma daily delivery quantity. This was to replace the new industry agreement. The default formula also requires some rework.
- We suggest some pro-competition points in relation to allocation agreements.

Drafting Matters

- A number of definitions should be amended to give effect to the default allocation rule which requires allocations at a Delivery Point (not in a zone).
- Metered Quantity is used frequently so should be defined.
- The full suite and use of daily allocation documents should be noted and defined.

B) Block 1, Output 5 – Taranaki Target Pressure

Substantive Issues

- The Curtailment SOP will be important for managing TTP, and we have suggested some principles which it should contain to reflect discussions from the 7-9 Aug workshops. Central to this is order of actions and fairness of curtailment.

Drafting Matters

- TTP is simply a number and the thinking behind it is already factored into the range.
- We suggest some wording to reflect First Gas' current Mokau policy, flow on changes to allow First Gas more use of the Extra ID Cycle, and to work TTP in with OFOs.

C) Block 1, Output 6 – Balancing Tolerances

Substantive Issues

- In the absence of proposed amendments to the line pack notices (which we had assumed would relate to TTP); it is unclear to which part of the pipeline those notices would relate and whether users not on that pipeline would still be subject to higher charges. The query is whether the Maui pipeline will retain its central role in balancing.
- Proposed tolerances favour large users – we suggest a cap (where otherwise unused amounts are provided back to other parties) in addition to codifying the floor.
- We suggest tolerances are calculated with reference to data from two months ago, rather than be iteratively calculated each day. This would be more certain and simple.
- We suggest the principles for providing tolerance are included in the Code, including equal split between the two LPT concepts, a reference to the SOP and a minimum total tolerance.

Drafting Matters

- Defining the aggregate tolerance and Balancing SOP will allow for key principles to be defined in the body of the code.
- The high and low line pack notices should be amended to improve clarity.

The critiques above are limited due to the short consultation period.

For Outputs 8 and 9, we include a full critique of substantive issues and drafting matters in an appendix instead of mark-ups to the word documents.

Yours sincerely

Chris Boxall
Commercial Manager