



6 December 2017

Ben Gerritsen  
GM Commercial and Regulation  
First Gas Limited  
By email

Dear Ben,

### RE: GTAC Action Item C – ERM and Overrun-Underrun Charges

The proposal is a step in the right direction, but GGNZ has major concerns with ERM charges and Overrun-Underrun charges in general in respect of which we reserve our further position on for the time being.

#### High-level

- It is most disappointing that First Gas is not consulting on Tshippers, which provides context for ERM charges and thus should be part of the action point that relates to *'provisions relating to ability to change ... ERM charges'*. To argue that the *'i.e.'* part of the action point is not without limitation is against the spirit of section 1.2(s) of the GTAC.
- It is disappointing that First Gas has added back in a hard-coded Fn/perm having removed this from the 3<sup>rd</sup> draft GTAC. First Gas made a genuine mistake in removing the values in the 2<sup>nd</sup> draft GTAC, but surely cannot have made the same drafting mistake twice. If so, query whether drafting is being rushed.
- GIC will need to assess the impact of the codified level of Fn/perm and F and also the sensitivities when those values are set to their extremes.

#### Detail

- There should be more than 5 Business Days' notice for increases to Fn/perm in section 8.14. We suggest 20 to cover periods such as Christmas and New Year holidays.
- The insertion of the new wording at the end of section 8.14 makes the last sentence read that reductions to Fn/perm are subject to the notice of a Change Request, not a general notice by First Gas. We suggest the wording properly reflects the intent.

- If the end of section 11.4 is to shift to 60 Business Days' notice, then there may as well be a Change Request process, which would be fairer on industry.
- The last paragraph of section 11.4 should require First Gas to increase F not sooner than a timeframe after it advises that there are no Shipper objections or after it has notified that it does not consider that any compelling evidence has been supplied (after supplying such evidence and commenting on its position). Otherwise, Shippers could use some or all of those 60 Business Days to generate evidence, supply this to First Gas, then find, on very short notice, that First Gas has not accepted its evidence. In addition, First Gas could provide a window, say 30 Business Days, for Shippers to provide compelling evidence after receipt of First Gas' notice of intent.

## Conclusions

The proposal continues the theme that First Gas appears inclined to make, at most, incremental improvements. This is disappointing because the industry needs First Gas to deliver a fair and reasonable gas transmission and access code that is simple and transparent.

Yours sincerely



Chris Boxall  
Commercial Manager