|  |
| --- |
| Gas Transmission Access CodeRevised Draft GTAC (11 September 2017)Table format for stakeholder mark-ups |

|  |  |  |
| --- | --- | --- |
|  | This Code sets out the terms and conditions on which First Gas provides gas transmission services. |  |
| **1** | **DEFINITIONS AND CONSTRUCTION** |  |
| 1.1 | In this Code: |  |
|  | Acceptable Line Pack Limits means the upper and lower operating limits for Line Pack determined by First Gas and published on OATIS, taking into account the Taranaki Target Pressure;  |  |
|  | Accurate has the meaning set out in the Metering Requirements, and Accuracy and Accurately shall be construed accordingly; |  |
|  | Agreed Hourly Profile means a schedule of consecutive Hourly quantities of Gas that may be injected into, or taken from the Transmission System (as the case may be), for one or more consecutive Days; |  |
|  | Allocation Agent means the person appointed to undertake that role under the DRR or an Allocation Agreement; |  |
|  | Allocation Agreement means, for any Delivery Point used by more than one Shipper at which Delivery Quantities are not determined under either the DRR or an OBA, an agreement which sets out the methodology to be used by the Allocation Agent to apportion the metered quantity of Gas amongst those Shippers to determine their Delivery Quantities; |  |
|  | Allocation Result means: |  |
| (a) | for Delivery Points at which Gas is allocated under the DRR, the allocation result determined under the DRR; and |  |
| (b) | for Delivery Points used by more than one Shipper at which Gas is not allocated under the DRR or an OBA, the Delivery Quantities determined under the relevant Allocation Agreement;  |  |
|  | Approved NQ means the NQ approved by First Gas in the most recent nominations cycle (subject to any subsequent curtailment by First Gas); |  |
|  | Available Operational Capacity means the amount of Operational Capacity that First Gas determines it can make available as DNC; |  |
|  | Balancing Gas means any Gas bought or sold by First Gas to maintain Line Pack within the Acceptable Line Pack Limits or return it to within those limits; |  |
|  | Balancing Gas Charge has the meaning set out in section 8.8(a); |  |
|  | Balancing Gas Credit has the meaning set out in section 8.9(a); |  |
|  | Beneficiary DP has the meaning set out in section 10.11; |  |
|  | Bi-directional Point means a station which, at different times, may operate either as a Receipt Point or as a Delivery Point;  |  |
|  | Bill Rate means, on any Business Day, the 90-Day Rate published by the Reserve Bank of New Zealand for the weekly period in which the Business Day falls; |  |
|  | Business Day means any Day (other than a Saturday, Sunday or a public holiday) on which registered banks are open for business in New Plymouth and Wellington; |  |
|  | Capped Amounts has the meaning set out in section 16.5; |  |
|  | CCM Regulations means the Gas Governance (Critical Contingency Management) Regulations 2008; |  |
|  | Change Request has the meaning set out in section 17.9; |  |
|  | Changed Provisional NQ has the meaning set out in section 4.13; |  |
|  | Changed Provisional Nominations Deadline means the time notified by First Gas on OATIS, by which a Shipper must submit its Changed Provisional NQs on OATIS on the Day before the Day to which those NQs relate;  |  |
|  | Code means this Gas Transmission Access Code, including all schedules to it; |  |
|  | Commencement Date means the commencement date specified in a TSA; |  |
|  | Congestion exists where: |  |
| (a) | Shippers’ aggregate NQs exceed the Available Operational Capacity in a Delivery Zone, or at a Delivery Point not included in a Delivery Zone; or |  |
| (b) | the Available Operational Capacity of one or more Delivery Points is reduced below the expected requirement for DNC due to a reduction in the capacity of an upstream pipeline; or |  |
| (c) | current offtake exceeds the Physical MHQ of a Delivery Point; |  |
|  | Congested Delivery Point means a Delivery Point that is, or may be subject to Congestion; |  |
|  | Congestion Management means the various measures that First Gas may initiate to alleviate Congestion, as described in section 10; |  |
|  | Congestion Management Charge means the charge to recover First Gas’ costs of Congestion Management, calculated in accordance with section 11.12; |  |
|  | Confidential Information is information that the relevant Parties agree is such, in accordance with sections 20.3 to 20.4; |  |
|  | Confirmed NQ means the NQ confirmed by an Interconnected Party in the most recent nominations cycle (where required); | This definition has applicability in describing some aspects of Nominations. |
|  | CPI Index means the most recently published consumer price index stipulated in the “All Groups Index SE9A” published by Statistics New Zealand or, if that index ceases to be published or in the opinion of the Government Statistician (or his/her replacement) the basis for it changes significantly, another price index as First Gas considers most closely approximates the purpose and composition of the CPI Index;  |  |
|  | Credit Support means the credit support arrangements set out in section 14.1(b); |  |
|  | Critical Contingency has the meaning set out in the CCM Regulations; |  |
|  | Critical Contingency Management Plan means First Gas’ critical contingency management plan approved in accordance with the CCM Regulations (with a copy of the plan being posted on OATIS); |  |
|  | Critical Contingency Operator or CCO has the meaning set out in the CCM Regulations; |  |
|  | Daily Nominated Capacity or DNC comprises the transmission capacity defined by MDQ and MHQ respectively, where the amount of a Shipper’s MDQ for a Day is that Shipper’s Approved NQ for that Day; |  |
|  | Daily Nominated Capacity Fee or DNCFee means the fee payable by a Shipper for DNC, as posted 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:  |  |
| (a) | DNC, calculated in accordance with section 11.5(a); or |  |
| (b) | the MDQ under a Supplementary Agreement or Interruptible Agreement, calculated as set out in the relevant agreement; |  |
|  | Day means a period of 24 consecutive hours, beginning at 0000 hours (New Zealand standard time) and Daily shall be construed accordingly; |  |
|  | Dedicated Delivery Point means a Delivery Point that supplies Gas to a single End-user;  |  |
|  | Delivery Point means a facility at which one or more Shippers take (or may take) Gas from the Transmission System or, in the case of an Existing Supplementary Agreement, the delivery point named in that agreement; |  |
|  | Delivery Quantity or DQ means the quantity of Gas taken by a Shipper in a Delivery Zone or at a Delivery Point on a Day, determined in accordance with section 6;  |  |
|  | Delivery Zone means a group of two or more Delivery Points which, for the purposes of sections 4 and 11 are treated as a single notional delivery point, provided that no Delivery Zone shall include any Delivery Point at which an OBA applies or any Congested Delivery Point;  |  |
|  | Dispute Notice has the meaning set out in section 18.1; |  |
|  | Distribution Network means any pipeline system operating at a pressure of less than 20 bar gauge and designed to convey Gas taken at a Delivery Point to more than one End-user; |  |
|  | Downstream Reconciliation Rules or DRR means the Gas (Downstream Reconciliation) Rules 2008; |  |
|  | Draft Change Request has the meaning set out in section 17.3; |  |
|  | Emergency means an event or circumstance (or a series of events or circumstances) which First Gas determines to be an emergency, irrespective of its cause or whoever (including First Gas) may have caused or contributed to that emergency. An Emergency may exist: |  |
| (a) | by reason of any actual or potential failure of, or damage to, any part of the Transmission System;  |  |
| (b) | where in First Gas’ reasonable opinion the safety of the Transmission System or the safe transportation of Gas is significantly at risk, including as a result of circumstances upstream or downstream of the Transmission System;  |  |
| (c) | due to an interruption or disruption to the operations of a pipeline;  |  |
| (d) | where Gas is at a pressure, or is of a quality that constitutes a hazard to persons, property or the environment; or |  |
| (e) | where First Gas’ ability to maintain safe pressures within a pipeline is affected or threatened by: |  |
| (i) | an insufficiency of injections of Gas into a pipeline;  | By this definition, it would appear that a trip of a Gas Production plant could constitute an emergency. Section 9.4 says that an if an event described in 9.1(a) occurs, First Gas may issue an Operational Flow Order. 9.1(a) is “First Gas detects or suspects that an Emergency is occurring or will occur;”. My interpretation is that a trip of a Production Station could be an Emergency (if it causes an insufficiency of injections), and therefore First Gas can use an OFO to resolve. This is different from the advice received from First Gas (John Blackstock, email of 9-Sep). Therefore, clarification is requested. If the email is correct, then this clause must be removed, or section 9 updated. |
| (ii) | any off-take of Gas from a pipeline which exceeds the relevant Maximum Design Flow Rate or the quantity or offtake rate specified in an Operational Flow Order; |  |
|  | End-user means a consumer of Gas; |  |
|  | Excess Running Mismatch or ERM means that amount of a party’s Running Mismatch that exceeds that party’s Running Mismatch Tolerance;  |  |
|  | Existing Interconnection Agreement means an interconnection agreement with a commencement date earlier than the Commencement Date, excluding interconnection agreements which terminated on termination of any code replaced by this Code; |  |
|  | Existing Supplementary Agreement means a supplementary agreement which commenced earlier than the Commencement Date or a supplementary agreement required by a Transmission Pricing Agreement which commenced earlier than the Commencement Date; |  |
|  | Expiry Date means the earlier of the expiry date of this Code and the date specified in a TSA; |  |
|  | First Gas means First Gas Limited at New Plymouth;  |  |
|  | Force Majeure Event means an event or circumstance beyond the reasonable control of a Party which results in or causes a failure or inability by that Party in the performance of any obligations imposed on it by this Code and/or (in the case of a Shipper) an inability of that Shipper to inject or take Gas notwithstanding the exercise by that Party of reasonable care and, subject to the foregoing, shall include any such event or circumstance which causes a Critical Contingency to be determined and/or any action or inaction of a Party necessary to comply with the CCM Regulations which causes a failure or inability of the kind described above;  | By this definition, it would appear that a trip of a Gas Production plant would constitute a Force Majeure Event. Section 9.4 says that an if an event described in 9.1(b) occurs, FirstGas may issue an Operational Flow Order. 9.1(b) is “a Force Majeure event has occurred”. My interpretation is that a trip of a Production Station is a Force Majeure event, and therefore First Gas can use an OFO to resolve. This is different from the advice received from First Gas (John Blackstock, email of 9-Sep). Therefore, clarification is requested. If the email is correct, then Section 9 must be updated. |
|  | Gas means gas that complies with the Gas Specification; |  |
|  | Gas Market means a reputable and open electronic market platform controlled and operated by:  |  |
| (a) | a party other than First Gas for the purposes of trading Gas; and/or |  |
| (b) | First Gas, exclusively for the purposes of buying and selling Balancing Gas; |  |
|  | Gas Specification means the New Zealand Standard NZS 5442:2008: Specification for Reticulated Natural Gas; |  |
|  | Gas Transfer Agent means First Gas in its capacity as a gas transfer agent or its replacement appointed pursuant to section 6.5 and named as a gas transfer agent in the relevant GTA; |  |
|  | Gas Transfer Agreement or GTA means an agreement between a transferor and transferee of Gas (who may be the same person) and the Gas Transfer Agent, which complies with the requirements of Schedule Three; |  |
|  | GIC means the Gas Industry Company Limited: |  |
|  | GJ or Gigajoule means a gigajoule of Gas, on a “gross calorific value” basis; | Suggest reference is made to an appropriate standard for calculating the Gross Calorific Value (eg. ISO 6976 ; NZS:5259?) |
|  | GST and GST Amount mean, respectively, Goods and Services Tax payable pursuant to the Goods and Services Tax Act 1985 and the amount of that tax; |  |
|  | High Line Pack Notice means a notice issued by First Gas to all Shippers and Interconnected Parties pursuant to section 8.13 on OATIS indicating that Line Pack is increasing towards the upper Acceptable Line Pack Limit and that, if the trend continues, First Gas may need to take action to manage Line Pack in accordance with section 8; |  |
|  | Hour means a period of 60 consecutive minutes beginning on the hour and Hourly shall be construed accordingly; |  |
|  | Hourly Overrun Charge means the charge for exceeding MHQ, that is calculated: |  |
| (a) | in accordance with section 11.6; or |  |
| (b) | under a Supplementary Agreement or Interruptible Agreement, as set out in the relevant agreement; |  |
|  | Hourly Quantity or HQ 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; |  |
|  | Inaccurate means not Accurate; |  |
|  | Interconnected Party means a party whose gas producing or gas processing facility, pipeline, Distribution Network or gas consuming facility is physically connected to the Transmission System, irrespective of whether there is an ICA at that point; |  |
|  | Interconnection Agreement or ICA means an agreement between First Gas and an Interconnected Party, entered into on or after the commencement of this Code and complying with the requirements of sections 7.12 and 7.13, which sets out the terms and conditions applicable to that party’s connection to the Transmission System at a Receipt Point, Delivery Point or Bi-directional Point; |  |
|  | Interruptible Agreement means an agreement contemplated by section 7.8 between First Gas and a Shipper for the transmission of Gas to a Delivery Point for supply to a specific End-user or site, where transmission may be curtailed at First Gas’ sole discretion for any reason at any time;  |  |
|  | Interruptible Capacity means the Daily amount of transmission capacity First Gas makes available to a Shipper under an Interruptible Agreement; |  |
|  | Interruptible Load means the Gas offtake of an End-user that First Gas may curtail under an Interruptible Agreement;  |  |
|  | Intra-Day Cycle means a nominations cycle that occurs on the Day that the NQ relates to; |  |
|  | Intra-Day NQ means an NQ to replace a Changed Provisional NQ, or a new NQ requested by a Shipper during an Intra-Day Cycle; |  |
|  | Intra-Day Nomination Deadline means the time by which a Shipper must notify an Intra-Day NQ during a particular Intra-Day Cycle, as published by First Gas on OATIS; |  |
|  | Liable Party has the meaning set out in section 16.1; |  |
|  | Liable Third Parties has the meaning set out in section 16.6; |  |
|  | Line Pack means the total quantity of Gas contained in the Transmission System (or a defined part of it) at any time; |  |
|  | Low Line Pack Notice means a notice issued by First Gas to all Shippers and Interconnected Parties pursuant to section 8.12 on OATIS indicating that Line Pack is decreasing towards the lower Acceptable Line Pack Limit and that, if the trend continues, First Gas may need to take action to manage Line Pack in accordance with section 8; |  |
|  | Loss means any loss, damage, expense, cost, liability or claim; |  |
|  | Maintenance includes any maintenance on any part of the Transmission System (including any Receipt Point, Delivery Point, Bi-directional Point, compressor or other station, Metering, pipeline or pipeline equipment including any aerial, bridge or other crossing, culvert, drainage, support or ground retention works) and includes any testing, adding to, altering, repairing, replacing, upgrading, inspecting, cleaning, pigging, servicing, decommissioning, removal or abandonment, as well as any preparatory or return-to-service work relating to any such activity;  | It is unclear what mechanism First Gas will prefer to employ to manage maintenance activities that have previously been supported by Producers (eg. Pig Runs). A mechanism that allows parties to work together for mutual benefit is required, whereby there is no undue risk on parties that aid / support First Gas in this manner, and these parties must not be subject to additional charges as a result of actions taken to support these activities. There are no clear mechanisms currently outlined in the code. Perhaps a clause that allows running mismatch and balancing charges to be waived, or tolerances to be changed. |
|  | Maximum Daily Quantity or MDQ means, in respect of a Day, the maximum quantity of Gas that First Gas is required to receive from a Shipper within a Receipt Zone or at an individual Receipt Point (as applicable) and simultaneously make available for that Shipper to take in a Delivery Zone or Dedicated Delivery Point that is not part of a Delivery Zone, or at a Congested Delivery Point, which shall be (as applicable):  |  |
| (a) | the Shipper’s DNC; or |  |
| (b) | under a Supplementary Agreement or Interruptible Agreement, the amount set out in or determined in accordance with the relevant agreement; or |  |
| (c) | where there is an Agreed Hourly Profile, the sum of the Hourly quantities for that Day;  |  |
|  | Maximum Design Flow Rate means the maximum flow rate of Gas that a Receipt Point, Delivery Point, Bi-directional Point, or Metering associated with any such point, is designed to have flow through it and, in the case of Metering, Accurately measure; |  |
|  | Maximum Hourly Quantity or MHQ means, in respect of an Hour, the maximum quantity of Gas that First Gas is required to receive from a Shipper within a Receipt Zone or at an individual Receipt Point (as applicable) and simultaneously make available for that Shipper to take in a Delivery Zone or at a Dedicated Delivery Point that is not part of a Delivery Zone, or at a Congested Delivery Point, which shall be (as applicable):  |  |
| (a) | in relation to DNC: |  |
| (i) | for each Dedicated Delivery Point, the amounts published by First Gas on OATIS; and |  |
| (ii) | for all other Delivery Points, 1/16th of the relevant MDQ;  |  |
| (b) | under a Supplementary Agreement or Interruptible Agreement, the amount set out in or determined in accordance with the relevant agreement; or |  |
| (c) | where there is an Agreed Hourly Profile, the amount defined therein;  |  |
|  | Metering means the equipment, complying with the Metering Requirements, installed at or near a Receipt Point, Delivery Point or Bi-directional Point which measures the quantities of Gas injected into or taken from the Transmission System at such point;  |  |
|  | Metering Owner means the party who owns the Metering;  |  |
|  | Metering Requirements means the document of that name published on OATIS;  |  |
|  | Minimum Design Flow Rate means the minimum flow rate of Gas that the relevant Receipt Point, Delivery Point, Bi-directional Point or Metering is designed to have flow through it and, in the case of the Metering, Accurately measure; |  |
|  | Mismatch means, for each Day and: |  |
| (a) | a Shipper, the aggregate of that Shipper’s Receipt Quantities minus the aggregate of its Delivery Quantities, where: |  |
| (i) | aggregate receipts greater than aggregate deliveries is positive Mismatch; and |  |
| (ii) | aggregate receipts less than aggregate deliveries is negative Mismatch;  |  |
| (b) | an OBA Party, the aggregate of that OBA Party’s Scheduled Quantities minus the aggregate of its metered quantities, where: |  |
| (i) | over-injection or under-take relative to the Scheduled Quantity are each a positive Mismatch; and  |  |
| (ii) | under-injection or over-take relative to the Scheduled Quantity are each a negative Mismatch; and |  |
| (c) | First Gas, the aggregate of Gas purchased by First Gas for operational purposes minus the aggregate of Gas used by First Gas for operational purposes (including Gas purchased or sold to correct for UFG but excluding Balancing Gas sales and purchases), where:  |  |
| (i) | aggregate purchases greater than aggregate usage is positive Mismatch; and |  |
| (ii) | aggregate purchases less than aggregate usage is negative Mismatch; |  |
|  | Month means the period beginning at 0000 hours on the first Day of a calendar month and ending at 0000 hours on the first Day of the next calendar month, and Monthly shall be read accordingly;  |  |
|  | Nomination Day means the Day on which the provisional nominations process for the following Week takes place, being the last Business Day of each Week;  |  |
|  | Nominated Quantity or NQ means, in respect of a Day: |  |
| (a) | for a Receipt Point, the quantity of its Gas that a Shipper nominates to inject (or have injected on its behalf) into the Transmission System; and  |  |
| (b) | for a Delivery Zone, Delivery Point or Dedicated Delivery Point not included in a Delivery Zone, or Congested Delivery Point, the amount of DNC a Shipper nominates First Gas to make available to it;  |  |
|  | Non-Specification Gas means gas that does not comply with the Gas Quality elements of the Gas Specification; | There is a temperature limit in the gas specification, and it is not relevant to this definition. |
|  | Non-standard Transmission Charges means the transmission charges payable under any Existing Supplementary Agreement, Supplementary Agreement or Interruptible Agreement;  |  |
|  | OATIS means First Gas’ internet-based open access transmission information system, whose homepage is located at http://www.oatis.co.nz (or any other homepage First Gas may notify to Shippers and Interconnected Parties on OATIS), or any replacement system; |  |
|  | Operational Balancing Agreement or OBA means an agreement forming part of the Interconnected Party’s Interconnection Agreement at a Receipt Point, or a Delivery Point which is not included in a Delivery Zone, under which:  |  |
| (a) | Mismatch is determined at the relevant Receipt Point or Delivery Point and is the responsibility of the OBA Party; and  |  |
| (b) | to the extent that it has Running Mismatch, the OBA Party is responsible for managing that Running Mismatch towards zero; and |  |
| (c) | the Receipt Quantity or Delivery Quantity of any Shipper using the relevant Receipt Point or Delivery Point is equal to its Approved NQ; |  |
|  | OBA Party means the Interconnected Party at a Receipt Point or Delivery Point where an OBA applies; |  |
|  | Operational Capacity means, in relation to a Delivery Point, the total transmission capacity that First Gas determines it can provide without either exceeding the capacity of that Delivery Point or breaching any Security Standard Criteria;  |  |
|  | Operational Flow Order or OFO means a notice issued pursuant to section 9.4, requiring the injection of Gas at a Receipt Point and/or the take of Gas at a Delivery Point (as the case may be) to be curtailed; |  |
|  | Other Party has the meaning set out in section 16.1; |  |
|  | Over-Flow Charge means the charge calculated in accordance with section 11.8; |  |
|  | Party means each of First Gas and the other party to a TSA and Parties means both of them; |  |
|  | Physical MHQ means the Hourly Quantity in GJ corresponding to the Maximum Design Flow Rate of a Delivery Point, as determined by First Gas and published on OATIS; |  |
|  | Primary Balancing Obligation has the meaning set out in sections 8.2 to 8.4; |  |
|  | Priority Right or PR has the meaning set out in section 3.6; |  |
|  | Priority Rights Charge means the charge payable by a Shipper for its PRs, calculated in accordance with sections 11.4 and 11.5; |  |
|  | Proposed Scheduled Quantity has the meaning set out in section 4.16; |  |
|  | Provisional NQ has the meaning set out in section 4.12; |  |
|  | Provisional Nominations Deadline means the time on the Nomination Day, as notified by First Gas on OATIS, by which a Shipper must notify First Gas of its Provisional NQs;  |  |
|  | PR Allocation Day means the day on which PRs allocated following a PR Auction become effective, being the first Day of the Month following the Month in which a PR Auction is held; |  |
|  | PR Auction has the meaning set out in section 3.9; |  |
|  | PR Term means, for each PR, the period from 0000 on the relevant PR Allocation Day until 2400 on the Day before the PR Allocation Date for the next scheduled PR Auction (whether that scheduled auction is held or not);  |  |
|  | Reasonable and Prudent Operator or RPO means, in relation to the performance of obligations under this Code, the application by the relevant party of that degree of diligence, prudence and foresight reasonably and ordinarily exercised by experienced operators engaged in the same line of business under the same or similar circumstances and conditions having due consideration to the interests of the other users of the Transmission System; |  |
|  | Receipt Point means a facility at which a Party with an Interconnection Agreement or an Existing Interconnection Agreement or a Gas Transfer Agreement inject (or may inject) Gas into the Transmission System for Transfer or Sale to a Shipper via either an OBA or GTA;  | This is consistent with the ICA definitions. It is our view (expanded on later) that Interconnected parties must be parties to this code, and that this code includes the operational sections of the ICAs. |
|  | Receipt Quantity means, in respect of a Day and a Shipper, the quantity of Gas received by First Gas from an Interconnected Party at a Receipt Point, as determined in accordance with section 6; |  |
|  | Receipt Zone means a zone comprising one or more Receipt Points, defined by First Gas in accordance with section 3.3 and published on OATIS; |  |
|  | Reserve Price means the price (in $/Priority Right) set by First Gas to recover its reasonable costs in administering auctions for Priority Rights;  |  |
|  | Retailer has the meaning set out in the CCM Regulations; |  |
|  | Running Mismatch means, in relation to a Day and: |  |
| (a) | a Shipper: |  |
| (i) | the sum of the Shipper’s Mismatch on that Day and all previous Days (as calculated at the end of each Day); plus |  |
| (ii) | any quantity of Gas purchased by the Shipper on any previous Day, including pursuant to section 8.8(b)(i); minus |  |
| (iii) | any quantity of Gas sold by the Shipper on any previous Day, including pursuant to section 8.9(b)(i); plus and/or minus |  |
| (iv) | any applicable Wash-ups;  |  |
| (b) | an OBA Party:  |  |
| (i) | the sum of that OBA Party’s Mismatch on that Day and all previous Days (as calculated at the end of each Day); plus |  |
| (ii) | any quantity of Gas purchased by that OBA Party on any previous Day, including pursuant to section 8.8(b)(ii); minus |  |
| (iii) | any quantity of Gas sold by that OBA Party on any previous Day, including pursuant to section 8.9(b)(ii); plus and/or minus |  |
| (iv) | any applicable Wash-ups; and |  |
| (c) | First Gas: |  |
| (i) | the sum of First Gas’ Mismatch on that Day and all previous Days (as calculated at the end of each Day); plus |  |
| (ii) | any quantity of Gas purchased by First Gas on any previous Day, including pursuant to sections 8.8(b)(iii); minus |  |
| (iii) | any quantity of Gas sold by First Gas on any previous Day, including pursuant to sections 8.9(b)(iii); plus and/or minus |  |
| (iv) | any applicable Wash-ups, |  |
|  | where Running Mismatch may be either positive or negative;  |  |
|  | Running Mismatch Tolerance means, for each Day:  |  |
| (a) | for each Shipper, an amount that is the lesser of: |  |
| (i) | PS × ∑DQS; and |  |
| (ii) | RMS ÷ RMALL × TR, |  |
|  | where: |  |
|  | PS is the percentage, which may be different for positive or negative Running Mismatch, determined by First Gas and published on OATIS; |  |
|  | RMS is the Shipper’s positive or negative Running Mismatch at 2400 on that Day; |  |
|  | RMALL is the aggregate of all parties’ positive Running Mismatches or negative Running Mismatches at 2400 on that Day; and |  |
|  | TR is an amount of Line Pack (GJ), which may be different for the aggregate of all parties’ positive and negative Running Mismatches, determined by First Gas and published on OATIS;  |  |
| (b) | for each OBA Party, an amount that is the lesser of: |  |
| (i) | PI × SQ; and |  |
| (ii) | RMI ÷ RMALL × TR, |  |
|  | where: |  |
|  | PI is a percentage, which may be different for positive and negative Running Mismatch, determined by First Gas for each Receipt and Delivery Point where an OBA applies and published on OATIS; |  |
|  | RMI is the OBA Party’s positive or negative Running Mismatch at 2400 on that Day; |  |
|  | RMALL and TR each has the meaning set out in (a) above; and |  |
| (c) | for First Gas, an amount that is the lesser of: |  |
| (i) | PF × Use; and |  |
| (ii) | RMF ÷ RMALL × TR, |  |
|  | where: |  |
|  | PF is the percentage (or percentages) referred in part (a); |  |
|  | Use is the First Gas’ aggregate operational gas usage, including Gas purchased to correct for UFG but excluding Balancing Gas; |  |
|  | RMF is First Gas’ positive or negative Running Mismatch at 2400 on that Day; and |  |
|  | RMALL and TR each has the meaning set out in part (a); |  |
|  | SCADA means First Gas’ “Supervisory Control and Data Acquisition” system; |  |
|  | Scheduled Maintenance means Maintenance planned and scheduled ahead of time; |  |
|  | Scheduled PR Auction Date has the meaning set out in section 3.9; |  |
|  | Scheduled Quantity has the meaning set out in section 4.16;  |  |
|  | scm means “standard cubic meter”, namely a cubic meter of gas at standard conditions of temperature and pressure, i.e. 15 degrees Celsius and 1.01325 bar absolute; |  |
|  | Security Standard Criteria means the physical parameters defined by First Gas to indicate that Operational Capacity may be about to be, or has been, exceeded, including minimum permissible pressures at various points on the Transmission System (PMIN) and the projected minimum time to reach any such a pressure (TMIN); |  |
|  | Shipper means a person named as a shipper in a TSA with First Gas; |  |
|  | Specific HQ/DQ means the ratio of Hourly to Daily Quantity Hourly for a specific Delivery Point, as determined by First Gas and published on OATIS; |  |
|  | Supplementary Agreement means an agreement, complying with section 7.4, entered into by First Gas and a Shipper on or after the Commencement Date, for the transmission of Gas to a Delivery Point for supply to a specific End-user or site; |  |
|  | Supplementary Capacity means the transmission capacity First Gas makes available under a Supplementary Agreement or Existing Supplementary Agreement; |  |
|  | Tax has the meaning set out in section 11.25; |  |
|  | Throughput Charge means the charge calculated in accordance with section 11.2;  |  |
|  | TOU Meter means a gas measurement system, meeting or exceeding the requirements of NZS 5259:2008, that measures all gas taken by an End-user and which incorporates an electronic pressure-and-temperature correcting instrument with electronic data storage that records (amongst other things) the actual and pressure-and-temperature corrected volumes of gas that pass through the meter Hourly together with the pressure and temperature of gas measured Hourly at the meter;  |  |
|  | Transmission Pricing Agreement or TPA means an agreement between First Gas and an End-user which sets out (amongst other things) the transmission capacity available to any Shipper supplying Gas to that End-user, and the transmission fees applicable to that capacity, for a defined term, and requires the End-user to use Gas for that term and procure that its Gas supplier (a Shipper) at any time during that term is party to a Supplementary Agreement which reflects the terms and conditions of the TPA;  |  |
|  | Transmission Charges means each of the Daily Nominated Capacity Charge, Throughput Charge, Daily Overrun Charge, Underrun Charge, Hourly Overrun Charge and Over-Flow Charge;  |  |
|  | Transmission Fees means each of the Daily Nominated Capacity Fee and Throughput Fee; |  |
|  | Transmission Services Agreement or TSA means an agreement between First Gas and a Shipper: |  |
| (a) | in the form set out in Schedule One that has a Commencement Date on or after the date of this Code; or |  |
| (b) | which is deemed to apply by virtue of an Existing Supplementary Agreement;  |  |
|  | Transmission System means the pipeline system for the transmission of Gas owned and operated by First Gas, including those parts which normally operate at pressures less than 20 bar g; |  |
|  | Unaccounted-For-Gas or UFG means, for a period of time, the quantity of Gas equal to: |  |
|  | Receipts - Deliveries + Line Packstart – Line Packend – Fuel – Gas Vented | Equation should be checked – does not look correct given that the definition of Deliveries excludes consideration of mismatch. |
|  | where, in respect of that period: |  |
|  | Receipts means the aggregate of all relevant Receipt Quantities; |  |
|  | Deliveries means the aggregate of all relevant Delivery Quantities; |  |
|  | Line Packstart means the Line Pack at the start; |  |
|  | Line Packend means the Line Pack at the end; |  |
|  | Fuel means the aggregate quantity of Gas used by First Gas’ equipment; and |  |
|  | Gas Vented means the aggregate quantity of Gas estimated to have been vented (deliberately or otherwise), if any; |  |
|  | Underrun Charge means the charge payable for using less capacity on a Day than the amount of DNC, calculated in accordance with section 11.5(b); |  |
|  | Unvalidated means, in relation to energy quantity data, data that is not validated; |  |
|  | Validated means, in relation to energy quantity data, data that First Gas has used reasonable endeavours to verify is accurate, taking into account the time available and the information reasonably available to it at that time; |  |
|  | Wash-up means, as the context requires:  |  |
| (a) | any adjustments to previously determined Delivery Quantities, determined by the Allocation Agent in accordance with the DRR and applied to Running Mismatches in the manner agreed by First Gas and Shippers or, failing agreement, in the manner determined by First Gas, and includes adjustments arising from “interim allocations” and “final allocations” (as those terms are defined in the DRR);  |  |
| (b) | any adjustments required to correct previously determined Receipt or Delivery Quantities arising from Metering errors or the miscalculation of energy quantities, as determined by First Gas and applied to Running Mismatches in the manner agreed by First Gas, Interconnected Parties at the affected Receipt Point and Shippers or, failing agreement, in the manner determined by First Gas; and |  |
| (c) | any monetary adjustments (credits or debits) corresponding to the Receipt and Delivery Quantity adjustments referred to in (a) and (b) above; |  |
|  | Week means a period of 7 Days beginning at 0000 hours (New Zealand standard time) on Monday; and |  |
|  | Year means a period of 365 (or 366 in a leap Year) consecutive Days commencing at 0000 hours on the 1st Day of October in each Year and ending at 2400 hours on the 30th Day of September in the following Year provided that the first Year shall be the broken period from 0000 hours on the Commencement Date (if not 1 October) to 2400 hours on 30th September immediately following the Commencement Date.  | Why 1st October? If there is an allowance for the commencement date of the new Code not being 1st October, why not have a Year generally defined as starting on 1st Jan? |
|  | **Construction** |  |
| 1.2 | In this Code and each TSA, unless the context otherwise requires: |  |
| (a) | “inject” includes to cause or allow Gas to flow into the Transmission System at a Receipt Point;  |  |
| (b) | “curtail” includes to reduce either partly or to zero and to shut or close down;  |  |
| (c) | “take” includes to cause or allow Gas to flow from the Transmission System at a Delivery Point, including for transfer to another Shipper; |  |
| (d) | a reference to any enactment, regulation, New Zealand Standard or any section of the Code, is a reference to that enactment, regulation, New Zealand Standard or section as amended or substituted; |  |
| (e) | a reference to a document includes all valid amendments, variations or supplements to, or replacements of that document; |  |
| (f) | sections 1 (excluding the definition of Non-Specification Gas), 2 to 11, 13 to 20 apply to Non Specification Gas as if it were Gas;  |  |
| (g) | headings appear as a matter of convenience and do not affect the interpretation of this Code; |  |
| (h) | a reference to a section is to a section of this Code, a reference to a schedule is to a schedule to this Code, and a reference in any schedule to a paragraph is a reference to a paragraph in that schedule;  |  |
| (i) | the singular includes the plural and vice versa; |  |
| (j) | any derivation of a defined term or of “inject”, “curtail” or “take” shall have a corresponding meaning; |  |
| (k) | any reference to any person doing any specific thing includes that party doing (or having the right or ability to do that thing) from time to time, unless specified otherwise;  |  |
| (l) | in interpreting any provision of this Code, each TSA shall be deemed to be between First Gas and the Shipper named in that TSA; | What about Interconnected parties? These parties must be parties to the GTAC. Nothing in the construction about these. |
| (m) | nothing in this Code shall apply to or amend an Existing Supplementary Agreement unless, and only to the extent that that Existing Supplementary Agreement provides for that application or amendment; |  |
| (n) | for the purposes of interpreting a TSA, unless the context requires otherwise, any reference to a Shipper shall be the shipper stated in that TSA; |  |
| (o) | references to a Party or a Shipper includes its respective successors and permitted assignees;  |  |
| (p) | references to persons shall be deemed to include references to individuals, companies, corporations, firms, partnerships, joint ventures, associations, organisations, trusts, states or agencies of state, government departments and local and municipal authorities in each case whether or not having separate legal personality; |  |
| (q) | any reference to a prohibition against doing something includes a reference to not permitting, suffering or causing that thing to be done; |  |
| (r) | the rule of construction known as the contra proferentem rule does not apply to this Code; |  |
| (s) | any reference to “includes”, “including” or similar shall imply no limitation; |  |
| (t) | any reference to a "quantity of Gas” is a reference to the energy equivalent of Gas (expressed in GJ) unless otherwise stated; |  |
| (u) | any reference to "metered quantity” is a reference to the quantity of Gas determined using data obtained from Metering; |  |
| (v) | any reference to a “customer” is a reference to an End-user supplied by a Shipper; |  |
| (w) | any reference to a range of sections is inclusive of the first and last sections referenced; |  |
| (x) | all references to any time of the Day shall, unless expressly referring to New Zealand standard time (that is, GMT + 1200 hours), be references to New Zealand statutory time (that is, including adjustments for New Zealand daylight savings time; |  |
| (y) | any reference to “law” includes all statutes, regulations, codes of practice and local authority rules;  |  |
| (z) | any reference to this Code (or any part of it) which forms part of a TSA by virtue of clause 4.2 of that TSA shall be deemed to be a reference to that TSA (or a corresponding clause of it); and |  |
| (aa) | all references to monetary values shall refer to New Zealand currency.  |  |
| **2** | **TRANSMISSION SERVICES** |  |
|  | **Gas Transmission Capacity** |  |
| 2.1 | This Code sets out the terms and conditions on which First Gas’ makes Gas transmission capacity on the transmission System available to Shippers. |  |
| 2.2 | First Gas shall provide Gas transmission capacity only to Shippers, as: |  |
| (a) | DNC; and/or |  |
| (b) | Supplementary Capacity; and/or |  |
| (c) | Interruptible Capacity. |  |
| 2.3 | First Gas will provide Gas transmission capacity up to the prevailing Operational Capacity and, subject to the terms of this Code, will operate the Transmission System in the manner as it may determine in order to do so.  |  |
| 2.4 | Subject to the terms of this Code, First Gas shall at all times be able to receive Gas from a Shipper and, simultaneously, be able to make available equivalent Gas for that Shipper to take, up to limits of that Shipper’s DNC and/or Supplementary Capacity and/or Interruptible Capacity. First Gas will be deemed to have delivered a Shipper’s Gas to it when that Shipper takes an equivalent quantity of Gas at a Delivery Point (or more than one). |  |
| 2.5 | First Gas shall have the right to co-mingle a Shipper’s Gas with other Gas in the Transmission System and shall not be obliged to deliver the same Gas it receives from a Shipper or interconnected party at a Receipt Point to that Shipper at any Delivery Point.  |  |
| 2.6 | First Gas will have control and possession of, and risk in, all Gas present in the Transmission System at any time. |  |
|  | **No Preference or Priority** |  |
| 2.7 | First Gas will deal with all Shippers and Interconnected Parties on an arms’ length basis and not prefer or give any priority to any Shipper or Interconnected Party except as expressly provided for in this Code.  | Same point above as per Interconnected Parties. |
| 2.8 | If First Gas (or a related party of First Gas) operates a business as a gas producer, gas retailer or gas wholesaler (as those terms are defined in the Gas Act 1992) or is an Interconnected Party (Related Business), First Gas will deal with the Related Business on arm’s length terms on the same basis as it would deal with any other Shipper or Interconnected Party in similar circumstances.  |  |
|  | **Target Taranaki Pressure** |  |
| 2.9 | a.) First Gas will plan its operations with respect to pressure and line pack position each Day such that the Taranaki Target Pressure can be expected to be with the range of 42 and 48 bar gauge, including consideration of the tolerance limits of net Excess Running Mismatch.b.) First Gas shall ensure that the Excess Running Mismatch incentives are sufficiently strong such that pressure is normally within the Taranaki Target Pressure.c.) Subject to a Critical Contingency, Force Majeure Event, Emergency, or Maintenance First Gas will use reasonable endeavours to maintain the pressure in the Transmission System at or near the Bertrand Road offtake between 42 and 48 bar gauge (the Target Taranaki Pressure).  | It is not clear what “Subject To” means here.  Does it mean that you will only use “Reasonable Endeavors” to manage TTP when these conditions arise?  Or the exact opposite?On the assumption that the clause (as originally written) is intended to convey that ‘First Gas will use reasonable endeavors to control the pressure between 42 and 48 barg, unless there are Critical Contingency, Force Majeure, Maintenance or aggregate excess running mismatch”, then we have serious reservations about the inclusion of “Aggregate excess running mismatch” being included here.  This implies that First Gas has no responsibility to take any actions at all to manage the pipeline pressure, if high pressure is attributed to excess running mismatch!  We have previously communicated the impact of high pressure (as a result of aggregate positive excess running mismatch) on our business before: the main issues being additional costs, reduced capacity, threat to hydrocarbon dewpoint and risk of Plant trip.  Such a clause is entirely inconsistent with the stated aim of “Promote flexibility”, as it constrains our business and that or other producers. We believe that “reasonable endeavors” includes using (for example) balancing gas to control excess running mismatch, and as such excess running mismatch must be removed from here. Ultimately, as an Interconnected Parties, this clause should be enforceable under our agreements.   |
| 2.10 | First Gas may only change the Target Taranaki Pressure using the process set out in section 17, but excluding section 17.2 (change with written agreement of all Interested Parties), section 17.15-17.18 (Correction Amendments) and section 17.19-17.22 (Urgent Code Change). In any case, First Gas will give Shippers and Interconnected Parties not less than 12 Months’ notice of any such change. | The change to the Taranaki Target Pressure to require the Change Control process is appreciated.. However, it is suggested that it should not be able to be changed without going via the “full” process, allowing submissions etc. |
|  | **Uneconomic Transmission Services** |  |
| 2.11 | First Gas shall be under no obligation to provide transmission services, or additional transmission services where to do so would require the construction of material new assets which, in First Gas’ reasonable opinion, would be uneconomic for First Gas, or not in the best interests of users of the Transmission System generally, taking into account the likely cost, incremental revenue and the business and technical risks associated with that construction.  |  |
| 2.12 | Subject to section 2.13, First Gas may, on the expiry of 12 Months’ prior written notice to all Shippers, discontinue providing transmission services to any Delivery Point from which First Gas’ transmission revenue over the preceding 12 Months is less than its reasonable estimate of the average annual operating and maintenance costs of that Delivery Point. For the purposes of this section 2.12, such transmission revenue will be the aggregate of DNC Charges plus Throughput Charges for the Delivery Zone which contains the Delivery Point multiplied by the annual throughput of the Delivery Point and divided by the aggregate throughput of the Delivery Zone. |  |
| 2.13 | Notwithstanding section 2.12, where no Gas is taken at a Delivery Point for a continuous period of 12 months, First Gas may discontinue providing transmission services to that Delivery Point immediately and will notify all Shippers that transmission services are no longer available as soon as practicable via OATIS. |  |
|  | **Reasonable and Prudent Operator** |  |
| 2.14 | First Gas shall act as a Reasonable and Prudent Operator when exercising any of its rights, powers, obligations and duties (including where First Gas has the right to “determine” any parameter or matter) under this Code.  |  |
| 2.15 | Each Shipper shall act as a Reasonable and Prudent Operator when exercising any of its rights, powers, obligations and duties under this Code. |  |
| **3** | **TRANSMISSION PRODUCTS AND ZONES** |  |
|  | **Daily Nominated Capacity** |  |
| 3.1 | DNC is First Gas’ standard capacity product and is the principal means by which Shippers obtain Gas transmission capacity from a Receipt Zone or Receipt Point to a Delivery Zone or Delivery Point. |  |
| 3.2 | DNC: |  |
| (a) | is obtainable by a Shipper only via the nomination processes set out in section 4; |  |
| (b) | cannot be transferred or traded; |  |
| (c) | may be curtailed by First Gas in the circumstances described in sections 9 and (subject to Priority Rights, if any) section 10; and |  |
| (d) | cannot be used in conjunction with Supplementary or Interruptible Capacity. |  |
|  | **Receipt Zone** |  |
| 3.3 | First Gas will publish on OATIS the Receipt Zones in effect at any time. Subject to giving not less than 20 Business Days’ notice, First Gas may add or exclude any Receipt Point from a Receipt Zone, or define additional receipt zones, including where:  |  |
| (a) | Gas injected at a Receipt Point must be odorised (which cannot be allowed to flow into an unodorised pipeline); |  |
| (b) | First Gas elects to commence operating different parts of a Receipt Zone at different pressures, and/or Gas will no longer able to flow freely between different Receipt Points in that Receipt Zone; or | Please confirm that this cannot apply to Receipt Zone 1 (as currently defined), and reword to that effect. I.e. that this is not a mechanism by which the Taranaki Target Pressure can be circumvented. |
| (c) | First Gas considers that the location of any Receipt Point within the Receipt Zone is having or may have a detrimental effect on the Operational Capacity.  |  |
|  | **Delivery Zones** |  |
| 3.4 | By 1 September of each year, First Gas will notify all Shippers of the Delivery Zones to apply at the start of the next Year. In determining Delivery Zones First Gas will have regard to: |  |
| (a) | the Available Operational Capacity it expects to be available at the constituent Delivery Points (both individually and as a group); |  |
| (b) | the geographical location and other similarities of the constituent Delivery Points;  |  |
| (c) | current and any expected material changes in offtake; and |  |
| (d) | the merits of the constituent Delivery Points having the same Transmission Fees. |  |
|  | First Gas will also notify all Shippers, and the Interconnected Party in each case, of those Delivery Points it reasonably considers may be affected by Congestion, and of the expected times of the Year when Congestion is most likely to occur.  |  |
|  | **Congestion and Priority Rights** |  |
| 3.5 | For Congested Delivery Points only, First Gas will offer Priority Rights (PRs) up to the prevailing amount of Available Operational Capacity.  |  |
| 3.6 | Subject to section 3.15, each Priority Right (PR) will give the holder priority access to 1 GJ of DNC. Each PR will be valid during, and expire at the end of, the PR Term.  |  |
| 3.7 | Where Congestion affects more than one Delivery Point in a Delivery Zone, First Gas may define PRs as being applicable to the Congested Delivery Points as a group.  |  |
| 3.8 | Subject to section 3.7, PRs will apply only at the Congested Delivery Point for which they are allocated and cannot be used at, or transferred to any other Congested Delivery Point.  |  |
|  | **Obtaining Priority Rights** |  |
| 3.9 | First Gas will allocate PRs exclusively by auction (each a PR Auction). PR Auctions for all Congested Delivery Points will be held on the same Day(s) each Year. First Gas will schedule PR Auctions for the first Day of:  |  |
| (a) | September; and |  |
| (b) | one or more Months at evenly-spaced intervals during a Year, to be notified to all Shippers prior to that Year,  |  |
|  | (each a Scheduled PR Auction Date),  |  |
|  | provided that:  |  |
| (c) | part (a) of this section 3.9 will apply only after the Commencement Date; and |  |
| (d) | if First Gas notifies Shippers pursuant to section 3.18, a scheduled PR Auction (or further PR Auction) will not be held for the relevant Delivery Point(s).  |  |
| 3.10 | In respect of each PR Auction: |  |
| (a) | only Shippers may participate;  |  |
| (b) | the applicable terms and conditions will be those published on OATIS no later than 20 Business Days prior to an auction; |  |
| (c) | First Gas will notify Shippers not later than 10 Business Days prior to a PR Auction of: |  |
| (i) | the Delivery Point(s) to which the PRs will apply;  |  |
| (ii) | the number of PRs on offer; |  |
| (iii) | the PR Term; and |  |
| (iv) | the Reserve Price, below which any bid for PRs will be invalid and excluded. |  |
| (d) | a Shipper may bid for up to five tranches of PRs in any PR Auction, provided that:  |  |
| (i) | the bid price for each tranche ($ per PR) must be different; and |  |
| (ii) | if it bids for an aggregate number of PRs in excess of the number on offer, all the Shipper’s bids will be invalid and excluded from that auction.  |  |
| 3.11 | Promptly following each PR Auction (and before the PR Allocation Day), First Gas will rank all valid bids in descending order of bid price, treating bids for different tranches of PRs as separate bids and will then allocate: |  |
| (a) | to the highest price bidder the number of PRs equal to the lesser of the number it bid for and the number on offer; and |  |
| (b) | remaining PRs to bidders in descending order of bid price until either all PRs on offer have been allocated or all bidders’ requests have been satisfied, |  |
|  | provided that: |  |
| (c) | equal price bids will be ranked equally; and |  |
| (d) | if the number of PRs remaining to be allocated is less than the number bid for in the next lowest priced tranche or tranches, those PRs will be allocated to:  |  |
| (i) | that bidder; or |  |
| (ii) | if there is more than one bidder with the same bid price, to all bidders pro-rata in proportion to the number of PRs for which the bidders bid the same price; and |  |
|  | First Gas will then notify each Shipper of the PRs allocated to it (if any) and promptly publish that information on OATIS. |  |
| 3.12 | Subject to section 3.13, a Shipper may trade PRs with another Shipper at any time during their PR Term, using the trading functionality provided by First Gas for the purpose.  |  |
| 3.13 | Any trade of PRs is subject to the condition that the buyer must immediately notify First Gas of the price it paid to, or was paid by the seller (expressed in $/PR). First Gas will publish that price (in relation to the payment of which First Gas will have no responsibility, or role) and the number of PRs traded on OATIS. After any trade, First Gas will update the Shippers’ PR holdings on OATIS.  |  |
| 3.14 | Each Shipper must pay for the PRs allocated to it, or which it purchases pursuant to section 3.14, via Priority Rights Charges in accordance with section 11.3 and/or section 11.4.  |  |
| 3.15 | To use its PRs a Shipper must nominate for the equivalent DNC in accordance with section 4, provided that a Shipper must pay Priority Rights Charges for all its PRs regardless of its NQs. |  |
|  | **Congestion During a Year** |  |
| 3.16 | If a Delivery Point (or more than one) within a Delivery Zone becomes affected by Congestion during a Year, First Gas will notify all Shippers as soon as practicable and, provided notification is made no later than 15 Business Days before the next Scheduled PR Auction Date, will hold a PR Auction for the affected Delivery Point(s) in accordance with section 3.10. With effect from the PR Allocation Day, the affected Delivery Point(s) will be excluded from the relevant Delivery Zone.  |  |
| 3.17 | Where in its reasonable judgement during a Year a Delivery Point (or more than one) ceases to be, or is no longer likely to be affected by Congestion, First Gas will:  |  |
| (a) | promptly notify all Shippers; |  |
| (b) | allow any Shipper with PRs at the relevant Delivery Point(s) to cancel any number of those PRs, with effect on any date of the Shipper’s choice before the PRs’ Expiry Date; |  |
| (c) | to the extent of any cancellation of PRs pursuant to part (b) of this section 3.17, publish Shippers’ amended holdings of PRs on OATIS; and |  |
| (d) | with effect from the next Scheduled PR Auction Date, include the relevant Delivery Point(s) in a Delivery Zone to be notified to all Shippers on OATIS. |  |
|  | **Agreed Hourly Profiles** |  |
| 3.18 | First Gas recognises that DNC may not meet the requirements of End-users whose Gas use is highly variable, or which may change substantially from Hour to Hour. To provide an additional means for both a Shipper and First Gas to manage such an End-user’s use of transmission capacity, First Gas may be willing to approve an Agreed Hourly Profile.  | Hourly profiles must also be required of Producers who are planning an outage. Suggest you include a section on these s well. |
| 3.19 | A Shipper may only request an Agreed Hourly Profile at a Dedicated Delivery Point and will give First Gas as much notice as practicable. First Gas will not unreasonably delay or decline any request for an Agreed Hourly Profile, but shall not be obliged to consider any request made on the Day that profile is intended to come into effect.  |  |
| 3.20 | First Gas may cancel any previously approved Agreed Hourly Profile but will only do so on a Day on which that Agreed Hourly Profile is in effect if, in First Gas’ reasonable opinion, that is necessary to avoid breaching an Acceptable Line Pack Limit or having to curtail DNC or Supplementary Capacity.  |  |
| 3.21 | An Agreed Hourly Profile shall not relieve a Shipper of its obligation to notify NQs in accordance with section 4. In each nomination cycle, the Shipper must confirm whether the Agreed Hourly Profile is to apply or not and First Gas will provide a facility on OATIS for that purpose.  |  |
| 3.22 | Where the Shipper fails to confirm pursuant to section 3.21 that the profile is to apply, the Shipper’s NQs shall apply and First Gas will disregard the Agreed Hourly Profile both in relation to its operation of the Transmission System and in determining the Shipper’s Transmission Charges. |  |
| 3.23 | First Gas’ approval of an Agreed Hourly Profile shall not derogate from any Shipper’s or OBA Party’s Primary Balancing Obligation.   |  |
| **4** | **NOMINATIONS** |  |
|  | **Receipt Nominations** |  |
| 4.1 | Where an OBA (or other agreement that requires Shipper nominations) applies at a Receipt Point, each Shipper using that Receipt Point shall notify its Nominated Quantities (NQs) to First Gas via OATIS.  |  |
| 4.2 | NQs notified pursuant to section 4.1 may be subject to the Interconnected Party’s approval in accordance with section 4.15.  |  |
| 4.3 | First Gas may curtail Receipt Point NQs that would in aggregate, exceed the Maximum Design Flow Rate of the relevant Receipt Point.  |  |
|  | **Delivery Zone Nominations** |  |
| 4.4 | Each Shipper wishing to take Gas at one or more Delivery Points in a Delivery Zone shall notify a single, aggregate NQ for that Delivery Zone to First Gas via OATIS in any nominations cycle, which NQ shall represent the Shipper’s total requirement for DNC in that Delivery Zone for that Day. |  |
| 4.5 | For any Delivery Point in the circumstances described in section 3.16, section 4.4 will cease to apply from the date on which that Delivery Point’s exclusion from a Delivery Zone becomes effective, whereupon section 4.6 will apply.  |  |
|  | **Individual Delivery Point Nominations** |  |
| 4.6 | Each Shipper wishing to use a Dedicated Delivery Point that is not part of a Delivery Zone (including a Delivery Point at which an OBA applies) or a Congested Delivery Point (each an Individual Delivery Point) must notify NQs for each such Delivery Point individually via OATIS. |  |
| 4.7 | At any Delivery Point where an OBA applies, a Shipper’s NQs will be subject to the OBA Party’s confirmation via OATIS pursuant to section 4.15. | Section 4.15 deals with how First Gas will manage these situations, and calling these “confirmations” rather than “approvals” makes a useful distinction. |
| 4.8 | A Shipper’s NQ may be less than, equal to or more than the number of PRs it holds (if any) for a Congested Delivery Point. |  |
| 4.9 | For each Delivery Zone and Individual Delivery Point, First Gas will receive and approve or curtail each Shipper’s NQs in accordance with the sections 4.17 to 4.24, via OATIS.  |  |
| 4.10 | Subject to section 8.2, the aggregate of a Shipper’s delivery nominations may be different from the aggregate of that Shipper’s receipt nominations for a Day.  |  |
|  | **Nominations Cycles** |  |
| 4.11 | The nomination cycles referred to in sections 4.12, 4.13 and 4.14 shall apply in respect of: |  |
| (a) | each Receipt Point at which an OBA applies; |  |
| (b) | any other Receipt Point at which any agreement between the Interconnected Party and the relevant Shippers requires those Shippers to notify NQs; and |  |
| (c) | all Delivery Zones and Individual Delivery Points.  |  |
| 4.12 | Each Shipper must notify First Gas of its NQs for each Day of the following Week via OATIS (each such NQ a Provisional NQ) before the Provisional Nominations Deadline.  |  |
| 4.13 | A Shipper may replace any Provisional NQ before the Changed Provisional Nominations Deadline by notifying First Gas of a changed NQ via OATIS (Changed Provisional NQ). Any Provisional NQ that remains unchanged will automatically be deemed to be the Shipper’s Changed Provisional NQ.  |  |
| 4.14 | Subject to section 4.22, a Shipper may replace any Changed Provisional NQ before the relevant Intra-Day Nominations Deadline by notifying First Gas of a changed NQ via OATIS (an Intra-Day NQ). First Gas will make provision in OATIS for not less than 4 Intra-Day Cycles, at times published on OATIS. Before making any proposed change to any Intra-Day Cycle times, First Gas will consult all Shippers and Interconnected Parties and provide not less than 20 Business Days’ notice of that change.  |  |
|  | **OBA Party Analysis and Response** |  |
| 4.15 | Where an OBA (or any other agreement requiring the Interconnected Party’s approval of Shippers’ NQs) applies at a Receipt Point or a Delivery Point, First Gas will procure that the Interconnected Party:  |  |
| (a) | has the ability to approve (or curtail) each Shipper’s NQ via OATIS; and |  |
| (b) | either approves or curtails (completely or in part) all NQs not later than 30 minutes after the Provisional, Changed Provisional or Intra-Day Nominations Deadline (as the case by be),  | Need to clarify that an Interconnected Party should be able to modify a nomination upwards or downwards in the event that it is inconsistent with a Gas Sales Contract.  |
|  | and, subject to section 4.24, if the Interconnected Party fails to either confirm or curtail an NQ, it will be deemed to have confirmed that NQ. |  |
| 4.16 | The aggregate of Shippers’ NQs approved by the Interconnected Party pursuant to section 4.15 will be (where an OBA applies) the Proposed Scheduled Quantity. The aggregate of Shippers’ NQs First Gas approves pursuant to section 4.17, 4.18 or 4.19 will be the Scheduled Quantity for the relevant Day.  |  |
|  | **First Gas Analysis and Response** |  |
| 4.17 | As soon as practicable and no later than 1 hour after the Provisional Nominations Deadline, First Gas will analyse each Shipper’s Provisional NQs, and the Interconnected Party confirmations (where applicable) and either approve or curtail each NQ via OATIS.  |  |
| 4.18 | As soon as practicable and no later than 1 hour after the Changed Provisional Nominations Deadline, First Gas will analyse each Shipper’s Changed Provisional NQs, and the Interconnected Party confirmations (where applicable) and either approve or curtail each NQ via OATIS.  |  |
| 4.19 | No later than 1 hour after each Intra-Day Nomination Deadline, First Gas will analyse each Shipper’s Intra-Day NQs , and the Interconnected Party confirmations (where applicable) and either approve or curtail each NQ via OATIS. First Gas will give precedence to other Shippers’ Changed Provisional NQs (except to the extent they have been reduced in an Intra-Day Cycle) in determining whether to approve any Intra-Day NQ greater than:  |  |
| (a) | the most recently approved Intra-Day NQ for the relevant Day; or |  |
| (b) | the Shipper’s Changed Provisional NQ. |  |
| 4.20 | Each NQ First Gas approves pursuant to section 4.17, 4.18 or 4.19 will be a Shipper’s Approved NQ (and, therefore, DNC) for the relevant point and Day.  | Requests for changes to nominations must be consistent with the sales contracts between Interconnected Parties and Shippers. First Gas must ensure that it’s approvals only change Confirmations where the Confirmed Quantity would be inconsistent with pipeline capacity, priority rights etc. This clause would over-ride many gas sales contracts, and create an untenable situation. An alternative wording may be “Subject to section 4.22(a), any decreased NA requested by a Shipper **and** confirmed by an OBA party (where applicable) will be automatically approved.  |
| 4.21 | In determining the amounts of Shippers’ NQs to approve pursuant to sections 4.17, 4.18 and 4.19, First Gas will have regard to: |  |
| (a) | the Available Operational Capacity (including where the capacity of a Delivery Point is temporarily reduced for any reason);  |  |
| (b) | where applicable, Shippers’ holdings of Priority Rights; and |  |
| (c) | where applicable, the Proposed Scheduled Quantity.  |  |
| (d) | Where applicable, the Confirmed Quantity. |  |
| 4.22 | First Gas’ approval of any Intra-Day NQ to replace the most recently approved NQ will be subject to the limitation that:  |  |
| (a) | 1/24th of the most recently approved NQ (the Hourly ANQ) shall be deemed to have flowed in each Hour of the relevant Day and accordingly the Intra-Day NQ shall not be less than the sum of each Hourly ANQ from 0000 up to and including the Hour in which First Gas approves that Intra-Day NQ; or | This is different from the MPOC deemed flow definition. It has a similar effect with respect to limiting the minimum flow, but it appears that it would retrospectively adjust each previous hourly flow when a nomination is changed. Is this intended? Does it potentially cause issues with hourly overrun charges? |
| (b) | where an Agreed Hourly Profile applies, the changed NQ shall not be less than the sum of the hourly quantities specified in that Agreed Hourly Profile from 0000 up to and including the Hour in which First Gas approves the relevant Intra-Day NQ.  |  |
| 4.23 | Where First Gas is unable to approve a Shipper’s NQ in full due to Congestion it will reduce that NQ in accordance with section 10.  |  |
| 4.24 | First Gas and each OBA Party may use auto-approval of NQs (up to an adjustable, pre-set limit in OATIS) at any Receipt Point, Delivery Zone or Dedicated Delivery Point.  |  |
|  | **Emergency Nominations Cycle** |  |
| 4.25 | If practicable, First Gas will provide additional Intra-Day Cycles, in addition to the four referred to in section 4.14, to be used where a Shipper or interconnected party experiences an unforeseeable change in either its receipts of Gas or its customers’ demand for Gas.  | This needs to cover for the fact that the issue may happen earlier in the day, for example an issue happening shortly after midnight (NZST) should not need to wait 11 hours until ID2 (under the current ID cycle timings) for resolution.  It is also conceivable that one party may want an Emergency cycle during ID1, and there is another issue after ID4.  The issue after ID4 should not be unable to be resolved because the “only” emergency cycle has already been used.  There should be the ability to introduce at least two, if not more cycles. Other cases such as two independent parties requesting Emergency Cycles during the same ID cycle must be considered. I am aware that some jurisdictions operate 24 gas cycles in the day. Is there a solution to have the new IT system support 24 cycles, with 4 of them (current cycles) normally in-use, and the other 20 available if and when required, under the terms of this “Emergency Cycle” definition?Also, ***if practicable***is not sufficient certainty (within the structure of this code as it is currently written) for this to be submitted as a final version.  We request another opportunity to review once the details of the Emergency Cycles are better defined and we have certainty as to their availability. |
| **5** | **ENERGY QUANTITY DETERMINATION**  |  |
|  | **Metering Required** |  |
| 5.1 | Subject to section 5.2, there shall be Metering for every Receipt Point, Delivery Point and Bi-directional Point, which shall measure Gas directly and not by difference or in any other indirect manner. |  |
| 5.2 | Where First Gas believes that installing Metering would be impractical or uneconomic, such as where the take of Gas is unusually low and intermittent, it may (at its discretion, and only in relation to a Delivery Point, or a receipt point that periodically takes gas for maintenance, (such as plant repressurisation ) vary the requirement set out in section 5.1. For the purposes of this section 5.2, First Gas may require each Shipper using that Delivery Point to provide it with that Shipper’s Delivery Quantities, as determined by:  | Maui has no import meter, and relies on repressurising the plant from the Maui pipeline following maintenance. Historically, this has been done by calculation, agreed by the pipeline operator. |
| (a) | the Allocation Agent, where relevant; or |  |
| (b) | in all other cases, the Shipper or interconnected party itself (for example by aggregating the consumption of its customers downstream of the Delivery Point, or in the case of a Production Facility, a calculation based on pressure change against the known volume), |  |
|  | and each Shipper shall provide those Delivery Quantities, as soon as practicable after their determination. |  |
|  | **Unscheduled Testing of Metering** |  |
| 5.3 | Subject to section 5.4, a Shipper who uses a Receipt Point, Delivery Point or Bi-directional Point (Requesting Party) may request First Gas to carry out an unscheduled test of Metering, and provide the Requesting Party with the test results and/or allow that Requesting Party or its representative to be present during testing. First Gas shall comply with a Requesting Party’s request, provided that:  |  |
| (a) | it shall not be required to undertake such unscheduled testing where it has tested the Metering within 1 Month of the Requesting Party’s request, or more frequently than once every 9 months; |  |
| (b) | where the Metering is found to be Accurate, the Requesting Party will reimburse First Gas for all costs incurred by First Gas in undertaking the unscheduled testing; and |  |
| (c) | where the Metering is found to be Inaccurate First Gas shall: |  |
| (i) | bear all costs it incurred in undertaking the unscheduled testing (but not any costs incurred by the Requesting Party or any other party); and  |  |
| (ii) | at its own cost and as soon as practicable, service, repair, recalibrate or replace the Metering (or relevant part thereof) to make it Accurate.  |  |
| 5.4 | Where First Gas is not the Metering Owner at any Receipt, Delivery or Bi-directional Point used by the Requesting Party:  |  |
| (a) | the Requesting Party shall first exercise whatever contractual rights (including as a purchaser or transferee of Gas at the relevant point) to procure any unscheduled testing of the Metering; and |  |
| (b) | only where the Requesting Party is unable to procure the unscheduled testing pursuant to part (a) of this section 5.4, shall it request First Gas to use whatever contractual rights First Gas may have in relation to the Metering Owner to procure the unscheduled testing provided that the Requesting Party reimburses First Gas for all costs it incurs in procuring that unscheduled testing.  |  |
| (i) | where the Metering is found to be Accurate, the Requesting Party will reimburse the Meter Owner for all costs incurred by the Meter Owner in undertaking the unscheduled testing; and | The same mechanisms for cost recovery must apply where First Gas are not the meter owners. |
| (ii) | where the Metering is found to be Inaccurate the Metering Owner shall: |  |
| (a) | bear all costs it incurred in undertaking the unscheduled testing (but not any costs incurred by the Requesting Party or any other party); and  |  |
| (b) | at its own cost and as soon as practicable, service, repair, recalibrate or replace the Metering (or relevant part thereof) to make it Accurate. |  |
|  | **Energy Quantity Reports** |  |
| 5.5 | Subject to the Metering Owner (where not First Gas) making available all the data that First Gas requires, First Gas will produce daily delivery reports (DDRs) and hourly delivery reports (HDRs) in accordance with sections 5.6 to 5.7 and make those reports available on OATIS in accordance with the timings set out in Schedule Two.  |  |
| 5.6 | First Gas will produce separate DDRs and HDRs for each meter forming part of Metering and for the aggregate quantities of Gas injected or taken:  |  |
| (a) | for Metering monitored by telemetry or SCADA, not less frequently than each Business Day for all previous Days in the current Month; and |  |
| (b) | for all other Metering, at the end of each Month for all Days of that Month. |  |
| 5.7 | Each DDR and HDR shall be in the format agreed by First Gas, Interconnected Parties and Shippers prior to the Commencement Date. Unless all Shippers and Interconnected Parties agree in writing, the agreed format may be changed only using the provisions of section 17. For each Day or Hour (respectively), DDRs and HDRs may include the following information: | We have an interest in these formats as well. |
| (a) | the name and identification number (as determined by First Gas) of the Receipt, Delivery or Bi-directional Point; |  |
| (b) | the date; |  |
| (c) | the time of the Day (HDR only); |  |
| (d) | uncorrected volume (cubic metres at flowing conditions) |  |
| (e) | metering pressure (HDR only); |  |
| (f) | metering temperature (HDR only); |  |
| (g) | compressibility correction factor (HDR only); |  |
| (h) | altitude correction factor (HDR only); |  |
| (i) | corrected volume (standard cubic metres); |  |
| (j) | gross calorific value (in Megajoules per standard cubic metre); and |  |
| (k) | energy quantity (GJ). |  |
|  | **Gas Composition Data** |  |
| 5.8 | To determine DDRs and HDRs for Delivery Points where there is no gas analyser, First Gas will use what it considers to be the best information available to it in relation to the composition and properties of Gas taken from its system at those points.  |  |
| 5.9 | To assist Shippers, in relation to Gas taken at each Delivery Point First Gas will, in accordance with the timing set out in Schedule Two, publish on OATIS the following data:  |  |
| (a) | daily average carbon dioxide and nitrogen content (in mole %); |  |
| (b) | daily average gross calorific value (in megajoules per standard cubic metre); and |  |
| (c) | relative density (or specific gravity).  |  |
|  | **Corrections for Inaccurate Metering** |  |
| 5.10 | Where Metering is found to be Inaccurate, First Gas will correct previously calculated energy quantities in accordance with the Metering Requirements and publish corrected HDRs and DDRs on OATIS.  |  |
| **6** | **ENERGY ALLOCATIONS** |  |
|  | **Receipt Quantities under an Operational Balancing Agreement** |  |
| 6.1 | Where an OBA applies at a Receipt Point, each Shipper’s Receipt Quantity will be its Approved NQ. |  |
|  | **Receipt Quantities under a Gas Transfer Agreement** |  |
| 6.2 | At any Receipt Point where an OBA does not apply, Shippers’ Receipt Quantities will be calculated by the Gas Transfer Agent in accordance with the relevant GTA. |  |
| 6.3 | Under any GTA the aggregate of Receipt Quantities allocated to Shippers at a Receipt Point must equal the metered quantity of Gas at that point on that Day, provided that the GTA will set out the rules the Gas Transfer Agent will use to determine each Shipper’s primary allocation.  |  |
| 6.4 | Each Shipper and First Gas shall ensure that every GTA includes a commitment by the Gas Transfer Agent to use reasonable endeavours to notify First Gas in writing of each Shipper’s Receipt Quantities within the times posted by First Gas on OATIS. First Gas must give Shippers at least 10 days’ notice of any change to those times.  |  |
| 6.5 | First Gas will be the Gas Transfer Agent unless all Shippers agree in writing to appoint a replacement and First Gas considers that the replacement will properly fulfil the Gas Transfer Agent’s role. Any replacement Gas Transfer Agent appointed in accordance with this section 6.5 will retain that role unless all Shippers and First Gas appoint another replacement in accordance with this section 6.5. Any Shipper using a Receipt Point must agree to the Gas Transfer Agent at that Receipt Point. |  |
|  | **Secondary Trading of Gas** |  |
| 6.6 | Any Shipper who receives a primary allocation of Gas at a Receipt Point pursuant to section 6.3 may sell or transfer any amount of that Gas at that Receipt Point (or in the relevant Receipt Zone) to another Shipper, and the two parties (as transferor and transferee) will determine the rules to be applied by the Gas Transfer Agent to determine the quantities of Gas transferred pursuant to that sale or transfer. |  |
| 6.7 | Subject to section 6.8, any Shipper, OBA Party or First Gas may buy or sell Gas via a Gas Market. |  |
| 6.8 | Transmission Charges are payable in respect of all Gas purchased by an OBA Party at a Delivery Point via a Gas Market, where that Gas is shipped to the relevant Delivery Point. Where the OBA Party is not a Shipper, it must arrange for a Shipper to transmit the Gas on its behalf. | Please clarify how shipping to and from the Gas Market happens? Does it attract two transmission charges? One to ship the gas from the Receipt Point to the market hub, and then another to ship it from the market hub to the Delivery Point? If so, then this would make the gas market less desirable, particularly if the gas market continues to grow. If (for example), “Shipper A” sold gas in DZ4 to “Shipper B” also in DZ4 via the market, does the gas get ‘shipped’ from DZ4 to Receipt zone 1 (to the market hub), attracting a shipping fee of $2.30, and then it gets ‘shipped’ back to DZ4 at a further $2.30 charge? This does not appear to be consistent with “efficient transmission of gas”. A better system to encourage trading and efficiency would be to publish intra-zone charges specific to trades between two delivery zones. For trades initiating in the receipt point, the existing structure can be maintained. To preserve confidentiality of the blind market, a shipper entering into a trade would not know the true shipping cost until the trade is completed, but they would know that it should be less than paying twice the cost of the shipping. We note that as it stands, the costs to transfer gas (even to another delivery point in the same delivery zone) are much higher than Excess Mismatch charges, even when there is a high linepack notice, and certainly higher than a Park fee. This is potentially a market distortion, and a storing disincentive to trade gas.  |
|  | **Delivery Quantities under an Operational Balancing Agreement** |  |
| 6.9 | Where an OBA applies at a Delivery Point, each Shipper’s Delivery Quantity will be its Approved NQ. |  |
|  | Delivery Quantities under the Downstream Reconciliation Rules or an Allocation Agreement |  |
| 6.10 | At a Delivery Point used by:  |  |
| (a) | only one Shipper, that Shipper’s Delivery Quantity will be the metered quantity; and |  |
| (b) | more than one Shipper and where the Downstream Reconciliation Rules apply, those Shippers’ Delivery Quantities will be determined by the Allocation Agent under the DRR. |  |
| 6.11 | At a Delivery Point where an Allocation Agreement applies, each Shipper must ensure that:  |  |
| (a) | the allocation methodology is acceptable to the Interconnected Party; and |  |
| (b) | not later than 1700 on the second Business Day after the Day on which the Allocation Agent receives any necessary information from First Gas, the Allocation Agent notifies First Gas via OATIS of each Shipper’s Delivery Quantities and, in the case of a Dedicated Delivery Point, Hourly Quantities. |  |
|  | **Supplementary and Interruptible Agreements** |  |
| 6.12 | If and when First Gas enters into a Supplementary Agreement or Interruptible Agreement in respect of an End-user located on a Distribution Network, it will advise the Allocation Agent of the existence of that agreement and its commencement date. |  |
| 6.13 | Delivery Quantities under any Supplementary Agreement, Existing Supplementary Agreement or Interruptible Agreement shall be the quantities determined by, and notified to First Gas by the Allocation Agent under the DRR unless the relevant agreement specifies otherwise.  |  |
|  | **Finality of Allocation Results and Energy Quantities** |  |
| 6.14 | Except to the extent of any metering corrections or manifest error, First Gas shall be entitled to rely on the Allocation Result and shall not be obliged to check or correct any Receipt Quantity or Delivery Quantity. |  |
|  | **End-user Right to Allocation Agreement** |  |
| 6.15 | Each Shipper acknowledges and agrees that the End-user at any Dedicated Delivery Point has the right to buy Gas from more than one Shipper and to determine when, and how much Gas it buys from each Shipper.  |  |
| 6.16 | If the End-user at a Dedicated Delivery Point wishes to commence buying Gas from a new Shipper while continuing to buy Gas from an existing Shipper, all Shippers who may sell Gas to that End-user shall become party to an Allocation Agreement.  |  |
|  | **Title to Gas and Risk** |  |
| 6.17 | Each Shipper and Interconnected Party warrants that it (or when acting as an agent, the party for whom it is acting in that capacity) shall have good title to all Gas that:  |  |
| (a) | First Gas receives from that Interconnected Party at a Receipt Point;  |  |
| (b) | that Shipper takes at a Delivery Point; and/or |  |
| (c) | that Shipper sells or transfers to another Shipper in accordance with this Code, |  |
|  | free of any lien, charge, encumbrance or adverse claim (as to title or otherwise).   |  |
| **7** | **ADDITIONAL AGREEMENTS** |  |
|  | **Supplementary Agreements** |  |
| 7.1 | Any Shipper may at any time request First Gas to enter into a Supplementary Agreement. First Gas will promptly evaluate that request against the following criteria: |  |
| (a) | the amount of transmission capacity requested, including whether providing it would affect Available Operational Capacity to the extent of impeding or forestalling business opportunities more beneficial to First Gas and other users of the Transmission System;  |  |
| (b) | whether the Shipper (or End-user) can demonstrate that it has a practical opportunity to bypass the Transmission System or use an alternative fuel that is cheaper than Gas; |  |
| (c) | whether the Shipper (or End-user) can demonstrate that paying First Gas’ Transmission Fees would be uneconomic; and |  |
| (d) | whether the Shipper (or End-user) is the sole user of the relevant Delivery Point or other transmission assets and those assets would cease to be useful were the End-user to cease using Gas. |  |
| 7.2 | When evaluating any request to enter into a Supplementary Agreement against the criteria referred to in section 7.1, First Gas will use the information available to it at that time. No Shipper has the right to require First Gas to enter into a Supplementary Agreement.  |  |
| 7.3 | A Supplementary Agreement may vary the terms and conditions of the Code in relation to some or all of the following (and only the following) matters: |  |
| (a) | definitions of:  |  |
| (i) | the Receipt Point and/or Delivery Point; |  |
| (ii) | the End-user; |  |
| (iii) | Supplementary Capacity, including the MDQ and/or MHQ; |  |
| (iv) | the transmission fees payable, including whether (and, if so, how and when) First Gas may redetermine them; |  |
| (v) | the term of the agreement, including rights of renewal; |  |
| (b) | whether the Supplementary Capacity is constant or varies over time and/or whether and under what conditions it can be changed; |  |
| (c) | termination by either party in the event a Force Majeure Event renders the End-user unable to use Gas, or restore its use of Gas within a defined period of time; |  |
| (d) | whether a termination fee is required in the event such agreement is terminated before the intended expiry date and how that fee should be determined;  |  |
| (e) | making that agreement conditional on:  |  |
| (i) | the relevant Interconnected Party entering into an ICA with First Gas (or amending an Existing Interconnection Agreement) |  |
| (ii) | the End-user entering into a TPA;  |  |
| (iii) | First Gas obtaining any necessary statutory or regulatory approvals; |  |
| (iv) | the Shipper complying with its obligations under the DRR, Allocation Agreement or OBA; and |  |
| (v) | the Allocation Agent providing First Gas with Delivery Quantities and the Shipper agreeing to First Gas’ use of those Delivery Quantities for the purposes of the agreement; |  |
| (f) | whether or not to require the Shipper to make nominations in accordance with section 4 in order to access the Supplementary Capacity; |  |
| (g) | setting the priority of Supplementary Capacity in relation to DNC, with and/or without Priority Rights during Congestion; and |  |
| (h) | requiring any End-user not directly connected to the Transmission System to have a TOU Meter at all times and, if First Gas so requires, facilitating First Gas’ retrieval of data from that TOU Meter remotely via telemetry or SCADA.  |  |
| 7.4 | A Supplementary Agreement will: |  |
| (a) | survive expiry or termination of this Code and/or the Shipper’s TSA and shall continue in full force and effect for its term (subject to any early termination provisions); and |  |
| (b) | incorporate the provisions of any replacement transmission code or regulations, provided that the terms of the Supplementary Agreement will prevail in the event of any inconsistency.  |  |
| 7.5 | Supplementary Agreements are not Confidential Information and First Gas will publish each in full on OATIS. |  |
|  | **Interruptible Agreements** |  |
| 7.6 | First Gas may, but shall not be obliged to enter into an Interruptible Agreement: |  |
| (a) | to maximise use of the Transmission System in circumstances where it considers Available Operational Capacity is insufficient and/or the relevant End-user has an alternative fuel; or |  |
| (b) | as a Congestion Management measure in accordance with section 10. |  |
| 7.7 | No Shipper has the right to require First Gas to enter into an Interruptible Agreement.  |  |
| 7.8 | An Interruptible Agreement may vary the terms and conditions of the Code in relation to some or all of the following (and only the following) matters: |  |
| (a) | definitions of: |  |
| (i) | the Receipt Point and/or Delivery Point; |  |
| (ii) | the End-user; |  |
| (iii) | Interruptible Capacity, including the MDQ and MHQ; |  |
| (iv) | the transmission fees payable, including whether (and, if so, how and when) First Gas may redetermine them; and |  |
| (v) | the term of the agreement; |  |
| (b) | the procedure for obtaining Interruptible Capacity (including by using nominations processes like those set out in section 4); |  |
| (c) | making that agreement conditional on: |  |
| (i) | the relevant Interconnected Party entering into an ICA with First Gas (or amending an Existing Interconnection Agreement);  |  |
| (ii) | the relevant End-user entering into a TPA; |  |
| (iii) | the End-user, where not directly connected to the Transmission System, having a TOU Meter at all times and, if First Gas so requires, facilitating First Gas’ monitoring of the End-user’s offtake of Gas and retrieval of data from that TOU Meter remotely via telemetry or SCADA. |  |
| (iv) | the Shipper complying with its obligations under the DRR, Allocation Agreement or OBA; and |  |
| (v) | the Allocation Agent providing First Gas with Delivery Quantities and the Shipper agreeing to First Gas’ use of those Delivery Quantities for the purposes of the agreement;  |  |
| (d) | enabling First Gas to curtail Interruptible Capacity at its sole discretion for any reason at any time without liability, provided that where an Interruptible Agreement is a Congestion Management measure, it shall provide for First Gas to pay the Shipper the amounts set out in that agreement to the extent that First Gas curtails the Interruptible Capacity provided under it.  |  |
| 7.9 | An Interruptible Agreement will terminate automatically on expiry or termination of this Code and/or the Shipper’s TSA.  |  |
| 7.10 | Interruptible Agreements are not Confidential Information and First Gas will publish each in full on OATIS.  |  |
|  | **Interconnection Agreements** | As a general comment, Interconnection Agreements must be part of this Code, and not as separate agreements. It is our view that this will aid meeting the objectives of “Keep it Simple” and “Increase Transparency” (all pertinent information in one Code, all parties to the Code are bound by the same requirements, Code changes are much easier and consistency with ICAs will be maintained, enforcement of provisions, minimise potential for inconsistencies). |
| 7.11 | No new Receipt Point, Delivery Point or Bi-directional Point will be permitted without an Interconnection Agreement. |  |
| 7.12 | Any ICA must (without limitation) stipulate:  |  |
| (a) | in relation to each Receipt Point, Delivery Point or Bi-directional Point it covers: |  |
| (i) | the owner of such station and the land on which it is located, and of any other equipment and facilities located within the station;  |  |
| (ii) | definition of the physical point(s) at which the Interconnected Party’s pipeline, Distribution Network, gas producing or gas consuming facility connects to the Transmission System; |  |
| (iii) | the Maximum Design Flow Rate; |  |
| (iv) | the Minimum Design Flow Rate; and |  |
| (v) | the fees payable by the Interconnected Party, including whether (and, if so, how and when) First Gas may redetermine them; |  |
| (b) | the requirement for Metering (including its location and ownership); |  |
| (c) | that, for every Receipt Point, or Bi-directional Point when operating as a Receipt Point:  |  |
| (i) | the provisions of section 12.2 shall apply; and  |  |
| (ii) |  | This is unreasonable. The provisions of section 12.2 are sufficient. |
| (d) | whether the pressure at which Gas is injected into or taken from the Transmission System is controlled (and if so, what the means of control are); |  |
| (e) | the data First Gas must make available to the Interconnected Party, and vice versa; |  |
| (f) | that First Gas will produce and publish daily and hourly energy quantity reports for every Receipt Point, Delivery Point and Bi-directional Point irrespective of whether it owns the Metering; |  |
| (g) | whether Gas injected into or taken from the Transmission System must be odorised and, if so, the party responsible for odorisation; |  |
| (h) | the term of the agreement; |  |
| (i) | whether the Interconnected Party must pay a termination fee if the ICA is terminated (either in its entirety or in respect of a specific Receipt Point, Delivery Point and Bi-directional Point) before its intended expiry date, in what circumstances, and how that fee will be determined; |  |
| (j) | that construction of any new Receipt Point, Delivery Point or Bi-directional Point, or material upgrade of any such existing station is conditional on:  |  |
| (i) | compliance with First Gas’ reasonable technical requirements; |  |
| (ii) | approval of the design by First Gas’ pipeline certifying authority before any construction begins; |  |
| (iii) | First Gas obtaining any necessary statutory or regulatory approvals; and  |  |
| (iv) | the Interconnected Party (where relevant) complying with its obligations under the relevant GTA, Allocation Agreement or OBA;  |  |
| (k) | the method for allocating Gas quantities injected into or taken from the Transmission System;  |  |
| (l) | whether nominations (to be notified in accordance with section 4) are required for any Receipt Point, Delivery Point and Bi-directional Point (either pursuant to an OBA or otherwise); and |  |
| (m) | grounds for terminating the ICA (either in its entirety or in respect of a specific Receipt Point, Delivery Point and Bi-directional Point) and the consequences of termination (including requiring the Interconnected Party to disconnect from the Transmission System).  |  |
| 7.13 | An ICA may reference sections of terms of this Code and if so the ICA will: |  |
| (a) | survive expiry or termination of this Code and continue in full force and effect for the term specified in the ICA (subject to any early termination provisions); and |  |
| (b) | the relevant terms of this Code will continue in full force and effect for the term of the ICA unless First Gas and the Interconnected Party agree to amend them.  |  |
| 7.14 | ICAs are not Confidential Information and First Gas will publish each in full on OATIS. |  |
| **8** | **BALANCING** |  |
|  | **Applicability** |  |
| 8.1 | The provisions of this Code relating to “balancing” apply in respect of the entire Transmission System, irrespective of: |  |
| (a) | in the case of each Shipper, the number or location of Receipt Points and Delivery Points used by that Shipper; and  |  |
| (b) | the location of any Receipt Point or Delivery Point at which an OBA applies.  |  |
|  | **Primary Balancing Obligations** |  |
| 8.2 | Subject to section 8.16, each Shipper agrees to use reasonable endeavours to ensure that each Day the aggregate of its Approved NQs at receipt points matches the aggregate of its Delivery Quantities, provided that:  | Where a shipper nominates for a quantity of gas at a receipt point where it is not the interconnected party and a GTA does not apply (e.g. a shipper nominates gas from a producer), that the Shipper is not responsible for the mismatch between the gas scheduled to be injected and actually injected – that responsibility rests with the ICA / OBA party. They ***are*** responsible for ensuring that the nominated quantities at the receipt point match the delivery nominations (over time). Otherwise, this clause as written places responsibility on the Shippers for the actual gas received, which they don’t have control over. |
| (a) | each Shipper shall also use reasonable endeavours to manage its Running Mismatch as close to zero as practicable; and |  |
| (b) | in order to comply with part (a) of this section 8.2, the Shipper’s Receipt Nominated Quantities and Delivery Quantities on a Day may be different,  |  |
|  | (the Shipper’s Primary Balancing Obligation).  |  |
| 8.3 | First Gas will procure that, subject to section 8.16, where an OBA applies, the ICA requires the OBA Party to use reasonable endeavours to ensure that each Day the metered quantity of Gas at the Receipt Point or Delivery Point matches the Scheduled Quantity, provided that: |  |
| (a) | each OBA Party shall also use reasonable endeavours to manage its Running Mismatch as close to zero as practicable; and |  |
| (b) | in order to comply with part (a) of this section 8.3, the metered quantity of Gas and the Scheduled Quantity may be different on a Day, |  |
|  | (the OBA Party’s Primary Balancing Obligation). |  |
| 8.4 | First Gas will use reasonable endeavours to ensure that each Day the aggregate quantity of Gas it purchases for operational purposes (including fuel and UFG but excluding Balancing Gas) matches the aggregate quantity of Gas it uses for those purposes, provided that: |  |
| (a) | First Gas shall also use reasonable endeavours to manage its Running Mismatch as close to zero as practicable; and |  |
| (b) | in order to comply with part (a) of this section 8.4, the quantities of Gas that First Gas purchases and uses on a Day may be different,  |  |
|  | (First Gas’ Primary Balancing Obligation). |  |
|  | **Line Pack Management** |  |
| 8.5 | First Gas will use reasonable endeavours to maintain Line Pack between the upper and lower Acceptable Line Pack Limits, and Pressure at Bertrand Road within the Taranaki Target Pressure upper and lower limits. First Gas will determine limits which it considers sufficient for it to provide all DNC and Supplementary Capacity while complying with its Security Standard and any other obligations it has under this Code. | Important to reiterate the necessity and ability of First Gas to plan, monitor and take action(s) to manage pressure within the limits as well. |
| 8.6 | To the extent that (in aggregate) parties do not comply with their Primary Balancing Obligation, Line Pack and/or pressure may be either depleted or inflated. Where First Gas determines that a breach of the relevant Acceptable Line Pack Limit or Taranaki Target Pressure Limit is likely without any preventative action, First Gas will (except during a Critical Contingency, Force Majeure Event or Emergency) take steps to ensure that Line Pack remains within the Acceptable Line Pack Limits, including by: |  |
| (a) | where practical, moving Gas from one part of the Transmission System to another; and/or  | This is specific to Pressure, which aligns with the proposed changes above. |
| (b) | increasing the incentive for Interconnected Parties and/or Shippers to assist in maintaining Line Pack within the Acceptable Limits as described in sections 8.12 and 8.13; and/or |  |
| (c) | buying or selling Gas to manage Line Pack (Balancing Gas).  |  |
| 8.7 | When buying or selling Balancing Gas, First Gas will (without limiting any of its other obligations under this Code) use reasonable endeavours to undertake that transaction in the most cost effective, efficient and transparent manner, including via a Gas Market. |  |
|  | **Allocation of Balancing Gas Costs and Credits** |  |
| 8.8 | If First Gas buys Balancing Gas on a Day (Dayn) it will, to each party (Shipper, OBA Party and First Gas) with negative Running Mismatch at the end of the previous Day (Dayn-1): |  |
| (a) | allocate a charge (Balancing Gas Charge) equal to: |  |
| (i) | where the quantity of Balancing Gas purchased (BGP) exceeds NRMALL,n-1: |  |
|  | Balancing Gas Purchase Price × NRMP,n-1; or |  |
| (ii) | where BGP is less than NRMALL,n-1: |  |
|  | Balancing Gas Purchase Price × BGP × NRMP,n-1 ÷ NRMALL,n-1, |  |
|  | where: |  |
|  | NRMALL,n-1 is the aggregate of all parties’ negative Running Mismatches at 2400 on Dayn-1;  |  |
|  | NRMP,n-1 is the negative Running Mismatch of a party at 2400 on Dayn-1; and |  |
|  | Balancing Gas Purchase Price is the weighted average price ($/GJ) paid by First Gas for the quantity of Balancing Gas purchased, which may include a component designed to recover any reasonable fixed costs payable by First Gas under any Balancing Gas procurement arrangement; and | What control / limitations are there on the ability of First Gas to recover costs?  |
| (b) | transfer title to a quantity of Gas at 2400 on Dayn equal to: |  |
| (i) | where BGP exceeds NRMALL,n-1: |  |
|  | NRMP,n-1; or |  |
| (ii) | where BGP is less than NRMALL,n-1: |  |
|  | BGP × NRMP,n-1 ÷ NRMALL,n-1, |  |
|  | where: |  |
|  | NRMP,n-1, BGP and NRMALL,n-1 each has the meaning set out part (a) of this section 8.8.  |  |
| 8.9 | If First Gas sells Balancing Gas on a Day (Dayn) it will, to each party (Shipper, OBA Party and First Gas) with positive Running Mismatch at the end of the previous Day (Dayn-1): |  |
| (a) | allocate a credit from the sale of Balancing Gas (Balancing Gas Credit) for Dayn equal to: |  |
| (i) | where the quantity of Balancing Gas (BGS) sold exceeds PRMALL,n-1: |  |
|  | Balancing Gas Sale Price × PRMP,n-1; or |  |
| (ii) | where BGS is less than PRMALL,n-1: |  |
|  | Balancing Gas Sale Price × BGS × PRMP,n-1 ÷ PRMALL,n-1, |  |
|  | where: |  |
|  | PRMALL,n-1 is the aggregate of all parties’ positive Running Mismatches at 2400 on Dayn-1;  |  |
|  | PRMP,n-1 is the positive Running Mismatch of a party at 2400 on Dayn-1; and |  |
|  | Balancing Gas Sale Price is the weighted average price ($/GJ) paid by First Gas for the quantity of Balancing Gas purchased, which may include a component designed to recover any fixed costs payable by First Gas under any Balancing Gas procurement arrangement; and |  |
| (b) | take title to a quantity of Gas at 2400 on Dayn equal to: |  |
| (i) | where BGS exceeds PRMALL,n-1: |  |
|  | PRMP,n-1; or |  |
| (ii) | where BGS is less than PRMALL,n-1: |  |
|  | BGS × PRMP,n-1 ÷ PRMALL,n-1, |  |
|  | where: |  |
|  | PRMP,n-1, BGS and PRMALL,n-1 each has the meaning set out part (a) of this section 8.9.  |  |
| 8.10 | First Gas’ determination of Balancing Gas Charges and/or Balancing Gas Credits, and of transfers of title to the corresponding quantities of Gas are subject to the effect of any Wash-up on Running Mismatches. First Gas will apply any changes to Balancing Gas Charges and/or Balancing Gas Credits, and to transfers of title to the corresponding quantities of Gas, as prior Month adjustments on its next Balancing Gas invoice following receipt of any Wash-up. |  |
|  | **Excess Running Mismatch Charges** |  |
| 8.11 | Each Shipper and OBA Party shall pay a charge to First Gas for each Day on which it has Excess Running Mismatch (ERM) calculated in accordance with section 8.12 or section 8.13, irrespective of whether First Gas buys or sells Balancing Gas on or in respect of that Day.  | Our comments on this section are reserved, pending how our comments on “Park and loan” are incorporated into the next code revision (as per the discussions at the workshop on September 21st). The general point is that an Incentive Charge should be designed to encourage actual flow to be as close as possible to scheduled flow. As designed, it will penalise parties that cannot conform due to a Force Majeure event (or for example, a high pipeline pressure event the prevents injection). We are concerned that a modification to the mismatch charge may arise due to poor performance on a day-to-day basis of parties, and this will exacerbate charges for an outage. In short – an incentive charge can only be fair if the parties have the ability to respond, and in a FM event, they may not be able to (depending on the design of the rest of the code). |
| 8.12 | 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 on any Day on which First Gas issues:  |  |
| (a) | a Low Line Pack Notice, when it is 5; and |  |
| (b) | a High Line Pack Notice, when it is zero. | In the event of high linepack restricting our ability to inject sufficient gas into the pipeline, this zero factor will prevent incremental charges, which is appropriate. However, if this occurs during a period (several days) where nominations are high, there may not be sufficient surplus capacity to “catch up” and restore the running mismatch the next day, noting that the ERM is generated through no fault of our own. In this case, what remedy is available, aside from curtailing nominations for the next day?  |
|  |  |  |
| 8.13 | 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 on any Day on which First Gas issues:  |  |
| (a) | a Low Line Pack Notice, when it is zero; and |  |
| (b) | a High Line Pack Notice, when it is 5. |  |
| 8.14 | The fees referred to in sections 8.12 and 8.13 respectively will be:  |  |
| (a) | FNERM: |  |
| (b) | FNERM: |  |
|  | provided that where it reasonably believes these fees are not providing sufficient incentive to remove ERM, First Gas may change the value of either FNERM or FPERM on expiry of not less than 5 Days’ notice to all Shippers and OBA Parties. |  |
|  | **Publication of Running Mismatches** |  |
| 8.15 | The Mismatch and Running Mismatch of any person will not be Confidential Information. First Gas will, as soon as practicable after determining them, publish the Running Mismatch of each Shipper, OBA Party and of First Gas itself on OATIS.  |  |
|  | **Park or Loan** |  |
| 8.16 | First Gas may, but shall not be obliged to offer “Park or Loan” services to Shippers and OBA Parties. Where it elects to do so, those services will comply with the provisions of sections 8.17 to 8.22. |  |
| 8.17 | First Gas may determine:  |  |
| (a) | the aggregate quantity of Gas which Shippers and/or OBA Parties may temporarily accumulate in the Transmission System (Parked Gas); and/or |  |
| (b) | the aggregate quantity of Line Pack which Shippers and/or OBA Parties may temporarily draw down (Loaned Gas), |  |
|  | and will publish those quantities on OATIS. |  |
| 8.18 | A Shipper or OBA Party must apply to First Gas on or before any Day to either park Gas or take Loaned Gas on that Day. First Gas will publish on OATIS the procedures to be used:  | This change allows park & loan to be applied for on-the-day, but not retrospectively. |
| (a) | to apply to park or take Loaned Gas; and |  |
| (b) | by First Gas in responding to that application,  |  |
|  | which may include deadlines by which applications must be lodged and approved. |  |
| 8.19 | Applications to park Gas or take Loaned Gas will be processed on a “first come, first served” basis, provided that First Gas may: |  |
| (a) | introduce procedures to allocate quantities of Parked Gas and/or Loaned Gas should requests to park Gas and/or take Loaned Gas exceed the quantities determined pursuant to section 8.17;  |  |
| (b) | allow a Shipper or OBA Party to both park Gas in one period of a Day and take Loaned Gas in another period of the same Day, provided that:  |  |
| (i) | those periods do not overlap; and |  |
| (ii) | the Shipper or OBA Party makes separate applications to park Gas and take Loaned Gas; and |  |
| (c) | link its approval of requests to take Loaned Gas on a Day to requests to park Gas on that same Day. |  |
| (d) | Place conditions on the approval of requests (for example, if a Park or Loan request is approved for a short term to mitigate an outage, First Gas may reserve approval until the Party can demonstrate that they have resumed injection or offtake, and that they can clear their parked or loaned volume within a defined periods). | Suggestion to allow the conditions that are currently used for a ROIL multiplier to be applied. |
| 8.20 | To the extent that First Gas approves any application to park Gas or take Loaned Gas on any Day it will exclude the approved quantity of Parked Gas or Loaned Gas from its calculation of the Shipper’s or OBA Party’s Mismatch and Running Mismatch for (only) that Day.  |  |
| 8.21 | First Gas will from to time determine and notify on OATIS the prices payable to park Gas and take Loaned Gas, which may be different both in magnitude and structure.  | As per discussions at the workshop at the GIC on September 21st 2017: We appreciate the constructive discussions amongst all stakeholders, and appreciate First Gas’ willingness to consider user of a “loan” facility as one of the tools available to manage an outage of a Production Station, and a “park” facility as one of the tools available to manage an outage of a dedicated delivery point.One key aspect of the discussion at the workshop was that when Producers used the buffer in the pipeline to cover the (short term) shortfall following an outage, that a charge should apply. One rationale for this was that Producers use of this buffer may make less buffer available for Shippers, by reducing Running Mismatch tolerances (TR under the mismatch definition). We would like to understand this point further: will TR change? Can this please be clarified?Our view is that ***under a force-majeure circumstance***, this buffer should be provided without fees, for any party (at a receipt or a delivery point) Where ‘use of buffer’ is defined as actual injection or offtake being different from the hourly schedule quantity):1. Producers and Dedicated Delivery Point users of this buffer is likely to be infrequent.
2. Shippers for I&C and Electricity Generation continuously use this buffer, as a consequence of the intraday demand peaks.

The rationale for this view is that overall, such a facility will reduce the need for Producers to curtail nominations in the event of an outage, which minimises disruption to all. Similarly, Dedicated Delivery Points can also mitigate short term issues via this mechanism. Secondly, by not charging for this, there will be less need for Producers and Shippers to renegotiate gas contracts (which would otherwise be required to seek terms on which such costs can be recovered). If a fee is to be charged, we note that such Park and Loan fees are considered to be part of the overall revenue stream, and an over-recovery of revenue would be rebated (or otherwise returned) back to Shippers through reduced transmission charges. There is currently no mechanism to rebate excess charges to OBA or other interested parties, even though they may be subject to such fees. Charging of a fee would therefore require a mechanism for over-recovery to be returned to producers, which is not straight-forward: For example, if there was a pool of transmission revenue and mismatch revenue, it requires an appropriate judgement on the proportion of overall fees that should be recoverable from such charges, as opposed to transmission fees. In terms of “swings and roundabouts”, high pressure in the pipeline will likely incur excess running mismatch fees; an over-recovery of which will also not be returned to Producers. However, high pressure in the pipeline negatively impacts producers through increased energy costs to produce gas, and reduced deliverability. It is therefore proposed that in the interests of “keeping things simple”, Producers should not seek compensation for increased costs due to high pressure (provided that high pressure is infrequent and limited, in line with the requirement to maintain Taranaki Target Pressure), provided that Shippers and First Gas accept Producers and Dedicated Delivery Points using buffer capacity without charge on an infrequent and limited basis.  |
| 8.22 | Nothing in sections 8.16 to 8.21 will limit First Gas’ obligations to provide transmission capacity and maintain Line Pack and pressure between Acceptable Operating Limits, but they may factor-in the expected durations of Parked Or Loaned gas when forecasting the expected impact. | This allows First Gas flexibility to (for example) grant a short-term (emergency) loan of gas, similar to a current ROIL multiplier. |
|  |  |  |
|  | **Gas Trading to Manage Mismatch** |  |
| 8.23 | Shippers and OBA Parties may trade Gas for any reason, including as a means of managing their respective Running Mismatches. Where an OBA applies at a Delivery Point, the OBA Party’s Mismatch (including Running Mismatch and any ERM) will be deemed to exist in the Receipt Zone and not at the Delivery Point. | As per the point raised under section 6.8, does this mean that any trade will incur a fee that is comparable to the “postage stamp” rate to get the gas from the actual Delivery Zone to the Receipt Zone, and then the other party will pay another fee to get the gas from the Receipt Zone to the required Delivery Zone? This would be distortionary against actual costs for intra-DZ trades. |
| 8.24 | No Gas trade will be unwound, and no adjustment will be made to the Running Mismatch of a party to any Gas trade because of any adjustment to the seller’s Running Mismatch (as it existed at the time of the trade) made subsequently, whether as the result of a Wash-up or for any other reason.  |  |
| 8.25 | In respect of any Gas trade on a Day, First Gas will make the required adjustments to the Running Mismatch of the seller and buyer, respectively, at the end of that Day. It is the responsibility of the buyer and seller in respect of any Gas trade to ensure that First Gas is notified of that trade, preferably via a Gas Market.  | The new software system must include a facility to easily allow management and recording of traded quantities / mismatch quantities that is auditable. |
| **9** | **CURTAILMENT** |  |
|  | **Adverse Events** |  |
| 9.1 | Subject to the balance of this section 9, First Gas will use reasonable endeavours to avoid curtailing any Shipper’s DNC or Supplementary Capacity. First Gas may, without incurring any liability to a Shipper or interconnected party, curtail the injection of Gas (or the ability to inject Gas) at a Receipt Point, the flow of Gas through the Transmission System or the taking of Gas (or the ability to take Gas) at a Delivery Point to the extent that it determines to be necessary, where:  |  |
| (a) | First Gas detects or suspects that an Emergency is occurring or will occur;  |  |
| (b) | a pipeline Force Majeure Event has occurred;  | Are upstream or Downstream FM Events explicitly excluded? |
| (c) | a breach of a Security Standard Criterion and/or a Critical Contingency would otherwise occur; |  |
| (d) | First Gas’ ability to make Gas available at any Delivery Point is impaired or the safe and reliable operation of the Transmission System is at risk; |  |
| (e) | an Interconnected Party’s ICA expires or is terminated; and/or |  |
| (f) | a Shipper’s TSA, Supplementary Agreement, GTA or Allocation Agreement expires or is terminated, |  |
|  | provided that where the need for curtailment arises due to Congestion, the provisions of section 10 shall apply.  |  |
|  | **Maintenance** |  |
| 9.2 | First Gas will, where it intends to carry out Scheduled Maintenance that will reduce its ability to receive Gas at a Receipt Point and/or make Gas available at a Delivery Point (but not any Scheduled Maintenance which First Gas believes will not have that effect), publicly notify its intentions on OATIS, as early as practicable and not less than 30 Days’ prior to commencing work, together with the likely duration of the work. In respect of any Delivery Point, First Gas will: |  |
| (a) | advise of the expected impact on Operational Capacity and/or any other effects; and |  |
| (b) | use reasonable endeavours to undertake such Scheduled Maintenance at a time when the offtake of Gas is lowest, |  |
|  | provided that where any Scheduled Maintenance notified pursuant to this section 9.2 is delayed prior to work commencing, First Gas will promptly provide notice of that delay on OATIS, but will not be required to re-start the 30 Days’ notice period. Each Shipper directly affected by the Scheduled Maintenance will reasonably facilitate the work including by using reasonable endeavours to take delivery of Gas in the manner requested by First Gas. | It is noted that the code does not require Interconnected Parties to reasonably facilitate maintenance.How does First Gas propose to manage pigging (which has previously been accommodated with the assistance of Producers?) There is no mechanism under the code to (for example) waive Excess Running Mismatch fees. ‘Reasonable endeavours’ must not include incurring mismatch charges. |
| 9.3 | Nothing in this Code will prevent First Gas from carrying out unscheduled Maintenance, including in relation to events referred to in section 9.1(a) to (d), that First Gas considers to be necessary, provided that First Gas must give each affected Shipper as much notice as is reasonably practicable.  |  |
|  | **Operational Flow Order** |  |
| 9.4 | Subject to section 9.5, if any of the events described in section 9.1(a) to (f) occurs, First Gas may give a Shipper an Operational Flow Order, and that Shipper shall use its best endeavours to comply with that OFO in the shortest practicable time consistent with (where relevant) the safe shut down of affected plant. First Gas will minimise the period of curtailment stipulated in an OFO to the extent practicable. First Gas will publish each OFO on OATIS.  | As per the comments above (under the definition of “Emergency”) we seek clarification as to the circumstances under which First Gas believe that an OFO may be issued. We believe that clarification is required, because there are a number of subjective criteria proposed (“Emergency”, “Reliable Operation”). For example, we feel that high line pressure that limits the ability of a Producer to inject gas at the required capacity is an example of ‘unreliable operation’. |
| 9.5 | First Gas acknowledges that the Interconnected Party at a Receipt Point or Dedicated Delivery Point may be better able to control the flow of Gas than any Shipper using that point. Where it has the right to do so under an Interconnection Agreement, First Gas will issue an Operational Flow to the Interconnected Party at a Receipt Point or Dedicated Delivery Point, and not to the Shipper(s) using that point.  | I think it is much easier to simply allow First Gas to issue OFOs to interconnected parties. Including ICAs as part of this code makes this possible. |
|  | **Critical Contingency** |  |
| 9.6 | First Gas may instruct any Interconnected Party or Shipper to curtail its injection of Gas at any Receipt Point or its take of Gas at any Delivery Point (or its ability to inject or take Gas) as required to comply with the CCM Regulations, without incurring any liability to that Shipper.  |  |
|  | **Failure to Comply** |  |
| 9.7 | Each Interconnected Party and / or Shipper agrees that if it fails to comply with an Operational Flow Order: |  |
| (a) | First Gas may curtail the Interconnected Party or Shipper’s injection and/or take of Gas itself; and |  |
| (b) | the Shipper or Interconnected Party shall indemnify First Gas for any Loss incurred by First Gas that results from that failure to comply and the limitation set out in section 16.1 shall not apply in respect of the Shipper’s liability under this indemnity.  |  |
|  | **Rebate of Charges** |  |
| 9.8 | In any case of curtailment under this section 9, First Gas shall provide each affected Shipper with a rebate of: |  |
| (a) | any fixed transmission charge; and |  |
| (b) | any Priority Rights Charges, |  |
|  | that would otherwise be payable by that Shipper, in proportion to the reduction in that Shipper’s DNC or Supplementary Capacity, except to the extent that the Shipper caused or contributed to any event or circumstance which gave rise to the curtailment or failed to comply with an instruction from First Gas given under section 9.4 or section 9.6. |  |
| **10** | **CONGESTION MANAGEMENT** |  |
|  | **Determination of Congestion** |  |
| 10.1 | First Gas will use reasonable endeavours to predict Congestion before it occurs, including by monitoring Security Standard Criteria on those parts of the Transmission System where Congestion is most likely to occur.  |  |
| 10.2 | First Gas will use reasonable endeavours to give Shippers advance notice of its intention to initiate Congestion Management. |  |
|  | **Congestion Management** |  |
| 10.3 | To manage Congestion, First Gas, to the extent necessary, will:  |  |
| (a) | where Congestion arises from Shippers’ aggregate NQs: |  |
| (i) | estimate the shortfall in Available Operational Capacity in the absence of any Congestion Management;  |  |
| (ii) | decline requests for Interruptible Capacity (if any) to the extent that would materially increase Available Operational Capacity;  |  |
| (iii) | provide Supplementary Capacity in accordance with the relevant agreement (if any);  |  |
| (iv) | allocate a quantity of DNC to each Shipper equal to the lesser of that Shipper’s NQ and the number of its Priority Rights; and |  |
| (v) | allocate a further quantity of DNC to each Shipper determined in accordance with section 10.4; or |  |
| (b) | where Congestion arises from Shippers’ aggregate offtake of Gas:  |  |
| (i) | estimate the reduction in current offtake required;  |  |
| (ii) | determine (to the extent visible to First Gas) whether any Shipper is exceeding its MHQ or MDQ and instruct any that Shipper (by means of an OFO if necessary) to reduce its offtake accordingly; |  |
| (iii) | curtail use of Interruptible Capacity (if any) to the extent that would materially assist in relieving the Congestion;  |  |
| (iv) | provide Supplementary Capacity in accordance with the relevant agreement (if any);  |  |
| (v) | allocate a quantity of DNC to each Shipper equal to the lesser of that Shipper’s previous Approved NQ and the number of its Priority Rights; and |  |
| (vi) | allocate a further quantity of DNC to each Shipper determined in accordance with section 10.4. |  |
| 10.4 | The further quantities of DNC referred to in section 10.3(a)(v) and section 10.3(b)(vi) will be a Shipper’s Changed Provisional NQ divided by the sum of all Shippers’ Changed Provisional NQs multiplied by the remaining Available Operational Capacity (in each case).  |  |
|  | **Interruptible Load** |  |
| 10.5 | First Gas will notify Shippers if it believes that, for a specified part of the Transmission System, Interruptible Load would provide a useful Congestion Management tool and, if so, the aggregate amount required.  |  |
| 10.6 | On receipt of a notice under section 10.5, each Shipper using the specified part of the Transmission System will promptly use reasonable endeavours to ascertain whether any of its customers (who must comply with section 10.8) would be willing to provide any part of the required Interruptible Load.  |  |
| 10.7 | Each Shipper will notify First Gas if any of its customers is willing to provide Interruptible Load, and provide any other information in relation to those customer as First Gas may reasonably require. Where First Gas agrees that a customer is able to provide suitable Interruptible Load it will use reasonable endeavours to negotiate an Interruptible Agreement with the Shipper in respect of that customer.  |  |
| 10.8 | First Gas will publish on OATIS reasonable eligibility criteria which an End-user willing to provide Interruptible Load must meet. The criteria may vary depending on where First Gas requires Interruptible Load and may include that an End-user:  |  |
| (a) | is located where its offtake, if curtailed, would be useful in relieving Congestion;  |  |
| (b) | has normal daily offtake greater than 500 GJ; |  |
| (c) | has normal hourly offtake greater than 50 GJ;  |  |
| (d) | has a TOU Meter, which First Gas can interrogate via telemetry or SCADA;  |  |
| (e) | is contactable by First Gas at any time;  |  |
| (f) | fully understands its contractual obligations and is both willing and able to comply with them at all times; and |  |
| (g) | has never previously failed to comply with a valid curtailment notice from First Gas.  |  |
| 10.9 | First Gas will notify all Shippers if it does not obtain sufficient Interruptible Load pursuant to section 10.7, together with the amount of Interruptible Load it still requires. |  |
| 10.10 | Notwithstanding any other provision of this section 10, First Gas may publicly notify its requirement for Interruptible Load via its website or via OATIS. If an End-user responds by contacting a Shipper, that Shipper shall promptly notify First Gas. First Gas and the Shipper will then:  |  |
| (a) | ascertain whether the End-user meets First Gas’ then current eligibility criteria and, if so, is willing to become an interruptible End-user; and |  |
| (b) | use reasonable endeavours to negotiate an Interruptible Agreement.  |  |
| 10.11 | Where First Gas enters into an Interruptible Agreement for the purposes of Congestion Management, First Gas will notify all Shippers via OATIS and specify the Delivery Point(s) at which the availability of such Interruptible Load will increase the Available Operational Capacity (each such Delivery Point being a Beneficiary DP). If First Gas must pay the relevant Shipper for curtailing the Interruptible Load, it will recover all the amounts payable by it from Shippers using a Beneficiary DP as set out in section 11.12.  |  |
| 10.12 | Nothing in this section 10 shall oblige First Gas to enter into any Interruptible Agreement. First Gas may terminate any Interruptible Agreement by notice to the relevant Shipper with immediate effect if the relevant End-user fails to comply with a valid curtailment notice given by First Gas under that Interruptible Agreement.  |  |
|  | **Over-Nomination** |  |
| 10.13 | Each Shipper warrants that for any Congested Delivery Point it will make nominations only for its best estimate of its customers’ Gas requirements and will not inflate its NQs with the intention of securing a greater share of the Available Operational Capacity.  |  |
|  | **Critical Contingency** |  |
| 10.14 | The Critical Contingency Regulations will take precedence over Congestion Management and accordingly, if a Critical Contingency is declared by the CCO, First Gas’ Congestion Management actions will end. |  |
|  | **Notification of New Load** |  |
| 10.15 | First Gas will ensure that, in any Interconnection Agreement it enters into with the owner of a Distribution Network after the date of this Code, that Interconnected Party: |  |
| (a) | is aware of the capacity of each Delivery Point supplying any of its Distribution Networks; and  |  |
| (b) | must consult First Gas before connecting new End-users to its Distribution Network that would exceed the capacity of the relevant Delivery Point.  |  |
| 10.16 | Each Shipper, before agreeing to supply any customer who is not currently an End-user or is an End-user who proposes to substantially increase its use of Gas, must: |  |
| (a) | ascertain there is sufficient Available Operational Capacity; and |  |
| (b) | where the End-user is or will be connected to a Distribution Network, ascertain that the network has the capacity to supply that customer; and |  |
| (c) | notify First Gas of the expected MDQ, MHQ and annual offtake of any End-user whose:  |  |
| (i) | expected MDQ is greater than either 400 GJ or 10% of the current peak Daily offtake of the relevant Delivery Point; and/or |  |
| (ii) | expected MHQ is greater than 40 GJ or 10% of the current peak Hourly offtake of the relevant Delivery Point; and/or |  |
| (iii) | expected annual offtake is greater than 20,000 GJ; and |  |
| (d) | notify First Gas of the date on which the End-user wishes to commence taking Gas, or increased quantities of Gas. |  |
|  | **No Liability** |  |
| 10.17 | First Gas will have no liability to any person for:  |  |
| (a) | not predicting Congestion; or |  |
| (b) | the period of notice prior to initiating Congestion Management; or |  |
| (c) | initiating Congestion Management; or |  |
| (d) | its inability to secure sufficient, or any Interruptible Load; or |  |
| (e) | Available Operational Capacity being insufficient to supply new customers or the increased offtake of existing customers.  |  |
| 10.18 | Nothing in this section 10 shall limit First Gas’ rights to curtail its provision of transmission services in accordance with section 9. |  |
| **11** | **FEES AND CHARGES** |  |
|  | **Daily Nominated Capacity Charges** |  |
| 11.1 | Each Shipper shall pay a charge for each Day on which it has DNC for a Delivery Zone, at a Dedicated Delivery Point not included in a Delivery Zone and/or at a Congested Delivery Point (Daily Nominated Capacity Charge), equal to: |  |
|  | DNCFEE × DNC |  |
|  | where: |  |
|  | DNCFEE is the applicable fee for Daily Nominated Capacity ($/GJ of DNC) (subject to section 11.15); and |  |
|  | DNC is the Shipper’s Daily Nominated Capacity (GJ). |  |
|  | **Throughput Charges** |  |
| 11.2 | Each Shipper shall pay a charge for each GJ of Gas it takes in a Delivery Zone, at a Dedicated Delivery Point not included in a Delivery Zone and/or at a Congested Delivery Point on a Day (Throughput Charge), equal to: |  |
|  | TPF × DQDNC |  |
|  | where: |  |
|  | TPF is the applicable Throughput Fee ($/GJ) (subject to section 11.15); and |  |
|  | DQDNC is the Shipper’s Delivery Quantity (GJ) shipped using DNC. |  |
|  | **Priority Rights Charges** |  |
| 11.3 | Subject to section 3.17(b), a Shipper allocated PRs for a Congested Delivery Point pursuant to section 3.11 shall pay a charge for those PRs (Priority Rights Charge), equal to:  |  |
|  | PC × NA |  |
|  | where: |  |
|  | PC is the lowest price ($ per PR) bid for any PRs allocated at that Congested Delivery Point in accordance with section 3.11; and  |  |
|  | NA is the total number of PRs allocated to the Shipper in accordance with section 3.11,  |  |
|  | provided that the Shipper’s liability to pay that Priority Rights Charge will cease at the end of the PR Term and/or be reduced to the extent it sells any PRs to another Shipper pursuant to section 3.14, with effect from the Day the sale of those PRs is completed.  |  |
| 11.4 | Subject to section 3.17(b), a Shipper who purchases PRs for a Congested Delivery Point pursuant to section 3.12 shall pay a Priority Rights Charge for those PRs, equal to: |  |
|  | PC × NP |  |
|  | where: |  |
|  | PC has the meaning set out in section 11.3; and  |  |
|  | NP means the number of PRs purchased by the Shipper, |  |
|  | provided that the Shipper’s liability to pay a Priority Rights Charge in respect of any PRs its purchases will commence only on the Day that purchase is completed and will cease at the end of the PR Term and/or be reduced to the extent it sells any PRs to another Shipper pursuant to section 3.12, with effect from the Day that the sale of those PRs is completed. |  |
|  | **Daily Overrun and Underrun Charges** |  |
| 11.5 | Subject to section 11.13, a Shipper shall pay, in respect of a Delivery Zone, Dedicated Delivery Point not included in a Delivery Zone, and Congested Delivery Point and Day:  |  |
| (a) | a charge for any Daily Overrun Quantity (Daily Overrun Charge), equal to: |  |
|  | DOQ × DNCFEE × F |  |
|  | where: |  |
|  | DOQ is the Shipper’s Daily Overrun Quantity, which is equal to the greater of: |  |
| (i) | DQDNC - DNC; and |  |
| (ii) | Zero; and |  |
| (b) | a charge for any Underrun Quantity (Underrun Charge), equal to: |  |
|  | UQ × DNCFEE × (F – 1) |  |
|  | where: |  |
|  | UQ is the Shipper’s Underrun Quantity, which is equal to the greater of: |  |
| (i) | DNC - DQDNC; and |  |
| (ii) | zero, |  |
|  | where, for both part (a) and part (b) of this section 11.5:  |  |
|  | DNCFEE has the meaning referred to in section 11.1;  |  |
|  | DNC is the Shipper’s Daily Nominated Capacity;  |  |
|  | DQDNC has the meaning referred to in section 11.2; and |  |
|  | F is, for each:  |  |
| (i) | Delivery Zone and Dedicated Delivery Point not in a Delivery Zone: 2; and |  |
| (ii) | Congested Delivery Point: 10, |  |
|  | provided that where it considers the current value of F does not sufficiently incentivise Shippers to maximise the accuracy of their NQs, First Gas will notify, and consult with Shippers concerning the value of F that would, in its view, better achieve that outcome. Subject to Shippers providing compelling evidence as to why it should not do so, First Gas may (but not sooner than six Months after the date of its notification) increase the relevant value of F to its preferred value. First Gas may decrease the current value of F on expiry of 20 Business Days’ notice to Shippers.  |  |
|  | **Hourly Overrun Charges** |  |
| 11.6 | Subject to sections 11.7 and 11.13, a Shipper using a Dedicated Delivery Point (whether included in a Delivery Zone or not) shall pay a charge for any Hour in which its Hourly Quantity exceeds the allowable HQ for that Dedicated Delivery Point (Hourly Overrun Charge), equal to: | It would appear that there are no hourly overrun charges applicable to Receipt Points. First Gas can manage the exposure by requiring Hourly Flow Profiles for planned outages (as mentioned above)). |
|  | HOQ × DNCFEE × M |  |
|  | where: |  |
|  | HOQ is the Shipper’s Hourly Overrun Quantity and is equal to the greater of: |  |
| (i) | HQDNC - (DQDNC × Specific HQ/DQ); or |  |
| (ii) | where an Agreed Hourly Profile applies, HQDNC – HQAHP; and |  |
| (iii) | zero, |  |
|  | where:  |  |
|  | HQDNC is the Shipper’s Hourly Quantity shipped using DNC in that Hour, which shall be: |  |
| (i) | where the Shipper is the sole user of the Dedicated Delivery Point, the metered quantity for that Hour; or |  |
| (ii) | where the Dedicated Delivery Point is used by more than one Shipper, the Hourly Quantity determined pursuant to section 6.11(b); |  |
|  | DQDNC is the Shipper’s Delivery Quantity shipped using DNC on that Day, which shall be: |  |
| (i) | where the Shipper is the sole user of the Dedicated Delivery Point, the metered quantity for that Day; or |  |
| (ii) | where the Dedicated Delivery Point is used by more than one Shipper, the Delivery Quantity determined pursuant to section 6.11(b); |  |
|  | HQAHP is the hourly quantity for that Hour from the Agreed Hourly Profile (if any);  |  |
|  | DNCFEE has the meaning referred to in section 11.1; and |  |
|  | M is 5 where the Dedicated Delivery Point is affected by Congestion, and 2 in all other cases,  |  |
|  | provided that where it considers the current value of M does not sufficiently incentivise Shippers to avoid exceeding the allowable HQ, First Gas will notify, and consult with Shippers concerning the value of M that would, in its view, better achieve that outcome. Subject to Shippers providing compelling evidence as to why it should not do so, First Gas may (but not sooner than six Months after the date of its notification) increase the relevant value of M to its preferred value. First Gas may decrease the current value of M on expiry of 20 Business Days’ notice to Shippers. |  |
| 11.7 | The Hourly Overrun Charge referred to in section 11.6 shall not be payable for any Day on which the Hourly metered quantity is less than 200 GJ.  |  |
|  | **Over-Flow Charge** |  |
| 11.8 | Notwithstanding section 4.4 but subject to section 11.9, a Shipper using a Dedicated Delivery Point (whether included in a Delivery Zone or not) shall pay a charge for any Hour in which its Hourly Quantity at a Dedicated Delivery Point exceeds the Physical MHQ of that Dedicated Delivery Point (Over-Flow Charge), equal to: |  |
|  | OFQ × DNCFEE × 20 |  |
|  | where: |  |
|  | OFQ is the Shipper’s Over-Flow Quantity and is the greater of: |  |
| (i) | HQDNC – Physical MHQ; and |  |
| (ii) | zero, |  |
|  | where:  |  |
|  | HQDNC is the Shipper’s Hourly Quantity shipped using DNC in that Hour, which shall be: |  |
| (i) | where the Shipper is the sole user of the Dedicated Delivery Point, the metered quantity for that Hour; or |  |
| (ii) | where the Dedicated Delivery Point is used by more than one Shipper, the Hourly Quantity determined pursuant to section 6.11(b); and |  |
|  | DNCFEE has the meaning referred to in section 11.1. |  |
| 11.9 | The Over-Flow Charge referred to in section 11.8 will not be payable by any Shipper where there is an Interconnection Agreement at the Dedicated Delivery Point that requires the Interconnected Party to pay that charge.  |  |
|  | **Other Consequences of Overrun** |  |
| 11.10 | Subject to section 11.13, in addition to any Daily Overrun Charge, Hourly Overrun Charge or Over-Flow Charge that is payable, any Shipper who incurs any of those charges shall indemnify First Gas for any Loss incurred by First Gas that arises from its Daily or Hourly Overrun or Over-Flow (where that Loss shall include any Transmission Charges and/or Non-standard Transmission Charges that First Gas may be required to rebate to any other Shippers) up to the Capped Amounts. First Gas shall use reasonable endeavours in the circumstances to mitigate its Loss. The Shipper shall not be relieved of its indemnity under this section 11.10 should its Daily or Hourly Overrun or Over-Flow result in a Critical Contingency being declared, nor shall the limitations expressed in section 16.1 apply in respect of the Shipper’s indemnity. The Shipper’s indemnity under this section 11.10 shall be without prejudice to any other rights and remedies available to First Gas. |  |
|  | **Non-standard Transmission Charges** |  |
| 11.11 | Each Shipper shall pay the Non-standard Transmission Charges in respect of any Supplementary Agreements and/or Interruptible Agreements to which it is a Party. |  |
|  | **Congestion Management Charge** |  |
| 11.12 | Each Shipper with DNC at a Beneficiary DP shall pay a charge for each Day on which First Gas makes payment under an Interruptible Agreement pursuant to section 10.11 (Congestion Management Charge) equal to:  |  |
|  | CMCTOTAL × DNCSHIPPER ÷ DNCTOTAL  |  |
|  | where: |  |
|  | CMCTOTAL is the relevant aggregate amount payable by First Gas pursuant to section 10.11;  |  |
|  | DNCSHIPPER is the Shipper’s DNC at that Beneficiary DP on that Day; and |  |
|  | DNCTOTAL is the aggregate DNC of all Shippers at that Beneficiary DP on that Day. |  |
|  | **OBA at a Delivery Point** |  |
| 11.13 | At any Delivery Point where there is an OBA, the relevant Interconnection Agreement shall provide that: |  |
| (a) | any Daily Overrun Charge, Underrun Charge, Hourly Overrun Charge or Over-Flow Charge is payable by the OBA Party; and |  |
| (b) | the indemnity referred to in section 11.10 shall be provided by the OBA Party, |  |
|  | and not by any Shipper using that Delivery Point.  |  |
|  | **Credit for Priority Rights Charges**  |  |
| 11.14 | Each Month, First Gas will credit each Shipper a share of the total Priority Rights Charges payable by all Shippers in the previous Month, equal to: |  |
|  | PRCTOTAL × DNCCSHIPPER ÷ DNCCTOTAL  |  |
|  | where: |  |
|  | PRCTOTAL is the total of Priority Rights Charges payable by all Shippers; |  |
|  | DNCCSHIPPER is the total of DNC Charges paid by the Shipper; and |  |
|  | DNCCTOTAL is the total of DNC Charges paid by all Shippers. |  |
|  | **Redetermination of Transmission Fees** |  |
| 11.15 | First Gas will determine Transmission Fees annually using its then current Gas Transmission Pricing Methodology (GTPM), in compliance with the then current price-quality path set by the Commerce Commission and, as far as practicable, the Commission’s “Pricing Principles”. |  |
| 11.16 | By 1 September each Year, First Gas will notify Shippers and publish on OATIS the Transmission Fees it will use to calculate Transmission Charges in the following Year.  |  |
| 11.17 | Each Shipper agrees that First Gas’ statutory information disclosures are sufficient to establish First Gas’ compliance with the requirements referred to in section 11.15 and that neither the GTPM nor the setting of Transmission Fees will be subject to any dispute under this Code.  |  |
|  | **Transmission Services Invoice** |  |
| 11.18 | On or before the 10th Day of each Month (or as soon thereafter as practicable), First Gas shall invoice each Shipper for the Transmission Charges and Non-standard Transmission Charges (if any) payable by that Shipper in respect of the previous (and any prior) Month. |  |
|  | **Balancing Gas and Park and Loan Invoice** | We have previously commented on the rebate of excess charges for Balancing, Running Mismatch, Park and Loan etc, and that in the interests of fairness there needs to be a mechanism for returning excess revenue to all parties (not just shippers), or otherwise agree that these charges are minimised / eliminated and therefore no rebate required (“Keep It Simple”). |
| 11.19 | For each Month, each Shipper and OBA Party shall pay to First Gas all amounts payable by it pursuant to, and determined by First Gas in accordance with, section 8. |  |
| 11.20 | Subject to section 11.21, on or before the 14th Day of each Month (or as soon thereafter as is practicable), First Gas shall invoice each Shipper and OBA Party for the net cost of Balancing Gas incurred by that party in respect of the previous (and any prior) Month. |  |
| 11.21 | Where the Balancing Gas Charges incurred by a party for a Month are less than the Balancing Gas Credits incurred by that party for the same Month, First Gas will credit the difference against any Balancing Gas Charges payable the following Month. |  |
|  | **Contents of Transmission Service Invoice** |  |
| 11.22 | To support any invoice to a Shipper under section 11.18, First Gas shall notify the Shipper of: |  |
| (a) | all Delivery Quantities in the previous Month; |  |
| (b) | each Transmission Charge and Non-standard Transmission Charge payable for each Day of the previous Month; |  |
| (c) | any Congestion Management Charges;  |  |
| (d) | any credit or debit of Transmission Charges for a prior Month required due to a Wash-up; |  |
| (e) | any credit of Priority Rights Charges;  |  |
| (f) | any charges outstanding in respect of any prior Month; and |  |
| (g) | the GST Amount. |  |
|  | **Contents of Balancing Gas Invoice** |  |
| 11.23 | To support any invoice to a Shipper or OBA Party under section 11.20, First Gas shall notify that party in respect of each Day, and in aggregate for the Month: |  |
| (a) | any Balancing Gas Charges payable and/or Balancing Gas Credits receivable; |  |
| (b) | the party’s Mismatch; |  |
| (c) | the party’s Running Mismatch; |  |
| (d) | the aggregate Running Mismatch of all parties with negative Running Mismatch; |  |
| (e) | the aggregate Running Mismatch of all parties with positive Running Mismatch; |  |
| (f) | the quantity of Balancing Gas First Gas purchased and/or sold, together with the prices paid and/or received for that Gas; |  |
| (g) | the aggregate of all parties’ allocations of Balancing Gas Charges and Credits;  |  |
| (h) | the party’s allocation of Balancing Gas debits and/or credits (in GJ); |  |
| (i) | the party’s Excess Running Mismatch and charges for Excess Running Mismatch; |  |
| (j) | the aggregate quantities of Gas sold to, or purchased from all parties to settle Excess Running Mismatch; |  |
| (k) | the quantity of Gas sold to, or purchased from the party to settle its Excess Running Mismatch; |  |
| (l) | any credit or debit of Balancing Gas Charges for a prior Month required due to a Wash-up; |  |
| (m) | any credit or debit of Excess Running Mismatch Charges for a prior Month required due to a Wash-up; |  |
| (n) | any charges or credits outstanding in respect of any prior Month; and |  |
| (o) | the GST Amount. |  |
|  | **Goods and Services Tax** |  |
| 11.24 | First Gas shall express all amounts payable to it by any party as excluding GST, which shall be due and payable at the same time as the payment to which it relates is due (GST Amount). Any invoices provided to the Shipper under sections 11.18 and 11.20 shall specify the GST Amount and shall comply with the “tax invoice” requirements in the Goods and Services Tax Act 1985. |  |
|  | **Other Taxes** |  |
| 11.25 | In addition to the fees, charges and GST payable pursuant to this section 11, each Shipper shall pay to First Gas an amount equal to any new or increased tax, duty, impost, levy or charge (but excluding income tax and rates) (each a Tax) directly or indirectly imposed by the Government or any other regulatory authority that directly relates to First Gas’ provision of transmission services under this Code (including First Gas’ sale and purchase of Balancing Gas), or in respect of any goods or services provided pursuant to this Code (including any increase of that Tax). First Gas agrees that any decrease of any such Tax will be passed on to the relevant Shippers.  |  |
|  | **Issuing of Invoices** |  |
| 11.26 | First Gas may issue any invoice (together with any supporting information) under section 11.18 or 11.20 by: |  |
| (a) | e-mailing to a Shipper’s e-mail address most recently (and specifically) notified in writing to First Gas; and/or |  |
| (b) | posting the invoice as one or more PDF files on OATIS. |  |
|  | **Payment by a Shipper** | As a general comment, I would suggest that a general review is made of this code with a “Producer” slant on it. For example, there is a provision for Shipper payments, but no such provisions for Interconnected Parties. This is another good justification for having ICAs as part of the Code. |
| 11.27 | Subject to sections 11.28, 11.29 and 11.30, and to receiving invoices under sections 11.18 and/or 11.20, each Shipper shall pay to First Gas the aggregate amount stated on each the invoice by direct credit to First Gas’ bank account stated on the invoice (or to any other bank account notified by First Gas in writing) by the later of: |  |
| (a) | the 20th Day of the Month in which the invoice is issued; and  |  |
| (b) | 10 Business Days after the invoiced is issued. |  |
|  | Each Shipper shall immediately notify First Gas of the invoice numbers and the respective amounts to which any payment by the Shipper relates. |  |
|  | **Disputed Invoices** |  |
| 11.28 | Subject to section 11.29, if a Shipper disputes any invoiced amount under section 11.18 (Invoice Dispute), that Shipper shall, within 10 days from the date it received the invoice, notify First Gas in writing identifying the amount in dispute and giving full reasons for the dispute (Invoice Dispute Notice). The disputing Shipper shall pay the undisputed portion of the invoice. If the Invoice Dispute has not been resolved by negotiation between the Parties within 10 Business Days of First Gas receiving the Invoice Dispute Notice, section 18 will apply.  |  |
| 11.29 | In the absence of any manifest error, a Shipper must not dispute any invoice issued under section 11.18, and shall pay the invoiced amount in full in accordance with section 11.27 without any deduction or set-off of any kind. The Shipper hereby waives all rights it may have, under this Code or otherwise, to withhold, dispute or otherwise make any claim in relation to any invoice issued under section 11.18.  |  |
|  | **Incorrect Invoices**  |  |
| 11.30 | If it is found at any time that a Shipper has been overcharged or undercharged then, within 30 days after such error has been discovered and the correct amount has been agreed by the Parties or determined pursuant to section 18, First Gas shall issue a credit note or debit note (as appropriate) in accordance with the Goods and Services Tax Act 1985. If the Shipper has paid the invoice(s) containing an overcharge or undercharge First Gas will refund or pay that Shipper the amount of that overcharge or undercharge, as appropriate, as a correction on its next invoice to the Shipper, provided that there shall be no right to re-open invoices if more than 18 months has elapsed since the date of the invoice. |  |
|  | **Default Interest** |  |
| 11.31 | Where a Shipper or First Gas defaults without reasonable reason in the payment on the due date of any money payable under this Code, then interest shall be payable on the amount unpaid from the due date for payment until the date payment is made, at a rate equal to the Bill Rate plus 5% per annum, calculated on a Daily basis (compounded monthly). |  |
| **12** | **GAS QUALITY** |  |
| 12.1 | Each Shipper (and First Gas) shall ensure that any contract it has with a third party for the sale or purchase of gas includes a requirement that all gas sold or purchased must be Gas. |  |
| 12.2 | First Gas shall ensure that any ICA it enters into at a Receipt Point requires the Interconnected Party to: |  |
| (a) | ensure that all gas it injects into the Transmission System is Gas; and |  |
| (b) | demonstrate that it has adequate facilities, systems, procedures and monitoring to comply with part (a) of this section 12.2 on request by First Gas.  |  |
| 12.3 | Without limiting either First Gas’s or a Shipper’s obligation to act as a Reasonable and Prudent Operator or to mitigate its Loss arising out of or in relation to Non-Specification Gas that enters, or is in, the Transmission System, each Party acknowledges that should Non-Specification Gas enter, or be in, the Transmission System, First Gas is unlikely to be able to prevent that gas from reaching a Delivery Point.  |  |
| 12.4 | As soon as practicable upon an Interconnected Party detecting or suspecting that Non-Specification Gas has flowed, or is likely to flow at a Receipt Point or Delivery Point, that Interconected Party will notify First Gas (except where First Gas has given the Shipper notice under section 12.5) and provide any details of which the Interconnected Party is aware in relation to: | ICAs should be incorporated into the Code, and this would allow First Gas to deal with these types of issues directly. |
| (a) | the reason why that gas was or may be Non-Specification Gas; |  |
| (b) | the likely period of time during which Non-Specification Gas was injected into the Transmission System; |  |
| (c) |  | Neither an Interconnected Party nor a Shipper can be reasonably expected to be able to provide this. |
| (d) | the nature and extent of the deviation from the Gas Specification.  |  |
| 12.5 | Where First Gas becomes aware that Non-Specification Gas has flowed, or is likely to flow at a Receipt Point, First Gas will notify all Shippers and Interconnected Parties who might receive any such gas (including where such gas may mix with Gas before reaching the relevant Delivery Points) via OATIS and, where available provide the information referred to in section 12.4.  |  |
| 12.6 | First Gas, upon receiving a reasonable written request from a Shipper, shall exercise the rights referred to in section 12.2(b), provided that First Gas shall not be obliged to do so where the Shipper itself can exercise similar contractual rights, whether in its capacity as a gas purchaser or otherwise. First Gas shall have no liability to the requesting Shipper in connection with the exercise by First Gas under this section 12.6, of First Gas’ rights under section 12.2(b). |  |
| i | it shall not be required to demonstrate compliance where such a demonstration has been provided within 1 Month of the Requesting Party’s request, or more frequently than once every 9 months; | Consistency with unscheduled metering test requirements. |
| ii | where the demonstration finds that there have been no excursions, the Requesting Party will reimburse the Interconnected Party for all costs incurred by the Interconnected Party in providing the demonstration. |  |
| 12.7 | Nothing in this section 12 requires First Gas to monitor the quality of gas injected into the Transmission System.  | I think there is an element of “Reasonable and Prudent Operator” here. First Gas have requested metering telemetry, and we feel that there is a duty of care to at least provide some assurance that they are monitoring this data. We support additional work in this area, including working to develop and implement some industry guidelines on appropriate responses to the detection of non-specification gas, for example as is done in Australia. |
| 12.8 | First Gas will install and maintain equipment at Delivery Points to ensure that all Gas taken complies with the Gas Specification in respect of dust and/or compressor oil. |  |
| 12.9 | Non-Specification Gas will be deemed to have been Non-Specification Gas at the time it was injected into the Transmission System unless it is shown that First Gas caused Gas to become Non-Specification Gas.  |  |
| 12.10 | Where First Gas did not cause gas to become Non-Specification Gas it shall have no liability to any Shipper for any Loss incurred by that Shipper arising out of or in relation to that Shipper taking Non-Specification Gas at a Delivery Point.  |  |
| 12.11 | Where it did cause gas to become Non-Specification Gas, First Gas shall indemnify each Shipper for any Loss incurred by that Shipper arising out of or in relation to that Shipper taking Non-Specification Gas at a Delivery Point, except to the extent that:  |  |
| (a) | a Shipper’s Loss arose from that Shipper causing or contributing to the injection of Non-Specification Gas into the Transmission System; and/or |  |
| (b) | the Shipper has not mitigated its Loss to the fullest extent practicable. |  |
| 12.12 | First Gas’ indemnity under section 12.11 will be subject to the limitations and exclusions set out in sections 16.1 to 16.4, 16.6 and 16.7. |  |
| 12.13 | Any claim made by a Shipper under section 12.11 shall be without prejudice to any other rights or remedies available to that Shipper. |  |
| **13** | **ODORISATION** |  |
|  | **Requirement** |  |
| 13.1 | First Gas will not commence odorising Gas in an unodorised pipeline or at a Delivery Point on an unodorised pipeline, or cease odorising Gas in an odorised pipeline or at a Delivery Point on an unodorised pipeline, unless all Shippers and First Gas agree in writing.  |  |
| 13.2 | Where First Gas odorises Gas in a pipeline in accordance with section 13.1, it will inject such quantities of a suitable odorant into the Gas to ensure that, in normal circumstances, the odorised Gas meets the detectability requirements set out in New Zealand Standard 5263:2003: Gas Detection and Odorisation. |  |
| 13.3 | First Gas will conduct spot checks on each odorised pipeline (but not at all Delivery Points on any such pipeline) to test whether Gas taken from that pipeline meets the detectability requirements set out in New Zealand Standard 5263:2003. If it becomes aware that such Gas does not meet those requirements, notwithstanding that normal quantities of odorant have been injected, First Gas will notify all Shippers as soon as practicable and take reasonable steps to remedy the situation. |  |
| 13.4 | Notwithstanding sections 13.1 to 13.3, First Gas may cease odorising Gas in a pipeline upon the expiry of 18 months’ written notice to all Shippers and Interconnected Parties. |  |
| **14** | **PRUDENTIAL REQUIREMENTS** | We have concerns about Prudential Requirements and how they apply for our Interconnections. Shell Taranaki Limited act as Agents for Shell, Todd and OMV at Maui and for Shell and OMV at Ngatimaru Rd. We also need clarity on how this will work for the Ngatimaru Rd (Delivery) welded point, where we “operate” the welded point, but Methanex are the Interconnected Party. We need a mechanism by which the Prudential Requirements rest with the Joint Venturers: Operators such as Shell Taranaki Limited cannot accept liability. Liability must ultimately rest with the sellers of gas, and such liability should be several (and not joint).  |
| 14.1 | At all times during the term of its TSA and until the Shipper has paid all outstanding amounts and all amounts payable or which may become payable in the 24 months following expiry or termination of that TSA, each Shipper must comply, at its election, with one of the following: |  |
| (a) | hold an acceptable credit rating in accordance with section 14.2;  |  |
| (b) | arrange for a third party to provide one or a combination of the following securities (each a Credit Support), for the amount required in accordance with this section 14, provided the party providing the Credit Support maintains an acceptable credit rating in accordance with section 14.2:  |  |
| (i) | an unconditional payment guarantee or letter of credit in favour of First Gas; or |  |
| (ii) | an unconditional third party payment guarantee in favour of First Gas; or |  |
| (iii) | a security bond in favour of First Gas.  |  |
| 14.2 | For the purposes of section 14.1, an acceptable credit rating means a long term credit rating of at least Baa3 (Moody’s Investor Services Inc.), BBB- (Standard & Poors Ratings Group), B (AM Best), B (Fitch) or an equivalent credit rating or other reference from a reputable person which is acceptable to First Gas, (including confirmation from an auditor that, in its opinion, the relevant Shipper or third party Credit Support provider satisfies the criteria that would be applied in the granting of that credit rating). |  |
| 14.3 | First Gas may require the Shipper or third party Credit Support provider, as the case may be, to provide evidence of the existence of an acceptable credit rating (as set out in section 14.2). |  |
| 14.4 | The amount secured by any Credit Support shall be: |  |
| (a) | $100,000 (plus GST), in respect of Balancing Gas Charges; plus |  |
| (b) | First Gas’ reasonable estimate of 3 months of the Shipper’s Transmission Charges and Non-standard Transmission Charges (if any) (plus GST), provided that either Party may periodically review that amount (though not more frequently than quarterly) and require it to be adjusted up or down. |  |
| 14.5 | Where it has complied with the requirements of this section 14, a Shipper shall as soon as practicable notify First Gas should any of the following occur:  |  |
| (a) | the Shipper ceases to comply with the requirements of section 14.1; |  |
| (b) | the Shipper believes that its financial position is likely to be materially adversely impaired such that its ability to pay its Transmission Charges and Non-standard Transmission Charges and/or Balancing Charges will be consequently affected; or |  |
| (c) | a third party Credit Support provider (upon which its current satisfaction of the prudential requirements in this section 14 depends) ceases to hold an acceptable credit rating in terms of section 14.1.  |  |
| 14.6 | If a Shipper fails to pay First Gas any amount set out in any invoice issued by First Gas pursuant to this Code on the due date for payment (otherwise than for manifest error or as a result of an invoice dispute or dispute) then on the expiry of 5 days’ prior written notice from First Gas, without limiting any other right First Gas may have under this Agreement, First Gas may: |  |
| (a) | make a claim under any Credit Support to the extent payment is due and the Shipper shall procure that payment;  |  |
| (b) | require Credit Support from the Shipper, if Credit Support has not already been provided by the Shipper;  |  |
| (c) | require a change to the type of Credit Support provided for the Shipper; and |  |
| (d) | require an increase to the level of Credit Support held for the Shipper.  |  |
| 14.7 | Where First Gas makes a claim against any Credit Support, the Shipper must procure replacement Credit Support within 10 Business Days to ensure that the Credit Support requirements set out in section 14.1 continue to be met.  |  |
| 14.8 | Where a Shipper is required to provide new or additional Credit Support, it must do so within 20 Business Days of First Gas’ written request. |  |
| 14.9 | If a Shipper’s TSA or this Code is terminated, First Gas will release any associated Credit Support when and to the extent that the Shipper has paid all outstanding amounts under its TSA. |  |
| 14.10 | If required by First Gas in writing, the Shipper will show evidence of comprehensive liability insurance cover with a reputable insurer covering third party property damage and personal liability for which the Shipper may be legally liable under or in connection with this Code, up to the Capped Amounts, except to the extent that that insurance is not permitted by law. |  |
| **15** | **FORCE MAJEURE** |  |
| 15.1 | Notwithstanding the other provisions of this Code but subject to section 15.2, a Party shall be relieved from liability under this Code to the extent that a Force Majeure Event results in or causes a failure by that Party in the performance of any of its obligations under this Code (an Affected Party).  |  |
| 15.2 | A Force Majeure Event shall not relieve an Affected Party from liability: |  |
| (a) | to pay money due under, or in connection with, this Code;  |  |
| (b) | to give any notice which it may be required to give; or |  |
| (c) | for any Mismatch and Running Mismatch that may arise out of or in connection to, or before, during or after, the Force Majeure Event, |  |
|  | provided that a Shipper shall be relieved of its obligation to pay any fixed transmission charge (being a charge not determined by the delivery of any quantity of Gas), to the extent that First Gas cannot provide transmission services up to that Shipper’s DNC and/or Supplementary Capacity on account of that Force Majeure Event (as determined by First Gas). |  |
| 15.3 | If a Party seeks relief under section 15.1, that Party shall, upon the occurrence of any failure due to a Force Majeure Event: |  |
| (a) | as soon as practicable but in any event within 48 hours give notice to the other Party of the occurrence of the event or circumstance claimed to be a Force Majeure Event and provide to the other Party full particulars relating to the event or circumstance and the cause of that failure. The notice shall also contain an estimate of the period of time required to remedy the failure; |  |
| (b) | render the other Party reasonable opportunity and assistance to examine and investigate the event or circumstance and the matters which caused the event or circumstance and failure; |  |
| (c) | as quickly as practicable, use due diligence and take all reasonable steps to rectify, remedy, shorten or mitigate the circumstances giving rise to Force Majeure Event so as to minimise any Loss or other effects of the suspension of obligations suffered or incurred, or likely to be suffered or incurred by the Party; and  |  |
| (d) | give notice as soon as practicable, but in any event within 48 hours to the other Party upon termination of the Force Majeure Event.  |  |
| 15.4 | A Party will not be able to claim relief from liability under section 15.1 solely as a result of the act or omission of:  |  |
| (a) | any agent or contractor of that Party; or |  |
| (b) | in the case of a Shipper, any person selling or supplying Gas to that Shipper, |  |
|  | unless that act or omission is caused by or results from events and/or circumstances which would be a Force Majeure Event if that person were the Affected Party. |  |
| 15.5 | A Shipper will not be able to claim relief from liability under section 15.1 as a result of the suspended performance, or non-performance, of the obligations of any of its customers, howsoever caused |  |
| 15.6 | Subject to section 9.6, if Congestion occurs due a Force Majeure Event, First Gas will allocate Available Operational Capacity in accordance with section 10.3.  |  |
|  | **Information** |  |
| 15.7 | On becoming aware of any serious prospect of a forthcoming Force Majeure Event, a Shipper or Interconnected Party must notify First Gas as soon as practicable of the particulars of which it is aware. |  |
| 15.8 | Any Shipper or Interconnected Party who declares a Force Majeure Event shall, as soon as practicable after its occurrence, provide First Gas with a full report on the details of the event, its causes, its effects on the Shipper or Interconnected Party and the actions taken by the Shipper or Interconnected Party to rectify, remedy, shorten or mitigate the event or circumstance which gave rise to the Force Majeure Event. First Gas will publish that report on OATIS. |  |
| **16** | **LIABILITIES** |  |
|  | **Exclusion from a Party’s Liability** |  |
| 16.1 | Subject to any further limitations contained in this section 16, a Party (Liable Party) will not be liable to the other Party (Other Party) in respect of Loss suffered or incurred by the Other Party that arises out of or in connection with this Code (in contract, tort or generally at common law, equity or otherwise), except to the extent that Loss arose from an act or omission of the Liable Party that constituted a failure by it to comply with a provision of this Code to the standard of a Reasonable and Prudent Operator. The Liable Party shall only be liable to the Other Party to the extent that the Other Party did not cause or contribute to that Loss by breaching an obligation set out in this Code. The Liable Party shall not be liable to the extent that the Other Party has not mitigated its Loss to the fullest extent practicable. |  |
|  | **Limitation of a Party’s Liability** |  |
| 16.2 | If the Liable Party is liable to the Other Party in respect of any Loss suffered or incurred by the Other Party that arises out of or in connection with this Code (in contract, tort or generally at common law, equity or otherwise), other than for payment of amounts due pursuant to section 11), the Liable Party will only be liable for direct Loss suffered or incurred by the Other Party excluding (and the Liable Party shall not be liable for): |  |
| (a) | any loss of use, revenue, profit or savings by the Other Party;  |  |
| (b) | the amount of any damages awarded against the Other Party in favour of a third party, except where the Liable Party is liable to make a payment under section 11.7; and  |  |
| (c) | the amount of any money paid by the Other Party by way of settlement to a third party, except where the Liable Party is liable to make a payment under section 11.7.  |  |
| 16.3 | The Liable Party shall in no circumstances be liable for any indirect or consequential Loss arising directly or indirectly from any breach of its (or any of the other Party’s) obligations under this Code, whether or not the Loss was, or ought to have been, known by the Liable Party.  |  |
|  | **Capped Liability** |  |
| 16.4 | Subject to sections 16.5 to 16.8, the maximum liability of a Party to the Other Party (in each case excluding liability, if any, that arises under section 11.7) will be: |  |
| (a) | in relation to any single event or series of related events, $10,000,000 (ten million dollars); and  |  |
| (b) | in any Year, $30,000,000 (thirty million dollars), irrespective of the number of events in that Year.  |  |
|  | For the purposes of this section 16.4, an event is part of a series of related events only if that event or events factually arise from the same cause.  |  |
| 16.5 | The amounts referred to in section 16.4(a) and (b) (the Capped Amounts) shall each be adjusted annually on 1 October of each Year by multiplying each Capped Amount for the previous Year by the following adjustment factor: |  |
|  | Adjustment Factor = |  |
|  | where: |  |
|  | CPIn means the most recently published CPI Index for the June quarter in the preceding Year; and |  |
|  | CPI(n –1) means the most recently published CPI Index for the June quarter in the Year that is 2 years prior to the Year in which the adjustment is being made.  |  |
|  | The adjusted Capped Amounts calculated pursuant to this section 16.5 shall be rounded to the nearest whole number. |  |
|  | The adjusted Capped Amounts shall not be retrospectively adjusted in the event the Government Statistician (or his/her replacement as the case may be) later revises the previously published values of the CPI Index. |  |
|  | The first adjustment will take place on 1 October in the Year following the first Year of this Code.  |  |
|  | **Liability where First Gas is the Liable Party under multiple agreements** |  |
| 16.6 | Where: |  |
| (a) | First Gas is the Liable Party; and |  |
| (b) | First Gas’ liability is wholly or partially caused or contributed to by a breach of this Code, any TSA and/or any ICA by one or more third parties (Liable Third Parties), and First Gas recovers (using reasonable endeavours to pursue and seek recovery of those amounts) any amount from those Liable Third Parties in respect of that breach,  |  |
|  | then First Gas’ liability shall be limited to the aggregate of the amount so recovered plus any First Gas-caused liability (where the First Gas-caused liability is any amount for which First Gas is liable as a result of failing to act as a Reasonable and Prudent Operator, which in any event shall be limited to the Capped Amounts). |  |
| 16.7 | Where: |  |
| (a) | First Gas is the Liable Party; |  |
| (b) | First Gas is liable to one or more third parties under this Code, any TSA and/or any ICA (each TSA and ICA being a Coincident Agreement); and |  |
| (c) | the sum of First Gas’ liability to the Other Party and to any third parties before the application of any monetary caps (the Apparent Liability) exceeds the relevant Capped Amount, |  |
|  | then the maximum aggregate liability of First Gas to the Other Party shall be reduced to an amount determined and notified to the Other Party by First Gas, which amount shall reflect the proportion that First Gas’ liability to the Other Party bears to the Apparent Liability taking into account any differences between the respective monetary caps under this Code and/or all Coincident Agreements. For the avoidance of doubt, First Gas’ aggregated liability to the Other Party together with its liability under this Code and all Coincident Agreements shall not exceed the relevant Capped Amount. |  |
| 16.8 | Where the Liable Party is not First Gas, the maximum aggregate liability of the Liable Party to First Gas under this Code or any Coincident Agreement shall not exceed the relevant Capped Amount.  |  |
|  | **General** |  |
| 16.9 | Each limitation or exclusion of this section 16 and each protection given to First Gas or a Shipper or its respective officers, employees, or agents by any provision of this section 16 is to be construed as a separate limitation or exclusion applying and surviving even if for any reason any of the provisions is held inapplicable in any circumstances and is intended to be for the benefit of and enforceable by each of the Party’s officers, employees, and agents. |  |
| 16.10 | Nothing in this Code or a TSA shall limit the right of either Party to enforce the terms of this Code or that TSA by seeking equitable relief, including injunction and specific performance, in addition to all other remedies at law or in equity. |  |
| 16.11 | If First Gas is the subject of a claim by a Shipper or third party (the Claimant) where the claim (or any part of it) arises because of a purported breach of this Code or a TSA by another Shipper (the Defending Party), the following procedure shall apply: |  |
| (a) | First Gas shall immediately give notice of the claim to the Defending Party; |  |
| (b) | First Gas will not make any payment or admission of liability in respect of the claim without the prior written consent of the Defending Party. The Defending Party will not unreasonably withhold or delay its consent under this section 16.11(b); |  |
| (c) | the Defending Party may elect to defend in the name of First Gas any third party claim involving any litigation. The Defending Party must notify First Gas of its election within 10 Business Days of receiving notice of the claim. First Gas shall provide or procure to be provided such assistance as the Defending Party may require provided that the Defending Party first agrees in writing to: |  |
| (i) | indemnify First Gas against any liabilities resulting from that claim and/or defence of that claim except to the extent that First Gas has caused those liabilities; and  |  |
| (ii) | pay any reasonable costs incurred by First Gas in providing assistance in defending the claim,  |  |
|  | except that First Gas shall not be required to render any assistance to the Defending Party pursuant to this section 16.11(c) (other than allowing a defence in First Gas’ name) in circumstances where First Gas believes that its reputation could be damaged or impaired by that assistance; |  |
| (d) | if the Defending Party elects to defend a claim under *section 16.11(c)* then it may choose its own counsel for its defence. The costs of counsel will be met by the Defending Party; |  |
| (e) | First Gas will not take any active steps which could be expected to directly result in the occurrence of an event for which an indemnity is payable under section 16.11(c)(i); and |  |
| (f) | the Defending Party shall not be required to make any payment in respect of any claim under this section 16.11 based on a contingent liability until the contingent liability becomes an actual liability and is due and payable. |  |
| 16.12 | A Shipper shall not make any claim, demand or commence proceedings directly against another Shipper in relation to that other Shipper’s breach of this Code, its TSA or negligence in relation to any matter pertaining to or dealt with in that agreement. Neither a Shipper nor First Gas shall make any claims, demands or commence proceedings against each other in relation to any matter dealt with by this Code or a TSA (including a claim that First Gas or a Shipper has been negligent in relation to any matter pertaining to or dealt with in this Code or that TSA) except in accordance with this Code or that TSA. Nothing shall prevent: |  |
| (a) | First Gas from exercising its rights and remedies under any ICA; or  |  |
| (b) | a transferor, transferee or Gas Transfer Agent from exercising its rights and remedies under a GTA. |  |
| 16.13 | Prior to First Gas making any claim against any Liable Third Parties, First Gas shall first consult any Shipper who is a Claimant and provide an opportunity for that Shipper to have its Loss included in First Gas’ claim(s).  |  |
| 16.14 | If required by either Party in writing, the other Party will show evidence of comprehensive liability insurance cover with a reputable insurer covering third party property damage and personal liability for which the other Party may be legally liable under or in relation to this Agreement, up to the Capped Amounts, except to the extent that such insurance is not permitted by law. |  |
| 16.15 | For the purposes of this section 16, any reference to a breach of, or liability under this Code or a TSA shall include any breach of, or liability under a Supplementary Agreement or Interruptible Agreement.  |  |
| **17** | **CODE CHANGES** |  |
|  | **Amendment of Code** |  |
| 17.1 | Subject to the balance of this section 17, First Gas, any Shipper or any Interconnected Party with an ICA (each an Interested Party) may apply to amend this Code (a Change Requestor). |  |
| 17.2 | Notwithstanding section 17.1, provided all Interested Parties agree in writing, the Code may be changed other than as set out in this section 17. |  |
|  | **Draft Change Request** |  |
| 17.3 | A Change Requestor shall notify its wish to amend the Code by submitting the following documentation to both First Gas and GIC (Draft Change Request): |  |
| (a) | a description of the proposed change; |  |
| (b) | the reasons for, and the intended effect and impact of the proposed change;  |  |
| (c) | a marked-up version of the Code showing any proposed amendments; and  |  |
| (d) | the provisional date on which the amended Code would take effect if approved, |  |
|  | provided that no Change Request may be notified in the period from 24 December to 2 January in any Year, inclusive. |  |
| 17.4 | First Gas will publish any Draft Change Request on OATIS within 3 Business Days of receiving it. |  |
| 17.5 | Within 10 Business Days following First Gas’ publication of a Draft Change Request, any Interested Party may request the Change Requestor to provide additional, relevant information in relation to the proposed change.  |  |
| 17.6 | The Change Requestor shall provide both First Gas and GIC with the additional information requested pursuant to section 17.5 as soon as practicable and in any case not later than 5 Business Days following the request being made.  |  |
| 17.7 | Within 10 Business Days following First Gas’ publication of a Draft Change Request, any Interested Party may notify both First Gas and GIC: |  |
| (a) | whether it supports the proposed change in principle; |  |
| (b) | of any specific objections it has; and/or |  |
| (c) | of any conditions that would attach to its support for the proposed change, |  |
|  | in each case including reasons. |  |
| 17.8 | First Gas will publish any request pursuant to section 17.5, the Change Requestor’s response pursuant to section 17.6, and all Interested Parties’ views notified pursuant to section 17.7 on OATIS within 2 Business Days of receiving the same. |  |
|  | **Change Request** |  |
| 17.9 | Not later than 25 Business Days following First Gas’ publication of a Draft Change Request, the Change Requestor may submit to both First Gas and GIC the following information (Change Request): |  |
| (a) | the information referred to in section 17.3, amended as required to reflect Interested Parties’ responses pursuant to section 17.7; and |  |
| (b) | its responses to any substantive specific objections raised, |  |
|  | and if it does not do so the proposed Change Request will be treated as formally withdrawn. |  |
| 17.10 | First Gas will publish any Change Request on OATIS within 3 Business Days of receiving it. |  |
|  | **GIC Consultation** |  |
| 17.11 | Following submission of a Change Request in accordance with section 17.9, GIC, after appropriate consultation with the Gas industry, will provide a written recommendation stating whether or not it approves that Change Request. In doing so, the GIC may also suggest any further Code changes or actions by any Party that it considers relevant.  |  |
| 17.12 | Subject to section 17.14, a Change Request approved by GIC (Recommended Change Request) will become effective on the date specified in the approval. A Change Request the GIC does not support will be deemed to have been declined and will lapse.  |  |
| 17.13 | Where it approves a Recommended Change Request, First Gas will notify all Interested Parties thereof via OATIS within 2 Business Days, and publish an amended Code on OATIS which shall be effective from the later of the publication date and any effective date set out in the Recommended Change Request.  |  |
| 17.14 | First Gas may decline to approve a Recommended Change Request if: |  |
| (a) | it considers that the Change Requestor has breached, or that First Gas would otherwise breach its obligation to act as a Reasonable and Prudent Operator; or |  |
| (b) | the proposed Code change would: |  |
| (i) | require First Gas to incur expenditure it could not recover; or |  |
| (ii) | be likely to adversely affect First Gas’ current or future provision of transmission services, pricing structure or revenue recovery, |  |
|  | provided that First Gas must publish its reasons on OATIS within 5 Business Days of receiving GIC’s decision pursuant to section 17.11. |  |
|  | **Correction Amendments** |  |
| 17.15 | If an Interested Party believes this Code needs to be amended either: |  |
| (a) | as a result of any law change, or the order of any Court with competent jurisdiction; |  |
| (b) | to correct a typographical or other error; or |  |
| (c) | to update a reference to an external source including any act or standard, |  |
|  | that Interested Party may submit a notice to both First Gas and GIC (Correction Request) setting out: |  |
| (d) | the proposed amendments to the Code;  |  |
| (e) | the explanation for each proposed amendment; and |  |
| (f) | the date on which the proposed amendments will take effect (not to be not sooner than 20 Business Days after the Correction Request is notified) (the Code Correction Date).  |  |
| 17.16 | A Correction Request shall be deemed to have amended the Code unless an Interested Party submits a notice of objection to both First Gas (which First Gas will promptly publish on OATIS) and GIC prior to the Code Correction Date. |  |
| 17.17 | In the absence of any notice of objection pursuant to section 17.16, First Gas shall publish marked up and clean copies of the Code incorporating the changes set out in the Correction Request on OATIS and the amended Code shall take effect on the Code Correction Date. |  |
| 17.18 | If a notice of objection is submitted pursuant to section 17.16, the Correction Request shall be deemed to have been withdrawn (and the Interested Party who submitted it may submit a Draft Change Request). |  |
|  | **Urgent Code Change** |  |
| 17.19 | First Gas may make a temporary change to the Code in accordance with this section 17.19 and section 17.20 if it believes that such change is necessary to respond to unforeseen circumstance which threaten the integrity of, or the proper commercial operation of the Transmission System (Urgent Code Change). |  |
| 17.20 | First Gas will notify all Interested Parties and GIC of any Urgent Code Change and in relation to any Urgent Code Change must publish the following information on OATIS:  |  |
| (a) | the required amendments to the Code; |  |
| (b) | the explanation of each required amendment; and  |  |
| (c) | the date on which the required Code amendments will take effect (not be earlier than the first Business Day after the Urgent Code Change is published on OATIS). |  |
| 17.21 | Subject to section 17.22, the Code amendments implemented via any Urgent Code Change shall expire 6 Months after the date they take effect and, if First Gas wishes them to be permanent it may submit a Code Change Request accordingly (at any time). |  |
| 17.22 | GIC may revoke an Urgent Change Request that it considers to be manifestly unreasonable or contrary to the interests of users of the Transmission System. |  |
| **18** | **DISPUTE RESOLUTION** |  |
| 18.1 | Subject to sections 11.28 and 11.29, any dispute of whatever nature between a Shipper and First Gas, either Party may notify the other in writing that it wishes to attempt resolution of the dispute in accordance with this section 18 (Dispute Notice). On receipt of a Dispute Notice, the Parties shall each use reasonable endeavours to resolve the dispute by negotiation. |  |
| 18.2 | If the dispute is not resolved by negotiation within 15 Business Days (or such other period as the Parties may agree in writing) of the date of the Dispute Notice, then the Parties shall submit the dispute to:  |  |
| (a) | resolution by an independent expert agreeable to both parties; or |  |
| (b) | where the Parties cannot agree upon an independent expert within 5 Business Days after the expiry of the negotiation period referred to above, arbitration pursuant to the Arbitration Act 1996 (excluding paragraphs 4 and 5 of the Second Schedule to that Act). |  |
| 18.3 | The arbitration will be conducted by an arbitrator appointed: |  |
| (a) | jointly by the Parties; or  |  |
| (b) | if the Parties cannot agree on an arbitrator within 25 Business Days of the date of the Dispute Notice, by the President of the Arbitrators and Mediators’ Institute of New Zealand upon the application of either Party. |  |
| 18.4 | Nothing in this section 18 affects either Party’s right to seek urgent interlocutory relief.  |  |
| **19** | **TERM AND TERMINATION** |  |
|  | **Term of TSA** |  |
| 19.1 | Each TSA will commence on the Commencement Date and expire on the Expiry Date, unless terminated earlier in accordance with this section 19. |  |
|  | **Term of Code** |  |
| 19.2 | Subject to section 7.5, the terms and conditions of this Code expire at 2400 on 30 September [2022]. |  |
|  | **Shipper May Terminate** |  |
| 19.3 | A Shipper may give First Gas written notice to terminate its TSA at any time, and the termination date will be 2400 on the later of: |  |
| (a) | the date for termination set out in the Shipper’s notice of termination; |  |
| (b) | the expiry of all PRs held by the Shipper (if any); |  |
| (c) | the date the sale of all PRs held by the Shipper (if any) becomes effective; and |  |
| (d) | the date which is three months after the date First Gas receives the Shipper’s notice of termination.  |  |
|  | **Termination for Default** |  |
| 19.4 | Either Party may terminate a TSA immediately on notice in writing to the other Party specifying the cause, if: |  |
| (a) | either Party defaults in payment of any money payable under this Code (for reasons other than those in section 11.27 for a period of 10 Business Days; or |  |
| (b) | a Shipper fails to comply with the prudential requirements set out in section 14 for a period of 60 Business Days; or |  |
| (c) | the other Party defaults in the performance of any material covenants or obligations imposed upon it under this Code and has not remedied that default within 30 days of notice from the terminating party; or |  |
| (d) | a resolution is passed or an order made by a court for the liquidation of the other Party, except for the purposes of solvent reconstruction or amalgamation; or |  |
| (e) | the other Party makes or enters into or endeavours to make or enter into any composition, assignment or other arrangement with or for the benefit of that Party’s creditors; or |  |
| (f) | a Force Majeure Event occurs such that the other Party could not be expected to be in a position to perform its obligations under this Code for a period of six Months or more. |  |
|  | **Suspension for Default** |  |
| 19.5 | If First Gas becomes aware that a Shipper is in breach of any material term or condition of this Code, First Gas shall be entitled to suspend any transmission services provided to that Shipper for the duration of any non-compliance if, and to the extent that, in First Gas’ opinion, that action is necessary to protect other Shippers or their use of the Transmission System. |  |
|  | **Termination Without Prejudice to the Amounts Outstanding** |  |
| 19.6 | The expiry or termination of a TSA shall not: |  |
| (a) | relieve a Shipper or First Gas of its obligation to pay any money outstanding under this Code; or |  |
| (b) | relieve a Shipper of any obligation to settle the Shipper’s Running Mismatch in accordance with section 8, which, at First Gas’ election (where First Gas is the terminating Party) but following consultation with that Shipper, may be done either in dollar terms or by making Gas available for that Shipper to take, or taking Gas from, that Shipper.  |  |
|  | **Effects of Termination** |  |
| 19.7 | Termination, suspension or expiry of a TSA shall not prejudice any rights or obligations of a Party that existed prior to termination, suspension or expiry. |  |
| 19.8 | The provisions of this Code shall continue in effect after expiry or termination of the relevant TSA to the extent they relate to an event or circumstance that occurred prior to the date of expiry or termination of that TSA.  |  |
| **20** | **GENERAL AND LEGAL** |  |
|  | **Notices** |  |
| 20.1 | Subject to section 20.2, all legal notices to be provided under this Code or any TSA must be in writing and shall be deemed served if personally delivered or sent by registered mail or email to: |  |
| (a) | in the case of First Gas, the contact set out below (or other contact First Gas may notify in writing): |  |
|  | Transmission Manager – Commercial |  |
|  | First Gas Limited |  |
|  | Level 6, Resimac House |  |
|  | 45 Johnston Street |  |
|  | PO Box 865 |  |
|  | Wellington 6011, |  |
|  | Email: [ ]@firstgas.co.nz; and |  |
| (b) | in the case of a Shipper, the contact set out in its TSA (or other contact the Shipper may notify to First Gas in writing), |  |
|  | excluding operational and other notifications required to given via OATIS in accordance with this Code, except where First Gas declares that OATIS is not operational in whole or in part. |  |
| 20.2 | A notice sent:  |  |
| (a) | via OATIS; or |  |
| (b) | by email shall (unless the sender receives an automatic response stating that the recipient’s email address does not exist or the email has not been successfully sent): |  |
| (i) | if sent prior to 1600 on any Business Day, be deemed served on that Business Day; or |  |
| (ii) | if sent after 1600 on any Business Day, shall be deemed served on the next Business Day; or |  |
| (c) | by registered mail shall be deemed served on the earlier of the date of receipt or on the second Business Day after the same was committed to post. |  |
|  | A notice concerning breach of this Code or any TSA must not be sent by email. |  |
|  | **Confidential Information** |  |
| 20.3 | Confidential Information means: |  |
| (a) | information provided to First Gas for the purposes of setting Prudential Requirements; |  |
| (b) | a Shipper’s bids for Priority Rights prior to a PR Auction; |  |
| (c) | a Shipper’s Transmission Charges, including the information used to calculate them; |  |
| (d) | the substance, but not the fact or existence, of any dispute between a Shipper and First Gas where the substance relates to Confidential Information or the Parties agree in writing that it is confidential; |  |
| (e) | documents or other information made available during a dispute resolution process. |  |
| (f) | information provided by a Shipper in response to a First Gas tender for Gas; |  |
| (g) | advice which is protected by legal professional privilege;  |  |
| (h) | information provided by a Shipper in relation to a customer or potential customer of that Shipper, including in relation to the availability of or provision of transmission capacity, that could be of value to any of the Shipper’s competitors; and |  |
| (i) | any other material a Party wishes to disclose to First Gas on the basis that it is Confidential Information and which First Gas agrees (prior to actual disclosure of the information) is Confidential Information, |  |
|  | and First Gas shall have suitable procedures, protocols and systems in place at all times to ensure that Confidential Information it holds at any time is securely stored and available only to those First Gas employees who need access to it. |  |
| 20.4 | First Gas may use or disclose Confidential Information to the extent that: |  |
| (a) | the information is in the public domain, other than by a First Gas breach of this Code;  |  |
| (b) | the information was already known to First Gas and was not then subject to any obligation of confidentiality; |  |
| (c) | disclosure to First Gas professional advisor(s) or consultant(s) on a need to know basis is required, including for the purposes of analysing any request relating to the availability or provision of transmission services; |  |
| (d) | disclosure is necessary to maintain the safety and reliability of the Transmission System, or is required to give effect to the relevant TSA to which the Confidential Information relates; |  |
| (e) | use or disclosure is required by law (including information disclosure requirements and/or the listing rules of a recognised stock exchange) or any order of a competent court; |  |
| (f) | the other Party has consented in writing to the use or disclosure;  |  |
| (g) | the information is obtained from a third party, whom First Gas believes, in good faith, to be under no obligation of confidentiality;  |  |
| (h) | disclosure is to First Gas’ auditors; or |  |
| (i) | disclosure is required pursuant to the resolution of any dispute under this Code.  |  |
|  | **Information on OATIS** |  |
| 20.5 | First Gas will provide each Interconnected Party and Shipper with access to OATIS as may be required for any purpose relating to this Code. |  |
| 20.6 | Each Interconnected Party and Shipper is solely responsible for ensuring it can access OATIS. The Shipper agrees to the terms and conditions of access to and use of OATIS, as set out on OATIS. |  |
| 20.7 | First Gas will use OATIS to publish operational and other information required under this Code. Schedule Two is a summary of the information, as at the Commencement Date, that First Gas will publish on OATIS. The Parties acknowledge and agree that:  |  |
| (a) | Schedule Two is not necessarily an exclusive list of the information First Gas may publish; |  |
| (b) | First Gas will be under no obligation to continue to publish information that (in its reasonable opinion) is no longer relevant, useful or necessary; |  |
| (c) | First Gas may amend Schedule Two at any time to reflect changes in the Code, without the need for a Change Request, provided it notifies all Shippers and Interconnected Parties; and |  |
| (d) | to the extent a Interconnected Party or Shipper fails to comply with its obligations under this Code as a direct result of First Gas not publishing information that the Shipper needs in order to do so (excluding any information not generated by First Gas itself and which is not made available to First Gas to publish) then, to the extent of that failure, the Interconnected Party or Shipper shall be relieved of liability.  |  |
|  | **Waiver** |  |
| 20.8 | No failure, delay or indulgence by a Party in exercising any power or right conferred on that Party by a TSA will operate as a waiver of that power or right.  |  |
|  | **Entire Agreement** |  |
| 20.9 | Each TSA constitutes the entire agreement between the Parties from the Commencement Date in relation to the subject matter of that TSA and supersedes all prior negotiations, representations and agreements between the Parties. |  |
|  | **Exclusion of Implied Terms** |  |
| 20.10 | All terms and conditions relating to a TSA that are implied by law or custom are excluded to the maximum extent permitted by law. |  |
|  | **Severability** |  |
| 20.11 | If any section or provision of this Code is held to be illegal or unenforceable by any judgment of any Court or tribunal having competent jurisdiction, that judgment shall not affect the remaining provisions of this Code, which shall remain in full force and effect as if that illegal or unenforceable section or provision had not been included in this Code, but only if severance does not materially affect the purpose of, or frustrate, this Code, in which case the severed section or provision shall be modified to the extent necessary to render it legal, valid and enforceable and to reflect the economic and operational effect of the severed section or provision to the maximum extent practicable.  |  |
|  | **Exclusion of Consumer Legislation** |  |
| 20.12 | The Parties acknowledge and agree that, in relation to a TSA:  |  |
| (a) | the Parties are in trade and agree to contract out of the provisions of the Consumer Guarantees Act 1993, and it is fair and reasonable to do so; and |  |
| (b) | the provisions of sections 9, 12A, 13 and 14(1) of the Fair Trading Act 1986 shall not apply to the obligations of the Parties, and that it is fair and reasonable that the Parties contract out of those provisions. |  |
|  | **Contractual Privity** |  |
| 20.13 | A TSA shall not, and is not intended to, confer any benefit on, or create any obligation enforceable at the suit of, any person who is not a Party to that TSA. However, obligations of First Gas under this Code may be enforced by Interconnected Parties under Interconnection Agreements. |  |
|  | **Assignment** |  |
| 20.14 | A Shipper must not assign or transfer any of its rights or obligations under a TSA unless it has obtained First Gas’ prior written consent, which must not be unreasonably withheld or delayed. |  |
| 20.15 | First Gas must not assign or transfer any of its rights and obligations under any TSA, unless it believes that the assignee is capable of meeting First Gas’ obligations under that TSA. |  |
| 20.16 | Where a Party (Assignor) assigns or transfers a TSA, the Assignor shall remain liable to the other Party to the TSA for the due performance of all obligations under that TSA as primary obligor and not merely as surety or guarantor only, unless that other Party has given its prior written consent to the release of the Assignor from its obligations. |  |
| 20.17 | Prior to any assignment or transfer of a TSA, the Assignor must obtain execution by the assignee of a deed of covenant, in favour of the other Party to that TSA, binding the assignee to perform all the Assignor’s obligations under that TSA. |  |
| 20.18 | Notwithstanding any assignment, the assignor shall remain liable for any amounts payable by it under the TSA up to the end of the Month during which the assignment takes effect. |  |
|  | **Governing Law** |  |
| 20.19 | Each TSA shall be construed and interpreted in accordance with the law of New Zealand and the Parties submit to the non-exclusive jurisdiction of the New Zealand courts.  |  |

# schedule one: transmission services agreement

Date:

**PARTIES**

**First Gas Limited** (*First Gas*)

**[                 ] Limited** (*the Shipper*)

**AGREEMENT**:

1. **SHIPPER’S CONTACT DETAILS**

Physical Address: [ ]

 Postal Address: [ ]

E-mail Address: [ ]

1. **COMMENCEMENT DATE**

[ ]

1. **EXPIRY DATE**

[ ]

1. **INCORPORATION OF CODE**
	1. First Gas agrees to provide and the Shipper agrees to accept Gas transmission services in respect of the transport of the Shipper’s Gas through the Transmission System on the terms and conditions set out in this Transmission Services Agreement (*TSA*) and the Gas Transmission Access Code (as amended from time to time) (the *Code*).
	2. Each Party agrees to comply with and be bound by the terms and conditions of the Code as if they were set out in full in this TSA.
	3. All terms used in this TSA that are defined in the Code shall have the same meaning where used in this TSA.
2. **DISCLOSURE**
	1. This TSA is not Confidential Information and First Gas will publish it in full on OATIS.

|  |  |
| --- | --- |
| Signed for and on behalf of**First Gas Limited** by:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Signature of authorised signatory\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Name of authorised signatory | Signed for and on behalf of**the Shipper** by:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Signature of authorised signatory\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Name of authorised signatory |

#

# schedule two: information to be published

|  |  |  |
| --- | --- | --- |
| ***Section*** | **Item** | **Frequency of Publication** |
| *1.1* | Acceptable Line Pack Limits (upper and lower) | As required for operational purposes  |
| *1.1* | Critical Contingency Management Plan | As required (e.g. after any change) |
| *1.1* | Intra-Day Nominations Deadlines | As required (e.g. after any change to the number of cycles) |
| *1.1* | Metering Requirements | As required (e.g. after any change) |
| *1.1* | Running Mismatch Tolerance percentages, i.e. 1 or 2 values of each of PS, PI and PF | As required |
| *1.1* | Line Pack to provide for Running Mismatches, TR | As required |
| *1.1* | Security Standard Criteria | As required |
| *2.12* | Uneconomic / discontinued transmission services | As required |
| *3.3* | Receipt Zones | Annually or as required |
| *3.4* | Delivery Zones and likely Congested Delivery Points | Annually, by 1 September |
| *3.9* | Scheduled PR Auction Dates | Annually |
| *3.10* | PR Auction Terms and ConditionsNumber of PRs on offer;PR Term;Reserve Price for PRs; | Minimum 10 Business Days before a PR Auction |
| *3.11* | Publication of the number of PRs allocated to each Shipper after a PR Auction | After each PR auction and before the relevant PR Allocation Day |
| *3.13* | Publication of the number of PRs traded by Shippers and the PR sale price; Amendment of Shipper PR holdings following any trade | Promptly following any trade |
| *3.16* | Notification of Congestion arising during a year; Confirmation of a PR Auction date;Exclusion of Congested Delivery Point from a Delivery Zone | As required |
| *3.17* | Notification that Congestion no longer exists;Update Shippers’ holdings of PRs on OATIS for any PRs cancelled; Notify the Delivery Zone in which the former Congested Delivery Point will be included | As required |
| *4.14* | Intra-Day Cycle times, including deadlines for NQs and First Gas approval | As required |
| *5.5* | Daily Delivery Reports;Hourly Delivery Reports | For Metering that First Gas monitors by telemetry (including SCADA), as soon as practicable and not later than (on the next Business Day after a Day):Unvalidated data by 1000; and Validated data by 1200 |
| *5.9* | Gas composition data | By 1200 each Business Day, data for the most recent Business Day and each Day since that Day (if any) |
| *7.5* | Supplementary Agreements | As soon as practicable following execution |
| *7.10* | Interruptible Agreements | As soon as practicable following execution |
| *7.14* | Interconnection Agreements | As soon as practicable following execution |
| *8.6* | Low Line Pack Notice;High Line Pack Notice | Where practical, if Line Pack is decreasing or increasing excessively fast |
| *8.12* | Negative ERM fee (FNERM) | As required  |
| *8.13* | Positive ERM fee (FPERM) | As required  |
| *8.14* | Running Mismatches of Shippers, OBA Parties and First Gas | As soon as practicable after determination |
| *8.17* | Parked Gas and/or Loaned Gas quantities | Following their determination |
| *8.19* | Procedures for parties applying to Park or take Loaned Gas | As required |
| *8.21* | Prices payable to Park Gas and take Loaned Gas | As required |
| *9.2* | Notice of Scheduled Maintenance that affects receipt or delivery of Gas | Not less than 30 Days’ notice (to the affected parties) |
| *9.4* | Operational Flow Orders | As soon as practicable after issuance |
| *10.7* | Need for Interruptible Load | As required |
| *10.8* | Criteria for Interruptible Load | As required |
| *10.9* | Notification of insufficient Interruptible Load | As required |
| *10.10* | First Gas’ direct request for Interruptible Load | As required |
| *10.11* | Notification of Beneficiary Delivery Points  | After execution of Interruptible Agreement |
| *11.1* | Daily Nominated Capacity Fees | Prior to 1 September annually |
| *11.2* | Throughput Fees | Prior to 1 September annually |
| *11.6* | Specific HQ/DQ for all Dedicated Delivery Points | Annually |
| *11.8* | Physical MHQ for all Dedicated Delivery Points | Annually |
| *12.5* | Notification of receipt of Non-Specification Gas | As required |
| *15.3* | First Gas declares a Force Majeure Event | As soon as practicable after the event |
| *15.8* | Shipper Report on Force Majeure Event | As soon as practicable after report received. |
| *16.4* | Adjusted Capped Amounts | Following annual CPI adjustment |
| *17.4* | Publication of Draft Change Request | Within 3 business days of receipt |
| *17.8* | Publication of questions, responses and views about Draft Change Request | Within 2 business days of receipt |
| *17.10* | Publication of Change Request | Within 3 business days of receipt |
| *17.13* | First Gas’ approval of Change Request approved by GIC | Within 5 business days of GIC decision |
| *17.14* | First Gas’ decision not to approve a Change Request approved by GIC, with reasons | Within 5 business days of decision |
| *17.16* | Publication of notice of objection | As soon as practicable after receipt |
| *17.17* | Publication of Code incorporating Correction Request | As soon as practicable following expiry of objection period. |
| *17.20* | Notification of Urgent Code Change | As soon as practicable |

# schedule three: requirements of gas transfer agreements

1. **Definitions**

In this Schedule Three:

*Inputs* means the data required to perform the calculations required by the Gas Transfer Rules; and

*Outputs* means the quantities of Gas transferred after application of the relevant Gas Transfer Rules.

1. **General Requirements**
	1. A GTA must:
		1. be in writing, executed by the transferor and transferee;
		2. be provided to the Gas Transfer Agent for its consideration and execution and be executed by the Gas Transfer Agent no less than 2 hours before the Gas to which that GTA refers is to be injected into, transferred within or taken from the Transmission System, except that where Gas is to be injected, transferred or taken on a Day that is not a Business Day, the GTA must be provided to the Gas Transfer Agent no less than 8 hours before;
		3. provide unambiguous rules for determining the quantity of Gas transferred by the transferor to the transferee;
		4. specify the order of priority between two or more of the transferor’s GTAs for the same Receipt Point in the event of any inconsistency between those agreements; and
		5. provide for all Inputs to be provided to the Gas Transfer Agent by the times published by First Gas on OATIS).
	2. A GTA must set out Gas Transfer Rules which:
		1. acknowledge (either explicitly or implicitly) that, except where this Schedule Three allows a transferor to go into negative Mismatch, the total quantity of Gas available on a Day for transfer by the transferor:
			1. at any Receipt Point where an OBA applies, is the transferor’s Approved NQ at that point plus or minus any earlier traded quantities; and
			2. at all other Receipt Points, is the metered quantity;
		2. are compatible with the transferor’s other GTAs in respect of the same Receipt Point; and
		3. are not conditional on allocated quantities at any Delivery Point.
2. **Specific Requirements**
	1. A GTA must:
		1. specify that if the quantity of Gas available to the transferor to transfer (as determined by, or calculated by reference to, the Inputs) is insufficient to meet the proposed transfer:
			1. the transferor will go into negative Mismatch to complete the transfer if the transferor is a Shipper; and
			2. the transfer will not be completed to the extent of the insufficiency if the transferor is not a Shipper;
		2. set out default rules to be applied by the Gas Transfer Agent where:
			1. the Inputs are not provided or received in full and within the required times or if they contain any deficiency;
			2. the Inputs cannot be calculated for any reason other than a Force Majeure Event;
			3. the Outputs cannot be calculated for any reason other than a Force Majeure Event;
			4. the quantity of Gas available to the transferor is less than the combined quantities claimed for transfer by the transferee(s) and the transferor is not eligible to go into negative Mismatch to complete the transfer;
			5. the quantity of Gas available to be allocated is a metered quantity, and the total quantity claimed by the transferee or transferees does not equal that metered quantity;
			6. there is a dispute between the parties to the GTA (or any two of them) as to the Inputs, Outputs or the interpretation of the GTA affecting the determination or calculation of those Inputs or Outputs, where those default rules must ensure:

A the determination of the Outputs by the 12th Day of the Month following the Month in which the relevant Gas was injected into, transferred within or taken from the Transmission System; and

B that under no circumstances will First Gas (as the owner and operator of the Transmission System) be involved in the dispute; and

* + 1. set out “*Fall Back Default Rules*” the Gas Transfer Agent shall apply, including those set out below, if a default rule referred to in *paragraph 3.1(b)* above fails:
			1. where any of the default rules in relation to *paragraphs 3.1(b)(i), (ii), (iii)* or *(vi)* of this Schedule Three fails, the Gas Transfer Agent shall determine that no transfer of Gas to the transferee has occurred;
			2. where the default rule in relation to *paragraph 3.1(b)(iv)* of this Schedule Three fails, the Gas Transfer Agent shall complete the transfer to the extent of the Gas available but on a pro rata basis, across each transferee’s nominations; or
			3. where the default rule in relation to *paragraph 3.1(b)(v)* of this Schedule Three fails, the Gas Transfer Agent shall:

A transfer the metered quantity to the transferee, if there is only one transferee; or

B split the metered quantity equally between the transferees, if there is more than one transferee