

GTAC Workshop minutes 11 July 2018
At the offices of Gas Industry Company Limited
Level 8, 95 Customhouse Quay, Wellington

Wednesday 11 July 2018 at 9:00 am

1. Process matters

1.1 Position reached

The minutes for future workshops would contain two parts. One part would address the position reached, which would form the basis of First Gas's changes to the GTAC, and the other part the specific points discussed.

Workshop presentations should be published as soon as possible (preferably the day after the workshops).

Where relevant, First Gas would mark-up changes to the drafting of the GTAC with a view to circulating the revised drafting a couple of weeks ahead of the relevant workshop.

1.2 Points raised

The following points were raised:

1. The need to advance the drafting of the interconnection agreements given the proposed timetable.
2. The need for stakeholders to have information with sufficient time to prepare for the workshop at which the material would be discussed.

2. Target Taranaki Pressure

2.1 FAP findings

- Efficient and prudent to at least maintain level of control under MPOC (187)
 - Reasonable endeavours to keep between 42-48
 - Reasonable endeavours to keep towards low end
 - Reference to aggregate ERM
 - RPICA not mirror of section 7.13(e) (187)
- Inclusion in the GTAC as well as in the ICAs (per 7.13)

2.2 Position reached

There was general agreement that the drafting of the TTP provision should better reflect the position in the MPOC. First Gas would set out drafting principles for the group to consider.

2.3 Points raised

The following points were raised:

1. The TTP provision needs to have regard to the impact of high system pressure on producers and the impact of low system pressure on downstream parties.

2. TTP should be a clearly defined range and First Gas should have a clear obligation to bring pressure back within the range.
3. First Gas ~~undertook to should~~ remove references to aggregate excess running mismatch (ERM).
4. First Gas ~~should will~~ consider whether ~~excess~~ running mismatch tolerance is an equivalent concept to the daily operational imbalance limit (DOIL) in the MPOC.
5. First Gas should consider whether there is a better way to link line pack limits to TTP.
6. First Gas should clarify that the 12 month lag for changes relating to TTP related to the pressure range, not the drafting of the TTP provision.

3. Balancing

3.1 FAP findings

- FG has not defined the amount of linepack to be set aside for shipper tolerances and no constraint on setting tolerances. As this is outside GTAC, there is no constraint on FG to act neutrally (19, 75)
- Principles for setting running mismatch tolerances or the tolerances themselves to be included in GTAC (19, 75)

3.2 Position reached

There was general agreement with First Gas's proposal that a minimum tolerance would be provided for all parties on a system wide basis to address the concern that the amount of linepack set aside for shipper and OBA tolerances is uncertain.

3.3 Points raised

The following points were raised:

1. First Gas to consider the relationship between Line Pack Notices and TTP. First Gas confirmed that Acceptable Line Pack limits will be defined in GTAC and ICAs to make it clear that they will be calculated so as to respect the TTP constraint (consistent with First Gas note of 3 July 2018 "Balancing Tolerances").
2. First Gas to consider whether Line Pack Notices should be issued a period of time before a Line Pack threshold is likely to be breached, and confirm whether multipliers on ERM fees apply at the point of the threshold being breached or the issue of the Line Pack Notice. First Gas to consider whether High Line Pack Notice will be deemed to be triggered upon pressure exceeding TTP limit, and whether multipliers on ERM fees will apply for the whole day once the TTP limit has been breached during the day.
3. First Gas to consider whether GTAC section 8.5(b)(i) to (iv) should be subject to the ability to provide Running Mismatch Tolerance (i.e. the reverse of the current drafting).
4. First Gas to confirm whether tolerances should have priority over park and loan or the provision of peaking tolerance.
5. First Gas to consider whether different tolerances should apply when the Mokau compressor is/is not running.

6. First Gas to provide further detail regarding the allocation of tolerances at Receipt Points and Delivery Points.
7. First Gas to consider whether there should be a product for start-up/shut-down to the extent that it is not covered by AHPs.
8. First Gas to consider whether a greater tolerance can be allowed for having regard to system impact of doing so.
9. First Gas to review whether the approach to allocating:
 - (a) tolerances to shippers/OBA parties based on the DNC nomination/metered quantity for the previous day is the preferred approach having regard to the need for certainty
 - (b) balancing gas and cash-out costs based on the metered quantity for the previous day is the preferred approach
10. First Gas to review the proposed 400GJ minimum tolerance for each party to understand where it comes from, whether that tolerance is appropriate, and the impact on existing and new shippers.

4. Peaking

4.1 FAP findings

- Hourly overruns only apply at DDPs (13, 50, 61)
- HORs may be avoided through Specific HQ/DQ and AHPs but no guidance on how these will be applied. Potential for inefficient usage of the pipeline (55)
- AHPs are uncertain and require further design work (13, 50, 55). Case for applying AHPs not well justified (55)
- AHPs only available at DDPs – this is unfair (50)
- OBA parties don't have access to AHPs (18, 68)
- Operational flexibility important but should not be provided without discrimination (182)

4.2 Position reached

The general preference was to focus on "Option 1" (defining the characteristics of the flows in a peaking regime) rather than "Option 2" (RPs and DPs greater than 200GJ/h). However, there were a number of detailed questions regarding the design of Option 2. The general view was that a further workshop session is required to discuss the design of a peaking framework before proceeding to detailed drafting.

4.3 Points raised

The following points were raised:

1. First Gas to provide clarity on the users who will be subject to the peaking framework, including how each of the four criteria are applied and First Gas's ability to "look through" to peaking parties who are not directly connected to the transmission network
2. Consider a mechanism to address Vector's concerns about two shippers delivering to a Dedicated Delivery Point

3. First Gas to consider whether the peaking framework is affected by non-standard arrangements
4. First Gas to consider stakeholder concerns about the lack of certainty regarding the peaking fee and the potential for it to be out of proportion to the system impact (noting the comments from some parties that this concern is linked to the discussion around overrun and underrun fees at the next workshop).
5. First Gas to reflect on approval of the previous day's agreed hourly profiles (AHPs), the conditionality of that approval and timing
6. First Gas to confirm the position where an AHP is not approved and how the AHP ranks when compared to DNC. The group discussed the possibility for prorating nominations in a region.
7. First Gas to ~~consider whether~~confirm that planned and unplanned outages should be excluded from the AHP framework and subject to a separate framework having regard to the need for First Gas to have information regarding outages; such as obligations to provide expected hourly profiles and communicate closely on outages.
8. First Gas to consider the trigger for a peaking charge of a flow at a delivery point or receipt point that is 1.25 x maximum hourly flow.

The meeting closed at 4.15pm.