



Gas Transmission Access Code – governance options (Concept Consulting Paper – April 2017)

Submission from Major Gas Users Group – 12 May 2017

Question	Feedback
<p>Q1: The report recommends that code changes could be proposed by parties bound by the terms of the code, gas users and gas market operators. Do you agree with the reasoning and recommendation?</p>	<p>No.</p> <p>We agree that the primary goal of the initiation phase should be to ensure that potentially worthwhile proposals get to the table. This suggests not limiting who is able to initiate a proposal.</p> <p>The reasons forwarded for limiting input on the basis that a wider base is more likely to result in code changes being proposed that are “manifestly ill-conceived, frivolous or vexatious in nature” wouldn’t seem any less likely to come from the proposed parties. It is also noted as not being likely if the wider public was included.</p> <p>If the key perceived risk is to have to deal with ill-conceived, frivolous or vexatious changes then we’d suggest that the proper approach is to have these proposals identified as “not worthwhile” and to filter these out of proceeding to the next stage.</p> <p>We support change requests being supported by information as currently prescribed in MPOC. Based on the information supplied a decision can be made as to whether the proposed change is worthwhile or not. If needed, guidance notes for the form might suggest what reasons for the amendment would be accepted and which wouldn’t.</p> <p>Our suggestion is that First Gas be the party receiving these proposals to make the judgement call as to whether they should proceed, with an appeal route for the submitter to the GIC.</p> <p>We note the reasoning for not allowing the GIC to submit a change request if they are also the independent body deciding on the change. However there needs to be some mechanism other than regulations for the GIC to put forward changes that it thinks are necessary under its</p>

	<p>statutory duties under the Gas Act. Under these circumstances there should be provision in the Code to allow the appointment of another independent body to make the final decision.</p>
<p>Q2: The report recommends that code changes should be consulted on and refined through a process similar to the current VTC process. Do you agree with the reasoning and recommendation?</p>	<p>Yes, subject to the filter test proposed in response to Q1.</p> <p>We disagree with the suggestion that allowing First Gas and/or the GIC to filter proposals would create unduly centralised power over code changes.</p> <p>Whilst First Gas has a commercial interest in the pipeline they are also the party developing and owning the code. It would seem anomalous that they would be prevented from making an initial assessment on whether changes to their code would still meet the aims of the code. The informational requirements and guide to acceptable/ non acceptable reasons should be able to act as a control on the quality of the code change proposal to ensure that properly formed and argued code change requests are forwarded to the next stage.</p> <p>Should First Gas decide that a change request shouldn't proceed we believe that a submitter should be able to appeal to the GIC. The GIC is the regulator and in our view an objective party able to make a final assessment.</p>
<p>Q3: The report recommends that proposed code changes should be assessed against the Gas Act s43ZN criteria, and that Gas Industry Co is best placed to make that assessment. Do you agree with the reasoning and recommendation?</p>	<p>In general yes.</p> <p>We disagree with the analysis where it suggests that the Government Policy Statement (GPS) issued under the Gas Act is excluded from the decision making criteria.</p> <p>s43ZZC(1)(b) of the Act makes it quite clear that the GPS is a fundamental part of the Act, and within the duties of the GIC to consider. The current additional objectives within the GPS are also central to issues of gas transport that should be considered in the code development.</p> <p>Furthermore the suggestion that the GPS introduces some instability in the regulatory environment seems to overlook the fact the current GPS has been in force since 2008.</p>
<p>Q4: Are there any other matters that you believe are relevant to code changes and need to be considered?</p>	<p>Manifestly uncontroversial code changes</p> <p>We are uncertain who decides whether a change is manifestly uncontroversial. We believe a better approach is to accumulate and provide a single update of minor corrections. If manifestly uncontroversial the industry will decide by limiting input into the submission process.</p>

This approach also avoids the issue of blocking the change by simple objection that the discussion contemplated.

Administration of Code Change Process

Accountability for the code sits with the TSP, not the GIC. Our view therefore is that the TSP (First Gas) should be allocated the role of administrator. This is on the basis that the code is owned by the TSP who is also currently developing it. We are unclear as to why they can develop a code but not administer code changes to it. The TSP should still be able to rely on the GIC to help facilitate establishment of industry technical groups if that is required.
