

TEMPLATE FOR SUBMISSIONS

Question	Response
Objectives for the Gas Transmission Access Code	
Q1: Do you agree with the objectives proposed in this paper? Are there any other objectives or outcomes that we should be aiming for that are missing?	<p>The paper measures the proposed objectives against the three sub points in the regulatory objective, but these sub points are not comprehensive as they are preceded by ‘including’.</p> <p>The new code objectives should be evaluated against the full regulatory objective which is more far reaching. The CCO is keen for the new code proposals to be evaluated against the ‘reliable operation’ component of the regulatory objective.</p>
Q2: Which objectives do you see as most important?	
Q3: Do you agree that the objectives proposed in this paper are compatible with the regulatory objective presented in SCOP1?	
Scope of the Gas Transmission Access Code	
Q4: Do you agree that the five other legal or subsidiary instruments presented above are all relevant to establishing the boundaries of the new code? Are there any other legal or subsidiary instruments that are missing?	<p>No additional comment</p>
Q5: Do you agree with the way that we have described what should sit inside the code, and what should fall outside? Are these particular elements of the arrangements that we have described as sitting outside the code that you consider should be covered by the code (or vice versa)?	

Question	Response
<p>Q6: Are there any other elements to the scope of the code that we should consider?</p>	<p>The description of options in this paper is 'light' on responsibilities on participants other than shippers. This suggests these responsibilities may be reduced or removed from the operating code.</p> <p>The current Maui operating code contains obligations on interconnected parties, for example the requirement to flow to daily scheduled quantities, to be responsible for imbalance, and to limit variation in hourly flows unless permission is sought from the Transmission System Operator (TSO).</p> <p>Transparency of actions by producers and the largest consumers are an important part of the current regime. The participation of these parties in the reliable operation of the pipeline should continue to be reflected in the design of the new code.</p>

Overview of options for the access regime

<p>Q7: Are there other code options that you believe should be considered in the process of developing a new code in addition to those described above?</p>	<p>No additional comment</p>
<p>Q8: Are there particular lessons from international experience that you consider First Gas should seek to learn from when designing and implementing the new access code?</p>	
<p>Q9: How much focus do you think should be placed on ensuring that transmission access arrangements facilitate further development of the wholesale gas market? Are there particular features of a new access code (in addition to short term availability of capacity) that are important?</p>	

Option 1: Menu of capacity products

Question	Response
Q10: Do you have a view on whether the priority right product should be designed as an option (subject to nominations) or a fixed property right?	No additional comment
Q11: Do you consider that there would be sufficient interest in priority rights to justify the effort in administering this product?	
Q12: Do you have any views on the broad features of the priority right product, such as the length on the contract, the frequency of booking rounds, etc?	

Q13: Do you have any views on the frequency and timing of nomination cycles, and the role of nominations?

Nominations resulting in scheduled DQs which:

- reflect all gas scheduled on the system (not just the daily capacity component to the exclusion of fixed capacity or interruptible quantities)
- reflect title to gas
- require receipt and delivery quantities to be matched

are a valuable way of:

- ensuring all participants have made active plans to comply with their requirement to match receipts and deliveries
- providing producers with a quantity to flow to
- promoting a balanced pipeline
- providing transparency to all relevant parties of the gas scheduled for the day and to the extent that flows do not match schedules, where the imbalance sits
- providing the basis for operating code tools to take targeted action against imbalance during the transmission day

Making it easier for pipeline users to change the DQs during the day would enhance the value of nominations.

There should also be an HQ figure which reflects the total hourly quantity of gas scheduled to flow (i.e. is derived from the DQ). This then forms the basis of managing short term mismatch of receipts and deliveries within the transmission day. The pipeline can manage short term/small differences in timing of the delivery of DQs, but cannot manage very large differences for example, as caused by large producers having outages for several hours in a day or large consumers such as power stations (particularly 'peakers' which are growing in relevance).

If the TSO plans to provide a service to assist shippers with short term mismatch

Question	Response
	<p>this could be included as an explicit component of nominated/scheduled gas and so, ensure that DQs and HQs continue to provide transparency and accountability during the transmission day.</p> <p>The CCO is open to alternative methods of managing these operational risks, other than nominations, but as yet the options as presented in the paper do not provide alternative approaches to evaluate.</p>
<p>Q14: Do you have any preferences on the allocation methodology at receipt points and delivery points (OBAs, rules based approaches, or a combination of different approaches)?</p>	<p>No additional comment</p>
<p>Q15: Are there any aspects of the menu of capacity products option that you see as particularly valuable, or particularly concerning?</p>	<p>If the complexity introduced to add capacity products changes the nature of the nominated quantities, the value of the nominations described above at Q13 might be lost.</p>
<p>Option 2: Daily nominated capacity</p>	
<p>Q16: Do you have any views on how scarcity should be signalled if a daily nominated capacity option was developed?</p>	<p>No additional comment</p>
<p>Q17: Are there any elements of the daily nominated capacity option that you consider should differ from capacity nominated as part of a menu of capacity products (option 1), such as the frequency and timing of nomination cycles, and the role of nominations?</p>	<p>The role of nominations with respect to reliability of pipeline operations remains the same as commented on under option 1 at Q13 so are not repeated here.</p>
<p>Q18: Are there any aspects of the daily nominated capacity option that you see as particularly valuable, or particularly concerning?</p>	<p>No additional comment</p>
<p>Option 3: Flow to demand service</p>	

Question	Response
Q19: What information do you think it would be realistic for shippers to provide as forecasts for managing the transmission system under a flow to demand service option?	No additional comment
Q20: What information would you require from First Gas to provide you with confidence in security of supply both in the short and long term under this approach?	Assurance they can call upon large quantities of gas at short notice 24/7, to resolve imbalance issues.
Q21: How dynamic do you think pricing should be under a flow to demand service approach?	No additional comment
Q22: Are there any aspects of the flow to demand service option that you see as particularly valuable, or particularly concerning?	<p>It is not clear how First Gas could ‘flow to demand’ when they have no access or control over production. In the context of an open access system with multiple receipt points is ‘flow to demand’ practical?</p> <p>This type of system seems more appropriate to a monopsony regime, where the TSO is the sole purchaser of all gas and downstream parties buy their gas from the TSO.</p>

Link between access options and system characteristics

Q23: Do you believe that the new code access arrangements should reflect the physical constraints on the transmission system? If so, which option does this support in your view?	No additional comment
Q24: Do you have any views on how capacity on the system should be defined and priced (i.e. between points or between zones or between points and zones), and why?	

Question	Response
<p>Q25: Of the options described in this paper, which do you prefer and why?</p>	<p>Based on the information provided to date option 3 doesn't appear viable.</p> <p>The provision of additional capacity products is understood to be the difference between option 1 and 2. The CCO is neutral about whether additional capacity products should be provided, so long as the additional complexity doesn't reduce the usefulness of the nomination process in supporting a balanced pipeline and providing the tools for managing any imbalance under the operating code during the transmission day.</p>

Code governance

<p>Q26: Do you have any preference on the legal form for the new code, and who should be counterparties to the new code?</p>	<p>No additional comment</p>
<p>Q27: Are there particular code change processes or features that you consider important or valuable for the new code?</p>	

Balancing, linepack management and allocation

<p>Q28: Do you agree with the comments on balancing and linepack management above? If not, why not?</p>	<p>5.12 and 5.13 are agreed.</p> <p>The rest of this section suggests that buying/selling gas is the only way in which imbalance can be managed on the day, as the exact cause cannot be known until after the day.</p> <p>Developing a code that demonstrates where the large imbalances are on the system during the transmission day and continuing to place obligations on producers and the largest consumers as well as shippers, will add to the TSO's ability to take other actions such as curtailment and OFOs. This is likely to reduce the overall need to buy/sell gas and reduce operational risk.</p>
<p>Q29: Are there any particular arrangements for balancing and linepack management that are not discussed in this paper that you consider critical to include in the new code?</p>	

Non-standard Agreements

Question	Response
Q30: Do you agree with the comments on non-standard agreements above? If not, why not?	No additional comment
Q31: Are there any particular arrangements for non-standard agreements that are not discussed in this paper that you consider critical to include in the new code?	
Gas quality	
Q32: Do you agree with the comments on gas quality above? If not, why not?	No additional comment
Q33: Are there any particular arrangements for gas quality that are not discussed in this paper that you consider critical to include in the new code?	
Next steps	
Q34: Do you have any comments or concerns on the process for developing the detail of the new code throughout 2017?	No additional comment
Q35: Are there particular issues or aspects of the new code that you would particularly like to be more closely involved in, including by participating in workstreams to prepare code exposure drafts and working papers?	Any aspect that impacts on security of supply, reliable pipeline operation, incident management and interaction with the Critical Contingency regulations.