

Section 3 – Assessing Problems & Solutions

CIG Question	PPL Comment
<p>1. Do you agree with the characterisation of the problem?</p>	<p>The GIC has addressed “What problem is D+1 Pilot trying to solve” – referring to the implementation of MPP on the Maui pipeline around the time that First Gas purchased this asset in 2015.</p> <p>The GIC could have addressed “what are the problems with the D+1 Pilot implementation in 2022” .eg:</p> <p><i>“Our shippers and their customers ultimately pay for balancing gas, through future transmission tariffs. The premiums that we have been paying for call gas appear to be a wealth transfer, from our shippers to the sellers of the gas, whether those sellers are other shippers or gas producers”</i></p> <p><i>“At present, the GTA and D+1 processes rely on Excel spreadsheets, SQL database, and over 30 manual steps. The process is time-consuming, prone to error, and reliant on a system that is difficult to support”</i></p>
<p>2. Are there other practicable alternatives to D+1 that we haven't considered?</p>	<p>Yes. D+1 Pilot was implemented in 2015 because Maui pipeline Welded Points Running Operational Imbalances were often exceeding their imbalance tolerance limits.</p> <p>PPL ships gas along the Maui pipeline from the EMS Tradepoint delivery point to the Vector Northern Pipeline at Rotowaro and onto it's own transmission line offtake at Hunua-3 in Auckland.</p> <p>The Vector terms allow for PPL to hold an imbalance in the Vector line provided any imbalance trends to zero.</p> <p>The Maui imbalance tolerance limits and the Vector Northern pipeline pressure operating range could be changed to reduce the amount of Maui cash outs at Rotowaro.</p> <p>It looks like the GIC discusses this as an alternative , but has not assigned it an Option number.</p>
<p>3. What do you consider are the key features of an enduring D+1 solution? Are there other ways to transition D+1 from a pilot stage that we haven't considered?</p>	<p>Enduring solutions need to be addressing the transition of the gas pipeline network outside of Taranaki from Natural Gas to Hydrogen storage and delivery.</p> <p>The big operational imbalances on the Maui pipeline in 2023 look to be largely caused by operational issues within Taranaki.</p> <p>Vector Pipeline users pay considerably higher First Gas fees per GJ shipped as they have to pay for maintenance of the lines outside of Taranaki. They do not seem to be receiving any storage of gas rights that are usually associated with the costs of reserving pipeline gas capacity .</p>

Section 4 – Alternatives to D+1

GIC Question	PPL Comment
<p>4. Do you consider that Option 1 (an alternative source of daily information) is a reasonably practicable option that should be investigated further in the Statement of Proposal?</p>	<p>Option 1 is the continuation of D+1 Pilot largely as is with First Gas carrying out the allocation of gas across the shared gas delivery points.</p> <p>PPL’s experience is that even with meters installed and a dedicated delivery point that there is still no guarantee that First Gas will use the data eg: Instead of fixing a broken telemetry wire on PPL’s meter First Gas cashed out the PPL’s nominated gas transfers for over two weeks ..stating:</p> <p><i>“It is clear that Metering can fail (or become inaccurate) for a number of reasons, and that any such occurrence is likely to affect Shippers. The only mechanism to address any BPP-related effects is to use the wash-up provisions of the D+1 Pilot Agreement”</i></p>
<p>5. Do you have feedback on the alternative proposal to explore changes to balancing so that D+1 is no longer required?</p>	<p>PPL would like to see a reduction of the burden of the D+1 Pilot on it’s gas transmission operations.</p> <p>Without reliable metering and the real time access to it’s gas meter data it’s meter (as allowed for in the ICA) the safety PPL Transmission Pipeline operations and the charges relating to the \$50 million insurance that First Gas requires are impacted</p> <p>.</p>
<p>6. Do you see value in D+1, even if MBB/daily cash-outs did not continue in the future? Are there any other factors that may impact the need for D+1 in the future?</p>	<p>Yes. First Gas relies on the N+1 Pilot Agreement rules to make changes to fix up errors in invoiced amounts as part of the wash up process. Rather than just providing a corrected invoice, First Gas advises:</p> <p>“invoice wash-up system”, Firstgas has no discretion to change the D+1 Pilot Agreement unilaterally, or exempt any Shipper from its coverage. It is an industry agreement – Firstgas doesn’t “own” it.</p> <p>In the absence of the D+1 Pilot the GIC may need to advise First Gas should on how to correct for mistakes that it has made in it’s accounting processes.</p>

Section 5 – D+1 Implementation Options

GIC Question	PPL Comment
<p>7. Do you have a preference for, or feedback on, any of the options identified in Section 5?</p>	<p>Yes, since Option 4 includes a move to a 7 day BPP. First Gas require nominations 7 days a week, perform BPP's and conduct cash outs on weekends and public holidays, Results are not received by PPL till 4pm on the 2nd day after the weekend/public holiday, just as the traders are departing from the EMS Tradepoint . By the next morning when EMS Tradepoint open's PPL is unsure just what it's new status is from the next Rotowaro cash out.</p> <p>First Gas advice of <i>"If PPL's receipts and deliveries on a day always matched, PPL would never have a Mismatch, nor a Running Mismatch and therefore would never be allocated a share of any Cash-out at the Rotowaro Welded Point". Is not currently obtainable.</i></p>
<p>8. Do you consider that the options identified are reasonably practicable options that should be investigated further in the Statement of Proposal?</p>	<p>Yes – as explained in 7</p>
<p>9. Do you have any comments on the additional measures outlined to improve the accuracy and reliability of D+1? In particular, please provide any evidence to support a determination of the costs and benefits of these proposals</p>	<p>The 'core' part of D+1 is allocation of gas quantities to retailers at shared gas gates.</p> <p>Gas quantities are determined by measuring volumes of gas (m3) and the energy content per unit of gas (GJ/m3). Measurement of the volume of gas is straightforward and should be mandatory on all Transmission Pipeline custody exchange points.</p>