Gas Transmission Access: Single Code Options Paper

5 December 2016

Agenda

- Purpose of today's session
- Consultation questions
- Evaluation
- Recap of the three options
- Supporting arrangements
- Next steps

Purpose of today's session

New code	Access and pricing terms that are: • Enabling • Efficient • Simple • Flexible • Transparent
Options paper (SCOP2)	Inform decisions on direction for the new code design and IT procurement • Details of code provisions to be developed during 2017
This workshop	Ensure that stakeholders understand options for designing the new code, and what distinguishes them

Consultation questions

- SCOP2 contains 35 questions
- If you only answer 3 questions, we would like them to be:
  - Are the objectives the right ones?
  - Which direction do you prefer for the new code and why?
  - Are there any other options for code direction that you think we should consider?

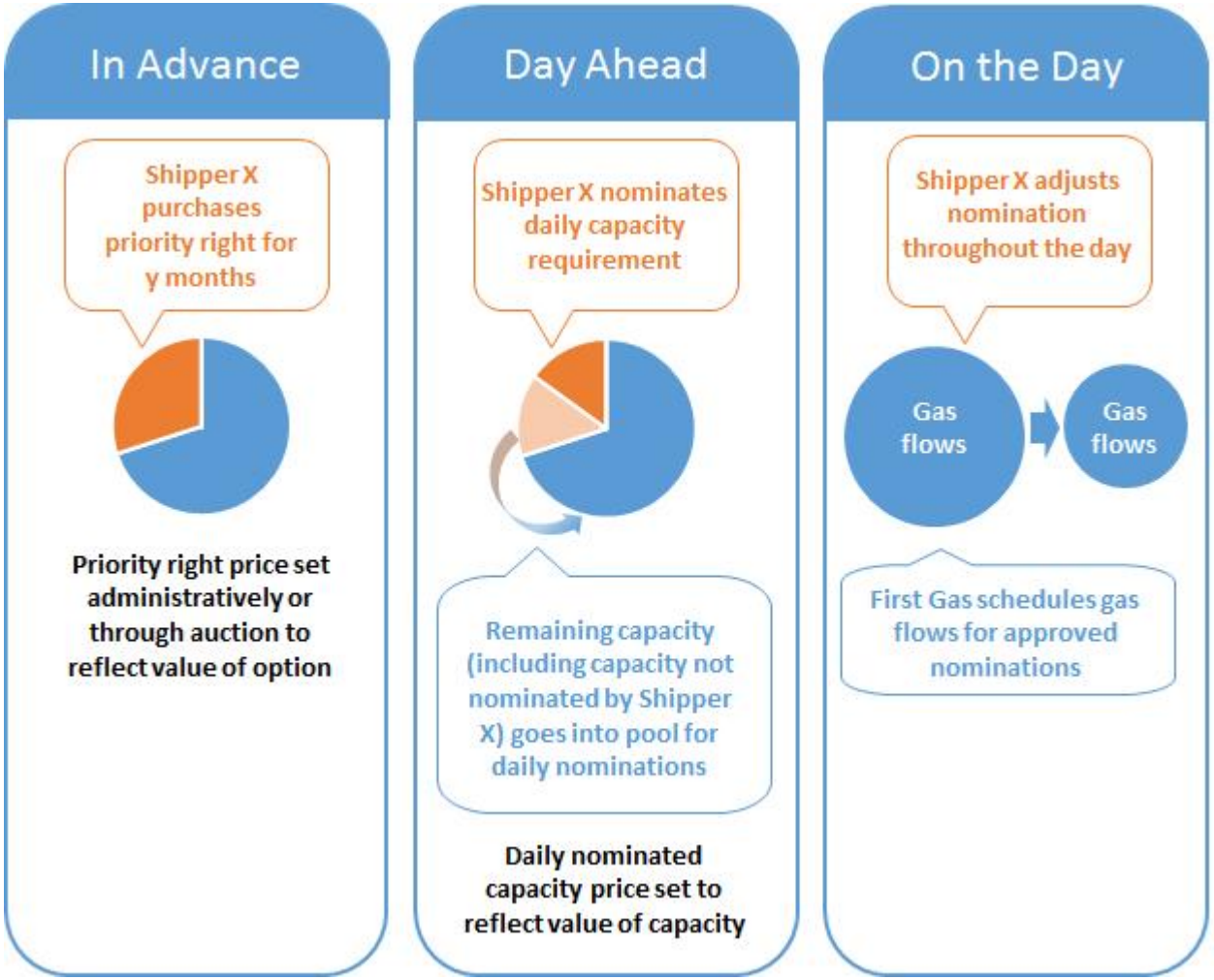
Evaluation

- We will use feedback provided by submissions to evaluate all three options
- We will release our evaluation in February/March 2017 and welcome feedback and comments
- We will then develop the details of one of the options during the remainder of 2017, aiming for a finalised code by the end of next year

Recap of the three options

Menu of capacity products	Option to obtain advance priority for pipeline capacity between locations, as well as access to available capacity on the day. Scheduling is based on nominations. Firm capacity has priority during congestion.
Daily nominated capacity	Access to capacity between locations on a day, with no priority in advance. Scheduling based on daily nominations. Congestion management and/or price of daily nominated capacity used to signal the value of scarce capacity.
Flow to demand service	Operational management of pipeline relies on forecasts of offtakes and injections. Using these forecasts, First Gas flows to demand, and uses a toolkit of operational measures to keep pipeline within responsible operating range.

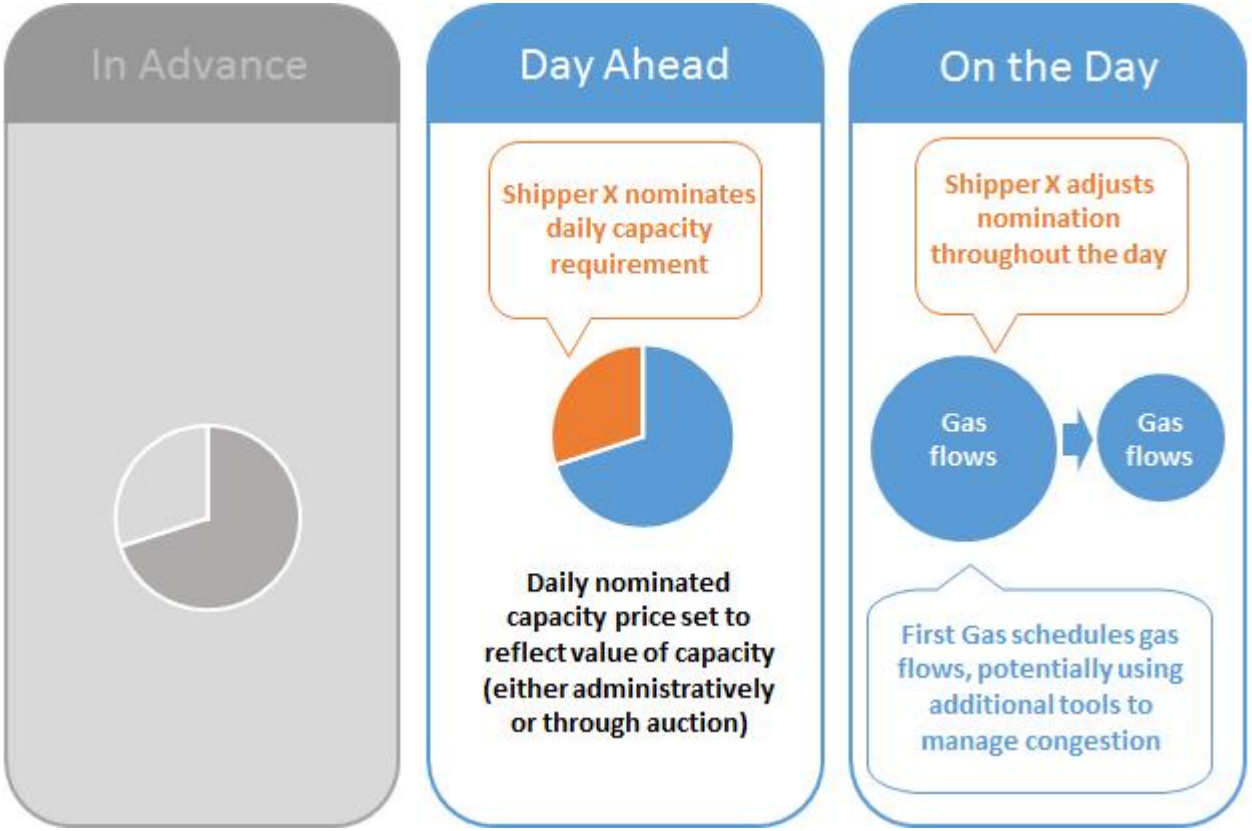
Menu of capacity products



Design choices

- Nature of priority product (option or reserved capacity)
- Nominations for reserved capacity
- Frequency and format of nominations
- Pricing regime (e.g. point-to point (or zone), postage stamp)
- Incentives for accurate nominations

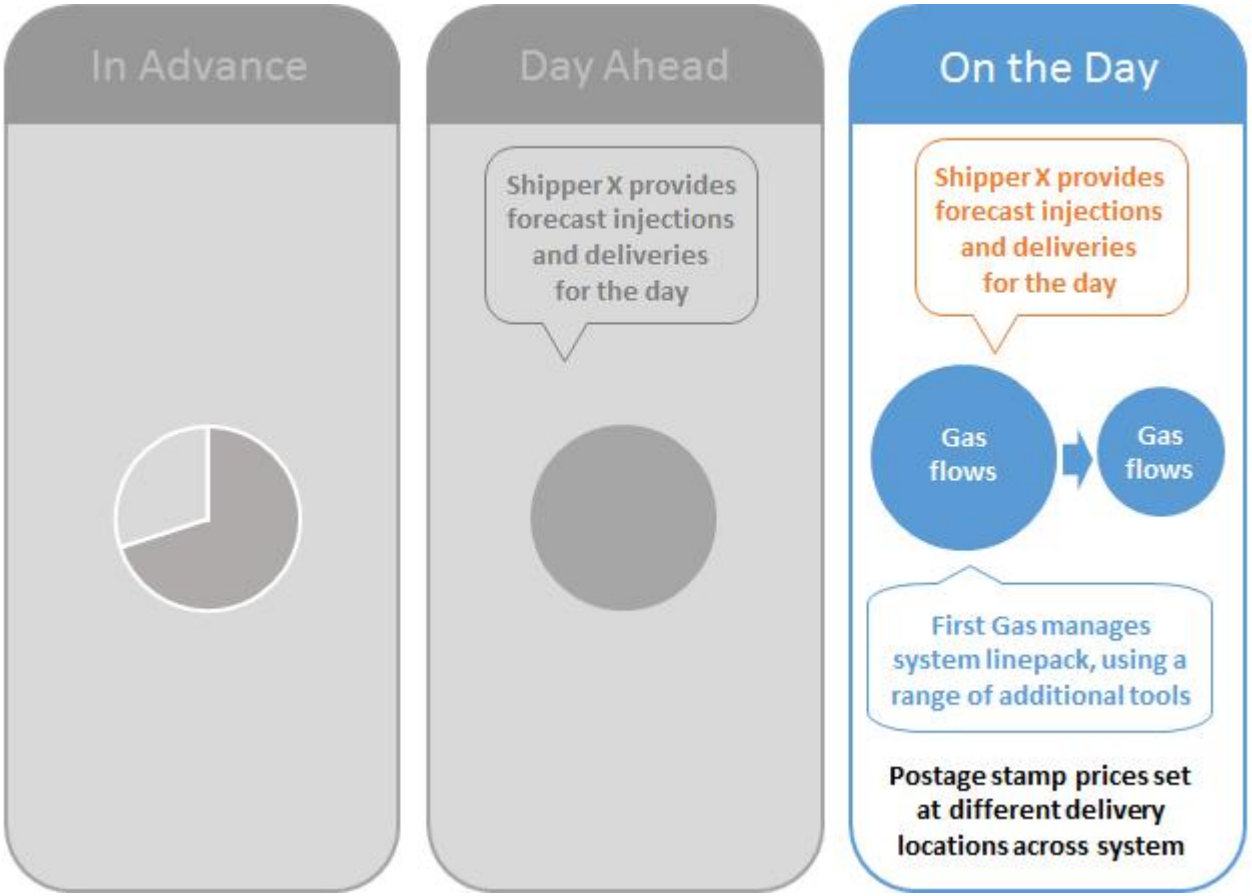
Daily nominated capacity



Design choices

- Frequency of nominations
- Pricing regime (e.g. point-to point (or zone), postage stamp)
- Incentives for accurate nominations
- Design of capacity allocation regime
- How to signal value of scarce capacity (congestion management, price)

Flow to demand



Design choices

- Transparency regime (what is needed to create confidence?)
- Pricing regime
- Tools for managing scarcity and associated prices
- Incentives for responsible system use
- Role of shippers and interconnected parties

For other decision-makers

- Other systems for title tracking

Supporting arrangements

	Menu of capacity products	Daily nominated capacity	Flow to demand
Balancing	Retain incentives to minimise mismatch • Current arrangements MBB, or • New regime – e.g. park and loan		
Gas supply agreements	All options can accommodate current arrangements for receipt quantity calculations		
Wholesale market	Explicit link between gas purchase and gas transport through nominations		No nominations, link with gas purchase left to purchaser
Upstream allocations	No change		Data available
Downstream allocations	No change necessary		

Next Steps

Timing	Stage	Content and outputs
Oct 2016 – Feb 2017	Scope possible options	• Describe high-level options for new code (this paper) • Seek information from stakeholders on direction for code access regime (submissions)
Mar - Aug 2017	Detailed design working papers and IT procurement	Work through detailed proposals for main elements of code (code exposure drafts and working papers): • Code governance • Access products • Pricing methodology • Balancing and allocation • Technical requirements (metering, gas quality)
Sept - Dec 2017	Finalisation of code	Consult on full draft of new code and negotiate final text