MEMORANDUM

TO: Pipeline Users

FROM: First Gas

DATE: 2 December 2017

RE: Agenda Item A – Interrelationship between ICAs and the GTAC

At the GTAC workshop on 17 November 2017, First Gas agreed to review provisions dealing with the relationship between the GTAC and interconnection agreements (e.g. providing fair and reasonable terms of

interconnection, evolving ICAs in line with the GTAC, etc) (Agenda Item A).

A mark-up of the proposed changes is attached. Only those parts of the code that give effect to these changes have been included in this document. The intent of the changes is listed below along with the action item being responded to.

*Non-discriminatory access (item 37)*

* First Gas will offer new interconnected parties access in the same manner as each other and in the same manner as existing ICA parties. Section 7.12 has been amended to explicitly incorporate this principle.

*Keeping ICAs current with GTAC (item 38)*

* Existing references in the GTAC to Interconnected Parties (e.g. OBA Parties) are updated with the GTAC because the terms in ICAs reference these parts of the code.
* Interconnected Parties can initiate Code Change Requests and are therefore able to effect changes to the GTAC they consider would improve code-based interconnection provisions (predominantly in section 7).
* First Gas will ensure that new ICAs include a provision that they will change as the GTAC changes (section 7.14(a)).
* First Gas will maintain an interconnection policy that covers how First Gas will seek to ensure that existing ICA parties meet new GTAC provisions where they are able.

We welcome comment on these mark-ups by **5pm Wednesday 6th of December 2017.**

## Marked Up Sections Relevant to Interconnected Parties

# additional agreements

## Interconnection Agreements

* 1. No new Receipt Point, Delivery Point or Bi-directional Point will be permitted without an Interconnection Agreement. First Gas will deal with any person seeking to become an Interconnected Party (and all existing Interconnected Parties) on an arms’ length basis and not prefer or give any priority to any prospective or existing Interconnected Party except as expressly provided for in this Code.
  2. Any ICA must (without limitation) stipulate:
     1. in relation to each Receipt Point, Delivery Point or Bi-directional Point it covers:
        1. the owner of such station and the land on which it is located, and of any other equipment and facilities located within the station;
        2. definition of the physical point(s) at which the Interconnected Party’s pipeline, Distribution Network, gas producing or gas consuming facility connects to the Transmission System;
        3. the Maximum Design Flow Rate;
        4. the Minimum Design Flow Rate; and
        5. the fees payable by the Interconnected Party, including whether (and, if so, how and when) First Gas may redetermine them;
     2. the requirement for Metering (including its location, ownership and monitoring rights);
     3. that, for every Receipt Point, or Bi-directional Point when operating as a Receipt Point:
        1. the provisions of *section 12.2* shall apply; and
        2. injection of gas into the Transmission System that is not Gas shall constitute a failure by the Interconnected Party to act as an RPO;
     4. whether the pressure at which Gas is injected into or taken from the Transmission System is controlled (and if so, what the means of control are);
     5. for interconnections at or near the Bertrand Rd Offtake, that First Gas will use reasonable endeavours to maintain the pressure in the Transmission System between 42 and 48 bar gauge (*Target Taranaki Pressure*), subject to a Critical Contingency, Force Majeure Event, Emergency, Maintenance or the aggregate Excess Running Mismatch of Shippers and/or OBA Parties, and that First Gas may only change the Target Taranaki Pressure using the process set out in *section 17* of this Code and following not less than 12 Months’ notice of any such change to Shippers and Interconnected Parties;
     6. the Metering and other data First Gas must make available to the Interconnected Party and/or vice versa;
     7. the information that the Interconnected Party must make available concerning its planned and unplanned outages, and that First Gas may publish that information on OATIS;
     8. for any Receipt Point, limits on the rate at which any nominated quantity of Gas may be injected, provided that the Interconnected Party may request that it be able to inject Gas according to an agreed hourly profile.
     9. that First Gas will produce and publish daily and hourly energy quantity reports for every Receipt Point, Delivery Point and Bi-directional Point irrespective of whether it owns the Metering;
     10. whether Gas injected into or taken from the Transmission System must be odorised and, if so, the party responsible for odorisation;
     11. the term of the agreement;
     12. whether the Interconnected Party must pay a termination fee if the ICA is terminated (either in its entirety or in respect of a specific Receipt Point, Delivery Point and Bi-directional Point) before its intended expiry date, in what circumstances, and how that fee will be determined;
     13. that construction of any new Receipt Point, Delivery Point or Bi-directional Point, or material upgrade of any such existing station is conditional on:
         1. compliance with First Gas’ reasonable technical requirements;
         2. approval of the design by First Gas’ pipeline certifying authority before any construction begins; and
         3. First Gas obtaining any necessary statutory or regulatory approvals;
     14. the method for allocating Gas quantities injected into or taken from the Transmission System, including an OBA;
     15. where it determines that an OBA will apply, that the Interconnected Party:
         1. must comply with its obligations as an OBA Party; and
         2. will be eligible for credits of Daily Overrun Charges, Daily Underrun Charges, Hourly Overrun Charges, Over-Flow Charges and ERM Charges payable by OBA Parties at Receipt Points and Delivery Points, to be determined pro-rata based on the metered quantities of the Interconnected Party and all other OBA Parties;
     16. where an OBA does not apply, that the Interconnected Party must comply with its obligations under the relevant GTA or Allocation Agreement (as the case may be);
     17. whether nominations (to be notified in accordance with *section 4*) are required for any Receipt Point, Delivery Point and Bi-directional Point (including where an OBA does not apply);
     18. liabilities provisions consistent with those in *section 16*; and
     19. grounds for terminating the ICA (either in its entirety or in respect of a specific Receipt Point, Delivery Point and Bi-directional Point) and the consequences of termination (including requiring the Interconnected Party to disconnect from the Transmission System).
  3. Where this Code confers rights or places obligations on an Interconnected Party under an ICA, or an ICA refers to sections or terms of this Code, the relevant ICA will:
     1. be deemed to be amended automatically if and when the relevant rights or obligations in this Code, or the sections or terms of the Code referred to in that ICA are amended;
     2. survive expiry or termination of this Code and continue in full force and effect for the term specified in that ICA (subject to any early termination provisions); and
     3. the relevant terms of this Code will continue in full force and effect for the term of that ICA unless First Gas and the Interconnected Party agree to amend them.
  4. ICAs are not Confidential Information and First Gas will publish each in full on OATIS.