

MEMORANDUM

TO: Pipeline Users
 FROM: First Gas
 DATE: 8 December 2017
 RE: **GTAC November Workshops: Actions List**

Remaining design choices for code design – sections released before 8 December

	Item	Responsibility	Action Taken
A	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)	First Gas	Revised drafting issued (with covering memo setting out the intent of the changes). Comments received from stakeholders were generally supportive of the proposed additions to more closely link the GTAC and ICAs
B	Provisions setting out the criteria for approving an Agreed Hourly Profile (AHPs) (including the reasons why an AHP may be declined), streamlining AHP process where possible, whether AHPs should be offered via standard nominations process, whether AHPs should have a tolerance, and the relationships between MHQ, AHPs, and DNC	First Gas	Revised drafting issued (with covering memo setting out the intent of the changes). Comments received from stakeholders were mixed, with some parties taking the view that the changes enhance the value of AHPs while others consider the changes introduce added complexity and confusion. In the final GTAC we have provided for: <ul style="list-style-type: none"> • AHPs to be available at receipt points at the option of the Interconnected Party • DNC and AHP to have equal priority in the event of curtailment
C	Provisions relating to ability to change overrun/underrun charges and ERM charges (i.e. use of specific values, ranges, limits on change)	First Gas	Revised drafting issued (with covering memo setting out the intent of the changes). Comments received from stakeholders were generally positive. The only further change made in this area is that First Gas will define the timeframe (i.e. period within a year) when congestion is expected at a Congested Point. Higher values of F will only apply during that time
D	Liability provisions (and related ICA liability provisions) that enable the recovery of losses from events involving interconnected parties (such as the injection of non-spec gas)	First Gas	Revised drafting issued (with covering memo setting out the intent of the changes). Comments received from stakeholders were mixed, with parties appreciating the intent to provide a remedy for loss but expressing concern that the mechanism may not be effective in providing that outcome.

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			<p>The main design points resolved in response to stakeholder comments include:</p> <ul style="list-style-type: none"> • Ensuring that interconnected parties can claim through the liability provisions • Ensuring that parties can claim against a third party even in the absence of a claim against First Gas (such as when First Gas has acted as a Reasonable and Prudent Operator) • Retaining subrogation for managing loss (rather than providing an indemnity and recovering from the party causing loss), since this approach aligns the risk of liability with control of the cause.
E	Provisions giving effect to D+1 allocations and providing for default allocation if shippers no longer use D+1 allocations or daily information is not available	First Gas	<p>Revised drafting issued (with covering memo setting out the intent of the changes). Few comments were received from stakeholders on this issue, with comments focusing on workability.</p> <p>The final drafting provides for the following:</p> <ul style="list-style-type: none"> • Allocation Agreements are not required where there is an OBA • First Gas will not be the default Allocation Agent. Allocation Agents will be determined by Shippers as part of their Allocation Agreements • D+1 allocations are incorporated by reference, without the provisions of the current D+1 processes being included in the GTAC in their entirety. This preserves the flexibility for D+1 arrangements to change without any requirement to change the GTAC.

Actions from Friday, 10 November 2017

#	Item	Responsibility	Action Taken
1	Look at separating section 3.18 into two parts – with a clear PR product definition (in the code) and a clear process for establishing PR auction terms and conditions (outside the code)	First Gas	Section 3.18 has been split in two and a process for determining PR Auction Terms outlined in section 3.18.
2	Consider whether governance process for finalising PR auction	First Gas	The governance process for PR auction terms has been reviewed and shipper consultation

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	terms and conditions is adequate – and whether GIC approval should be required prior to adoption. Also consider how any compliance roles might be defined		and GIC approval of PR terms and conditions have been added to section 3.18. Specific compliance roles are not considered necessary for the administration of PRs.
3	Consider adding objectives, principles and process for setting parameters such as upper and lower line pack limits, running mismatch tolerance (for shippers and OBA parties), and specific HQ/DQs	First Gas	The GTAC now sets out what First Gas is seeking to achieve in setting line pack limits (section [8.6]), running mismatch tolerance (definition) and specific HDQ/DDQ (definition). A general objectives and principles document for the GTAC has also been issued alongside the final code.
4	Request further details for how particular supplementary agreements will be re-negotiated, where greater certainty is required prior to GTAC finalisation	Shippers / First Gas	Requests for clarity have been answered as required and we will continue to engage with counterparties to Supplementary Agreements over the coming months.
5	Consider change to ability for parties to dispute transmission invoices (and relationship with GTPM) to retain rights afforded under existing codes	First Gas	Section 11.16 (removing ability to dispute transmission pricing methodology) has been deleted. Invoice disputes have been reviewed and no further changes are required.
6	Consider inserting an obligation to provide an estimate of ongoing operating and maintenance costs prior to discontinuing service to uneconomic delivery points (sections 2.10 and 2.11)	First Gas	Provision of these estimates has been provided for in sections 2.9 and 2.10 (note section numbers have changed due to the deletion of section 2.1)
7	Reconsider ability to change receipt zone without consultation, given the impact on counterparties and the implications on other parts of the GTAC (section 3.2)	First Gas	Receipt Zone changes in section 3.2 are now subject to Code Changes Requests.
8	Amend to “and/or” (section 3.4)	First Gas	Change to section 3.4 has been made.
9	Consider how PR auction terms and conditions will deal with the question of whether to offer all available operational capacity as PRs (section 3.13)	First Gas	The relevant wording has been deleted in section 3.14 (numbering changed due to deletion of clause) and wording has been included in section 3.19 to allow for this decision.
10	Consider providing greater clarity on criteria for approving an Agreed Hourly Profile (AHP),	First Gas	Addressed in material released under Item B above.

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	including the reasons why an AHP may be declined (section 3.26). Reasons may include adverse impacts on other parties.		
11	Add “or other parties” to section 3.26	First Gas	The intent of this change has been addressed in section 3.31.
12	Consider how to streamline AHP process where possible, and any implications of AHPs on PRs	First Gas	Addressed in material released under Item B above.
13	Add “subject to DRRs” (or equivalent effect) to section 5.2	First Gas	The intent of this change has been addressed in section 5.2
14	Consider use of “and” or “as applicable” in section 7.1	First Gas	The intent of this change has been addressed in section 7.1.
15	Consider whether actions in response to breach of line pack limits should be specified as a firm hierarchy (section 8.6). Also consider removing section 8.6(a), since line pack limits will apply across the system as a whole. Also consider consistent wording in definition of High and Low Line Pack notices	First Gas	Section 8.6(a) has been removed and a priority has been introduced. Consistency of drafting of High and Low Line Pack Notices has been reviewed.
16	Consider whether range/limits should apply to Excess Running Mismatch charges to give parties more certainty, and/or whether these charges should only be changed via an urgent change request (section 8.14)	First Gas	Addressed in material released under Item C above.
17	Consider whether ability to offer park and loan should be subject to not adversely affecting other parties (as with AHPs). Also consider relationship with section 8.22	First Gas	These sections have been reviewed. We continue to hold the view that any allowance for park and loan is best determined alongside the process for setting running mismatch tolerance (since these are clearly interrelated)
18	Consider deleting (e)(i) from the definition of emergency in section 9.1	First Gas	This has been deleted in the process of redrafting the definition of Emergency.
19	Consider if consultation timeframes should restart if First Gas does not proceed with maintenance (section 9.2)	First Gas	Restarting consultation timeframes is not considered practicable due to potentially adverse impacts on operations.

#	Item	Responsibility	Action Taken
20	Consider party best placed to receive and act on an OFO – which may be the interconnected party at a dedicated delivery point and Shippers at a network delivery point (sections 9.5 and 9.6)	First Gas	Changes have been made to allow an OFO to be issued to the Interconnected Party at a Dedicated Delivery Point in section 9.7 (previously section 9.6).
21	Consider the “best endeavours” obligations on Shippers and consider describing the steps in a process of issuing and responding to an OFO (sections 9.5 and 9.6)	First Gas	This issue has been carefully considered and we have concluded that a best endeavours requirement is appropriate. A new clause 9.6 has been inserted to deal with shut down profiles of specific End-users where required. A process for issuing OFOs was not considered necessary as the issue of an OFO to Interconnected Parties is only available to First Gas where we have an express right to do so.
22	Reconsider notification and curtailment following an OFO in light of any changes to sections 9.5 and 9.6 (sections 9.7, 9.8 and 9.11)	First Gas	Wording has been amended to address changes to sections 9.5 and 9.6.
23	Consider whether range/limits should apply to overrun / underrun charges to give parties more certainty, and/or whether these charges should only be changed via an urgent change request (sections 11.4 and 11.5)	First Gas	Addressed in material released under Item C above.
24	Consider whether First Gas should be required to disclose the likely cost impacts of any proposed change to the GTAC, or exercise its veto, early in the change process (section 17.14)	First Gas	This section has been changed to be subject to First Gas giving notice under section 17.7 that it does not support the change.
25	Consider issuing a guideline on how change requests will be evaluated, including urgent changes made by First Gas and subsequently considered by the GIC (section 17.19)	GIC	Action item outside the GTAC.

Actions from Friday, 17 November 2017

#	Item	Responsibility	Action Taken
26	Consider whether AHPs should be offered via standard nominations process (Genesis preference)	First Gas	Addressed in material released under Item B above.
27	Consider whether AHPs should have a tolerance	First Gas	Addressed in material released under Item B above.
28	Check relationships between MHQ, AHPs, and DNC for consistency. Consider whether sum of AHP must equal DNC	First Gas	Addressed in material released under Item B above.
29	Provide further feedback on GTAC peaking provisions	Greymouth Gas	Provided.
30	Review liability provisions in GTAC to provide link with Interconnected Parties (as per MPOC incentives pool) for losses such as the injection of non-spec gas	First Gas	Addressed in material released under Item D above.
31	Review RPO standard between ICA and GTAC re non-spec gas (can a producer be an RPO if it has the processes in place but nevertheless injects non-spec gas)	First Gas	Addressed in material released under Item D above.
32	Review use of intra-day nomination cycles at receipt points and ability for gas producers to provide hourly NQ at receipt points	First Gas	Addressed in material released under Item B above.
33	Consider whether First Gas obligation to control linepack should be extended to also controlling pressure, particularly in parts of the system where pressure has known impacts (such as TTP)	First Gas	First Gas considers that pressure control is best covered under ICAs, including ICAs where TTP is relevant (section 7.13(e)).
34	Consider relationship between shipper mismatch and TTP, and whether obligation to meet TTP should be suspended due to issues with shipper mismatch	First Gas	The proposed wording of TTP requirement in section 7.13(e) is considered appropriate due to the effects of shipper mismatch on First Gas' ability to maintain pressure.

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35	Review nominations processes for OBA Parties (intra-Day changes seem to use deemed flows of gas even if the actual flows have exceeded those amounts - sections 4.12-4.13)	First Gas	First Gas has reviewed these processes and considers that they achieve the outcomes intended.
36	Consider setting standards on the information parties must provide about planned and unplanned outages (section 7.13(g))	GIC	Action item outside the GTAC. Note: First Gas sees this as being in addition to (rather than replacing) provision in section 7 requiring ICAs to set out the information that will be provided.
37	Consider how Interconnected Parties can be assured of non-discriminatory access (and whether an equivalent to section 2.7 is appropriate)	First Gas	Addressed in material released under Item A above.
38	Consider how ICAs can change as GTAC changes, e.g. by requiring updates when relevant provisions of GTAC change	First Gas	Addressed in material released under Item A above.
39	Publish an example GTA (or refer to examples already in public domain).	First Gas	An example GTA is available here: https://www.oatis.co.nz/Ngc.Oatis.UI.Web.Internet/Common/Publications.aspx
40	Consider publishing a standard form allocation agreement or principles in section 7	First Gas	A schedule four has been added to the GTAC outlining the items to be included in an Allocation Agreement.
41	Consider whether basing RM tolerances on previous day DQs is appropriate – particularly on unusual days	First Gas	The definition of Running Mismatch Tolerance has changed to be allocated on previous day DNC. This is preferred to other possible allocators (such as delivery quantities and receipt quantities).
42	Clarify adoption of D+1 allocations - consider incorporating D+1 by reference (or adding principles), and confirm that GTAC will abide by any industry allocation agreement	First Gas	Addressed in material released under Item E above.

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42	Incorporate a fallback allocation into the GTAC (e.g. pro-rata allocations on nominations) to take effect if shippers no longer use D+1 allocations or daily information is not available	First Gas	Addressed in material released under Item E above.
43	Investigate 7 day a week D+1 information provision (or only apply incentives on business days)	First Gas	Addressed in material released under Item E above. Information provision is now 7 days per week.
44	Consider GIC mandate to carry out D+1 allocation tasks	GIC / DAWG	This action item sits outside the GTAC.
45	Consider how wash-ups affect positions at the start of each Day? Do these affect every calculation – financial, gas quantities (or hybrid as per the status quo)	First Gas	Addressed in material released under Item E above and information released alongside final GTAC.
46	Consider possible mathematical issue with PRs that it may be impossible to supply full PRs because of deemed flows that have been used by non-PRs. Proposed outcome: PRs can be curtailed pro rata to each other (but DNC not backed by PRs can't be reduced below deemed flow)	First Gas	This issue has been reviewed by First Gas and we consider that a workable outcome is achieved under the GTAC.
47	Consider application of extra nominations cycle (section 4.19) – whether to allow more than one in any Day. Also consider application at receipt points	First Gas	Section 4.18 (previously 4.19) has been amended to allow for more than one additional nominations cycle and clarify the circumstances where an extra nominations cycle may be used.
48	Consider what actions First Gas will take in the event of IT systems failure	First Gas	A business continuity plan will be provided as part of the IT system development and/or standard operating procedures released in 2018.
49	Provide further information on credit/rebate of transmission incentive fees (underruns / underruns)	First Gas	A memo on this topic has been provided on the GIC website.

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50	Consider removing references to multiple receipt zones in section 3.2.	First Gas	Reference to multiple receipt zones has been removed from section 3.2.
51	Review definition of mismatch, running mismatch and other definitions to ensure that trades are accounted for.	First Gas	Definition of Mismatch has been revised to include Trade Quantities for a Shipper. Definition of Running Mismatch has been revised to exclude Trade Quantities and only include gas bought and sold for balancing under section 8.
52	Publish Terms of Reference for Sapere GTAC cost benefit analysis	First Gas	Done (included as an appendix to Sapere report released on 8 December)
53	Consider how the GIC will take into account any additional commentary it receives on commercial matters during the consultation period it will hold on its assessment of the GTAC	GIC	Action outside the GTAC.
54	Consider relationship between non-OBA allocation agreements and interconnection agreements at dedicated delivery points.	First Gas	Information on this point has been provided by First Gas (see 171117 – Worked Example Corrected).