

GTAC 2018 Work Programme Review

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The logo for Firstgas, featuring the word "Firstgas" in a white, sans-serif font. The letter "g" is stylized with a flame-like shape at its top and a circular loop at its bottom.

21 June 2018

- Outline how we plan to work to bring the GTAC to fruition
- Verify the work to be completed and ensure we have considered all the findings of the Final Assessment Paper
- Confirm that we are treating the subjects in the right order
- Understand the supporting information that needs to be developed for each workstream
- Understand the length of workshop time that needs to be devoted for each workstream



Scope

Develop revisions to the GTAC in consultation with stakeholders that allow the GIC to assess the code as 'materially better'



Objective

Work to be undertaken on the GTAC and supplementary arrangements up to submission of the GTAC to the GIC



Timeframe

June 2018 onward

Cycle workshop material quickly



Target Cycle Time



Technical expertise identified and attendance confirmed

First Gas legal team consider comments and incorporate changes into GTAC

Outcomes documented
Matters for further discussion agreed (if any)

First Gas legal team to amend

Stakeholders provide comments on proposed drafting

First Gas legal team consider comments and incorporate changes into GTAC

Transmission Fees

1. Incentive fees (daily OR/UR)
2. ERM charges
3. Rebate mechanism

Linepack Management and Intraday Flexibility

1. Taranaki Target Pressure
2. Balancing tolerances
3. Peaking (HORs, HDQ/DDQ, AHPs etc.)
4. Metering requirements technical update

Nominations and Governance

1. Nominations (non-daily metered nominations)
2. PRs
3. Washup principles
4. Termination
5. Confidentiality
6. SA governance
7. Change requests

Liabilities

1. Interaction between TSAs and ICAs
2. Definition of RPO
3. FG liability for non-spec gas
4. Inflation of liability caps
5. Deeming non-RPO
6. Subrogated claims and indemnity arrangements for non-specification gas
7. Incentives Pool and BPP
8. Mitigation obligation

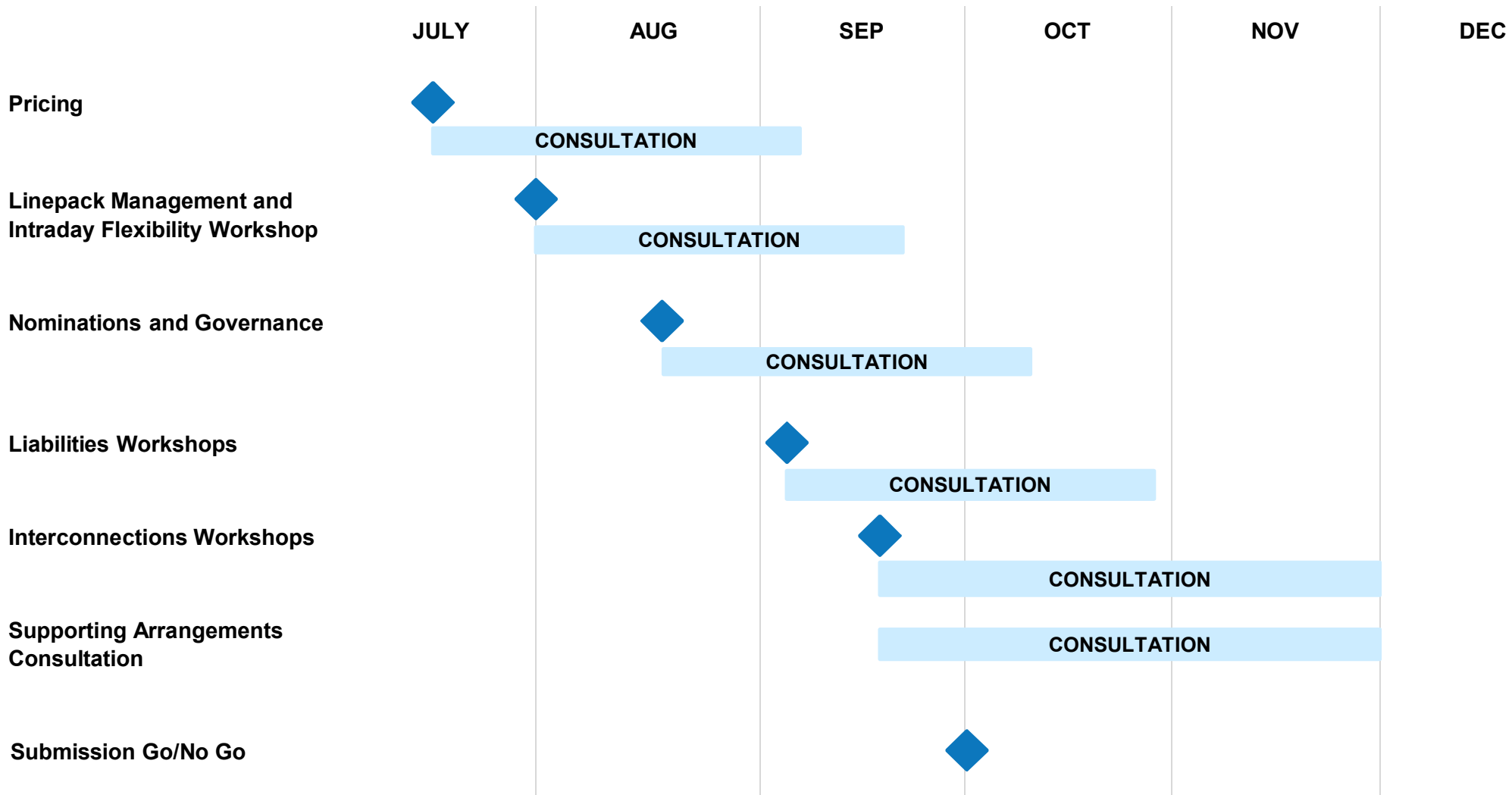
Interconnections

1. Integration of ICAs in the GTAC
2. Core terms of interconnection
3. Detail on core terms of interconnection
4. Integration of associated documents
5. OFOs/Curtailment

Supporting Arrangements

1. Metering requirements
2. Balancing SOP
3. Interconnection policy
4. PR Auction terms scoping
5. Transitional arrangements

Parallel processing of workstreams



Scope

What's Missing from the Table?

Context

What supporting information is required for this discussion?

Order

What needs to be discussed before this topic?

What needs to be discussed after this topic?

Time

Single workshop?

Multiple workshops?

Should the workshops be consecutive or spaced?

Top Priority from Next Steps Memo for:

Genesis, Trustpower, MGUG, Nova

No.	Topic	GTAC Reference	FAP finding (page reference)
1.1	Transmission incentive Fees (daily overruns/ underruns)	11.4	<ul style="list-style-type: none"> • Incentive charges (daily overruns/underruns) not symmetrical (12) • Level of incentive charges too high (12) • May encourage inefficient pipeline usage decisions or excessive efforts for nominations accuracy (54) • Higher fees should not apply at congested delivery points when congestion is not evident (13, 55) • High incentive charge reduces competition as it is not cost reflective (13, 60) • Disproportionately high in non-congested situations (60)
1.2	ERM	8.11	<ul style="list-style-type: none"> • Asymmetry of ERM charges may create inefficient incentive to park gas (15, 57) • ERM charge may not be effective relative to market spread (App D - 173)
1.3	Rebate	11	<ul style="list-style-type: none"> • Rebate mechanism worse due to a new entrant coming up against incumbents with rebates (59). Size of incentive fees a larger concern.

Top Priority from Next Steps Memo for: Genesis, Methanex, Vector, emsTradepoint, Trustpower, Nova, MGUG

No.	Topic	GTAC Reference	FAP finding (page reference)
2.1	Taranaki Target Pressure	7.13 (e)	<ul style="list-style-type: none"> Efficient and prudent to at least maintain level of control under MPOC (187) <ul style="list-style-type: none"> Reasonable endeavours to keep between 42-48 Reasonable endeavours to keep towards low end Reference to aggregate ERM RPICA not mirror of section 7.13(e) (180) Inclusion in the GTAC as well as in the ICAs (per 7.13) Not an issue for many submitters (187)
2.2	Balancing	8	<ul style="list-style-type: none"> FG has not defined the amount of linepack to be set aside for shipper tolerances and no constraint on setting tolerances. As this is outside GTAC, there is no constraint on FG to act neutrally (19, 75) Principles for setting running imbalance tolerances to be included in GTAC (19, 75)
2.3	Peaking	3.26 -3.33 11.5	<ul style="list-style-type: none"> Hourly overruns only apply at DDPs (13, 50, 61) HORs may be avoided through Specific HQ/DQ and AHPS but no guidance on how these will be applied. Potential for inefficient usage of the pipeline. (55) AHPs are uncertain and require further design work (13, 50, 55). Case for applying AHPs not well justified (55) AHPs only available at DDPs – this is unfair (50) OBA parties don't have access to AHPs (18, 68) Operational flexibility important but should not be provided without discrimination (182)
2.4	Metering Requirements Technical Update		<ul style="list-style-type: none"> Absence of Metering Requirements document, and not incorporated into the GTAC Obligations to protect customers from Non-spec gas have been reduced including shipper right to seek confirmation of compliance (94) 9 month interval between special tests is worse than under VTC and MPOC (16, 64)

Workstream 3 – Nominations and Governance

Top Priority from Next Steps Memo for: Methanex, Nova, MGUG

No.	Topic	GTAC Reference	FAP finding (page reference)
3.1	Nominations	4	<ul style="list-style-type: none"> • Workload of nominations accepted by most shippers (44) • Not required at uncongested delivery zones. Burden largely on shared delivery points. UK system operator makes nominations on behalf of mass market load (46) • IPs approval of nominations • Bigger concern is overrun/underrun fees (166)
3.2	PRs	3.13, 3.25	<ul style="list-style-type: none"> • FG discretion to negotiate SAs could allocate scarce capacity outside PR process (88) • Transfer between end-users if they change shippers not clear (43) • Shippers may not give best estimate of capacity and FG may not police this (43)
3.3	Wash-up principles and approach		<ul style="list-style-type: none"> • Wash-up agreement should be simple to prepare (68) • Not concerned that a wash-up agreement is still to be negotiated (126)
3.4	Termination	19	<ul style="list-style-type: none"> • Parties should be able to remedy default rather than terminate (105) • Termination if unpaid for 10 business days is unfair (105) • Termination should depend on expiry or sale of all PRs (106) • Term too short to be efficient (103)
3.5	Confidentiality	20	<ul style="list-style-type: none"> • Should have ability for other parties to identify material as confidential (106) • CA should be required for authorised disclosure (106) • MPOC clearer on obligation on FG not to disclose confidential information (106) • Shipper should have an ability to appoint an auditor (106)
3.6	Supplementary Agreements Governance	7.1	<ul style="list-style-type: none"> • FG discretion to negotiate (49) • No requirement for FG to publish its analysis (163)
3.7	Change Requests	17	<ul style="list-style-type: none"> • 5 business day deadline for additional information is unfair (26, 105) • Draft change request timing does not give enough time for change requestor to review submissions (26, 105)

Workstream 4 – Liabilities

Top Priority from Next Steps Memo for: All parties

No.	Topic	GTAC Reference	FAP finding (page reference)
4.1	Interaction between TSAs and ICAs	7	<ul style="list-style-type: none"> Differences between liability arrangements (183)
4.2	Definition of RPO	1.1	<ul style="list-style-type: none"> Including “having due consideration to other users of the Transmission System” (183)
4.3	FG liability for non-spec gas	12.11	<ul style="list-style-type: none"> Liability for non-spec gas excluded and inconsistent with 12.3 (183)
4.4	Inflation of liability caps	16.4/16.5	<ul style="list-style-type: none"> Liability caps imported without adjustment for inflation. (183) Not clear if charges included within caps (183)
4.5	Deeming non-RPO	16.1 9.12(b) 11.9(b) 12.2 12.10	<ul style="list-style-type: none"> Deeming non RPO for injection of non-spec gas and non-compliance with OFOs (184)
4.6	Subrogated claims and indemnity arrangements for non-specification gas	16.12 16.2	<ul style="list-style-type: none"> Concerns expressed about subrogated claims provisions (16.12) and exclusion of liability for third party losses in context of non-spec gas (16.2) (184)
4.7	Incentives Pool and BPP		<ul style="list-style-type: none"> No equivalent mechanism to the MPOC Incentives Pool and BPP (184)
4.8	Mitigation obligation	16.1; various	<ul style="list-style-type: none"> Loss mitigation concept expressed in an inconsistent way

Top Priority from Next Steps Memo for: All Parties

No.	Topic	GTAC Reference	FAP finding (page reference)
5.1	Integration of ICAs in the Code	s.7.13	D.1 1. Terms that apply to interconnected parties through ICAs must mesh with the terms that apply to all other interconnected parties and to Shippers through TSAs. The Terms and conditions of access to, and use of, the gas transmission system must be fully described for all system users and be coherent (i.e. work together).
5.2	Core terms of interconnection	s.7.13	D.1 1. The core terms of interconnection should be standard across all interconnected parties (so that coherent, non-discriminatory access is assured). Except to the extent that individually negotiated terms are appropriate.

Top Priority from Next Steps Memo for: All Parties

No.	Topic	GTAC Reference	FAP finding (page reference)
5.3	Core Terms of ICAs (final list based on part 2 of workshop 1)	s.7.13	<ul style="list-style-type: none"> • Accuracy requirements need to be contained within the ICA (65) • OBAs have no entitlement to AHPs, etc. (18, 68). IC parties discouraged from using OBA accordingly • Shippers not best placed to choose the allocation method (68) • IPs best placed to react to OFOs under curtailment (21, 83) • Obligations to protect customers from Non-spec gas have been reduced, in particular the shipper right to seek confirmation of compliance (94) <p>D.1 Needs to include:</p> <ul style="list-style-type: none"> • 7.13(b) Metering requirements (location, ownership, monitoring rights) (160) • 7.13(g) details on disclosure of outage information (27, 160) • 7.13(r) liability (160) • 12.2 injection and monitoring of off-specification gas (160) • Assuring equality of access to IPs • Need to mesh, shipper and IP and those of other IPs to ensure there is coherency of arrangements • Absence of confidentiality arrangements for IC parties (27)
5.4	Associated documents (how they will be integrated into code)	IC Policy Metering Requirements	<ul style="list-style-type: none"> • Absence of Metering Requirements document so can't be assessed by GIC (64) • Not having Metering Requirements document as a schedule so can be changed without consultation (64) • 9 month interval between special tests is worse than under VTC and MPOC (16, 64) • Obligations to protect customers from Non-spec gas have been reduced including shipper right to seek confirmation of compliance (94)
5.5	OFOs/ Curtailments	9.12 and 4.18	<ul style="list-style-type: none"> • Deemed non RPO if fail to comply with OFO (21) (Alongside Liabilities Workstream) • Adverse timing implications of replacing MPOC section 15.2 with option for shippers to request an extra intra-day cycle under GTAC 4.18 (22)