

GTAC Workshop minutes 21 June 2018
At the offices of Gas Industry Company Limited
Level 8, 95 Customhouse Quay, Wellington

Thursday 21 June 2018 at 10:00 am

1. Introductory remarks

The Independent Facilitator (IF) introduced himself and explained that his role was to facilitate the discussions between industry participants to result in submission of a GTAC to Gas Industry Co (GIC) that is “materially better”.

Attendees questioned whether the process was limited to the negative aspects identified in GIC’s Final Assessment Paper (FAP) and whether GIC’s conclusions can be challenged.

The IF noted that GIC’s assessment of the GTAC in the FAP and First Gas’s proposed work programme are a starting point for discussion at this workshop. That discussion may drive consideration of other areas, but in the context of the “materially better” test.

2. Review of Final Assessment Paper

Ian Wilson (GIC) presented a summary of the FAP and submissions.

Attendees invited GIC to consider:

1. The extent to which GIC can provide “emerging views” during the next phase of GTAC development.
2. The inclusion of an additional row in the “heat map” to address Downstream Reconciliation.

3. Review of proposed work programme

Angela Ogier (First Gas) presented First Gas’s review of the proposed work programme.

3.1 Workshop outline and timing

Attendees discussed whether the proposed “go-live” date of 1 October 2019 was realistic having regard to the following factors:

1. The need for adequate time for GIC to undertake its assessment and the IT implementation process.
2. The fact that only two workstreams will be complete by 30 September 2018 under the current timetable.
3. Stakeholders seeking to debate the FAP findings or raising issues outside the FAP.

The general view was that industry should continue to aim for a “go live” date of 1 October 2019, and develop a process to enable that date to be met, but that date would need to be reconsidered as discussions progress.

The discussion raised the following matters for First Gas to consider:

1. Whether it is appropriate for interconnection agreements (ICAs) to be addressed earlier in the process given the amount of work involved and the potential for the design to influence other workstreams.

2. Whether the pricing discussion should be deferred until later in the work programme.
3. Whether First Gas's legal advisors could progress the liability issues as a priority.
4. The order of the workstreams.

3.2 Workstream 1 – transmission fees

The following matters were added to the list of proposed items for workstream 1 (transmission fees):

1. Transmission incentive fees (daily overrun/underruns) - hourly overrun charges and recycling (related to item 2.3).
2. ERM - modification of ERM via the GTAC change process (FAP 21).
3. Rebates - Pass through of rebates may increase costs to the consumer.
4. Delivery Zones as a barrier to entry.
5. Need for First Gas to have a TSA (s2.6 of GTAC).

First Gas to consider release of information on its pricing methodology approach.

3.3 Workstream 2 – linepack and intraday flex

The following matters were added to the list of proposed items for workstream 2 (linepack and intraday flex).

1. Taranaki Target Pressure (TTP) and balancing – First Gas role in taking balancing actions.
2. Balancing – inclusion of principles or tolerances in the GTAC, structure of gas trades (under GTAC, balancing etc.).

First Gas to consider release of information on balancing standard operating procedures, tolerances and metering requirements (linked to workstream 5 (interconnection)).

3.4 Workstream 3 – nominations and governance

The following matters were added to the list of proposed items for workstream 3 (nominations and governance):

1. Allocations (new topic) – the range of allocation methods lack clarity (FAP 18) – upstream (GTA/OBA) and downstream.
2. Nominations – nominations cycles and the ability to manage exposure to overrun and underrun.
3. Termination – continuity of the GTAC following termination (FAP 111).
4. Confidentiality – link between confidentiality and transparency (requirement to publish information in the MPOC).
5. Supplementary agreements (SAs) and governance – checks and balances on entering into SAs (FAP 44), impacts of legacy SAs (assurance regarding effect on MPOC parties).

First Gas to consider release of information on the scope of the PR auction terms and provision of guidance on the use of its veto power.

3.5 Workstream 4 – liabilities

The inability to take action on behalf of a shipper and First Gas was added to the list of proposed items for workstream 4 (liabilities)

3.6 Workstream 5 - interconnection

The status of the market (i.e. necessary for EMS to have an ICA) was added to the list of items for workstream 5 (interconnection)

First Gas to consider the release of information on its interconnection policy.

3.7 Other matters

First Gas to consider what oversight there will be of the other matters that are not included within the GTAC – final wash-up agreement, PR auction terms, replacement of the D+1 agreement (including possible referral to the Downstream Allocation Working Group (DAWG))

4. Timetable and process/next steps

Attendees discussed the structure of workshops going forward. Some stakeholders expressed a preference for multi-day workshops.

Attendees also discussed the order of the workstreams. First Gas was asked to consider whether liability, operational matters, interconnection and linepack management could be prioritised and whether nominations and governance should be split.

There was an action for First Gas to amend its proposed work programme and circulate it during the week following the workshop. First Gas would liaise with the IF with a view to issuing a revised work programme on 29 June 2018.

The IF noted the need for a broad plan before dates and sequencing are set. Stakeholders also need to be disciplined about closing matters out.

The meeting closed at 3.00pm.