

MEMORANDUM

TO: GTAC Stakeholders
FROM: First Gas
DATE: 24 July 2018
RE: Block 1 Outputs – 5 Target Taranaki Pressure

This memo describes proposed changes to GTAC provisions on Target Taranaki Pressure (TTP) to address the findings of the Final Assessment Paper (FAP) following on from the workshop on Wednesday, 11 July 2018 as documented in the Draft Minutes issued by the GIC on 17 July.

Some of the workshop outcomes and subsequent actions relate to the Balancing Standard Operating Procedure (SOP). First Gas is working to develop that SOP and it will be made available in time for discussion at the workshops in on September 18 to 20.

The proposed GTAC drafting changes are provided in appendix 1 of this memo. This drafting is open for consultation until 7 August 2018. Submissions should be made to the First Gas via the GIC website. The drafting will be further discussed at the Drafting Review Workshops on 4 to 6 August.

Final Assessment Paper (FAP) findings

The findings of the FAP on TTP related to First Gas level of control and were summarised in the GTAC work programme as follows:

- Efficient and prudent to at least maintain level of control under MPOC (187)
 - 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) (187)
- Inclusion in the GTAC as well as in the ICAs (per 7.13)

Position reached

There was general agreement that the drafting of the TTP provision should better reflect the position in the MPOC. First Gas would set out drafting principles for the group to consider.

This has been addressed in the GTAC by including a Target Taranaki Pressure definition, as well as new section 3.37 which expressly addresses TTP in the GTAC. Both of these better reflect the relevant MPOC provisions. Corresponding provisions have been included in the ICA core and essential terms contained in Schedules Five and Six.

Also as discussed at the workshop, there is an express reference to TTP in section 8.5(b) of the GTAC in relation to First Gas' provision of Running Mismatch Tolerance, and to First Gas being able to curtail flow in necessary to maintain TTP within the specified range under section 3.37. Both of these reflects points raised at the workshop.

Note: the drafting changes for section 8.5(b) have been included with the Memo 'Block 1 Outputs – 5 Balancing' to avoid issuing this drafting twice.

Points raised during discussion

Item	Addressed by
<p>1. The TTP provision needs to have regard to the impact of high system pressure on producers and the impact of low system pressure on downstream parties.</p>	<p>Producers' preference for operation at the lower end of the range has been addressed at GTAC section 3.37(b) by referring to the TTP being managed to as low as practicable within the specified range.</p> <p>The consideration for downstream parties has been captured in the definition of TTP by referring to the delivery of Shippers' Nominated Quantities in the definition of TTP.</p>
<p>2. TTP should be a clearly defined range and First Gas should have a clear obligation to bring pressure back within the range.</p>	<p>GTAC section 3.37(a) specifies the TTP lower and upper limits, and as requested in the workshop specifically refers to First Gas bringing it back within those limits if it goes outside them.</p>
<p>3. First Gas should remove references to aggregate excess running mismatch (ERM).</p>	<p>Removed from section 3.37.</p>
<p>4. First Gas should consider whether excess running mismatch is an equivalent concept to the daily operational imbalance limit (DOIL) in the MPOC.</p>	<p>The TTP definition has been amended to refer to Running Mismatch Tolerance rather than DOIL – Running Mismatch Tolerance is the equivalent concept and appropriate reference in this context.</p>
<p>5. First Gas should consider whether there is a better way to link line pack limits to TTP.</p>	<p>GTAC section 8.5(b)(iv) is a new provision which expressly requires First Gas to have regard to TTP when providing Running Mismatch Tolerance. This creates a link to the determination of line pack limits.</p> <p>To be also incorporated into the Balancing Standard Operating Procedures (SOPs) that will accompany the GTAC.</p>
<p>6. First Gas should clarify that the 12 month lag for changes relating to TTP related to the pressure range, not the drafting of the TTP provision.</p>	<p>GTAC section 3.37 has been amended to reflect that the 12 months is in relation to the specified pressure range.</p>