

## MEMORANDUM

TO: GTAC Stakeholders  
FROM: First Gas  
DATE: 24 July 2018  
RE: Block 1 Outputs – 8 Nominations

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This memo describes proposed changes to GTAC provisions on nominations to address the findings of the Final Assessment Paper (FAP) following on from the workshop on Thursday, 12 July 2018 as recorded in the Draft Minutes issued by the GIC on 17 July.

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 First Gas via the GIC website. The drafting will be further discussed at the Drafting Review Workshops between 4 and 6 September.

### **Final Assessment Paper (FAP) findings**

The findings of the FAP on nominations related to mass market, nomination approvals and the number of cycles and were summarised in the GTAC work programme as follows:

- The burden of nominations largely falls on shared delivery points. UK system operator makes nominations on behalf of mass market load (46)
- IPs approval of nominations
- Number of nomination cycles facilitating management of overrun/underrun

### **Position reached**

*There was general agreement that nominations had value in terms of First Gas's overall management of the gas transmission system.*

*There was agreement that, where an OBA exists, OBA parties should approve nominations.*

*There was general agreement to provide for an appropriate mechanism to address the burden of nominations on mass market shippers and reduce those parties' exposure to overrun/underrun charges. However, it was agreed that the UK system was too sophisticated and costly for the NZ gas system. The general agreement was to provide a mechanism for dealing with shippers to customers in allocation groups 4 and 6 who face overrun/underrun charges and progress option 2 (First Gas to fund a simple mechanism for mass market nominations). Industry would progress a separate workstream to develop a better mechanism for mass market nominations which could be implemented at a later date through the change request process.*

*First Gas should revisit the drafting of Interconnected Parties' approval of nominations at points with an OBA ("approve, curtail or reject").*

These points have been addressed at follows:

- The current drafting of the GTAC provides for nominations to be approved by OBA parties where an OBA exists.
- The auto-nomination mechanism for mass market shippers has been reflected with the following changes:
  - the inclusion of the detailed provisions for Auto-Nomination procedures for category 4 and 6 users
  - the addition of a separate Auto Nomination Charge (in place of daily overrun and underrun charges for those mass market shippers/customers)
  - the addition of a Specified Shipper Nomination SOP to contain (among other things) the algorithm for estimating usage for these shippers.

These changes are reflected in the new Auto-Nomination Charge and Specified Shipper Nomination SOP definitions and the insertion of sections 4.22, 4.23, 4.24 and 11.6 in the GTAC.

- The wording for nomination approvals has been changed by including the word “reject” at sections 4.1(b), 4.5 and 4.12 in the GTAC.

#### Points raised during discussions

Item	Addressed by
1. Shippers to provide First Gas with suggestions on the number and timing of the nomination cycles.	At the date of publication, this proposal has been from Shippers has been received. First Gas is considering this proposal and will revert with its analysis by 31 July.
2. First Gas should consider the functionality of the IT system in relation to receipt point nominations (in particular “auto-confirmation”).	First Gas will include this requirement as part of the Product Fit Analysis with Tieto.
3. Whether the reduction in the burden of nominations should apply to nominations made by shippers to ToU customers. This proposal did not receive general support on the basis that shippers to those customers are best placed to provide information regarding their customers’ expected use.	N/A
4. The gas industry should, where relevant, consider the electricity industry’s experiences in terms of improvements to its demand forecasting as a separate regime.	N/A