Block 2 Outputs – 3 Curtailments and OFOs

Appendix 1 - Proposed GTAC amendments

*Approved NQ* means, in respect of a Receipt Point, Delivery Zone or Individual Delivery Point the amount of a Shipper’s NQ approved as applicable in the most recent nominations cycle;

*Operational Flow Order* or *OFO* means a notice issued by First Gas:

* + 1. pursuant to *section 9.5* requiring a Shipper to take such actions (including adjusting nominations) as it is able to take to reduce the quantity of Gas being injected on its behalf or to reduce its offtake of Gas (as applicable); or
    2. pursuant to *section 9.7* requiring a relevant Interconnected Party under an ICA to take such actions as it is able to take to reduce its injection of Gas or its offtake of Gas (as applicable);

# nominations

## Receipt Nominations

* 1. Each Shipper using a Receipt Point shall notify its NQs in accordance with *sections 4.8,* *4.9* and *4.10*. The Interconnected Party may (and, if required under its ICA, will) approve, curtail or reject those NQs, including in accordance with *section 4.12* as applicable.
  2. First Gas will not be required to approve, curtail or reject NQs at any Receipt Point (other than in relation to AHPs). First Gas may curtail gas flow and/or associated nominations at a Receipt Point in the circumstances referred to in *section 9.1*.
  3. First Gas will make provision in OATIS for not less than 7 Intra-Day Cycles, at times published on OATIS. Before making any change to the number of Intra Day Cycles or to the timing of any Intra-Day Cycle, First Gas will consult all Shippers and Interconnected Parties and provide not less than 60 Business Days’ notice of that change.

## Extra Nominations Cycle

* 1. If practicable, First Gas will provide one (or more) Intra-Day Cycles in addition to those referred to in *section 4.11*, for use where:
     1. a Shipper experiences an unforeseeable material change in either:
        1. its receipts of Gas, due to a gas supplier’s unplanned production outage; or
        2. a major customer’s (or, where it is an End-user, its own) demand for Gas due to a plant or process malfunction including, where it loses the use of an alternative fuel, it’s demand for Gas materially increases or decreases; or
     2. an Interconnected Party experiences an unforeseeable and material unplanned production outage or, where it is an End-user, a problem of kind referred to in *section 4.18(a)(ii)*; or
     3. First Gas experiences technical problems with any part of the Transmission System which reduces Operational Capacity or, following earlier technical problems, Operational Capacity is restored to previous levels,

(each an *Extra ID Cycle*).

* 1. An affected Shipper or Interconnected Party must request First Gas to provide an Extra ID Cycle, and provide a reasonable explanation of the unforeseeable material change that has occurred. First Gas will notify all Shippers and Interconnected Parties if the Extra ID Cycle will be available, not later than 1 hour prior to the Intra-Day Nomination Deadline of that cycle. First Gas will publish the name of the person who requested the Extra ID Cycle on OATIS, together with that person’s explanation of the need for it, and whether it agrees to the Extra ID Cycle or not.
  2. Any Extra ID Cycle will be available at all Receipt Points and Delivery Points, and to First Gas and all Shippers and Interconnected Parties, and all relevant provisions of the normal nominations cycles will apply.

# curtailment

## Adverse Events

* 1. Subject to the balance of this *section 9*, First Gas will use reasonable endeavours to avoid curtailing any Shipper’s DNC or Supplementary Capacity. However, First Gas may curtail the injection of Gas (or the ability to inject Gas) at a Receipt Point, the flow of Gas through the Transmission System, or the taking of Gas (or the ability to take Gas) at a Delivery Point, to the extent that it determines to be necessary, where:
     1. an Emergency is occurring or is imminent;
     2. a Force Majeure Event has occurred or is continuing;
     3. a breach of any Security Standard Criteria and/or a Critical Contingency would otherwise occur;
     4. an Interconnected Party’s interconnection agreement expires or is terminated or is not executed;
     5. a Shipper’s TSA, Supplementary Agreement, Existing Supplementary Agreement, GTA or Allocation Agreement expires or is terminated;
     6. it is performing, or is to perform, scheduled or unscheduled Maintenance pursuant to *section 9.2* or *section 9.3*; and/or
     7. it does so to maintain the Target Taranaki Pressure pursuant to *section 3.32*,

provided that where the need for curtailment arises due to Congestion, the provisions of *section 10* shall apply.

## Operational Flow Order

* 1. Subject to *sections 9.6* and *9.7*, if any of the events described in *section 9.1(a)* to *(g)* occur, First Gas may issue an OFO to a Shipper (or Shippers). Each Shipper shall use its best endeavours to take such actions as it is able to take to comply with that OFO in the shortest practicable time. First Gas will minimise the period of curtailment stipulated in an OFO to the extent practicable. First Gas will publish each OFO on OATIS as soon as practicable.
  2. If a Shipper supplies Gas to an End-user who needs a quantity of Gas to shut down its plant with minimal risk of damage to that plant (but not any product produced by that plant), the Shipper shall notify First Gas as soon as it becomes aware of that requirement and of the specific quantity of Gas required to be injected (which shall be identical to any profile given to the CCO). If First Gas subsequently issues an OFO to that Shipper, it will if practicable allow for such quantity of Gas to be taken.
  3. First Gas will, in respect of any Receipt Point or Dedicated Delivery Point where it has the right to do so, in circumstances where it determines to issue an OFO in respect of Gas injection at that Receipt Point or Gas take at that Dedicated Delivery Point (as applicable), issue an OFO to the Interconnected Party under its interconnection agreement rather than or in addition to the Shipper(s) using that point where it considers the relevant Interconnected Party is better able to give effect to that OFO. First Gas will publish that OFO on OATIS as soon as practicable.

## Curtailment of NQs

* 1. Pursuant to *section 9.5*, where it instructs all Shippers using a Receipt Point or Delivery Point to reduce their Gas take to less than their most recent Approved NQs, First Gas will:
     1. notify each Shipper to reduce its Gas take to an amount equal to that Shipper’s most recent Approved NQ divided by the aggregate of all Shippers’ most recent Approved NQs and multiplied by the Daily quantity that First Gas shall stipulate, subject to the limitations set out in *section 4.16(b)*; and
     2. reduce each Shipper’s most recent Approved NQ in OATIS accordingly.
  2. Where, pursuant to *section 9.7* and the terms of the relevant interconnection agreement, the OFO is issued to an Interconnected Party, First Gas will:
     1. notify the Interconnected Party to reduce injection of Gas or offtake of Gas to the Daily quantity that First Gas shall stipulate; and
     2. reduce each Shipper’s most recent Approved NQ in OATIS as set out in *section 9.8(a*), subject to the limitations set out in *section 4.16(b)*.
  3. Where the Delivery Point(s) referred to in *section 9.5* is part of a Delivery Zone and there are no Approved NQs for that Delivery Point alone, for the purposes of *sections 9.8* and *9.9*, First Gas will determine the reductions in Shippers’ Approved NQs for that Delivery Zone and those Delivery Point(s) as applicable using the best information available to it at the time, which may include Shippers’ Daily Delivery Quantities in the most recent Month.

## Critical Contingency

* 1. In the event of a Critical Contingency, First Gas may instruct any Shipper to curtail its take of Gas at any Delivery Point (or its ability to take Gas) as required to comply with the instructions of the CCO and the requirement of the CCM Regulations (and the Shipper shall do so and shall otherwise comply with any other instructions of the Critical Contingency Operator and the requirements of the CCM Regulations). OFOs are to be consistent (or amended to be consistent) with any instructions from the Critical Contingency Operator (including any shut down profile required by the Critical Contingency Operator).

## Failure to Comply

* 1. Each Shipper agrees that if it fails to comply with an Operational Flow Order:
     1. First Gas may curtail the Shipper’s take of Gas itself; and
     2. for the purposes of the definition of “Reasonable and Prudent Operator”, this *section 9* and *section 16*, any such failure shall constitute a failure by the Shipper to act as a Reasonable and Prudent Operator; and
     3. the Shipper shall indemnify First Gas for any Loss incurred by First Gas (except to the extent that First Gas contributed to that Loss and/or did not mitigate its Loss to the fullest extent reasonably practicable).

## Relief from Charges

* 1. In respect of any curtailment under this *section 9,* First Gas shall excuse each affected Shipper of any fixed charge (including Transmission Charge, Non-standard Transmission Charge or Priority Rights Charge) that would otherwise be payable by that Shipper, in proportion to the reduction in that Shipper’s DNC or Supplementary Capacity, except to the extent that the Shipper caused or contributed to any event or circumstance which gave rise to the curtailment or failed to comply with any instruction from First Gas or from the CCO under *section 9.5* or *section 9.11*.