Block 2 Outputs – 7 Peaking

Appendix 1 - Proposed GTAC amendments

*Agreed Hourly Profile* or *AHP* means, in respect of a Day, a schedule of Hourly amounts of transmission capacity requested by a Shipper and approved by First Gas in respect of a Receipt Point or a Delivery Point as contemplated by *sections 3.27* and *3.28*;

*Daily Nominated Capacity* or *DNC* means the transmission capacity First Gas makes available under a TSA in a Delivery Zone or at an Individual Delivery Point (which may include under a Supplementary Agreement or Interruptible Agreement as applicable or pursuant to an approved AHP), defined by MDQ and MHQ respectively;

*Excess Peaking* means where the relevant Hourly Quantity exceeds the Hourly Limit by more than 25% as contemplated by *section 11.5(a)*;

*Hourly Overrun Charge* means the charge for exceeding MHQ, which is calculated under a Supplementary Agreement, Existing Supplementary Agreement or Interruptible Agreement, as set out in that agreement;

*Maximum Hourly Quantity* or *MHQ* means, in respect of an Hour, the maximum quantity of a Shipper’s Gas that First Gas is required to transport from the Receipt Zone (or individual Receipt Point) to a Delivery Zone (including any Dedicated Delivery Point within a Delivery Zone) or Individual Delivery Point, which shall be (as applicable):

* + 1. under a TSA:
			1. 1/16th of the current MDQ; or
			2. where an AHP applies, the transmission capacity for that Hour set out in the AHP as approved by First Gas; or
		2. under a Supplementary Agreement, an Existing Supplementary Agreement or Interruptible Agreement, the amount set out in or determined in accordance with that agreement;

*Nominated Quantity* or *NQ* means, in respect of a Day and:

* + 1. a Receipt Point, a Shipper’s notification in OATIS to the Interconnected Party of the quantity of Gas it wishes to be injected into the Transmission System for it or, where the Shipper is the Interconnected Party, the quantity of Gas entered in OATIS that it intends to inject; and
		2. a Delivery Zone or Individual Delivery Point, the amount of DNC (including transmission capacity nominated under an AHP) that a Shipper requests First Gas to make available to it:

*Peaking Party* are those parties determined by First Gas in accordance with *sections 3.28* and *3.29*;

*Transmission Charges* means each of the Daily Nominated Capacity Charge, Daily Overrun Charge, Daily Underrun Charge, Hourly Overrun Charge, Peaking Charge, Auto-Nomination Charge and Over-Flow Charge as applicable;

# transmission products and zones

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## Peaking Parties and Agreed Hourly Profiles

* 1. First Gas acknowledges that certain Receipt Points and Delivery Points may have gas injection profiles or gas take profiles (as applicable) which have the potential to materially impact other users of the Transmission System and in respect of which have Hourly nominations are to be provided by the relevant Shippers or OBA Parties. In this Code, such users are referred to as Peaking Parties.
	2. A Peaking Party is a Shipper who uses, or an OBA Party who controls, a Receipt Point or Delivery Point where First Gas determines (and notifies such Shipper or OBA Party accordingly) from time to time that a gas producer using such Receipt Point or a gas user supplied by the Shipper using such Delivery Point meets (or substantially meets) the following criteria:
		1. gas producers or gas users that can inject or take more than 1/16 of their Daily gas quantity in an Hour; and
		2. gas producers or gas users that can increase or decrease their gas injection or take from zero to full capacity (or vice versa) within an Hour; and
		3. either:
			1. gas producers that have the capacity to inject gas at a rate that can adversely affect the Line Pack and/or pressure in the Receipt Zone or Transmission System; or
			2. gas users that have the capacity to take gas at a rate that can adversely affect the Line Pack and/or pressure in the relevant part of the Transmission System; and
		4. gas producers or gas users that are in control of their injection or usage (as applicable) of gas; and
		5. First Gas reasonably considers the use of the Transmission System by such gas producers or gas users does or has the potential to materially impact the availability and use of the Transmission System by other users.
	3. Not less than once each Year, First Gas shall review whether each of the then current Peaking Parties continues to satisfy the criteria set out in *section 3.28* and whether there are any other users (or potential users) of the Transmission System who do, or may, satisfy such criteria. First Gas shall publish on OATIS a list of Peaking Parties no later than three months prior to the date of this Code and three Months prior to the start of each Year thereafter (and may update it as required). Each Shipper shall promptly notify First Gas if it supplies, or proposes to supply, gas to an End-User that meets, or may meet, the criteria specified in *section 3.28*.
	4. A Shipper who is a Peaking Party, or a Shipper who takes gas from, or supplies gas to or through (including to an End-User) an, OBA Party who is a Peaking Party, must, using the relevant functionality provided on OATIS, provide an AHP in each nominations cycle in respect of the relevant Receipt Point and/or Delivery Point. The sum of the Hourly amounts of transmission capacity requested by the Shipper in respect of a Day shall be the relevant Shipper’s nominations for the relevant Day for the purposes for *sections 4.7* to *4.10*. The sum of the Hourly amounts of transmission capacity nominated by a Shipper and approved by First Gas shall be the Shipper’s DNC in respect of the relevant Delivery Point.
	5. First Gas will approve, curtail or reject AHPs pursuant to *sections* *4.14* and *4.15*. First Gas will approve any requested AHP except where that would:
		1. adversely impact other users of the Transmission System;
		2. require it to curtail any Shipper’s:
			1. request, in the same nominations cycle, for DNC;
			2. previously approved DNC; and/or
			3. Supplementary Capacity;
		3. exceed the physical MHQ for the relevant Receipt Point specified in the Interconnection Agreement relating to that Receipt Point;
		4. exceed the Physical MHQ of the relevant Delivery Point; or
		5. unduly increase the risk of breaching an Acceptable Line Pack Limit.

# nominations

## NQ Confirmation

* 1. Pursuant to *sections 4.1* and *4.5* and subject to *section 4.16(a)*, the Interconnected Party:
		1. must either approve, curtail or reject Shippers’ NQs (including under any AHP) on OATIS not later than 30 minutes after the Provisional Nominations Deadline, Changed Provisional Nominations Deadline or Intra-Day Nominations Deadline (as the case by be); and
		2. if it fails to do so, will be deemed to have approved each applicable NQ.

For the purposes of this *section 4.12*, First Gas will provide in the relevant ICA for the Interconnected Party to have the required access to OATIS.

## First Gas Analysis and Response

* 1. In respect of all Delivery Zones and Individual Delivery Points and in respect of AHPs at applicable Delivery Points and Receipt Points, First Gas will, as soon as practicable and no later than 1 hour after:
		1. the Provisional Nominations Deadline;
		2. the Changed Provisional Nominations Deadline; and
		3. each Intra-Day Nomination Deadline,

analyse Shippers’ NQs (or Shippers’ NQs approved by Interconnected Parties as required) and Shipper’s AHPs, and via OATIS notify each Shipper of its Approved NQs (being that Shipper’s DNC) and also whether there is, or is expected to be, Congestion at a Delivery Point.

* 1. Pursuant to *section 4.14*, First Gas will have regard to:
		1. the Available Operational Capacity;
		2. where applicable, requests for Interruptible Capacity;
		3. where applicable, a Shipper’s holdings of Priority Rights; and
		4. *section 4.16(b)*,

and where it is unable to approve a Shipper’s NQ (including an AHP) in full due to Congestion First Gas will curtail that NQ in accordance with *section 10.3*.

## Deemed Flows

* 1. Where an AHP applies, no AHP may amend Hourly capacity nominations already made in respect of an Hour were gas has already flowed in that Hour. Where an AHP does not apply, any decreased NQ requested in an Intra-Day Cycle will be approved, provided that:
		1. at any Receipt Point or Delivery Point where an OBA applies, any change (including as agreed by the relevant OBA Party and Shippers (as applicable)) on that Day to the most recent Scheduled Quantity shall be subject to the limitation that 1/24th of the Scheduled Quantity applicable in each previous Hour of that Day (an *Hourly SQ*) shall be deemed to have flowed and, accordingly, the decreased Scheduled Quantity (for a Receipt Point) or decreased Proposed Scheduled Quantity (for a Delivery Point), respectively, shall not be less than the sum of the Hourly SQ for all the Hours of that Day up to and including the Hour in which the Intra-Day NQ must be approved; and
		2. for any Delivery Zone or Individual Delivery Point where an OBA does not apply, no Intra-Day NQ for that Day shall be less than the most recent Approved NQ divided by 24 and multiplied by the number of Hours since the start of that Day up to and including the Hour in which that Intra-Day NQ must be approved.

# congestion management

## Congestion Management

* 1. First Gas will, to the extent necessary (and in the order stated):
		1. where the total of Shippers’ NQs would result in Congestion:
			1. estimate the amount by which those NQs exceed the Available Operational Capacity;
			2. curtail any request for Interruptible Capacity (if any);
			3. curtail requests for Supplementary Capacity (if any), where the relevant Supplementary Agreement or Existing Supplementary Agreement so allows; and

after approving NQs to the extent Shippers hold Priority Rights in respect of the relevant NQ and the relevant Day (subject to and in accordance with *section 3.14*):

* + - 1. to the extent there is Available Operational Capacity, approve further unapproved NQs pro-rata in proportion to Shippers’ Approved NQs (or, if none are approved, their unapproved NQs); or
			2. if Available Operational Capacity is or becomes insufficient, curtail each relevant Shipper’s Approved NQ pro-rata in proportion to the aggregate of Shippers’ then current Approved NQs, subject to (as applicable) *section 4.16(a)* or *4.16(b)*; or
		1. where Congestion is in effect due to the current offtake of Gas:
			1. estimate the reduction in current offtake required;
			2. determine (where visible to First Gas) whether any Shipper is exceeding its MHQ, or has exceeded its MDQ, and instruct that Shipper (including by means of an OFO if necessary (with the provisions of *section 9.5* to *section 9.12* to apply accordingly with any necessary changes for context)) to reduce its offtake accordingly;
			3. curtail Interruptible Capacity (if any);
			4. curtail Supplementary Capacity (if any), where the relevant Supplementary Agreement or Existing Supplementary Agreement so allows; and
			5. if Available Operational Capacity is or becomes insufficient, after allowing for the extent to which Shippers hold Priority Rights such that Approved NQs with Priority Rights are curtailed or reduced last (subject to and in accordance with *section 3.14*), curtail Shipper’s then current Approved NQs pro-rata in proportion to the aggregate of Shippers’ Approved NQs, subject to (as applicable) *section 4.16(a)* or *4.16(b)*.

# fees and charges

## Peaking Charges

* 1. A Peaking Party (being the relevant Shipper or OBA Party) shall pay a charge (or where applicable receive a credit) in respect of any Hour in which its Hourly Quantity either exceeds the Hourly Limit by more than 25% or is more than 25% less than the Hourly Limit (*Peaking Charge*). The Peaking Charge shall be calculated:
		1. in the case where the Hourly Quantity exceeds the Hourly Limit by more than 25%, as follows:

DNCFEE × HOQ × M

* + 1. in the case where the Hourly Quantity is more than 25% less than the Hourly Limit, as follows:

DNCFEE × HUQ × (M-2)

where, for the purposes of this *section 11.5*:

*Hourly Quantity* means*:*

* + - 1. in respect of a Dedicated Delivery Point, means the quantity of Gas taken by a Peaking Party at a Dedicated Delivery Point in an Hour, determined based on metered quantities for an OBA Party and under the applicable Allocation Agreement for a Shipper; and
			2. in respect of a Receipt Point, means the quantity of Gas injected by a Peaking Party at a Receipt Point in an Hour, determined based on metered quantities for an OBA Party and under the applicable Gas Transfer Agreement for a Shipper;

*Hourly Limit* is calculated as follows:

HLAVE = (HLH-1 + HLH = HLH+1)/3

where:

HLH-1 = HL in respect of the Hour before the relevant Hour;

HLH = HL in respect of the relevant Hour;

HLH+1 = HL in respect of the Hour after the relevant Hour; and

provided that, in the case of *section 11.5(a)* only, if the Hourly Limit determined using the formula immediately above is zero, then the Hourly Limit shall be deemed to be 1 TJ;

*DNCFEE* has the meaning set out in *section 11.1* provided that in the case of a Peaking Party at a Receipt Point, the DNCFEE will be the arithmetic average of all DNCFEEs across the Transmission System on the relevant Day;

*HOQ* is the Hourly Quantity for such Hour less the HL for that Hour;

*HUQ* is the HL for that Hour less than the Hourly Quantity for such Hour;

*M is 1.5,* provided that where First Gas considers the current value of M is not providing Peaking Parties with an appropriate incentive to maximise the accuracy of Hourly nominations First Gas will notify, and consult with Peaking Parties concerning, the value of M that would, in its view, better achieve that outcome. Unless Peaking Parties provide sufficient evidence to reasonably demonstrate to First Gas that a different course of action would be more effective, First Gas may (but not sooner than 60 Business Days after the date of its notification) increase the value of M for this purpose to a maximum of 5. First Gas may only increase the value of M for this purpose above 5 in accordance with an approved Change Request. First Gas may decrease the current value of M on expiry of 60 Business Days’ notice to Peaking Parties; and

*HL* means:

* + - 1. for OBA Parties, the Scheduled Quantity for the relevant Hour; and
			2. for Shippers, the amount of the Hourly transmission capacity nominated in the Shipper’s AHP for the relevant Hour,

in each case approved in respect of the Hour.

* 1. *Section 11.4* shall not apply to Peaking Parties if and to the extent *section 11.5* applies. In addition, *section 11.5* shall not apply to a Peaking Party only:
		1. where the relevant OBA Party or Interconnected Party (supplied by the Peaking Party) has given validly given notice of maintenance under *section 9.5* of its ICA (or equivalent section); and
		2. in respect of the Day on which such maintenance is commenced (as specified in such notice) and the Day in respect of which such maintenance is completed (as specified in such notice).

## Other Consequences of Overrun

* 1. Subject to *section 11.13*, in addition to any Daily Overrun Charge, Hourly Overrun Charge, Peaking Charge or Over-Flow Charge that is payable, any Shipper who incurs any of those charges shall indemnify First Gas for any Loss incurred by First Gas that arises from its Daily Overrun, Over-Flow or Excess Peaking (where that Loss shall include any interconnection fees or charges, Transmission Charges and/or Non-standard Transmission Charges that First Gas may be required to waive or rebate to any other Shippers or Interconnected Parties as a result) up to the Capped Amounts. First Gas shall mitigate its Loss to the fullest extent reasonable practicable.

**OBA at a Delivery Point**

11.13 At any Delivery Point where an OBA applies, the relevant ICA shall provide that:

* + 1. any Daily Overrun Charge, Daily Underrun Charge, Hourly Overrun Charge, Peaking Charge or Over-Flow Charge is payable by the OBA Party; and
		2. the indemnity referred to in *section 11.10* shall be provided by the OBA Party,

and not by any Shipper using that Delivery Point.