

MEMORANDUM

TO: Pipeline Users
 FROM: First Gas
 DATE: 20 December 2017
 RE: Approach to Allocating Running Mismatch Tolerance

The GTAC allocates available Running Mismatch Tolerance to Shippers and OBA Parties pro-rata according to their Daily Nominated Capacity (DNC) and Metered Quantities (MQ) respectively for the prior Day. This allocation is set out in the definition of Running Mismatch Tolerance as follows:

- (a) each Shipper, an amount equal to:

$$DNC_{SHIPPER} \div DNC_{TOTAL} \times LPT_{SHIPPERS}$$

where:

$DNC_{SHIPPER}$ is the aggregate of that Shipper's DNC (excluding all AHPs, if any);

DNC_{TOTAL} is the aggregate of all Shippers' DNC (excluding all AHPs, if any); and

$LPT_{SHIPPERS}$ is the quantity of Line Pack to provide for Shippers' Running Mismatches, periodically determined by First Gas in accordance with *section 8.5* and published on OATIS; and

- (b) each OBA Party, an amount equal to:

$$MQ_{OBAP} \div MQ_{OBAPS} \times LPT_{OBAPS}$$

where:

MQ_{OBAP} is the aggregate of the metered quantities at all that OBA Party's Receipt and/or Delivery Points;

MQ_{OBAPS} is the aggregate of the metered quantities of all Receipt and Delivery Points where an OBA applies; and

LPT_{OBAPS} is the quantity of Line Pack to provide for OBA Parties' Running Mismatches, periodically determined by First Gas in accordance with *section 8.5* and published on OATIS,

where each of $DNC_{SHIPPER}$, DNC_{TOTAL} , MQ_{OBAP} , and MQ_{OBAPS} is for the prior Day;

The decision to allocate available line pack tolerance on this basis was taken after reviewing the range of possible allocators. As shown in the table on the following page, each available allocator has potential strengths and weaknesses.

The use of prior Day DNC for Shippers and MQ for OBA Parties is considered pragmatic and fair since transmission system users will know the applicable tolerance in advance of a Day so that they can adjust their position for the Day to minimise or avoid Excess Running Mismatch charges:

- **Timeliness.**
 - DNC information for the prior Day is available once the final intra-day nominations cycle is complete.

- MQ information is available to OBA Parties once gas has flowed; and
- **Certainty.**
 - DNC information and MQ information at OBA points is unlikely to following the wash-up processes due to high metering reliability at OBA points.

Variable	Data Timing	Availability on Day	Comment
Receipt Nominations	For Previous Day	From midnight	<ul style="list-style-type: none"> • If by itself: <ul style="list-style-type: none"> ○ Excludes Delivery OBAs • If no separation of shipper and OBA tolerance: <ul style="list-style-type: none"> ○ Favours large Receipt OBAs • If using on the Day then parties will need to accept that their share of tolerance will be a moving target. Potential for gaming of nominations • Previous day's data may not reflect the practice for the current day
	For Day	Changes with each trade and nomination cycle	
Receipt Quantities	For Previous Day	From early morning (external uploads)	<ul style="list-style-type: none"> • If by itself: <ul style="list-style-type: none"> ○ Excludes Delivery OBAs • If no separation of shipper and OBA tolerance: <ul style="list-style-type: none"> ○ Favours large Receipt OBAs • Cannot use on Day data (as unknown) • Will change due to wash-ups.
	For Day	Not known until next Day	
Delivery Nominations (DNC)	For Previous Day	From midnight	<ul style="list-style-type: none"> • If by itself: <ul style="list-style-type: none"> ○ Favours large Delivery OBAs • If no separation of shipper and OBA tolerance: <ul style="list-style-type: none"> ○ Favours large Delivery OBAs • If using on the Day then parties will need to accept that their share of tolerance will be a moving target • Potential for gaming on the day nominations to adjust tolerance • Potential for previous day's nomination not to reflect actual flows on the day (e.g. weekend to weekday changes and vice versa)
	For Day	Changes with each nomination cycle	
Delivery Quantities	For Previous Day	Known late morning to noon (allocations)	<ul style="list-style-type: none"> • If by itself: <ul style="list-style-type: none"> ○ Excludes Receipt OBAs • If no separation of shipper and OBA tolerance: <ul style="list-style-type: none"> ○ Favours large Delivery OBAs • Cannot use on Day data (as unknown)
	For Day	Not known until next Day	

Variable	Data Timing	Availability on Day	Comment
			<ul style="list-style-type: none"> • Will change due to wash-ups
Set Tolerance for point	Set Values	Pre-set values	<ul style="list-style-type: none"> • Requires First Gas discretion to set values • If by itself: <ul style="list-style-type: none"> ○ First Gas sets values for all points ○ Would require a defined method and/or values to allocate tolerance between using parties