

MEMORANDUM

TO: GTAC Stakeholders
FROM: First Gas
DATE: 3 July 2018
RE: Workstream 1 – 1.2 ICA Common and Essential Terms

This memo sets out First Gas' proposed scope for the common and essential terms of new ICAs under the GTAC. We believe this set of common and essential terms is a good starting point for discussion on this point at the GTAC workshop on 10 July 2018. The outcomes of that discussion will be further detail on the common and essential terms for discussion during the following workshop block in August 2018

Final Assessment Paper (FAP) Findings

The findings of the FAP on ICA common terms were as follows:

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1. The core terms of interconnection should be standard across all interconnected parties (so that coherent, non-discriminatory access is assured). Except to the extent that individually negotiated terms are appropriate.
2. Terms that apply to interconnected parties through ICAs must mesh with the terms that apply to all other interconnected parties and to Shippers through TSAs. The Terms and conditions of access to, and use of, the gas transmission system must be fully described for all system users and be coherent (i.e. work together).

We agree that interconnection terms should be standardised wherever possible and currently endeavour to achieve this through our bi-laterally negotiated agreements. We also agree that there needs to be coherency in the arrangements between shippers and interconnected parties under the GTAC.

Proposed Common and Essential Terms under the GTAC

Below we set out which terms we propose should be common for all interconnected parties. This list is a starting point for discussion with stakeholders.

Item	Description
Applicable technical standards	Applicable technical standards for gas and metering should be specified. For example, NZS 5442, NZS 5259, and the Metering Standards Document.
Gas Quality	<p>The responsibility for monitoring and reporting gas quality should be set out, including any rights of inspection and audit.</p> <ul style="list-style-type: none"> • All IPs should have the same obligation in regard to the quality of gas they inject. Matters that should be addressed include: • any restrictions on the injection of non-specification gas • notification of non-specification gas incidents • costs of monitoring and testing the gas injected <p>In addition, there should be no secrecy about non-specification gas incidents. All non-specification incidents should be publicly notified by First Gas.</p>
Metering	The responsibility for testing and monitoring measurement equipment, and for reporting of metered quantities and correcting for errors set out, including any rights to witness tests and audit results.
Records	It should be clear who is responsible for keeping the records of monitoring, testing and measurement, for how long they need to be kept, who has access to them, and what process and costs apply to requests for information.
Peaking	Some minimum entitlement to peak, with specified consequences for exceeding the entitlement.
Flow to nominations	There should be reasonable incentives for IPs to flow to nominations. This could apply through shippers, or directly with the IP (MPOC s12.9 requires WP to use reasonable endeavours to manage ROI towards zero)
Pressure	Commitment for the TSP to maintain the pipeline pressure within a defined range.
TSO Instructions	The TSP may rely on a Shipper to get an IP to curtail or shutdown a gas flow, or for that instruction to be given to the party in the physical supply chain: the IP. In either case, it is in the interests of the TSP, Shippers and IPs that the same arrangements apply to all.
Changes	Changes to the GTAC need to flow through to ICAs.
Liability	Terms that harmonise with the eventual GTAC framework.
Liability for non-specification gas	Terms that harmonise with the eventual GTAC framework.