

6 July 2018

Bennet Tucker
Transpower
PO Box 1021
Wellington

Sent via email: system.operator@transpower.co.nz

Dear Bennet

Thermal fuel limitations in the hydro risk curves

First Gas Limited (First Gas) welcomes the opportunity to make a submission on Transpower's "*Thermal fuel limitations in the hydro risk curves consultation document*" (the consultation paper). We are also making this submission on behalf of Gas Services NZ Limited (GSNZ), a separate business with common shareholders that has agreed to purchase the Ahuroa Gas Storage facility.

We support Transpower investigating ways to improve the hydro risk curves (HRC) modelling to better reflect information on thermal fuel supply. First Gas and GSNZ are happy to work with Transpower to determine the level of information we can supply about our gas transmission system and Ahuroa Gas Storage, recognising that commercial constraints apply to some of the information.

About First Gas and GSNZ

First Gas operates 2,500km of gas transmission pipelines (including the Maui pipeline), and more than 4,600 km of gas distribution pipelines across the North Island. These gas infrastructure assets transport gas from Taranaki to electricity generators, major industrial gas users, businesses and homes, and transport around 20 percent of New Zealand's primary energy supply.

GSNZ has agreed to purchase the underground gas storage facility at Ahuroa in Taranaki that will store gas on behalf of customers. Customers will be responsible for shipping gas to and from the facility at the Stratford 3 interconnection point, and each customer will maintain a gas storage balance within the reservoir. This gas storage facility is not part of the open access transmission system and the revenue earned from storage contracts is not regulated.

Providing information on gas transmission availability and planned outages

Under our existing transmission codes, First Gas is required to provide our customers with advanced notification of any scheduled maintenance on the transmission system. This includes work such as compressor upgrades or repairs, pipeline pigging operations, and delivery point maintenance. In these circumstances, First Gas must post a notice on the OATIS¹ system not less than 30-days prior to the scheduled maintenance occurring. These notices include details on the nature and expected duration of the scheduled maintenance, as well as any potential impacts on pipeline capacity. We endeavour to time the scheduled maintenance to minimise disruption to the transmission system and our customers (including electricity generators), while undertaking it in a cost-effective, efficient and commercially prudent manner.

¹ Open Access Transmission Information System

We are willing to discuss make this scheduled maintenance information available to the System Operator. However, it would be useful to understand the level of detail required to determine our ability to provide the information. We would be happy to discuss this further with the System Operator to determine how we could best meet the request.

First Gas intends to replace our two existing transmission codes with a single gas transmission access code (GTAC). One of our objectives under the GTAC is to provide more transparency on gas system use and reliability. Therefore, as part of the GTAC development process First Gas is seeking greater visibility and notification of both unscheduled and scheduled outages at gas production facilities.

Information on Ahuroa Gas Storage facility

The information GSNZ will hold on customers' gas stored in the Ahuroa gas storage facility is commercially sensitive and confidential. We therefore could not provide this information to the System Operator, without the express consent of our customers. We expect those customers would require assurance that the information would remain confidential. If the System Operator deems this information essential, we would encourage further discussion with both GSNZ and its customers.

Independent verification of information

We understand the System Operator needs to "be able to independently verify³" the information used in the HRC modelling. We are not clear how the information about gas transmission and Ahuroa gas storage could be independently verified, so would like to discuss this with the System Operator.

Contact person for further discussion

We are happy to meet with Transpower to discuss how we can provide the requested information. To arrange a meeting, please contact our Transmission Commercial Manager, Angela Ogier on (04) 381 8056 or via email at Angela.Ogier@firstgas.co.nz.

Yours sincerely



Lynette Taylor
Regulatory Advisor