

9 April 2021

Cathy Lawless
Markets Analyst
emsTradepoint

by email

Dear Cathy,

Firstgas welcomes the opportunity to comment on the “emsTradepoint Force Majeure consultation” released on 16/03/2021.

The consultation paper laid out seven questions, Firstgas’ responses to which are below.

1- Do you agree that FM on the exchange should align more closely with GSAs?

It is not clear what you mean by this question. Are you suggesting that FM provisions change according to the parties affected and what their particular GSAs say? With everyone having their own contracts, we are uncertain as to how this proposal would be carried out. Further details would be appreciated.

2- Do you agree that FM should be made available OTD and linked to the next available cycle?

This is two questions: “do you agree that FM should be available OTD” and “should FM be linked to the next available cycle”.

Firstgas has no opinion on the first question. However, if FM is made available OTD then our response to the second question is yes. This would be to remain consistent with wider industry behaviour and OATIS.

3- Do you agree that Participants should retain the obligation to manage their nominations under OATIS?

Yes, Firstgas agrees that participants should retain the obligation to manage their nominations under OATIS. Further, we consider that the obligation to nominate should be expanded such that parties who are both buying and selling on a day are required to nominate both receipts (market buy) and deliveries (market sell) discrete of each other.

Under certain circumstances Firstgas can curtail deliveries to, or receipts from, emsTradepoint (under MPOC s15).

There are examples where parties avoid this curtailment, even though arguably their transactions should be included. For example, if a party sells 5TJ and purchases 10TJ and they only nominate 5TJ from the market then their proportion of gas being sold to the market is not exposed to the curtailment calculations.

Firstgas feels that all trades should be nominated in whole in order to maintain a fair and transparent exposure to curtailments. This approach could also be included during an FM so all buyers are affected; regardless of their net position on the day.

4- Which of the two options do you agree with for handling OTD trades? Are there alternative ways of handling curtailments?

Firstgas does not have a preference of the two options presented.

It should be noted that Firstgas already has SOPs to cover any mismatch at emsTradepoint (under MPOC s15.1(b)(vi)). These SOPs do not take either option specifically into account, and treat all trades equally (under MPOC).

Why would the rules not allow on-the-day trades as well as day-ahead trades to be curtailed equally?

5- Do you agree with the timeframes for trades to be included as approved and for FM events to be notified?

Firstgas agrees with these timeframes of 5 minutes for nominations and 30 minutes for FM.

6- To what extent do you think FM events might increase, and do you think this could undermine the credibility of the market?

Firstgas receives numerous requests for ROIL multipliers. Sometimes the issues are resolved by midnight, sometimes they are granted and on occasion they are not granted. In the six months of October 2020 to March 2021 Firstgas has approved 51 ROIL multipliers. Purely based on this we feel that the number of FM events will increase significantly if the rules for calling them are relaxed from where they currently stand.

7- Should emsTradepoint validate all FM events?

Firstgas suggests that following an FM event a simple form should be required to be submitted.

This form would contain three sections that would cover off the following:

- circumstances leading up to the event – what happened,
- mitigation options that were undertaken before claiming an FM – what was done after the event before an FM was called, and
- steps taken since the event to mitigate it from taking place again.

Ideally the completed forms would be made public (although this may not be possible due to the rules). Counterparties are affected by FMs, so it is important for market integrity that participants can see who/why FMs are called.

Contact details

If you have any questions regarding this submission, please contact Rob Gajland in the first instance: rob.gajland@firstgas.co.nz

Yours sincerely



Pamela Caird
Transmission Commercial Manager