



REGULATORY DISCLOSURE

# Gas transmission services: Capacity allocation methodology and transmission system capacity reservations

Year ended 30 September 2024



## Introduction

Firstgas is based in the energy-rich region of Taranaki. Firstgas owns more than 2,500 km of high-pressure gas transmission pipelines and stations that are essential to supplying natural gas to industrial customers throughout the North Island.

Firstgas also owns 4,800kms of gas distribution networks across the North Island. These networks extend north as far as Northland and south as far as Kāpiti, as well as covering Waikato, Hawkes Bay, Gisborne and the Bay of Plenty. Through these distribution networks, Firstgas directly connects more than 67,000+ homes and businesses to gas.

Firstgas has relationships with more than 4,500 landowners and iwi who have transmission pipelines running through their properties and land. We work in partnership with them as well as our contractors to keep them safe, while living and working around our pipelines.

Firstgas is part of the Clarus group of companies which is one of New Zealand's largest energy groups with businesses that touch many aspects of the energy supply chain including Rockgas, Firstgas, Firstlight Network, First Renewables and Flexgas. Whether it's transmission, distribution, supply or storage of energy, the companies within the Clarus group service over half a million homes and businesses of all sizes around New Zealand.

## Compliance statement

This document is a regulatory disclosure prepared pursuant to sections 2.5.3 and 2.5.4 of the *Gas Transmission Information Disclosure Determination 2012* consolidating all amendments as of 3 April 2018 issued by the Commerce Commission. This regulatory disclosure covers Firstgas' transmission business (both the Maui and Non-Maui transmission systems) for the 12-month period ending 30 September 2024 (the disclosure year).

The capacity allocation methodology and system capacity reservation information in this disclosure refers to the Non-Maui gas transmission system. The Maui transmission system is managed under the Maui Pipeline Operating Code (MPOC). The shippers on the Maui line nominate their requirements daily. This forms the capacity for that day. There is no forward commitment on a firm capacity basis and capacity is not reserved on the Maui transmission system.

This regulatory disclosure was prepared on 05 March 2025.

## Further information

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## Table of Contents

Introduction .....	2
1. Capacity allocation methodology .....	4
1.1 Current capacity allocation methodologies (clause 2.5.3(1)(a)) .....	4
1.1.1. Allocation of Reserved Capacity before the start of a contract year .....	4
1.1.2. Allocation of Reserved Capacity during a year .....	5
1.2 Approved requests for capacity (clause 2.5.3(1)(b)) .....	6
1.3 Unmet demand for capacity (clause 2.5.3(1)(c)) .....	6
2. Transmission system capacity reservations .....	7
Table 2: Central north system .....	10
Table 3: Central south system .....	11
Table 4: Bay of Plenty system .....	12
Table 5: South system .....	14
Table 6: Frankley Road system .....	16

## 1. Capacity allocation methodology

### 1.1 Current capacity allocation methodologies (clause 2.5.3(1)(a))

Firstgas currently provides two types of firm contractual transmission capacity to Shippers<sup>1</sup> - Reserved Capacity and Supplementary Capacity.

**Reserved Capacity** is Firstgas' standard capacity product, and is allocated in accordance with the relevant provisions of the Gas Transmission Code (the Code):

- (I) Prior to the start of each contract year<sup>2</sup> and
- (II) During each contract year

in response to Shippers' specific requests, to the limit of uncommitted operational capacity.<sup>3</sup> The processes involved in (i) and (ii) above are separately described below. Under the current Code, a Shipper retains the right to use any Reserved Capacity allocated to it unless and until that Shipper relinquishes it.<sup>4</sup>

**Supplementary Capacity** is firm transmission capacity that Firstgas provides to a Shipper under a Supplementary Agreement, in compliance with specific provisions of the Code. Firstgas is under no obligation to provide Supplementary Capacity and, the Reserved Capacity allocation processes set out in the Code do not apply to Supplementary Capacity. Supplementary Capacity is available to a Shipper only for the term of the relevant Supplementary Agreement.

Reserved Capacity and Supplementary Capacity are equally "firm", so Firstgas must take both into account when determining uncommitted operational capacity.

#### 1.1.1. Allocation of Reserved Capacity before the start of a contract year

Under the Code:

- 1) All Shippers must notify Firstgas of their Confirmed Reservation Requirements<sup>5</sup> by 5pm on the second Friday in September.
- 2) A Shipper is entitled to reserve up to the amount of Reserved Capacity it holds at any Receipt Point-Delivery Point<sup>6</sup> (RP – DP) on the second Friday in September, although it may request more or less. A Shipper may request Reserved Capacity at a RP – DP irrespective of whether it currently has any capacity there.
- 3) Firstgas must notify Shippers of the extent to which it accepts their Confirmed Reservation Requirements by 5pm on the third Friday in September. This requires First Gas to determine the uncommitted operational capacity available, taking into account such things as:
  - (I) The amounts of Reserved Capacity requested compared with the amounts currently allocated;
  - (II) Changes in the distribution of Reserved Capacity, i.e. the extent to which requests for less Reserved Capacity at some RP-DPs offset requests for more at others
  - (III) Changes in Supplementary Capacity (if any)
  - (IV) How much capacity was allocated in prior years and where;

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<sup>1</sup> A shipper is a person named in a transmission services agreement with First Gas. Only Shippers may hold transmission capacity. The Information Disclosure Determination refers to Shippers as "consumers".

<sup>2</sup> Being the year commencing on 1 October in year "n" and ending on 30 September in year "n+1".

<sup>3</sup> Uncommitted operational capacity is the amount of a pipeline's physical capacity available to be allocated to Shippers, and is equal to: operational capacity – aggregate contractual (firm) capacity. The determination of operational capacity is described in Firstgas' "Gas Transmission Asset Management Plan – 2023" (AMP), available at [www.firstgas.co.nz/About-Us/Regulatory/Transmission](http://www.firstgas.co.nz/About-Us/Regulatory/Transmission).

<sup>4</sup> Either by not reserving it again, trading it to another Shipper or cancelling it in accordance with the Code.

<sup>5</sup> Under the Code, Shippers must lodge non-binding Provisional Reservation Requirements earlier each year.

<sup>6</sup> In this disclosure, Code terms are used, i.e.: Receipt Point = intake point; Delivery Point = offtake point.

- (V) The most recent pipeline modelling information, e.g. in the Asset Management Plan (AMP) and
  - (VI) The maximum capacity of individual Receipt and Delivery Points.
- 4) If it believes there is insufficient uncommitted operational capacity for it to approve all Shippers' requests for Reserved Capacity,<sup>7</sup> Firstgas must apply the capacity allocation procedure set out in the Code. Briefly, that process would work as follows:
- (I) Any Shipper requesting the same amount of, or less Reserved Capacity than it currently holds at an RP-DP would be allocated that amount
  - (II) First Gas would then determine the extent of uncommitted operational capacity available by referencing the AMP or any other relevant pipeline modelling information or, if necessary, undertaking additional modelling
  - (III) First Gas would then allocate increased Reserved Capacity to the relevant Shippers in accordance with the following formula:
 
$$\text{increase} = (\text{Shipper's requested increase for an RP-DP} \div \text{All Shippers' requested increases for all RP-DPs on the pipeline}) \times \text{uncommitted operational capacity and}$$
  - (IV) Firstgas would then check that any allocated increases in Reserved Capacity could actually be delivered via the relevant Delivery Points.<sup>8</sup> If not, capacity above the maximum that could be delivered would be re-allocated to other RP-DPs by a further iteration of the above formula.

### 1.1.2. Allocation of Reserved Capacity during a year

Under the Code:

- 1) A Shipper may request Reserved Capacity, or additional Reserved Capacity during a year, e.g., if it acquires new customers, or if one or more existing customers increase their load.
- 2) A Shipper must apply for additional Reserved Capacity using the appropriate screen on OATIS.<sup>9</sup> Firstgas must approve (or decline) any such request via OATIS.
- 3) Firstgas must approve any such request (subject to the conditions set out in the Code) where it believes there is sufficient uncommitted operational capacity. To ascertain that, Firstgas considers:
  - (I) the relevant matters listed in paragraph (3) of the previous section; and
  - (II) any capacity transfer requests (to or from the RP-DP in question, or any other RP-DP relevant to the request) approved but not yet effective; and
  - (III) existing queued requests for capacity (if any).
- 4) Should it decline a request for additional capacity, Firstgas would (subject to the Code and the wishes of the Shipper concerned) place the request in the capacity queue for the relevant pipeline. If capacity subsequently became available, e.g., if a Shipper applied to cancel Reserved Capacity or to transfer Reserved Capacity elsewhere (including out of the pipeline altogether), Firstgas would offer additional Reserved Capacity to Shippers in the capacity queue, in accordance with the Code.

<sup>7</sup> Namely, where Firstgas reasonably believed that a breach of its Security Standard (e.g. by the pressure at a critical point in a pipeline falling below the acceptable minimum) could result.

<sup>8</sup> This would be necessary because a Shipper might request a "disproportionate" amount of additional capacity at the far end of a pipeline. The first pass of the allocation formula could then produce an unsustainable outcome. This reflects the reality that it is unrealistic to represent the uncommitted operational capacity of a pipeline by a single number: where capacity is required would change any such number

<sup>9</sup> Firstgas' "Open Access Transmission Information System", at [www.oatis.co.nz](http://www.oatis.co.nz).

## 1.2 Approved requests for capacity (clause 2.5.3(1)(b))

During the disclosure year there was **sufficient uncommitted operational capacity** to meet all Shippers' requests for Reserved Capacity:

- (I) Confirmed Reservation Requirements for 2023-24: **approved in full**
- (II) Requests for additional Reserved Capacity: **58**
- (III) Requests for additional Reserved Capacity **approved in full: 58** and
- (IV) Requests for additional Reserved Capacity **approved in part: zero.**

## 1.3 Unmet demand for capacity (clause 2.5.3(1)(c))

During the disclosure year there was no unmet demand for Reserved Capacity:

- (I) Requests for Reserved Capacity **declined: zero**
- (II) Maximum daily quantities associated with requests **declined: zero** and
- (III) Reasons for requests not being approved in full: **not applicable.**

## 2. Transmission system capacity reservations

- 1) Tables 1 – 6 below set out the information required to be disclosed in accordance with clause 2.5.4 of the Information Disclosure Determination, for each of Firstgas' Non- Maui transmission pipeline systems.
- 2) The named offtake points (= Delivery Points) for each pipeline system are those which, in the system peak flow period, satisfied one or more of the criteria set out in clause 2.5.4(3)(a) – (c); i.e.:
  - (I) Throughput  $\geq$  2,000 GJ
  - (II) Contractual firm capacity  $\geq$  10,000 GJ (per day) or
  - (III) Nominal delivery pressure  $>$  20 bar gauge.

The relevant offtake points are those identified in Firstgas' "Pipeline Peak Flow Disclosure"<sup>10</sup> for 2021. That disclosure refers to actual offtake points, whereas for commercial/contractual reasons some such points are aggregated into "notional" offtake points. An example is "Greater Auckland", which currently comprises 5 actual offtake points. Since this capacity disclosure is concerned with contractual capacity, Tables 1 – 6 show data for notional/contractual offtake points.

- 3) For all offtake points on a pipeline system that did not satisfy any of the criteria set out in clause 2.5.4(3)(a) – (c), data was aggregated in accordance with clause 2.5.4(3)(d) of the Information Disclosure Determination and appears in the tables on the line labelled "All Other Points".
- 4) Data is given for the three dates specified in clause 2.5.4(4), i.e.:
  - (I) The last day of the preceding pricing year (i.e., 30 September 2024);
  - (II) The first day of the new pricing year (i.e., 1 October of 2024); and
  - (III) The first day of each system's peak flow period for the preceding pricing year (i.e., the year ending 30 September 2024).
- 5) Firm contractual transmission capacity in respect of each offtake point comprises Reserved Capacity plus Supplementary Capacity (if any).
- 6) The MDQ (maximum daily quantity) and MHQ (maximum hourly quantity), respectively, for each offtake point correspond to the aggregate amount of firm contractual transmission capacity in each case. For Reserved Capacity, the MHQ is currently 1/16th of MDQ. For Supplementary Capacity, the MHQ can be a different fraction of MDQ, hence actual MHQs were obtained from the actual contracts.
- 7) MDQ and MHQ values have been rounded up to the nearest GJ.

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<sup>10</sup> Available at [https://firstgas.co.nz/wp-content/uploads/Transmission-disclosure-Peak-Flows\\_YE-30-Sept-2022\\_FINAL.pdf](https://firstgas.co.nz/wp-content/uploads/Transmission-disclosure-Peak-Flows_YE-30-Sept-2022_FINAL.pdf)

**TABLE 1: North system**

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by All Shippers on:			
		30 Sep 2024	1 Oct 2024	9 Aug 2024	> 20 bar g
Harrisville 2	MDQ	2,255	996	1,542	
	MHQ	141	62	96	
Drury 1	MDQ	193	445	133	
	MHQ	12	28	8	
Hunua (all)	MDQ	889	618	786	Note 1
	MHQ	56	39	49	
Flat Bush	MDQ	1,754	1,365	1,754	
	MHQ	110	85	110	
Greater Auckland	MDQ	42,757	40,339	43,983	Note 2
	MHQ	2,672	2,521	2,749	
Kauri DF	MDQ	2,600	2,600	2,600	Note 4
	MHQ	130	130	130	
Waitoki	MDQ	1,119	877	969	
	MHQ	70	55	61	
Glenbrook	MDQ	6,500	7,000	6,500	
	MHQ	406	438	406	
Warkworth	MDQ	1,356	1,361	1,356	Note 3
	MHQ	85	85	85	
Tuakau 2	MDQ	1,391	1,653	1,318	
	MHQ	87	103	82	
Whangarei	MDQ	509	518	574	
	MHQ	32	32	36	
Maungaturoto DF	MDQ	2,600	2,600	2,600	Note 4
	MHQ	130	130	130	
Major Points	<b>MDQ</b>	<b>63,921</b>	<b>60,372</b>	<b>64,113</b>	
	<b>MHQ</b>	<b>3,930</b>	<b>3,708</b>	<b>3,942</b>	
All Other Points	MDQ	696	459	616	
	MHQ	43	29	38	
<b>Total</b>	<b>MDQ</b>	<b>64,617</b>	<b>60,831</b>	<b>64,729</b>	
	<b>MHQ</b>	<b>3,974</b>	<b>3,737</b>	<b>3,981</b>	
Note 1:	Hunua (all) includes the Hunua, Hunua (Nova) and Hunua 3 Delivery Points. At Hunua 3 Firstgas delivers gas at pipeline pressure (i.e., unregulated)				



Note 2:	Greater Auckland is a notional Delivery Point, comprising the actual Westfield, Papakura, Bruce McLaren, Waikumete and Henderson Delivery Points
Note 3:	Includes transmission capacity provided for Southern Paprika under a non-standard agreement (“Supplementary Agreement”), i.e. MDQ 1,300 GJ, MHQ 81 GJ.
Note 4:	Transmission capacity is provided to Kauri DF and Maungaturoto DF under a single non-standard agreement (“Supplementary Agreement”). The combined MDQ for the 2 Delivery Points varies seasonally between 2,250 and 4,600 GJ, subject to a maximum of 2,600 at either. The MHQ at either Delivery Point is limited to 130 GJ

**Table 2: Central North system**

Offtake Point	Aggregate Firm Contractual Transmission Capacity (GJ) Held by All Shippers on:				> 20 bar g
		30 Sep 2024	1 Oct 2024	6 Oct 2023	
Greater Hamilton	MDQ	6,636	6,005	6,103	Note 1
	MHQ	415	375	381	
Tatuanui DF	MDQ	1,400	1,400	1,400	
	MHQ	88	88	88	
Waitoa	MDQ	1,719	2,258	1,503	
	MHQ	107	141	94	
Cambridge	MDQ	2,060	2,498	1,910	
	MHQ	129	156	119	
Kiwitahi 1 (Peroxide)	MDQ	950	950	950	
	MHQ	59	59	59	
Te Rapa DF	MDQ	6,232	6,000	6,500	Note 2 <20 bar g
	MHQ	1,092	1,092	1,092	
Morrinsville DF	MDQ	991	902	830	
	MHQ	62	56	52	
Major Points	<b>MDQ</b>	<b>19,987</b>	<b>20,012</b>	<b>19,195</b>	
	<b>MHQ</b>	<b>1,952</b>	<b>1,968</b>	<b>1,885</b>	
All Other Points	MDQ	1,845	1,600	1,815	
	MHQ	505	475	520	
<b>TOTAL SYSTEM</b>	<b>MDQ</b>	<b>21,832</b>	<b>21,612</b>	<b>21,010</b>	
	<b>MHQ</b>	<b>2,457</b>	<b>2,443</b>	<b>2,405</b>	
Note 1:	Greater Hamilton is a notional Delivery Point, comprising the actual Hamilton (Te Kowhai) and Hamilton (Temple View) Delivery Points.				
Note 2:	The Te Rapa Cogen Plant closed down in May 2023. The delivery point was subsequently modified, becoming the Te Rapa DF Delivery Point (with delivery pressure < 20 bar g).				

**Table 3: Central South system**

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by All Shippers on:			
		30 Sep 2024	1 Oct 2024	02 Aug 2024	> 20 bar g
New Plymouth	MDQ	3,272	2,673	3,505	
	MHQ	204	167	219	
Major Points	<b>MDQ</b>	<b>3,272</b>	<b>2,673</b>	<b>3,505</b>	
	<b>MHQ</b>	<b>204</b>	<b>167</b>	<b>219</b>	
All Other Points	MDQ	1,033	1,159	1,139	
	MHQ	65	72	71	
TOTAL SYSTEM	<b>MDQ</b>	<b>4,305</b>	<b>3,832</b>	<b>4,644</b>	
	<b>MHQ</b>	<b>269</b>	<b>240</b>	<b>290</b>	

**Table 4: Bay of Plenty system**

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by All Shippers on:			
		30 Sep 2024	1 Oct 2024	24 Nov 2023	> 20 bar g
Lichfield DF	MDQ	2,259	1,860	1,740	
	MHQ	141	116	109	
Lichfield 2	MDQ	3,720	3,750	3,720	
	MHQ	233	234	233	
Edgecumbe DF	MDQ	3,392	3,000	3,072	
	MHQ	212	188	192	
Reporoa	MDQ	37	36	1,814	
	MHQ	2	2	113	
Whakatane	MDQ	3,685	3,656	3,623	Note 1
	MHQ	194	192	190	
Tirau DF	MDQ	588	620	540	
	MHQ	37	39	34	
Kinleith (CHH Mill)	MDQ	10,591	10,900	11,169	
	MHQ	662	681	698	
Kawerau (Tasman)	MDQ	729	1,650	1,800	
	MHQ	46	103	113	
Kawerau (Caxton)	MDQ	373	756	637	
	MHQ	23	47	40	
Greater Tauranga	MDQ	1,232	1,158	1,176	Note 2
	MHQ	77	72	73	
Gisborne	MDQ	745	1,135	856	
	MHQ	47	71	54	
Greater Mt Maunganui	MDQ	2,557	2,622	2,594	Note 3
	MHQ	160	164	162	
Rotorua	MDQ	1,391	1,090	1,101	
	MHQ	87	68	69	
Major Points	MDQ	<b>31,300</b>	<b>32,233</b>	<b>33,844</b>	
	MHQ	<b>1,920</b>	<b>1,978</b>	<b>2,079</b>	
All Other Points	MDQ	6,752	6,479	3,809	
	MHQ	422	405	238	
TOTAL SYSTEM	MDQ	<b>38,052</b>	<b>38,712</b>	<b>37,653</b>	
	MHQ	<b>2,342</b>	<b>2,383</b>	<b>2,317</b>	
Note 1:	Includes transmission capacity provided for the Whakatane Mill under a non-standard agreement ("Supplementary Agreement"), i.e. MDQ 3,400 GJ, MHQ 176 GJ.				

Note 2:	Greater Tauranga is a notional Delivery Point, comprising the actual Tauranga and Pyes Pa Delivery Points.
Note 3:	Greater Mt Maunganui is a notional Delivery Point, comprising the actual Mt Maunganui and Papamoa Delivery Points.

**Table 5: South system**

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by All Shippers on:			
		30 Sep 2024	1 Oct 2024	10 May 2024	> 20 bar g
Paraparaumu	MDQ	-	-	-	
	MHQ	-	-	-	
Hawera (all)	MDQ	740	1,264	1,245	Note 1
	MHQ	46	79	78	
Wanganui	MDQ	4,218	3,832	4,200	
	MHQ	264	240	262	
Greater Kapiti	MDQ	846	740	701	Note 4
	MHQ	53	46	44	
Marton	MDQ	649	422	726	
	MHQ	41	26	45	
Palmerston North	MDQ	3,364	3,105	3,028	
	MHQ	210	194	189	
Longburn	MDQ	889	993	869	
	MHQ	56	62	54	
Levin	MDQ	896	960	889	
	MHQ	56	60	56	
Belmont	MDQ	5,700	5,382	4,526	
	MHQ	356	336	283	
Pahiatua DF	MDQ	2,940	3,080	2,277	
	MHQ	184	193	142	
Feilding	MDQ	790	802	877	
	MHQ	49	50	55	
Hastings (all)	MDQ	9,472	9,137	11,087	Note 2
	MHQ	592	571	693	
Tawa (A+B)	MDQ	9,459	9,008	8,824	
	MHQ	591	563	552	
Greater Waitangirua	MDQ	2,061	1,628	1,538	Note 3
	MHQ	129	102	96	
Major Points	MDQ	<b>42,024</b>	<b>40,354</b>	<b>40,787</b>	
	MHQ	<b>2,626</b>	<b>2,522</b>	<b>2,549</b>	
All Other Points	MDQ	1,723	1,439	1,809	
	MHQ	108	90	113	
TOTAL SYSTEM	MDQ	<b>43,747</b>	<b>41,793</b>	<b>42,596</b>	
	MHQ	<b>2,734</b>	<b>2,612</b>	<b>2,662</b>	

Note 1:	Hawera (all) refers to the Hawera and Hawera (Nova) Delivery Points.
Note 2:	Hastings (all) refers to the Hastings and Hastings (Nova) Delivery Points. Includes transmission capacity provided for the Pan Pac Mill under a non-standard agreement ("Supplementary Agreement"), i.e. MDQ 2,845 GJ, MHQ 119 GJ.
Note 3:	Greater Waitangirua is a notional Delivery Point, comprising the actual Waitangirua and Pauatahanui 1 Delivery Points
Note 4:	Greater Kapiti is a notional Delivery Point, comprising the actual Waikanae 2 and Paraparaumu Delivery Points.

**Table 6: Frankley Road system**

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by All Shippers on:				
		30 Sep 2024	1 Oct 2024	06 Sep 2024	> 20 bar g	
Frankley Road-Bi	MDQ	-	-	-	Note 1	
	MHQ	-	-	-		
Kapuni GTP	MDQ	-	-	-	39 bar g	
	MHQ	-	-	-		
Major Points	MDQ	-	-	-	Note 2	
	MHQ	-	-	-		
All Other Points	MDQ	-	-	-		
	MHQ	-	-	-		
TOTAL SYSTEM	MDQ	-	-	-		
	MHQ	-	-	-		
Note 1:	The pressure at Frankley Road equals the pressure in the Maui Pipeline.					
Note 2:	Reserved Capacity is not applicable on the Frankley Road system so there is no "firm contractual capacity".					