

DAWG Meeting #2

Date: Wednesday 8 July 2015

Time: 10:00 – 12:00

Venue: Gas Industry Co, Level 8, the Todd Building, 95 Customhouse Quay, Wellington

Minutes

Present	
<ul style="list-style-type: none"> • Aaron McKevitt • Anna Carrick • Chris Bolton • Craig Schubauer • Greg Redshaw • Matthew Carnachan • Michael Binney 	<ul style="list-style-type: none"> • Dave Weaver • Sharon Wray • Andrew Walker • Ian Dempster • Kerry Check • Bill Miller (on the phone) • Rod Wong (on the phone)
1	D+1 Results
	<ul style="list-style-type: none"> • The DAWG discussed the initial D+1 results: <ul style="list-style-type: none"> • Retailers confirmed that they were receiving daily allocation information • Noted that results would now be emailed out twice per day to retailers (as previously agreed) shortly after 10am and 2pm. The files contain all previous days' results in the month • An issue was noted with the previous day's result, which appeared to have some duplication. This would be fixed with the next D+1 run • Initial analysis by two DAWG members suggested that the D+1 results only differed by around 1TJ from internal estimates of June figures for the North pipeline • It was noted that delayed TOU switches could explain offsetting swings in daily allocations and, further, that the D+1 model receives updated ICP ownership information from the Gas Registry each day • Vector was completing BPP billing so hadn't yet conducted analysis of results (or difference between unvalidated and validated data)

	<ul style="list-style-type: none"> The discussion moved on to the Maui Small Stations, which aren't currently included in the D+1 model. It was agreed that, while the volumes are quite small, it would be useful to see these gas gates included in the results summary. Action: Concept to investigate adding the Maui Small Stations to the D+1 model Direct connect gas gates were also discussed. DAWG members did not feel that it was necessary to include direct connects in the D+1 results. There was a general expectation that D+1 only applies to shared gas gates and retailers could look after their own direct connects
2	Intra-month corrections
	<ul style="list-style-type: none"> Dave confirmed that the D+1 model checks for new information and recalculates the daily allocations for all preceding days in the month, not just yesterday's volumes. DAWG members were comfortable with the idea that corrections flowed through into D+1 results throughout the month It was further noted that (absent a special allocation) any corrections identified after the end of the month would not be picked up until the interim or final allocation The impact of corrections on intra-month mismatch positions was discussed. It was suggested that corrections from previous days would be returned on the current day rather than applied retrospectively
3	GTA and BPP calculations
	<ul style="list-style-type: none"> Vector has begun investigating the impacts of daily allocations on the GTA and BPP processes. Several issues were identified that would need to change or be addressed: <ul style="list-style-type: none"> GTA transfers are currently derived from metered quantities Timing of GTA process is set out in Schedule 6 of the VTC... ...other requirements are in the GTA contracts themselves, not the code Some issues may arise with the Kapuni & Kupe fields Action: Anna and Sharon to work on drafting changes to GTA contract and VTC Investigations into aligning the BPP with daily allocations are underway. Much of the work is dependent on OATIS but the D+1 trial would have to be managed outside of OATIS. Assuming GTA and allocated quantities can be managed, the last piece of the puzzle is the pipeline linepack change Analysis on the difference between unvalidated and validated data is pending Potential issue on the SKF pipeline with CV, possible due to the mix of fields Action: Chris to continue investigating BPP solution
4	Wash-ups
	<ul style="list-style-type: none"> DAWG members discussed the various merits of physical versus financial wash-ups. Arguments and considerations included: <ul style="list-style-type: none"> Financial wash ups provide a price incentive for improving accuracy e.g. a business case for installation of smart meters/telemetry and/or daily data service There's an extra premium paid on MBB cashouts because of the percentage adjustment – this cost should be met by the causer

	<ul style="list-style-type: none"> • D+1 result provides certainty that should be managed to • D+1 result only provides a forecast that can be used to improve estimation • Analogy of electricity market where the market reflects the price on the day • Possibility that traders could game the market to impact price • Complicated for shippers to synchronise attempts to correct positions without causing issues on the pipeline. Mistakes sometimes happen • Harder for small shippers to trade away physical volumes (particularly over a small number of days) • There were multiple DAWG members on each side of the debate and it was recognised that within individual organisations there may be differing views • It was agreed that the choice between physical and financial wash-ups would have to be made by all Vector shippers and, therefore, that a wider discussion amongst shippers should take place. • It was also suggested that <ul style="list-style-type: none"> • whichever option is chosen should be the methodology used for intra-month wash ups as well • the wash up should only be after the final allocation, not the interim <p><u>Action:</u> Craig to put together strawman paper for financial wash-up</p> <p><u>Action:</u> Matt to put together strawman paper for physical wash-ups</p>
5	Next meeting
	<ul style="list-style-type: none"> • The next meeting is scheduled for 29 July, 10:00 to 12:00.