

DAWG Meeting #5

Date: Thursday 27 August 2015

Time: 10:00 – 12:00

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

Minutes

Present	
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| <ul style="list-style-type: none"> • Craig Schubauer • Greg Redshaw • Jim Raybould • Michael Binney • Sharon Wray • Matthew Carnachan • Michael Grasty • William Turner • Matt Wilson (from 11.20) | <p>From Gas Industry Co:</p> <ul style="list-style-type: none"> • Andrew Walker • Kerry Check • Pamela Caird • Patrick Wilson • Dave Weaver, Concept Consulting |
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Apologies: Anna Carrick

1	Vector daily processes
	<p>Jim presented a draft daily timetable that he and Anna prepared, predicated on making BPP results available before the 2pm ID cycle deadline. It requires:</p> <ul style="list-style-type: none"> • GTA information submitted by shippers by 9AM, processed by Vector by 10AM, and verified by shippers by 11AM • Unvalidated delivery data available by 10AM and D+1 results available by 11AM <p>BPP information could then be issued by 1PM</p> <p>There was discussion – but no resolution – about which processes would run on weekends. Matt confirmed that MDL plans to cash out welded points on weekends based on unvalidated data</p> <p>On Vector's timetable to develop the IT systems needed to calculate BPP on a daily basis, it now seems that the system will not be available until 1 November at the earliest (this is Vector's target date)</p> <ul style="list-style-type: none"> • Shippers discussed how the AEOI report (together with D+1 results) would be a valuable source of information to them, particularly when daily BPP results are not available (October). But AEOI is not available on weekends, and the BPP calculations will not be run at weekends. (<i>GIC comment: MDL's new automated 'expected cash out' report, mentioned later in the meeting, may address the AEOI issue</i>) • AEOI reports are due to be published by noon but are often available earlier. Matt said that he'd look into changing the deadline to an earlier time • The information in the AEOI report will be available on MDL's new information platform, BGIX, but shippers like the convenience of having all the information in a

	<p>single report</p> <ul style="list-style-type: none"> The IT changes required to send delivery data via SFTP to GIC should be in place by October
2	Vector change request for daily GTA
	<ul style="list-style-type: none"> Sharon reported that Vector shippers have agreed to a shortened process to introduce daily GTA The required changes to the VTC are minor: essentially, they remove the specific times for GTA and change to "as published on Oatis" The draft change request is expected to be released tomorrow Next steps: <ul style="list-style-type: none"> Vector to produce a mockup of what the Oatis screen would look like Shippers to consider whether GTA should be done on weekends, bearing in mind that the BPP is unlikely to be run at weekends
3	Options for washing up BPP positions
	<ul style="list-style-type: none"> Sharon reported that she sent a paper to shipper that outlined 3 possible options for wash ups: financial, physical, and a hybrid of the two Shippers have not yet reached consensus The topic will be discussed in a shipper meeting It was pointed out that the wash up decision would impact on the development of the daily BPP process Shippers expect that some type of wash up will be implemented by side letter for the duration of the trial The discussion on trialling both methods was revisited, with members suggesting that any trial would have to run for 12 months to allow for seasonality, but that by the end of a two year period (12 months for each option) other variables would have changed so it may be difficult to make a comparison There was also discussion about the transitional period: on 1 October, shippers will receive volume back from the interim and final allocations performed in September, and allocation calculations from consumption months prior to MBB will continue for 12 months. How should these wash ups be treated? Can they be the same as for MBB months, or is a transitional system needed? Members expressed the opinion that, at a minimum, a side letter to the VTC that allows returned volumes to be spread over the following month would be preferable to the status quo
4	Special allocations to replace the initial
	<ul style="list-style-type: none"> GIC noted that its consultation paper on using special allocations to replace initial allocation results with D+1 results was released yesterday The closing date for submissions is Wednesday 16 September If submissions show that stakeholders are in agreement with the proposal, then it should be straightforward to implement. If the proposal proves contentious, it is likely the decision will go to GIC's Independent Directors Committee, a subcommittee of the GIC Board Under the proposal, the allocation agent would provide the special allocation after the initial allocation is run. The allocation agent would provide the GAR130 report to TSOs so that Vector can calculate transmission and BPP invoicing. Submitters are asked whether there are any other reports that they would like to be included in the special allocation run. The question of rule 37 breaches was raised. Gas Industry Co confirmed that rule 37

	<p>would be looked at in the context of rule changes required to implement D+1 (provided the industry agreed to go down that track). There will still be a year's worth of rule 37 breaches post 1 October, as the final allocation for the September 2015 consumption month (the last one not done under D+1 if the proposal goes ahead) would not be done until October 2016.</p>
5	<p>D+1 results at gate level</p>
	<ul style="list-style-type: none"> • Dave presented slides on the algorithm that has been developed for splitting the pool-level residual allocations generated in the D+1 model into gate-level allocations • Essentially, the methodology uses market share from the previous month and allocates volumes from the smallest gas gates to the largest. In this way, all the pool error is reflected in the last, largest gate of the pool • GIC undertook to break down D+1 pool allocations into gate level allocations as a means of enabling D+1 results to be substituted for the initial allocation via the special allocation process. Transmission billing uses allocations to the gas gate, and it is washed up with successive allocations • Members noted that incorrect gate allocations can lead to overrun charges, which are inconvenient, even if they are washed up later. It is therefore important for gate allocations to be as accurate as possible. • Dave pointed out that there are 3 sources of error in the gate level allocations: <ol style="list-style-type: none"> 1. Size of the residual needing to be allocated (which is a function of the accuracy of the estimation of ToU sites that do not provide daily data); 2. Error in apportioning the residual 3. Last gate issue <p>Action: GIC/Concept to analyse contribution of 3 sources of error and investigate possible options to make gate allocations more accurate (eg exploring other alternatives to using previous month's initial as basis for retailer allocation)</p> <p>Action: GIC/Concept to provide shippers with D+1 gate level allocations for July and August, so shippers can compare with initial allocation results</p>
6	<p>Refining D+1 data collection and results dissemination</p>
	<ul style="list-style-type: none"> • Vector is working on automating the collection of gas gate metering data and customer metering data for transferring by SFTP to the D+1 model • Dave has started using the Gas Information Exchange Protocol (GIEP) facility in the test registry to provide D+1 results to shippers. Shippers who are having troubles with getting their results should contact Dave or Andrew
	<p>Other Maui issues</p>
	<ul style="list-style-type: none"> • The BGIX will calculate <u>expected cash out volumes</u> based on unvalidated data at about 3 or 4 in the morning. • Actual cash out volumes will be based on validated data. Assuming validated data are available by 10 or 11AM at the latest, then cash out volumes will be available by noon. • <u>Running Operational Imbalance Limits (ROILs)</u> will be published on Oatis • ROIL multipliers will be published on the BGIX • The <u>BGIX</u> is the platform that will publish information under the market based balancing regime. MDL plans to hold a user familiarisation session in advance of it going live, though the timetable for the BGIX's completion has slipped. It should still be operational by 1 October. • MDL is considering shippers' requests to have a <u>zero price adjustment</u> on cashed out volumes for an initial period and is close to making a decision • The issue of whether there should be a <u>price cap on cash outs</u> is contentious. MDL has

	<p>received only a few submissions and would welcome more. Submissions received so far are available on mauipipeline.co.nz and new submissions will be accepted until Wednesday, 2 September.</p> <ul style="list-style-type: none"> • New <u>ID cycle times</u> have been confirmed and tested and are ready for a 1 September start date.
7	Next meeting
	<ul style="list-style-type: none"> • The next meeting is scheduled for Thursday 10 September, 10.00 – 12.30.