

DAWG Meeting #8

Date: Wednesday 6 October 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"> • Chris Bolton • Don Gray • James Whistler (until 10.45) • Jim Raybould • Kristina Raba (until 10.45) • Matthew Carnachan • Matt Wilson • Michael Binney • Michael Grasty | <p>From Gas Industry Co:</p> <ul style="list-style-type: none"> • Andrew Walker • Ian Dempster • Ian Wilson (until 10.45) • Kerry Check • Pamela Caird • Patrick Wilson |
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By teleconference:

- Craig Schubauer
- Lyndon Bird
- Rod Wong
- William Turner
- Greg Redshaw (from 10.35)

1	MBB implementation
	<p>Matt Wilson of MDL gave an update on MBB and the issues arising from the BGIX:</p> <ul style="list-style-type: none"> • There have been three issues identified with the BGIX since it went live: <ul style="list-style-type: none"> ○ At Frankley Road, the sequence of events that occurred was not a scenario that was included in the BGIX testing. BGIX handled the situation incorrectly and showed an erroneous negative quantity. MDL's response was to shut down the Frankley Road feed on the BGIX (so that people could not see the incorrect data) and to use a 5 times ROIL multiplier for the affected day, 5 October. In this way, no shipper should have been disadvantaged by the error. <p>The underlying problem has now been fixed, so the situation should not recur.</p> ○ ROILs have been calculated incorrectly. This issue has been worked on and the fix will be tested overnight; if it passes testing, it will be rolled out tomorrow (Thursday 8 October). MDL will send an update on this fix tomorrow.

	<ul style="list-style-type: none"> ○ There are rounding differences between Oatis and the BGIX. On Oatis, deemed flow is calculated for each shipper, and the hourly flow is rounded down [with the resulting difference being allocated randomly to a shipper so that the totals remain correct]. On the BGIX, the calculation is done based on the aggregate scheduled quantities. The BGX had this difference too, and differences were synchronised with Oatis at midnight daily. Once the problem with ROIL calculation is fixed, the BGIX will also synchronise with Oatis at midnight. • The BGIX should give accurate, up to date information due to its feeds from Oatis and emsTradepoint – but Oatis is always the authoritative information source. BGIX will always be a bit inaccurate due to the rounding error (20-30 GJ is the maximum expected error). • Please let MDL know of any data anomalies that crop up, so they can be fixed as soon as possible • MDL would be happy to do a daily bulletin that pulls together pipeline information from various information sources – interested parties should advise MDL of what would be useful to include and when to publish it <ul style="list-style-type: none"> ○ It was noted that Oatis calculates ROI daily at midnight, pre-cashouts for the day, so a calculation of provisional starting ROI that includes the cashouts would be useful ○ Daily calculated linepack would be useful to know during the day – not just the value calculated at midnight • The total known OI in Oatis is also calculated at midnight so excludes cashouts • When the ROIL issue is resolved, the BGIX will publish provisional cashouts again. The change will also overwrite provisional cashout values with the actual values once validation has occurred • MDL plans a debrief session after a month of MBB, to identify any remaining implementation issues and possible areas for improvement • There was discussion about the default price rule: there have been days where the best price to shippers is the cashout price (so shippers would not have an incentive to self-balance using the market as the price under the default rule is more favourable). Matt noted that the parameters of the default price rule can be changed with 5 days' notice: is the current 5 TJ an appropriate threshold for the default low volume price rule, or would something smaller be better? MDL wants there to be an incentive to use the market for self-balancing • A number of shippers made the point that the lack of accurate information is itself a disincentive to self-balancing • MDL's balancing transactions should be published within an hour of the trade. There is a bit of a delay, as manual input is required (to distinguish balancing gas transactions from fuel gas transactions). It is possible that a balancing gas transaction could be published after ID4 closes (which would change the cashout price but shippers would have no opportunity to react) – however, MDL needs to take balancing actions when they are physically required by the pipeline • For balancing outside EMS trading hours, MDL may look to other platforms or other tools, such as curtailments and compressor use. The situation would also raise the question about why balancing was needed at night, since there should be ample time and sufficient incentives for welded parties to self-balance. EMS noted that it would be relatively straightforward to alter market hours if that proved to be an issue • For metering corrections, the good will rule applies. If the correction would result in a larger cashout, the original cashout will stand; if the correction would result in a smaller cashout, then the smaller cashout will replace the original. The volume will be returned to the ROI on the day the error was discovered (or spread over several days, if the volume is large). <p><i>(Ian Wilson, Kristina Raba, and James Whistler left at the end of this session)</i></p>
2	Update from Vector
	<ul style="list-style-type: none"> • Don talked about the side letter that Vector is preparing in support of daily BPP calculations. It will be in 3 parts: a main body plus two schedules that describe how the BPP calculations will be performed • Initial drafts are with the lawyers, but he'd like to give the drafts to interested shippers to have a look at and provide comments. It would be good to have as many people as possible review the drafts.

	<ul style="list-style-type: none"> • Vector will send an email to shippers about this • Vector is targeting that next week a full letter will be ready to send to shippers • The side letter will include an indemnity – because Vector shippers will be making financial decisions on the basis of the daily BPP positions that are themselves based on incomplete information. The side letter will need the agreement of all shippers to be enacted. • On the software development, Vector is still working to get everything up and running by mid-November
3	Vector's costs and funding
	<ul style="list-style-type: none"> • Ian D spoke to slides relating to Vector's request for funding for daily BPP • As outlined in the slides, GIC has no budget to be able to contribute to Vector's costs, but there is a surplus from last year's retail levy that would, typically, be returned to levy payers and that retailers might consider foregoing • Any use of levy surplus would require the agreement of GIC's board • Don noted that the figures included in the slides (\$180K development, \$50K/year IT support, \$50K/year operations) do not represent Vector's total costs in developing daily BPP. • Shippers at the meeting generally indicated that the idea could be acceptable, but they would need to see the figures involved. <p>Action: Ian to calculate each shipper's potential contribution</p>
4	Business rules
	<ul style="list-style-type: none"> • The group reviewed the D+1 rules (developed in an earlier meeting) – no changes <p>On the BPP scenarios:</p> <ul style="list-style-type: none"> • If no allocations at all are available on a day, then there will just be a day with no BPP information to shippers • If that happens, GIC will calculate the daily allocations of the missing days as soon as possible • Daily BPP is being developed to be able to run largely on the push of a button (the GTA processing is manual but minor), so multiple days of calculations (which would happen on Mondays and after holidays) should not take a long time (though note that BPP provision will be done on a reasonable endeavours basis) • Gas gate corrections discovered after D+1 has been calculated will be held until the interim allocation; daily BPP positions will not be affected • Welded point corrections that occur after validation can flow through into shippers' positions, as it is important that Vector ROI matches what's on Oatis. Matt noted that such corrections should only occur on sites with old meters; a metering error at Rotowaro, for example, should be detected the day it happens
5	Next meeting
	The next DAWG meeting will be Thursday, 22 October, from 10AM to 12.30, at GIC's offices