

## DAWG Meeting #13

**Date:** Wednesday 6 December 2017

**Time:** 9:30 – 11:30am

**Venue:** Gas Industry Co



# Minutes

### Present

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| <ul style="list-style-type: none"><li>• Chris Bolton, First Gas</li><li>• Peter Osbourne, Nova Energy</li><li>• Jim Raybould, Vector</li><li>• Sharon Wray, Contact Energy</li><li>• Greg Redshaw, Genesis Energy (by phone)</li></ul> | <p>From Gas Industry Co:</p> <ul style="list-style-type: none"><li>• Andrew Walker</li><li>• Grace Clapperton-Rees</li><li>• Paul Cruse</li><li>• Ian Dempster</li><li>• Dave Weaver, Concept Consulting</li></ul> |
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**Disclaimer: AW began with a disclaimer that the presentation/discussion of the proposed GTAC arrangements regarding daily allocations in the meeting should not be taken as Gas Industry Co's assessment or endorsement of the proposals. Given the magnitude of change required by 1 October if the GTAC were approved, it is prudent to begin preparing for that scenario prior to the assessment being made.**

### 1 Recap of what the D+1 model does & current daily process

AW presented slides that summarised the current D+1 process. The process has daily and monthly components.

The daily process has two main parts:

- A daily allocation process that provides pool and gate level D+1 allocations to shippers and First Gas (managed by Gas Industry Co). This is covered by the D+1 Business Rules.
- First Gas's daily BPP process that uses Gas Industry Co's daily allocation information together with other data (including GTA, cash-outs, wash-ups, TPWPs, etc) to calculate shippers' running mismatches, allocate cash-outs and wash-ups. This is covered by the MBB D+1 pilot agreement.

The monthly process is where D+1 results replace the initial allocation to become official allocation results. This process is covered by the special allocation provisions in the Downstream Reconciliation Rules. First Gas uses the allocation results for billing (covered by the VTC).

### 2 What's different under the proposed GTAC

AW presented a slide identifying the process changes in the proposed GTAC that would affect the D+1 process and drivers. These changes include balancing, cash-outs, capacity booking, the required frequency for daily allocation and the backstop arrangement if D+1 information is not available.

	<p>The meeting discussed the drivers for D+1 information under the proposed transmission arrangements. It was agreed that D+1 information was still required for balancing at the system level. Shippers commented that daily allocation was also important as an input into the delivery zone capacity nominations process. There was discussion regarding whether information aggregated at the zone level would be sufficient or whether gate-level information was required. There was a tentative conclusion that zone-level allocation information may be sufficient.</p>
<b>3</b>	<p><b>Impact on operational issues</b></p>
	<p>AW presented slides that discussed the following D+1 operational issues that stem from the proposed GTAC:</p> <ul style="list-style-type: none"> <li>• D+1 model design</li> <li>• Timing of D+1 runs</li> </ul> <p><i>D+1 model design</i></p> <p>The current model is optimised for pool level results, since it was designed primarily to support shippers and First Gas in the MBB process. The pool to gate allocation process was added later in response to a request from the transmission owner for gate level information to conform with OATIS requirements.</p> <p>Under the proposed GTAC, the focus of the D+1 allocation process would be different. Given shippers' information requirements (see (2) above), the algorithm would need to be optimised for either the gate or at least zonal level to support the proposed GTAC's delivery zone nominations regime. This information would then be aggregated to the system level to provide information for system-level balancing.</p> <p>Following the earlier discussion on parties' requirements for D+1, the meeting agreed that new versions of the D+1 model would be developed for evaluation. The options that were discussed include:</p> <ol style="list-style-type: none"> <li>1. A model with a regression model for each TOU ICP (telemetry data used for ICPs where this information is available) and each retailer's residual volumes at the delivery zone level. Allocation results would be presented at the delivery zone level of aggregation.</li> <li>2. A model with a regression model for each TOU ICP (telemetry data used where available) and each retailer's residual volumes at the gas gate level. Allocation results would be presented at the individual gate level.</li> <li>3. A model with a regression model for each TOU ICP (telemetry data used where available) with residual volumes at each gate allocated to retailers based on the previous month's initial allocation market share. Allocation results would be presented at the individual gate level.</li> </ol> <p>Subsequent analysis has identified that it may be best to focus on the second and third options. This analysis has shown that at least option three appears to perform reasonably well. In addition, a significant advantage of these gate level options is that delivery zone results can be calculated simply by aggregating gate allocations. In contrast, under option one, there are likely to be issues in disaggregating zone allocations down to individual gates (this would be analogous to the pool to gate algorithm in the current D+1 model which has proved to be unstable at times).</p> <p>After development, these models would be run alongside the current D+1 model to test the performance of the different approaches. Gas Industry Co would report back to DAWG on the results. Timeframes for this work need to be developed.</p> <p><b>Action:</b> Gas Industry Co will develop the new versions of D+1 and report back to DAWG on the performance of these alternative models.</p> <p><i>Timing of D+1 runs</i></p> <p>The D+1 allocation model currently runs twice a day, using the best gas gate and telemetry meter volume data available at run-time:</p>

	<ul style="list-style-type: none"> <li>• In the morning, using a mix of unvalidated and validated gas gate and TOU telemetry meter data (all data is unvalidated on non-business days).</li> <li>• In the afternoon, shortly after 14:00, using validated data on business days and unvalidated data on non-business days. This afternoon time is driven by the VTC which has validation of gas gate meter information occurring by 14:00 on business days. This run produces the 'official' D+1 allocation results that are used in the MBB process.</li> </ul> <p>The D+1 process was set up to run twice a day to understand the trade-offs for shippers in using timely, but less accurate allocations produced by the morning run and less timely, but more accurate allocations produced by the afternoon run.</p> <p>A graph was presented in the meeting showing the difference in the allocation results between the morning run and the afternoon run. This difference is due primarily to the fact that the OATIS web services feed in the morning uses zero as the delivered energy quantity for gates where there is missing data (previously this was reported as a 'blank'). The D+1 model estimates gate injections to replace blanks but accepts zeros as 'true' so the lack of estimation of missing gate data has likely caused the greater variance between morning and afternoon runs.</p> <p><b>Action:</b> Gas Industry Co, together with First Gas, will investigate options to address this 'zero value' issue.</p> <p>Under the proposed GTAC, validated data will be available earlier in the day (the deadline for publication of validated DDRs for delivery points on SCADA or telemetry has moved from 14:00 to 12:00) and seven days per week rather than business days alone. This could allow the official D+1 run to occur earlier in the day, and on non-business days. However, there is still a question around the timing of the validation of customer TOU data and also what will happen for the gates that are not on telemetry.</p> <p>First Gas needed to follow up on which gates specifically would not have daily data and what the new deadline would be for supplying GC/CV values for customer sites. However CB noted that First Gas had included in its RFP for the OATIS replacement that the new system should be capable of estimating missing gate injections so the expectation is that this would be the process for gate data that is not available on the day.</p>
<b>4</b>	<b>Impact on 'contractual' process</b>
	<p>AW presented a slide showing the rules and agreements that the D+1 processes would operate under if the proposed GTAC was implemented.</p> <p>It was noted that, depending on the final GTAC drafting (and on the content of the industry agreement mentioned in the drafting), it may not be necessary for Gas Industry Co to determine special allocations each month to make the D+1 results the 'official' results.</p> <p>The meeting discussed whether the initial allocation would still be required if D+1 was formally adopted under the Reconciliation Rules. It was pointed out that the initial allocation results are a substantial input to the current D+1 model so would still be required but the timing of the allocations could change. For example, the 'mass market' part of the initial allocation could be moved back later in the month to take advantage of more meter readings and the availability of the gas gate residual profile. This could potentially increase its accuracy such that the interim and final could be combined as a single later wash up. Gas Industry Co noted that these ideas would be fully consulted on (outside of the DAWG) due to the major system ramifications.</p>
<b>5</b>	<b>Other</b>
	<p>JR suggested that Gas Industry Co should develop a discussion paper on changes to the D+1 process should the proposed GTAC go forward. He commented that this should include changes to the timing of the D+1 run and requirements for telemetry on meters where the annual metered volumes exceeds 20TJ.</p>

	<p>ID commented that this work should not proceed until the GTAC is approved, otherwise it might imply tacit endorsement.</p> <p>PC noted that it would be good to include discussion on the results of alternative D+1 model formulations described in (3) above.</p>
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