



**D+1 workshop  
26 March 2015**

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- 1. Introduction**
  - 2. Development of a D+1 model and results**
  - 3. Next steps**

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## Introduction: Why D+1?

### **What is the problem?**

- Information comes late: up to 1 month 5 days after consumption
- Retailers' UFG allocations are driven by collective accuracy of submissions – unknown and volatile
- Initial results drive balancing costs
- Rule 37 is a poor fix – too little too late (and requires lots of aspirin)

***Upshot: mass market retailers have few tools for managing their upstream positions***

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## Options considered

### **1. Preferential UFG allocation to causers**

But unstable and no fairer

### **2. Early publication of SADSV to improve estimation**

But only marginal improvement over current retailer processes

### **3. Top down allocation algorithm at month end**

But not appreciably better than initial allocation

### **4. Overseas models**

But not well suited to NZ

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## D+1 appears to solve most problems

- 1. Timely information about consumption**  
published the day after consumption day
- 2. Certainty about position through month**  
should lead to fewer balancing actions
- 3. Allocations depend on previous allocations and gate injections**  
not mass market retailer estimations

***Upshot: Shippers have best available information  
to manage their own positions  
Useful under all balancing regimes***

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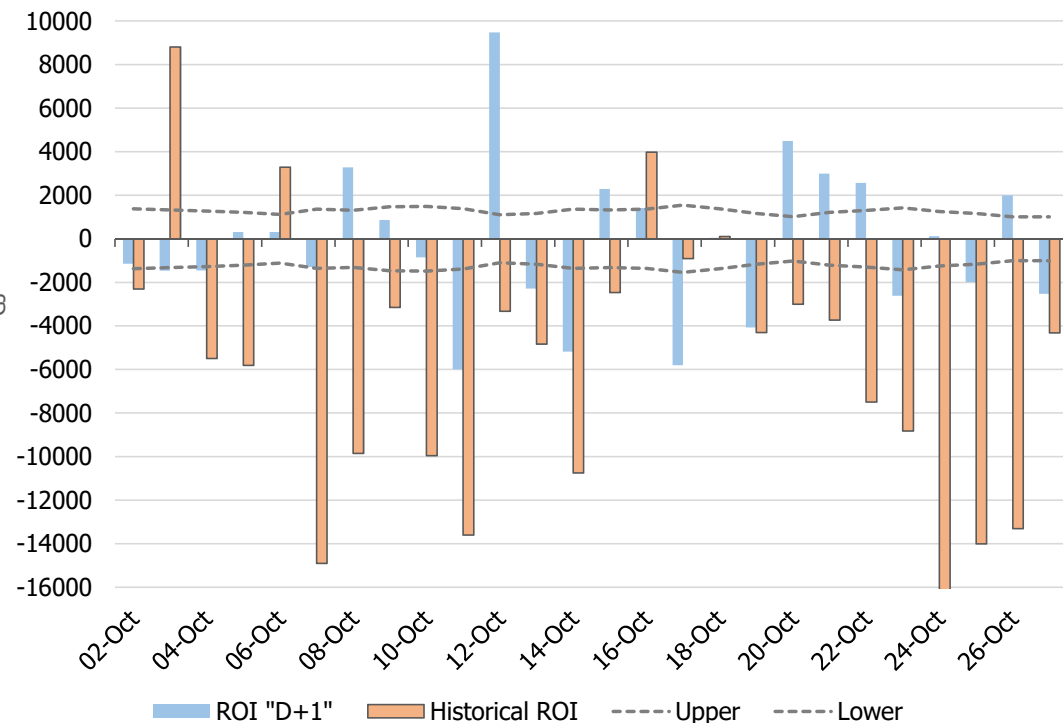
# D+1 Model

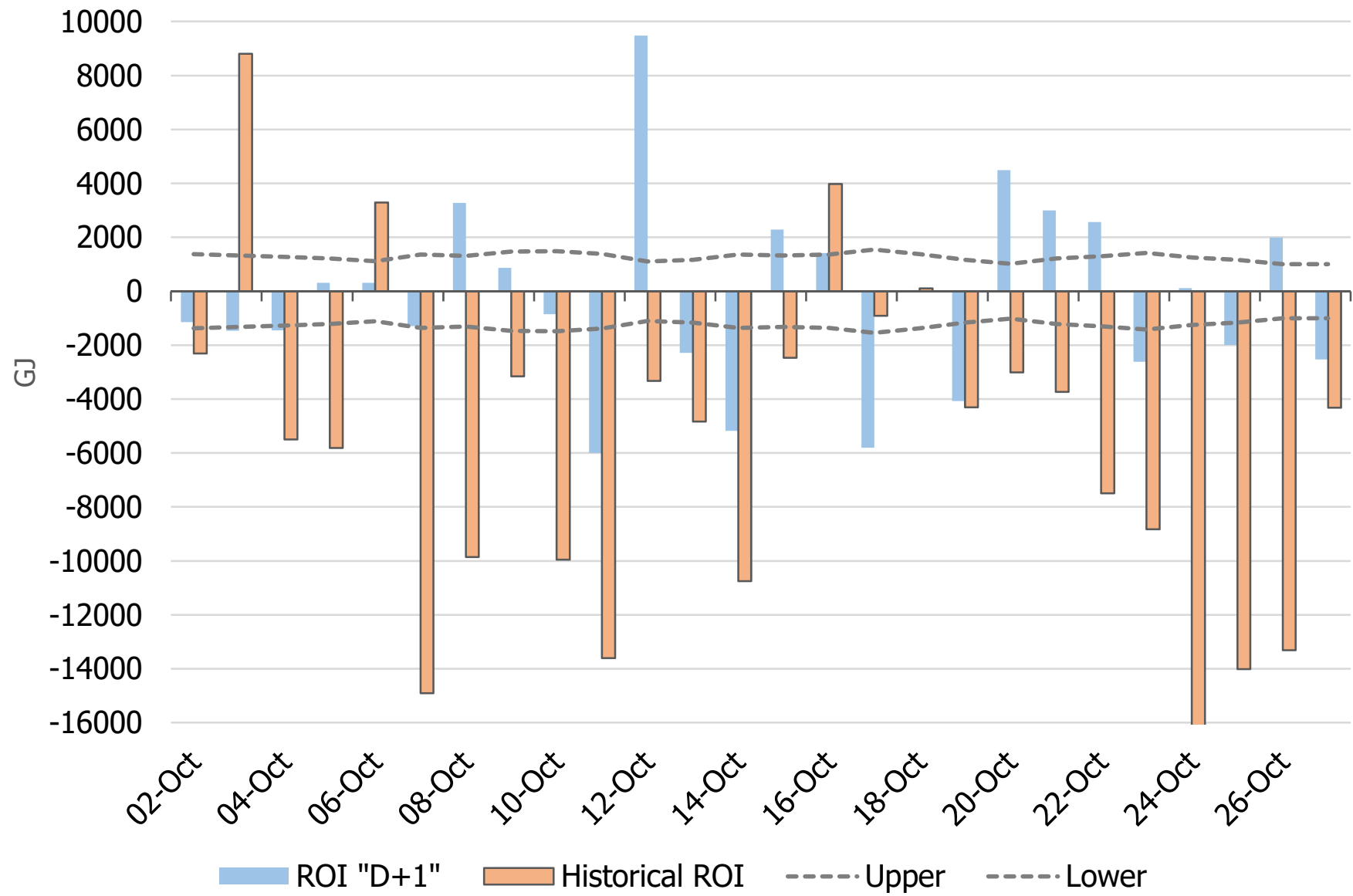
# Illustrative example of using D+1

Example nomination strategy: use today's D+1 allocation (for previous consumption day), plus/minus any error (yesterday's nomination minus today's D+1 allocation), to give today's nomination

An example of this approach is shown for October 2013 (North pipeline)

- Cash-outs occur on about half the days
- ROI is much better with D+1 than it was historically







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## Other bits of the puzzle...

D+1 provides the “downstream” bit

But to know your opening position today requires:

- Your share of any cash-out for yesterday’s closing position (i.e. daily BPP calculations)
- And that probably requires daily title-tracking from the GTA

Is this feasible as part of a trial, and who looks after this?



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## Next steps: feasibility and trial

- Trial is risk-minimising: allows proof of concept and refinement of methodology – but will need universal buy-in to get necessary data
- Key parameter: D+1 results available by midday
- Data inputs needed early in the day:
  - Gas gate injections
  - Telemetry data from customer meters (and conversion factors)
  - CV data
- How do we make this happen?

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# Acquiring the necessary data

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- Available on OATIS
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- Biggest data question – and most urgent
- Could source from retailer systems – but can it be provided in time?
- Another option: data provided to GIC by single service provider who queries all meters?
- Also need conversion factors for uncorrected data

# Acquiring the necessary data

## Gas gate injections

- Available on OATIS
- Most likely use unvalidated data (need data by mid-morning)

## CV

- When is CV data available?
- Day to day variations don't seem large
- May need to use values published yesterday for today's calculation

## Telemetry data from customer meters

- Biggest data question – and most urgent
- Could source from retailer systems – but can it be provided in time?
- Another option: data provided to GIC by single service provider who queries all meters?
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# Tentative plan

*Assuming:*

- All telemetry data is available; and
- Other data challenges can be managed

*Then:*

1. June 2015 (say): Commencement of first-stage trial
  - daily numbers provided on business days
2. Second stage: D+1 allocations used in place of initial allocation results (requires agreement of Vector and its shippers)
  - daily D+1 allocations, including weekends and holidays
3. Development of functional specification and rule changes