



David Hunt - Chair
Ian Wilson - Principal Adviser Pipelines
Melanie Strokes - Adviser Pipelines

ICD Process
2 October 2009

Agenda



1. Approval of minutes
2. MDL balancing regime presentation (MDL)
3. Governance structure (Gas Industry Co)
4. Brief overview of D+1 (Gas Industry Co)
5. Agenda items for next meeting



D+1 Investigation

**Introduction, in preparation for MCo's
results analysis in mid-October**



D+1 Investigation Introduction

- **Purpose of this introduction:**
 - To bring ICD participants up to speed
 - To consider how best to present MCo's analysis



The D+1 Investigation 1

- **The Issue:**

- On the day after gas flow (ie D+1), shippers only have information on their deliveries to end users with Time of Use (ToU) meters with telemetry (Allocation Group 1)
- Shippers have to estimate their deliveries to other users.

	#	PJ	
ToU+telemetry (AG1)	86	6.6	— known
ToU no telemetry (AG2)	303	10.2	} estimated
Monthly read	23,485	6.7	
Multi-month read	265,990	8.3	



The D+1 Investigation 2

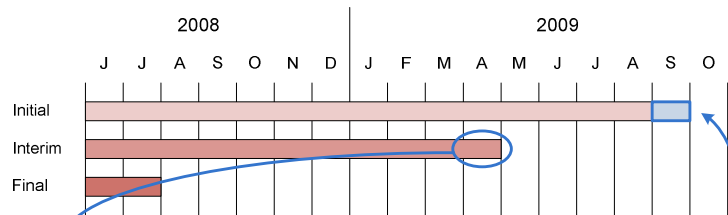
- **The Issue (continued):**

- Initial downstream allocations only become available on the 5th business day of the month after gas flow
- Balancing costs are allocated on rolling mismatches (based on rolling initial allocations)
- So...
 - Individual shipper management of imbalances is not as good as it could be (shippers 'flying blind' for part of their demand)
 - Calculation of balancing cost allocations are not as good as it could be (no wash up)



The D+1 Investigation 5

- **LIA algorithm**

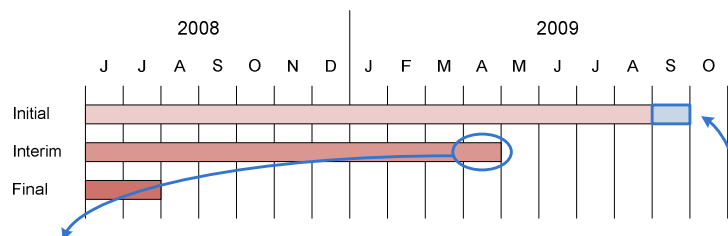


- For each Delivery Point/Retailer/Allocation Group (DPRAG) combination an average weekly profile is obtained from the last interim allocations (in April) i.e. the best, most recent allocations.
- This gives a % of gate ratio for each day of the week for each DPRAG.
- These %s are then applied to the total gate deliveries for each day in September to give estimated allocations by DPRAG.



The D+1 Investigation 6

- **ToU adjusted LIA algorithm**



- For each Delivery Point/Retailer/Allocation Group (DPRAG) combination an average weekly profile is obtained from the last interim allocations (in April) i.e. the best, most recent allocations.
- This gives a % of gate ratio for each day of the week for each DPRAG.
- These %s are then applied to the total gate deliveries for each day in September to give estimated allocations by DPRAG.



D+1 Investigation 7

- **Although the algorithms are simple, complications arise, such as:**
 - New DPRAGs appear and disappear as end users switch retailers, or allocation groups
 - Currently in the allocation system, if there are any negative AG4 or AG6 quantities, they become zero and the AG1 and AG2 group allocations are scaled accordingly
 - Currently participants can backdate trade notifications



D+1 Investigation 8

- **There is a very large amount of data:**
 - About 12,500 lines of data to record each DPRAG combination for every day of a month
 - The results can only be shown by in statistical form