

# Industry Code Development (ICD) Process -Meeting Minutes

Date:	18 September 2009	Date of next meeting:	25 September 2009
Time:	10 am - 1 pm	Time of next meeting:	9.30 am - 2 pm
Location:	Gas Industry Co	Location of next meeting:	Contact Energy
Chair:	Concept Consulting Group	David Hunt	Chair
Attendees:	Contact Energy	Alex Love	AL
	Gas Industry Co	Ian Wilson	IW
		Melanie Strokes	MS
	Genesis Energy	Roger Johnston	RJ
		Ross Parry	RP
	Greymouth Petroleum	Chris Boxall	CB
	MDL	Ron Kelly	RK
		David Bott	DB
		Don Grey	DG
	MRP	Duncan Jared (by video)	DJ
	Multigas	Syd Hunt	SH
		David Emerson	DE
	NZ Steel	Paul van Brakel	PvB
		Dean Adams	DA
	On Gas and Vector Gas Contracts	Anna Carrick	AC
	Todd Energy	Charles Teichert	CT
	Vector Transmission	Jo Murray	JM
		Paul Hodgson	PH

Item	Discussion/Action	who	when
<b>Opening Remarks</b>	IW confirmed that Gas Industry Co will release a Statement of Proposal recommending the participative regulation option (including draft regulations) for consultation early in October (subject to Board approval). He also confirmed Gas Industry Co's commitment to facilitating this parallel process of developing a contracts based solution to minimise the scope of regulation. Responding to concerns about the tight timeframe, IW confirmed that at the end of November, Gas Industry Co would consider the progress of the ICD process. It need not be at an end, but to influence the recommendation to the Minister in December it would need to have demonstrated good progress, and have a clear plan and early deadline.		
<b>Introduction of Participants</b>	Each participant provided a short overview of their company's views on balancing issues. Some common themes included: desire for a simple, low cost system; clarity of when balancing actions should be taken; and clear linkages between cost and causer. The Chair proposed two objectives: <ul style="list-style-type: none"> <li>• to build a consensus on balancing issues; and</li> <li>• to clearly explain dissenting views, so Gas Industry Co can be well informed when it makes a recommendation.</li> </ul> Participants were in general agreement with these objectives.		
<b>Work Programme</b>	Following general discussion on what the priorities should be, the Chair suggested that the group go through the handout - a suggested work plan - and prioritise the items by allocating each a 1 (high priority-fundamental design) or 2 (medium priority-design detail). IW described each item, noting whether the regulations addressed it or not. <b>Design:</b> The group discussed whether or not a unified system with a single balancing agent was possible. It was noted that in effect, there is only one balancing agent at present. The current two-tiered cost allocation system was discussed and some felt it would be difficult to reform.  In relation to extended nominations, it was considered that a possible outcome could be to allow Vector shippers to participate in the Maui pipeline balancing market.  In relation to D+1, it was agreed that it could deliver substantial benefits. While some participants believed it was integral to a unified regime, but the majority view was that it should be assigned a status of '2'.  In relation to governance, IW noted that a common dispute resolution regime was provided for in the regulations. There was general agreement that a disputes regime should be clear, simple and unambiguous, but it did not follow that it needed to use the Rulings Panel. <b>Management of linepack:</b> Some considered that existing operating procedures were adequate, others noted that Maui operating procedures did not cover the Vector pipelines, could be changed at MDL's discretion, and were not enforceable. It was agreed that the management of linepack should be assigned a '1'. <b>Procurement of Balancing Gas:</b> Assigned a '1' priority as the regulations address it. The issue of Vector shippers having access to the MDL balancing market was raised. <b>Information:</b> The issue of mass market shippers not having information about their balance positions was raised. IW noted that M-co is currently working on investigating the feasibility of D+1 algorithms. This work would be reported to the group as soon as it was completed. <b>Other Issues:</b> The Chair asked whether there were other issues that were not currently on the list. The interface between the balancing market and critical contingency arrangements was suggested, but IW noted that this was not a matter addressed in the regulations.  DG said he would make MDL's work plan available before the next meeting.		
	The Chair considered that participants needed clarity on what the regulations cover, in order to focus attention in the right areas. He asked that Gas Industry Co present this material to the group next week and also provide participants with a hand-out illustrating what the contracts solution would need to achieve.	DG IW	25/09/09 25/09/09
<b>Ongoing Meetings</b>	It was agreed that ongoing meetings would be held on Fridays starting at 9:30am. Participants were asked to block out their diaries until at least 2pm.  It was agreed that meeting minutes should be high level, focused on action items.  Concern was expressed that anyone joining the process at later stages - either new participants or new representatives of the current participants - should not cause progress to slow, or require the group to backtrack. The Chair noted that it will be expected that participants who join late should be up to speed.		