

Industry Code Development (ICD) Process - Meeting Minutes

Date:	09 October 2009	Date of next meeting:	16 October 2009
Time:	9.30 am - 2 pm	Time of next meeting:	9.30 am - 1.30 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
		Christine Southey (left at 12:30pm)	CS
	Genesis Energy	Roger Johnston	RJ
	Greymouth Petroleum	Chris Boxall	CB
	MDL	David Bott	DB
		Don Gray	DG
		Ron Kelly	RK
		Murray Jackson	MJ
		Matt Chisnall	MC
	MRP	Jim Raybould	JR
	Multigas	Syd Hunt (tele conference)	SH
	NZ Steel	Paul van Brakel	PvB
	OMV	Nick McDougall	NM
	On Gas and Vector Gas Contracts	Anna Carrick	AC
	Todd Enegy	Charles Teichert	CT
	Vector Transmission (VT)	Paul Hodgson (left at 12.35pm)	PH
		Jo Murray	JM
		Daniel McCarthy (left at 12.30pm)	DM
Apologies:	Genesis Energy	Ross Parry	
	MRP	Duncan Jared	
	New Zealand Steel	Dean Adams	

Item	Discussion/Action	who	when
Approval of Minutes	The minutes were approved with no changes.		
Vector's unified balancing regime presentation	PH gave a presentation outlining Vector's view as to how a contractual balancing option could be achieved. The presentation outlined four phases for implementing the option, which include: Phase 1: Unify, Phase 2: Consolidate, Phase 3: Enhance and Phase 4: Evolve. Phases 1, 2 and 3 each contain code changes which have been packaged together to comprise a phase. PH noted that Phases 1 & 2 address the majority of the issues and would be equivalent to the regulatory solution and therefore these phases need to be considered as a package. The changes in Phase 3 are changes that are generally accepted but require more work. These changes are outside the scope of Gas Industry Co's regulatory option. Phase 4 is to be achieved in the longer term. It would allow for a new contractual structure to arise. The presentation outlined who was currently drafting the changes and the policy decisions that might arise when considering certain changes. PH envisages that Phases 1 & 2 could be implemented by May next year and Phases 3 and 4 could be implemented by August next year. MJ noted that the option assumes MDL is willing to take on these new responsibilities, citing issues with proposed changes 1.1 (TPWP allocation moved to MPOC) and 2.2 (System wide participation in BGX). Several attendees expressed disagreement with the number of phases. The Chair noted that the proposal requires everyone to give something up and that we would discuss it further after DB's presentation.		
David Bott's unified balancing regime presentation	DB presented a model to achieve unification of transmission pipeline balancing. The model does not necessarily represent the views or position of any particular person or company. The model set out a redesign of current arrangements, including TSOs outsourcing transmission services to an 'Industry Gas Management Company' who would oversee everyday pipeline operations such as balancing. The model also proposed the adoption of a single transmission operating code and new contractual arrangements between TSOs, Welded Parties and Shippers. DB noted that he believed his solution would have the same timeframe as the Vector solution and be implemented by August next year. DB pointed out that there was still a lot of work to be done.		
Discussion	The Chair pointed out that despite their appearance there was a lot of similarity between the two presentations. The main difference being the approaches. Vector is taking a 'bottom up' approach that works with the existing codes while DB is taking a 'top down', more conceptual approach starting with governance and filling in the detail. IW noted his view that DB's approach would require agreement to be reached on the fundamental structure whereas with Vector's approach, we can already see the elements. MJ reiterated that Vector's approach is heavily reliant on the assumption MDL would be willing to take on the role. DM noted that both options require the TSOs to make a fundamental decision. There was general agreement amongst attendees that in the timeframe available, Vector's option was more feasible. Due to the disagreement on some of the changes, the order of the changes and the number of phases. The Chair determined the group should progress work on a modified version of Vector's option. The Chair acknowledged that change requests 1.1 and 2.2 would be difficult, but that as the group worked through the other changes the risks of those might change or new solutions might emerge. Attendees agreed with the Chair that the group needed to show commitment to a contractual solution and that the best way to do so would be through a 'Head of Agreement'. The agreement would contain a covering letter, or 'umbrella agreement' in with the details of each change request attached underneath. Each member company would then be required to sign the agreement to show its commitment to the changes. It would then be presented to Gas Industry Co as an alternative to a regulatory solution. The Chair asked that the group work through the changes from Vector's presentation and task people with work on the changes. Gas Industry Co was tasked with writing the cover document. Some attendees expressed disagreement with this, however, no one else volunteered.		
	PH will draft the MPOC and corresponding VTC changes to allow for TPWP allocation to be moved to the MPOC.	IW/ MS	23/10/09
	DG has already circulated draft MPOC changes for Balancing Agent specifications and asked for comments on the changes. It was agreed that this should be discussed at the next meeting.	PH	30/10/09
	DG will be developing change requests to clarify adjustment processes (metering/ROI).	DG	16/10/09
	DG to put together several slides on setting tolerances while reducing the level of cost socialisation. PvB to review and give users perspective.		
	AC raised the point that one way to help users hedge would be to add a nomination cycle by moving the provisional nomination cycle to ID1, ID1 to ID2 and so on. Other attendees agreed this was sensible. It was noted that STOS disagreed with this. DG noted that MDL could look into shortening the nomination cycle or adding an additional cycle, but that it would take time to look into these changes. MDL is currently working on a draft MPOC change to shorten the cycle and will consult on once complete.	DV/ PvB	23/10/09
	DG noted that the changes to procurement and additional BGX functions had been 'nailed down' but the real issue was with system wide participation (Virtual Welded Points) and codifying arrangements. CT added another issue was whether Virtual Welded Points would be voluntary or mandatory. Attendees generally DG noted that MDL is working on drafting back-to-back changes for the MPOC and can provide the corresponding VTC changes. Changes to address peaking DG has circulated MPOC changes to allow for more information on MDL IX. AL noted that there may be issues with confidentiality of the information. It was noted work had already been done by AL on Virtual Welded Points. AL to circulate paper to group.	DG	30/10/09
	It was noted that D+1 and Downstream issues are being discussed in different forums and that they are not core to the work the ICD group is pursuing.	DG	30/10/09
		DG	16/10/09
		AL	23/10/09
Agenda items for next meeting	Gas Industry Co will be presenting an overview of the Statement of Proposal.	IW/ MS	16/10/09
	The Chair reminded attendees to provide MS with comments on the ToR for the balancing gas pricing study. RJ noted that price thresholds should be included in the study. MS agreed to incorporate these.	MS	16/10/09
	Gas Industry Co invited attendees to attend the D+1 presentation on 16/10/09 from 2-3.30pm at Gas Industry Co		