

## Industry Code Development (ICD) Process - Meeting Minutes

Date: 23 October 2009	Date of next meeting: 30 October 2009	
Time: 9.30 am - 2pm	Time of next meeting: 9.30 am -2pm	
Location: Gas Industry Co	Location of next meeting: Simpson Grierson	
Chair: Concept Consulting Group	David Hunt	Chair
Attendees:	Contact Energy	Alex Love
	Gas Industry Co	Ian Wilson
		Melanie Strokes
	Genesis Energy	Roger Johnston
	Greymouth Petroleum	Chris Boxall
	MDL	David Bott
		Don Gray
	MRP	Jim Raybould (teleconference)
		Duncan Jared (teleconference)
	Multigas	Syd Hunt
	NZ Steel	Paul van Brakel
		Dean Adams
	OMV	Nick McDougall
	On Gas and Vector Gas Contracts	Graeme Stodart
	Todd Energy	Charles Teichert
	Vector Transmission	Paul Hodgson
Apologies:	MDL	Matt Chisnall
		Murray Jackson
	On Gas and Vector Gas Contracts	Anna Carrick
	Vector Transmission	Jo Murray

Item	Discussion/Action	who	when
<b>Approval of Minutes</b>	MS to amend previous records to reflect that CT is representing Todd Energy rather than Nova.	MS	30/10/09
<b>Stock take on project</b>	The Chair asked attendees for their view on how the ICD process was going. Attendees unanimously reaffirmed their support for the process.		
<b>Discussion on balancing gas pricing study</b>	Attendees agreed that it was not necessary at this point in time to undertake the balancing gas pricing study. Attendees agreed that for the time being a weighted average price of gas purchased or sold is the best solution in determining balancing gas charges over a transmission day		
<b>Comments on MPOC changes (section 3 Balancing Agent functions &amp; section 4 MDL IX)</b>			
<b>Balancing Agent Functions</b>	CT noted that he was expecting the change to include more detail around when the balancing agent is procuring balancing gas. DG noted that such instructions are included in Standing Operating Procedures (SOPs). CT noted two issues with the SOPs: (1) they have no legal standing; and (2) there are no consultation and change control processes for SOPs. DG agreed that it would be worth developing a process for considering changes.		
<b>MDL IX</b>	Attendees were generally happy with changes presented and MDL noted that it would continue to progress work on this basis.		
<b>Tolerances and Welded Party Claims (MDL presentation)</b>	DG presented (1) the interaction of tolerances with back-to-back balancing cost allocation; and (2) a proposal on Welded Party Claims.		
<b>Tolerances</b>	The slides on tolerances modelled the effect reduced tolerances had on cost recovery. The analysis period was from 12 December 2008 to 18 October 2009 and given the difficulty in modelling behaviour it was assumed that pipeline behaviour would not change. The analysis results showed that as tolerances levels decreased, the percentage of balancing gas costs recovered increased. When tolerances are at 0% the results showed a 100% recovery of costs. DG noted MDL's preference for tolerances to be retained in MPOC but set to zero.		
	Attendees generally thought it would be useful to see the dollar amounts next to the percentages for the analysis results. DG will circulate these additional numbers via email.	DG	6/11/09
	Attendees generally expressed disagreement with tolerances being reduced to zero. RJ suggested that there should be a transitional phase where tolerances are set to a lower level than current for a period of time. DG will look at how small MDL can set tolerances to get close to full recovery and present the results to the group.	DG	6/11/09
<b>Welded Party Claims</b>	The slides on Welded Party Claims outlined MDL's proposal for how they might be handled. Some participants expressed disagreement with the proposal for claims to be determined by Gas Industry Co's compliance regime. DG asked that attendees email him comments on the proposed changes.		
<b>Outline of Heads of Agreement</b>	AL noted that he had several issues with the Outline of Heads of Agreement. The Chair suggested that AL make the track suggested changes into the document and circulate to the group.	AL	30/10/09
	RJ agreed to drafting the 'Umbrella Agreement'.	RJ	30/10/09
<b>Agenda items for next meeting</b>	PH and DG to present on (1) options to achieve a single balancing agent to manage linepack across both transmission systems; (2) options to achieve system wide participation; (3) options to address adjustments (metering corrections and ROI); (4) options for unbundling OI at TPWPs; (5) options for UFG management; and (6) options for achieving TPWP participation in BGX.	PH/ DG	30/10/09
	MDL to provide a paper on shortening the nomination cycle.	DG	30/10/09
	MDL to draft changes to allow for back-to-back balancing. Vector to draft corresponding VTC changes.	PH/ DG	30/10/09
	CT and DB confirmed they would present on the treatment of the Balancing Agent's financial risk to group at the next meeting.	CT/ DB	30/10/09
	Attendees agreed that the next ICD meeting should be longer. The next ICD meeting on 30/10/09 will be from 9.30am to 4pm.		