

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

Date: 30 October 2009 Time: 9.30 am -2pm Location: Simpson Grierson	Date of next meeting: 06 November 2009 Time of next meeting: 9.30 am -2pm Location of next meeting: Gas Industry Co	
Chair:	Concept Consulting Group	David Hunt
Attendees:	Contact Energy	Alex Love
		Sharon Wray
	Gas Industry Co	Ian Wilson
		Melanie Strokes
		Robert Brears
	Genesis Energy	Roger Johnston
	Greymouth Petroleum	Chris Boxall
	MDL	David Bott
		Don Gray
		Matt Chisnall
	MRP	Jim Raybould
		Duncan Jared
	NZ Steel	Paul van Brakel
	On Gas and Vector Gas Contracts	Graeme Stodart
	Todd Energy	Charles Teichert
	Vector Transmission	Paul Hodgson
Apologies:		
	MDL	Murray Jackson
	Multigas	Syd Hunt
	NZ Steel	Dean Adams
	OMV	Nick McDougall
	On Gas and Vector Gas Contracts	Anna Carrick
	Vector Transmission	Jo Murray

Item	Discussion/Action	who	when
<b>Approval of Minutes</b>	CB asked that the minutes, under the tolerances section, be amended to replace 'several attendees...' with 'attendees generally...'. Attendees agreed with the proposed change. MS to amend.	MS	06/11/09
<b>MDL presentation</b>	DG presented on: back-to-back balancing; peaking charges; the effect of small tolerance; and the nomination cycle.  <b>Back-to- back balancing:</b> this part of the presentation outlined the adaption of back-to-back balancing into an MPOC framework; the cost allocation mechanism; and a method for allocating costs to parties who have caused imbalance, but are back in balance at the end of the day. DG will be providing more detail on provisions for WP to WP claims and peaking.  <b>Peaking charges:</b> in this part of the presentation, MDL outlined its conclusions why a disincentive to peaking behaviour is still required. Its intention is to retain the current formula used to calculate peaking but put a fixed price per GJ on each one. The peaking limits in section 7 of the MPOC would need to be reviewed. DG to complete more analysis on.  <b>Tolerances:</b> A second analysis on tolerances was completed by MDL to include the amount of socialised costs associated with different tolerance levels. While most attendees expressed agreement with the user pays principle, several attendees felt a small tolerance was not inconsistent with this and would avoid transaction costs.  <b>Nomination cycle:</b> Two options were presented for amending the timing of the current nomination cycles: (1) retain the same number, but change the timing; and (2) add an extra cycle at an estimated cost of \$200 to \$300k. PvB noted that the current nomination cycle timing introduced significant risk for downstream users, which would be avoided by adjusting the timing and/or reducing the confirmation time. Attendees generally agreed that one of these changes along with a shortened nomination confirmation period would be beneficial. SW asked what the cost of two additional cycles would be. DG will investigate and report back.	DG	13/11/09
<b>Notional welded points (Contact presentation)</b>	AL presented a proposal for extending MPOC balancing arrangements across Vector transmission receipt and delivery points. The advantages of the proposal were identified as: simpler; clearer; more transparent; decreased credit risk for the TSOs; and less grounds for disputes. AL noted that there are still a number of aspects of the proposal that need to be considered, including: whether the arrangements would be voluntary or mandatory; what the cut-off point for a site to become notional welded points should be; and whether Vector acts as an intermediary (with the arrangements established through Vector's rights as an MPOC welded party), or with MDL directly with rights established under the MPOC. Attendees generally agreed there was merit to the proposal. DB noted that he is unsure on MDL's view of the proposal. He will discuss the proposal with MDL and report back to the group once it has been considered.	DB	13/11/09
<b>Credit/ default risk and balancing costs (Todd presentation)</b>	CT presented on possible ways for managing risks and who could be responsible for them. The presentation was intended merely for discussion and is not determinative. It reviews the key issues, types of risks, and options for managing those risks. Attendees discussed the merits of each of the three parties bearing the risk: TSOs, Shippers and producers and the advantages and disadvantages of each. Attendees agreed that further discussion should take place on this issue. CT agreed to circulate his presentation.	CT	02/11/09
<b>Agenda items for next meeting</b>	Due to time constraints, the discussion on the Heads of Agreement was deferred to the next meeting. The Chair noted that there may be more clarity on the MDL and Vector issues next week.		