

Industry Code Development (ICD) Process - Meeting Minutes

Date: 06 November 2009	Date of next meeting: 13 November 2009
Time: 9.30 am -2pm	Time of next meeting: 9.30 am -4pm
Location: Gas Industry Co	Location of next meeting: Gas Industry Co
Chair: Concept Consulting Group	David Hunt
Attendees:	Chair
Contact Energy	Alex Love
	Sharon Wray
Gas Industry Co	Ian Wilson
	Melanie Strokes
	Robert Brears
	Christine Southey (10.30am-12.30pm)
Genesis Energy	Roger Johnston
Greymouth Petroleum	Chris Boxall
MDL	David Bott
	Don Gray
	Matt Chisnall
MRP	Duncan Jared (Tele conference)
Multigas	Syd Hunt (Tele conference)
NZ Steel	Paul van Brakel
On Gas and Vector Gas Contracts	Anna Carrick
Todd Energy	Charles Teichert
Vector Transmission	Paul Hodgson
Apologies:	
MDL	Murray Jackson
MRP	Jim Raybould
NZ Steel	Dean Adams
OMV	Nick McDougall
Vector Transmission	Jo Murray

Item	Discussion/Action	who	when
Approval of Minutes	The minutes incorrectly state that Matt Chisnall was not present at the 30 October 2009 ICD meeting. MS to amend.	MS	11/11/09
Vector/MDL presentation	The joint MDL/Vector presentation did not take place. DB noted that things were moving forward, but needed to be clarified in order to deliver a clear message. PH also noted that discussions between MDL and Vector had been positive and they can see a way forward. MDL and Vector will continue to work together on a presentation on how a joint approach might work to be presented at the next ICD meeting.	PH/ DG	13/11/09
Nomination cycle timing presentation (Anna Carrick, Paul van Brakel)	AC noted that the proposal in the presentation was intended to facilitate discussion. The proposal suggested changes to the cycle times including moving the Intra-day 1 cycle onto the day of gas flow. SW considers that adding an extra cycle or two may give people more flexibility. AC agrees that adding cycle(s) should be considered in the long-run, but that the proposal is something that can be done quickly and without much cost. DG to work on next steps.	DG	20/11/09
Heads of Agreement- MoU	The Chair invited attendees to comment on the draft MoU prepared by RJ. RJ to amend. RJ suggested that in 4.1, bullet point 5, 'residual' be removed as balancing tools may be wider. Attendees agreed with the change. CS noted that HoA should also include a timetable. She also noted that attendees needed to agree to the principles and as much of the detailed changes as possible in order to give the Minister confidence in the industry solution. The Chair suggested that the timetable be discussed next week noting that the outcome of the discussions between MDL and Vector would be pivotal to the process. RJ to amend to reflect CS's comments. DB noted that MDL would like issues surrounding metering quality, nominations, and allocations included in the MoU. AL suggested it belongs in the schedules as it is a detail, rather than principle. DB to amend MoU to reflect MDL's view. AL requested that in 3.3 the words 'by existing entities (service providers)' be deleted and the full stop ending after 'operated'. He noted that Gas Industry Co should be agnostic to this. Attendees agreed. RJ to amend. CB requested that in 4.1, the purpose of the rules be brought into the MoU by adding the word 'efficient' before 'integrated'. Attendees agreed. RJ to amend. IW invited attendees' views on whether Gas Industry Co should be a signatory to the MoU. CS noted that all Gas Industry Co could do was acknowledge the agreement and that it will give the document careful consideration when determining how to move forward. RJ to amend MoU to reflect this.	RJ RJ DB RJ RJ RJ	11/11/09 11/11/09 20/11/09 11/11/09 11/11/09 11/11/09
Heads of Agreement- Schedules	IW noted that Gas Industry Co has offered its assistance in drafting the Schedules of the HoA. This does not imply the agreement is superior to regulation. The presentation outlined: items that appeared to have general agreement; items that remain contentious; and suggested wording from the Draft Gas Governance (Balancing) Rules that could be used in some of the Schedules. Attendees generally agreed that the balancing principles were more useful than the wording in the Draft Balancing Rules. AL noted that it would be useful to re-draft the Schedules to reflect the MoU. Attendees agreed. IW to work on for next meeting. Linepack management: IW noted that outstanding questions regarding the Balancing Agent (who and how many) remain. The Chair suggested that this be parked until after the Vector/MDL presentation. IW noted that the proposed MPOC Balancing Principles did not meet the current draft HoA because the Balancing Agent does not have "...no operational discretion"; and the SOPs are not "...subject to the code change request procedure". DG noted that allowing for discretion was deliberate. He added further that Vector/MDL would provide more clarity on this. In relation to SOPs not being subject to code change processes, DG noted that MDL will issue proposed SOP changes for comments a month before taking effect. IW noted that the MPOC Balancing Principles may not adequately address how each TSO manages its own-use-gas and UFG. DG noted that MDL will work on new SOPs to address these items. IW also noted that the MPOC Balancing Principles do not include a commitment to making linepack flexibility available. DG noted that MDL would prefer no principles around these and rather users accept the threshold. PH noted that the unified approach will look at how to maximise flexibility, which may include SOPs being applied across the entire transmission system. Procurement of balancing resources: IW noted that price caps/floors for balancing gas had not been included in the MPOC Balancing Principles. Despite some difference of opinion, attendees generally agreed that a price cap should be incorporated as the market is not yet mature. DG noted that there is currently a zero price floor in place. The outstanding question is how to set the cap. IW welcomed suggestions on this. Open market for balancing services: IW included the key points from the MDL 'Annexure' in the Schedule. DG notes that he had received some feedback on the Annexure and that this was apart of the discussions taking place between MDL and Vector. Allocation of cost to causers: IW asked whether attendees had any issues with 'pay now, dispute later' provisions. AL noted that Contact could only agree if it is able to pursue a dispute directly with the party causing the dispute. PH agreed that something could be worked out around this and that it would be looked at further once it became clearer what the balancing agent entity will look like. IW noted the undecided matters and asked for views on each. DG noted that MDL's intention is to not re-invoice for balancing corrections. AC noted that there needed to be a financial mechanism to wash-up financial costs after interim/final downstream allocations. In relation to metering errors, attendees generally agreed these were more difficult to correct. IW noted that the proposed rules were silent on both issues. DG noted that the MPOC and corresponding VTC changes for back-to-back balancing were parked until the MDL/Vector proposal.	IW DG DG RJ IW GIC	13/11/09 20/11/09 20/11/09 20/11/09 13/11/09 20/11/09
Information for pipeline users/Balancing Agent	IW noted the undecided matters, including separate nominations for OI payback, and D+1 allocations. RJ noted that he was able to present on the OI payback issue. CB raised the issue of unvalidated/validated data not being available on non-business days. AL and AC noted similar issues. IW to amend Schedules to provide for this.	RJ	20/11/09
Governance	IW noted that Gas Industry Co was preparing a presentation on the Rulings Panel to be presented at the ICD meeting in two weeks.	GIC	20/11/09
Agenda items for next meeting	The Chair noted that the Vector/MDL presentation will be held next week. Attendees agreed that the next meeting be held from 9.30 to 4pm. Attendees agreed that if necessary the group should have a meeting on 18 November.		