

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

Date: 13 November 2009 Time: 9.30 am -4pm Location: Gas Industry Co	Date of next meeting: 20 November 2009 Time of next meeting: 9.30 am -2pm Location of next meeting: Gas Industry Co	
Chair: Concept Consulting Group	David Hunt	Chair
Attendees:	Contact Energy Gas Industry Co Genesis Energy Greymouth Petroleum MDL MRP Multigas NZ Steel On Gas and Vector Gas Contracts Todd Energy Vector Transmission	Alex Love Sharon Wray Ian Wilson Melanie Strokes (left at 2pm) Robert Brears Christine Southey (left at 12.30pm) Roger Johnston Chris Boxall (tele conference) David Bott Matt Chisnall Ron M Kelly (left at 12.30pm) Duncan Jared (tele conference) Syd Hunt Paul van Brakel (tele conf left at 12.30pm) Anna Carrick Charles Teichert Jo Murray Paul Hodgson
Apologies:	MDL MRP NZ Steel OMV	AL SW IW MS RB CS RJ CB DB MC RK DJ SH PvB AC CT JM PH Don Gray Murray Jackson Jim Raybould Dean Adams Nick McDougall

Item	Discussion/Action	who	when
<b>Approval of Minutes</b> The minutes from the 06 November 2009 ICD meeting were approved.			
<b>Vector/MDL presentation</b> The Chair noted that Vector and MDL were unable to reach agreement on several of the details of a balancing solution. Therefore, Vector and MDL presented separately their views of the balancing solution.			
<b>MDL presentation (Ron M Kelly)</b> RK presented MDL's view of how a joint balancing regime could be achieved. The presentation canvassed a three phase approach. MDL considers that the benefits of implementing the solution in phases is that after each phase parties will have time to reflect on the changes that were made and assess the costs and benefits of moving into the next phase. The three phases comprising the MDL proposal include: (1) Integrated balancing; (2) Single nominations; and (3) Unified Gas Management System (refer to David Bott's presentation of 09/10/09 'Beyond the Residual'). MDL also noted that an MPOC change request that would introduce back-to-back balancing would be adopted.			
<b>Vector presentation (Paul Hodgson)</b> PH presented Vector's view of how a joint balancing regime could be achieved. PH noted that the Vector solution was primarily about safely delivering gas to end consumers. He noted that the joint regime did not necessarily require a single Balancing Agent but to make the system work better there must be coordination. The presentation outlined the two phases of the 'Vector Strawman' solution: (1) Transparency, allocation and unbundling OI; and (2) Single nominations & IT system and fully unified gas management system (David Bott's presentation 9/10/09).			
<b>Discussion on presentations</b> The key areas where the presentations differ include: (1) Treatment of nominations. MDL's solution proposed that in phase 1 there would be integrated balancing without interlinked nominations, which would not be introduced until later in phase 2. Vector's proposed solution would require interlinked nominations in phase 1; (2) Liability. MDL proposed that the residual risk or liability associated with non-payment would be treated as follows: Large stations would be primarily responsible for liability, Vector would be primarily liable for own use gas, small stations and mass market, and Vector would be secondarily liable for any unpaid or unallocated amounts. Vector proposed that users would be responsible for the residual risk; (3) Who does the allocations to Vector pools. Under MDL's solution, Vector would continue to allocate to its pools, whereas under the Vector proposal, the Balancing Agent would have a direct contract with all users and therefore be responsible for allocating to those users. The timing and sequencing of the two proposals also differed.  Attendees generally agreed that the solutions were moving in the right direction but that much more detail was required.			
<b>Heads of Agreement- discussion on HoA, MoU and Schedules</b> The Chair noted that the timetable could not be changed therefore attendees would have to work with what was currently agreed. He suggested that attendees should turn the HoA Schedules into one final document to be presented to Gas Industry Co. IW agreed to write the first draft of the HoA. CT noted that if, as a result of the HoA or other changes, the situation has substantially changed, the regulatory process would need to recognise this. DH observed that if more targeted regulation was required then a new Statement of Proposal would be necessary.		IW	20/11/09
<b>Agenda items for next meeting</b> Gas Industry Co presentation on the Rulings Panel to be presented at the next ICD meeting.		GIC	20/11/09