

## DAWG Meeting #4

**Date:** Wednesday 12 August 2015

**Time:** 10:00 – 12:00

**Venue:** Gas Industry Co, Level 8, the Todd Building, 95 Customhouse Quay, Wellington

# Minutes

Present	
<ul style="list-style-type: none"> <li>• Anna Carrick</li> <li>• Greg Redshaw</li> <li>• Jim Raybould</li> <li>• Michael Binney</li> <li>• Sharon Wray</li> <li>• Matthew Carnachan (from 11:00)</li> </ul>	<p>From Gas Industry Co:</p> <ul style="list-style-type: none"> <li>• Andrew Walker</li> <li>• Kerry Check</li> <li>• Pamela Caird</li> <li>• Patrick Wilson</li> <li>• David Weaver, Concept Consulting</li> </ul>

1	D+1
	<ul style="list-style-type: none"> <li>• D+1 operating nicely</li> <li>• Shippers might notice a step change in recent allocations: this is due to the regression parameters changing based on the July initial allocation. This sort of step change will happen every month: the first week or so of any month will still be based on the parameters used the previous month, and then the calculation changes when the new initial allocation is available.</li> <li>• The comparison of D+1 to July initial is incomplete: there are differences in the volume totals. Gas Industry Co is still looking into this and will send updated comparisons to DAWG members when available.</li> </ul> <p><b><u>ToU switches</u></b></p> <ul style="list-style-type: none"> <li>• The D+1 algorithm uses the responsible retailer as shown that day in the registry to allocate ToU customers. However, there can be times when retailers are delayed in putting a switch through the registry – they may be waiting on a final reading, for example – but the volume should be allocated to the winning retailer. At the moment, this situation is dealt with by back-dating the switch (<i>GIC comment: note that this practice is not compliant with the Switching Rules but an exception is being introduced via the compliance threshold regime for this scenario</i>). The D+1 model does not identify or apply back dated changes of ownership.</li> <li>• DAWG members agreed that for the purposes of D+1, allocations should rely on responsible retailer data in the registry, unless informed otherwise of a specific customer. Retailers would endeavour to keep the registry as accurate as possible; if the situation where gas should be allocated to the winning retailer rather than the</li> </ul>

responsible retailer in the registry, the winning and losing retailers would jointly send notification to Dave. Such notifications should be sent no later than one full business day before the allocation is run.

- Gas Industry Co will seek industry comment on this and other business rules developed around D+1 processes.

#### **Estimating direct connect data**

- At the last DAWG meeting, the possibility of missing gate injection data for direct connect gas gates was raised. These data aren't needed for D+1 (which just allocates shared gas gates), but they are required for the Balancing and Peaking Pool (BPP) calculations.
- Dave showed the results of his estimation efforts. Some gas gates are easy to model because their consumption can be predicted by season and day of the week. An example is WKE19201, which is a prison. Other gates are impossible to predict in this way; Otahuhu B is an example.
- The point was raised that meter failure is a rare occurrence, and that many of the largest direct connects – such as power stations – would have SCADA feeds as well as normal gate metering. Where there is SCADA monitoring, both the SCADA and the gate meter would have to fail before there was no daily data at the gate.
- DAWG members concluded that estimation via the model cannot be relied upon in the case of missing direct connect gas gate data. But in many cases the retailer and customer would be able to work out a reasonable estimate based on the site's production or generation volumes.
- DAWG members considered that, in the case of no data for a direct connect consumer, Vector should contact the relevant retailer, who would then supply an estimate of its customer's consumption to Vector.

#### **Allocation to gas gates**

- Andrew explained the proposed process. The trick is to make sure that gas gate allocations sum to their gate injections and retailer allocations sum to the residual allocated under D+1. The methodology developed is that the residual at each gate is allocated based on retailers' mass market shares at that gate, according to the most recent initial allocation. Gates are allocated from the smallest to the largest; in this way, the largest gates can absorb any overs or unders at the end (ensuring that retailers are allocated their residual).
- DAWG members accepted that the methodology would not be more accurate than the existing initial allocations (probably less accurate, in fact) but should be adequate for the purpose of transmission billing – which subsequently gets washed up in successive allocation stages.
- The proposed process will be applied to all days and pools (for June/July) to identify exceptions. GIC will provide data to retailers and analyse the magnitude of gas gate level changes from current initial.

**Action:** GIC/Concept to develop and test methodology for allocation to gas gates and send results to retailers

#### **D+1 as initial allocation**

- Patrick explained that Gas Industry Co is in the process of considering options that would allow D+1 results to be provided by the allocation agent in place of the initial allocation. We expect to be able to issue a consultation paper shortly.
- Using D+1 results as the initial will require GIC to provide a form of the GAR130, which is the report usually produced by the allocation agent for Vector and used for transmission billing. One element of the GAR130 is allocations by shipper by contract ID, so GIC will need to get this information from the allocation agent.
- Gas Industry Co asked DAWG members whether any other allocation agent reports would be required of the D+1 allocation. It was suggested that GIC write to Vector

	<p>shippers directly to inquire.</p> <p><b>Action:</b> GIC to develop and release consultation paper on preferred option and related matters</p> <p><b>Group 1 meter readings of zero</b></p> <ul style="list-style-type: none"> <li>Gas Industry Co asked DAWG members to consider what, if any, business rules should be implemented around a group 1 meter reading of zero. That is, is a zero submitted for the previous day's consumption at a ToU site, should it be accepted or replaced with an estimate?</li> <li>DAWG members considered that there are a number of situations in which a zero would be a true reading. Further, there is some opportunity for retailers to validate customer data before D+1 is run on a day. Therefore, a zero submitted as consumption for a ToU customer should be accepted as a true reading.</li> </ul> <p><b>Unavailability of D+1</b></p> <ul style="list-style-type: none"> <li>Gas Industry Co suggested that there should be a business rule that covers the case when it is not possible to produce a D+1 allocation on a day.</li> <li>DAWG members suggested that the D+1 from the same day in the previous week should be used.</li> </ul>
<b>2</b>	<b>Gas Transfer Agreements</b>
	<ul style="list-style-type: none"> <li>Sharon and Anna have been working on the VTC changes necessary to allow GTAs to be submitted and confirmed on a daily basis (rather than weekly, as now).</li> <li>They expect to send an email to Vector shippers shortly, seeking agreement to the short-form change request process.</li> <li>The proposal is to allow Vector to publish the new GTA timeframe via OATIS to allow greater flexibility in the transitional period than if it were fixed in the VTC.</li> </ul> <p><b>Action:</b> Sharon/Anna to progress VTC changes so they are in place for 1 October</p>
<b>3</b>	<b>BPP calculations</b>
	<p>DAWG members discussed data requirements and timing for BPP calculations with reference to the proposed new nomination cycles on Maui.</p> <ul style="list-style-type: none"> <li>Questions for Vector transmission: <ul style="list-style-type: none"> <li>Can shipper positions be provided by 1PM? This would allow shippers to use the results to inform their nominations for the intraday cycle due at 2PM (for 3PM confirmation)</li> <li>Will (or can) the BPP calculations be done twice a day?</li> </ul> </li> </ul> <p><b>Action:</b> Jim to liaise with Vector transmission on the questions raised</p>
<b>4</b>	<b>Wash-ups</b>
	<ul style="list-style-type: none"> <li>GIC reiterated that the current rule 37 settlement process could not be used to wash up D+1 'harm' because the settlement is limited to retailers that are in breach of the accuracy requirement for mass market (AG4&amp;6) submissions. A similar set of calculations could be performed to produce a schedule of payments under D+1 but it would lack any empowerment/enforcement.</li> <li>Shippers discussed the issue of wash-up methodology at the shipper meeting last week. Three options were discussed: <ul style="list-style-type: none"> <li>Volume wash-ups;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Financial wash-ups;</li> <li>• A hybrid of the first two, where cashed-out volumes are settled financially and other volumes are settled through volumes</li> <li>• Sharon is sending an email to Vector shippers to canvass their preferences.</li> <li>• DAWG members mentioned that if no agreement can be reached, Vector shippers may ask GIC for an assessment of the options. It was noted that such an assessment would take some time to produce, so would not be able to solve the issue prior to 1 October.</li> <li>• It was suggested that an interim process for the first six months after 1 October may be beneficial, to allow shippers some time to adjust behaviour and acclimatise to MBB before a long-term decision is made.</li> <li>• Any change to the wash-up process will need changes to the VTC.</li> </ul> <p><b><u>Action:</u></b> Sharon sending an email to Vector shippers re cash-out options and preferences</p>
<b>5</b>	<b>Next meeting</b>
	<ul style="list-style-type: none"> <li>• The next meeting is scheduled for <b>Thursday 27 August, 10:00 – 12:30.</b></li> </ul>