## GIC new logo

**DAWG Meeting #6**

**Date:** Thursday 10 September 2015

**Time:** 10:00 – 12:30

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

# Minutes

|  |  |  |
| --- | --- | --- |
| **Present** | |  |
| * Anna Carrick * Anna Casey * Chris Bolton * Greg Redshaw * Jim Raybould * Michael Binney * Sharon Wray * Matthew Carnachan   By teleconference:   * Craig Schubauer * William Turner | | From Gas Industry Co:  • Andrew Walker  • Ian Dempster  • Kerry Check  • Pamela Caird  • Patrick Wilson  • Dave Weaver, Concept Consulting |
| **1** | **Daily allocation process** | |
|  | **Special allocations to replace initials:**   * GIC provided clarification about the special allocation consultation paper. The proposal to use special allocations to replace initial allocation results with D+1 results is to address the unfairness that would occur if shippers were balancing their positions to D+1 results during the month but then were being invoiced on the basis of a different set of numbers. This situation does not exist as long as shippers are not being provided with daily BPP positions by Vector. In other words, GIC would not consider directing specials for D+1 unless and until shippers are being provided with BPP positions based on the D+1 allocations.   **Daily allocation business rules and processes**   * GIC presented a table outlining the data inputs, processes, and draft business rules for the production of daily D+1 results. (Some inaccuracies were noted in the meeting; the published version of the presentation incorporates the corrections) * On switches: At the moment, the D+1 model downloads a copy of the registry in order to determine the responsible retailer for each ToU ICP. In the longer term, GIC will ask Jade to build a report that will collate this information automatically. The report could include a flag for ICPs that have a switch in progress. This could serve as a useful notification in the D+1 process, but it would not eliminate the need for retailers to alert GIC about the effective date of a switch that is not yet complete on the registry (typically because the losing retailer is awaiting a final meter reading). * One retailer raised the possibility of mid-month group 2 meter readings: could they be incorporated into the D+1 modelling to provide more accurate estimates? Dave responded that the model has not been built to accommodate a mid-month data refresh, and if we were to do one, it would need to be with a complete data set (i.e. all of the group 2 meters would need to be read mid-month and the readings supplied). * On zero values for gas gate injections: There are days when zero is validly recorded for consumption at a gas gate. If there is an error in receiving injection data, the data file generally has a null rather than a zero value.   ***Action:*** Vector transmission double checking the frequency and accuracy of zero readings  It was suggested that any double checking of zero gate injection quantities should be undertaken by Vector transmission and accepted as true if received by the D+1 model.   * What about allocation group 3 or 5 customers? There have been no profiles registered for group 3 or 5 customers since the start of the Reconciliation Rules. At the moment, the model does not cater for such profiles and any group 3 or 5 customers would be allocated as the rest of the mass market load is. * Direct connect gas gates and Nova gas gates are not included in the D+1 allocation (note added to powerpoint table) * Metering data are not validated on weekends (note added to powerpoint table) * The quality of the metering data during the week will depend on the number of exceptions that come through. It takes time to investigate, and it may not be possible to validate all data points before D+1 runs for the day.   **Project timeline**   * It is a longish timetable: optimistically, the earliest that we could have certainty about new rules coming into effect would be the end of calendar 2016; building a D+1 allocation system would take at least another six months after that. (May be possible to get approval in principle from the Minister for new rules, with go-live after the system is commissioned.) This means that the systems set up for the D+1 trial could continue until mid-2017. * Scope: one question up for debate as the project progresses is the scope of the changes. The Reconciliation Rules could change to incorporate just a D+1 process, or there could also be rule changes (or new rules implemented) that would provide for a central service provider to perform the gas transfer and BPP calculations * All costs need to be considered in the decision about the best way forward. * Consideration of this project will need to be included in GIC’s upcoming planning for FY2017, including the co-regulatory forum   **Other D+1 points**   * The impact of MBB on large consumers depends on their contract. At the moment, large consumers don’t seem to know much about MBB. Retailers themselves may not know exactly how the changes will impact their customers. The industry tends to pass through costs at cost, except for the margin on energy. * There was some discussion on whether large consumers may view paying for installation of telemetry as a desirable option for controlling costs (so they have a known position each day). It was noted in the discussion that large consumers may start to move to smart meters rather than telemetry * Knowing about shutdowns could improve the accuracy of D+1 allocations for group 2 customers   ***Action:*** Dave to investigate adding shutdowns to the model | |
| **2** | **Update on D+1 model** | |
|  | * Dave presented some analyses about the accuracy of breaking down pool allocations to gas gates * Most of the error is in estimating the group 2 consumption; Dave is not suggesting any changes to how the residual is allocated to gas gates * One retailer suggested that publication of the residual by pool (a quasi-SADSV by pool) would be helpful   ***Action:*** Dave to investigate publishing residual by pool  ***Action:*** Dave to provide each shipper with their August allocations by gas gate | |
| **3** | **Daily BPP update** | |
|  | * Vector is targeting 1 November for production of daily BPP positions for its shippers * Providing daily BPP positions is resource-intensive; it is not a cost that Vector will be happy about meeting indefinitely. Vector does not consider that it is Vector transmission’s sole responsibility to provide this information as Vector derives no benefit from the information. It was noted that GIC has no explicit provision in its budget for such costs and Vector may need to look to its customers.   **On wash-ups:**   * Chris Bolton is sending a spreadsheet to shippers outlining 3 different wash-up options (physical, financial, and hybrid) and asking shippers to vote. For all the options, the starting mismatch for each day doesn’t change * The outcome will most likely be implemented by side letter for the purposes of the trial and will need to include an indemnity for Vector * The side letter needs to be in place 1 October (or if later, then there needs to be agreement about how retrospective wash-ups are handled) * There also needs to be a decision on how the wash-ups for the consumption months prior to October will be treated. One suggestion was that the volumes that normally would be added to shippers’ positions in October and November (as a result of interim and final allocations run in September and October) be held until December, when shippers will be receiving daily BPP positions and better able to manage the effects of the returned volumes. * ***Action:*** Chris to include question about treatment of prior consumption months in his email to shippers asking about wash-up methodology preference * BPP calculations will need to account for any changes in MDL cashouts due to metering volume differences between unvalidated and validated data. This situation will arise every weekend. There was a lot of discussion about this point. It would work much better for Vector shippers if any corrections could be applied forward rather than retrospectively correcting past days.   ***Action:*** Jim is going to approach MDL about this issue  **On special allocations:**   * Vector has an issue with how UFG is calculated under the VTC, which uses measured gas quantities in its calculation. UFG is a component of Vector Running Imbalance and an input into the BPP calculations. At the moment, allocations are also based on validated, measured gas quantities. But D+1 uses the data available when it runs, and, in the case of meters that are not read every day, uses estimates. Thus there is a potential mismatch between data sources if the D+1 results were to be used as a substitute for the initial allocation. Vector intends to explain the issue in detail in its submission on special allocations * Some members noted that any differences would be able to be washed up at the interim allocation stage * Because it will be affected by the wash-up method, Vector transmission should also vote on its preferred wash-up method | |
| **4** | **Update on GTA VTC change** | |
|  | * Submissions on the VTC change were due 11 September. The change will allow the timetable for submitting GTA information to be published on Vector Oatis * Tim Bush will be sending shippers the standard file format to use for submitting GTA information | |
| **5** | **Update on wash-up process** | |
|  | Discussed under #3 above | |
| **6** | **Next meeting** | |
|  | * The next meeting is scheduled for **Thursday 24 September, 10.00 – 12.30**. | |