## GIC new logo

**DAWG Meeting #7**

**Date:** Thursday 24 September 2015

**Time:** 10:00 – 12:00

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

# Minutes

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| **Present** | |  |
| * Anna Carrick * Chris Bolton * Don Gray * Greg Redshaw * Jim Raybould * Michael Binney (from 10.45) * Sharon Wray * Matthew Carnachan   By teleconference:   * Craig Schubauer * Lyndon Bird * Rod Wong * William Turner | | From Gas Industry Co:  • Andrew Walker  • Ian Dempster  • Kerry Check  • Pamela Caird  • Dave Weaver, Concept Consulting |
| **1** | **Special allocation consultation submissions** | |
|  | * GIC summarised the submissions received on the special allocation consultation. Of the 7 submissions received, 5 supported the proposal; one supported in principle, and Vector opposed, citing inconsistencies with the VTC. * GIC presented some analysis of the magnitude of the concerns raised by Vector and asked, where does that leave us? Should we even continue the trial? * A couple of retailers said that D+1 allocations were useful even in the absence of daily BBP, as it provided another piece of information that could be used to manage positions. Others said that it was helpful in estimating load but not, by itself, useful to inform primary balancing decisions. Another retailer said that D+1 had no value without daily BPP information. * Dave noted that he has been sending information on residual volumes to shippers. This is the volume left in a pool after D+1 has allocated allocation group 1 and 2 customers. Shippers can use this information for their own estimation.   **Issues discussed about D+1:**  Use of validated data   * Attendees discussed the possibility of using D+1 results based on validated metering data as the basis for daily BPP calculations. Validated data are available at about 2PM, which would allow D+1 to be produced by 3PM and BPP results by 5PM. That would still provide some time before the 6PM close of the last intra-day Maui nominations cycle. * Vector interruptible nominations are due an hour prior to Maui nominations, so 5PM BPP positions would be too late to inform 5PM Vector interruptible nominations. Dave noted that when Vector begins supplying metering data via ftp, it will streamline the D+1 process and shave some time from D+1 model runs. There may also be some headroom in the 2 hours estimated to be needed for BPP calculations. Or perhaps Vector could change their deadline? * Validated data are still not complete: daily results will not include validated results for meters not read daily nor data on metering corrections * As a start, shippers could perhaps agree to a 5 day a week process as a way to get things rolling and to keep costs down * Shippers generally seemed to agree that using 2PM validated data for a 5 day a week BPP process was a pragmatic way forward.   Washups   * How will wash-ups be done for consumption months prior to October? In the absence of changes, a lot of volume will fall on 1 October; shippers will be incentivised to “pre-load” to manage this volume. * Shippers previously discussed that a pragmatic solution would be to spread the returned volume equally over the days of the month, so as to avoid sudden changes to their running mismatch positions * Vector indicated that it will do its best on this issue and will be writing to shippers * For wash-ups post MBB, the majority of Vector shippers voted for the hybrid method. * An unresolved issue is whether wash-ups are done for interim results as well as for finals, or for finals only. Vector would be in favour of doing both wash-ups, but the resources required to do both need to be factored into the decision. * The method of implementing the wash-ups is most likely via a side letter, as Vector would be reluctant to change the VTC for a trial. The issue will be discussed further at next week’s shipper meeting.   Costs of daily BPP   * Vector is working on a cost estimate for implementing daily BPP and will discuss at next week’s meeting * It was noted that shippers will get a good idea of the costs of MBB without daily BPP information in October, which will provide a good comparison to the incremental costs of creating daily BPP information   Legal issues   * Side letter seems the most practical way to address the implementation issues raised by D+1 and daily BPP processes. The difficulty is that it will need the unanimous agreement of Vector and its shippers. Attendees were hopeful that agreement could be reached, given that the alternative is to “fly blind” in months where daily BPP information cannot be provided. * Would shippers agree to an indemnity? No one would sign up to an agreement without knowing what costs it entails. Shippers noted that everyone in the industry is incurring costs in preparing for MBB; Vector should also bear a fair share of its costs. Shippers would need to see a draft letter before being able to comment on whether it was acceptable. * Vector noted that it probably wouldn’t have a full legal document done in time for the shipper meeting next week but would try to provide an outline of what such a document would contain so it could be discussed next week. This issue may not be able to be resolved completely at next week’s meeting; other meetings may be required. * There is an incentive for Vector shippers to keep moving on this issue, as without an agreement there is no daily BPP. * In the future, the GTA and BPP calculations may be done by the allocation agent as part of its obligations under the rules. Such a move would reduce the transmission owners costs as it would no longer need to provide the daily BPP service nor the existing GTA/BPP service (but simply use the outputs for invoicing). * It would be good to have the costs and the operation of daily BPP ring-fenced so that it is transparent and easily transferred to a service provider. | |
| **2** | * Monitoring MBB | |
|  | * Ian Wilson joined the meeting to present an outline of a paper in development on monitoring MBB outcomes * The paper should be released within the next two weeks. GIC intends to invoke its information gathering protocol to obtain access to the data it needs for the monitoring. GIC expects that all parties would support provision of information given the widespread views in submissions that MBB be monitored * Attendees noted that the post-implementation review of MBB should be done in conjunction with the review of D+1: the two aspects could inform each other and possibly provide useful insights * Some questioned the rationale of reviewing MBB, if it is likely that MBB won’t be reversed? Ian W noted that a review could highlight implementation problems that could be resolved by adjusting the MBB settings, such as welded point tolerances; it could also identify remaining issues that might require further policy work * Attendees suggested that the analysis should include MDL’s position: post-MBB implementation, MDL will be the only party that can accumulate ROI over time * One question is the extent to which Vector shippers are able to primary balance under MBB. To answer this question, GIC will request information for the period prior to 1 October 2015 as well to provide a baseline. * One retailer noted that MDL has not provided information on MBB implementation in a timely way: the MPOC that will take effect on 1 October was only just published, and there is no published information on WP tolerances nor on when the BGIX will go live. MDL has not provided what market participants need to know about MBB. | |
| **3** | **Critical contingencies under D+1** | |
|  | * If a critical contingency event is non-regional, how could the CC imbalance procedures affect daily BPP positions? * Under the CCM Regulations, TSOs have 35 days from the end of a critical contingency to determine critical contingency imbalances * If a non-regional critical contingency occurred, then, for the purposes of BPP, the days of critical contingency could be ignored and the closing position of the day before the contingency would be the opening position on the day after the contingency ended. But then what would happen to the residual gas that arises from contingency imbalance calculations? Could that residual be separately washed up?   ***Action:*** GIC to give thought to this issue  *[GIC note: we have now looked into this issue, and it appears to be clearly documented in the Vector CCMP:*  *Contingency Imbalances will be removed from shipper Mismatch on all CC Days, so that opening Running Mismatch on CCP +1 is identical to the closing Running Mismatch on CCP – 1.  [CCP-1 is day before CC event and CC+1 is day after termination of CC event]*  *This means that the days of the CC event can just be carved out from the usual BPP calculation process.]* | |
| **4** | **Vector update on BPP preparations** | |
|  | * Tim Bush is coding over the next week, then will turn to testing databases * Targeting 1 November to be ready to go live * One shipper suggested that 15 November would be a natural go-live date, as it would be after the normal billing processes Vector undertakes * Automated data provision (for feeding into the D+1 model) is being tested at the moment; Vector should be able to move to automated data provision by next week. The information will come in 2 folders: one for Vector transmission gate meter readings and one for AMS ToU meter data | |