

## DAWG Meeting #10

**Date:** Wednesday 9 March 2016

**Time:** 9:30 – 11:30

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

# Minutes

### Present

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| <ul style="list-style-type: none"> <li>• Sharon Wray</li> <li>• Don Gray</li> <li>• Chris Bolton</li> <li>• Anna Carrick</li> <li>• William Turner</li> <li>• Bill Miller</li> <li>• Jim Raybould</li> <li>• Matt Carnachan</li> <li>• Craig Schubauer</li> </ul> | <p>From Gas Industry Co:</p> <ul style="list-style-type: none"> <li>• Ian Dempster</li> <li>• Andrew Walker</li> <li>• Paul Cruse</li> <li>• Dave Weaver, Concept Consulting</li> </ul> <p>By teleconference:</p> <ul style="list-style-type: none"> <li>• Greg Redshaw</li> </ul> |
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### 1 D+1/daily BPP experience to date

Parties had generally positive feedback on their D+1 experience to date.

There were concerns over the wider balancing and cash-out process, particularly around:

- allocation of cash-outs greater than mismatch positions
- the cost of cash-outs (including the default rule)
- uncertainty around MDL's strategy for buying/selling balancing gas
- tolerances: no ability to increase tolerances at TPWPs (unlike direct connect gates) and fixed size of tolerance for all WPs doesn't recognise the wide range in throughput and volatility

Most shippers are relying on the BPP, using the information to manage and improve nominations. A real test will be when interim wash-ups come through.

JR raised the possibility of changing the D+1 run to be a single run at 12pm, given that 99% of the time customer data is available at 11am at the latest and so validated data could be used in this 12pm run (with suitable caveats). Several parties responded that the 10am run is still useful as a first check and it is a useful guide. Discussion turned to whether the afternoon run/daily BPP could be brought forward to 12:30 or 1pm; this earlier time would give shippers more time to process their D+1 information and potentially make adjustments to nominations before the earlier ID cycle. The earlier time seemed generally acceptable to the group, on the condition that it didn't impact on the accuracy of the result.

Vector was asked whether the BPP could be run twice daily but responded that current resourcing only allows for a single daily run (due to the manual aspects of the process).

<b>2</b>	<b>Review of D+1 statistical models</b>
	<p>Gas Industry Co presented the results of the NZIER review of the D+1 statistical models, noting the further work that is currently underway following NZIER recommendations.</p> <p>WT commented that, for the TOU models, minutes of daylight per day may be a useful explanatory variable to explore for improving the explanatory power of these models.</p> <p>DW presented slides showing an updated analysis of TOU ICP demand and error (including AG1/AG2 splits). DW highlighted some causes of large or common errors: no historical data (new ICPs), telemetry issues, changes to sites (decommissioning/upgrades), corrections applied by month-end</p>
<b>3</b>	<b>Manually constraining TOU sites to zero</b>
	<p>Gas Industry Co presented on its proposal of introducing a D+1 business rule that would enable TOU ICPs to be manually constrained to zero for known shutdown periods. This presentation summarised the discussion in the February consultation paper "<i>Consultation on manually constraining D+1 allocations</i>". Parties were generally supportive of this proposal. Gas Industry Co will amend the current D+1 business rules to incorporate this manual constraint mechanism and circulate to parties for comment.</p> <p>It was commented that a further situation where manual adjustment to the D+1 model may be appropriate is where there is a new TOU ICP. In this situation, in the first month there is no historical data, and so the D+1 model will estimate the ICP's gas consumption as zero. An alternative may be for the responsible retailer to provide Gas Industry Co with either a single, daily average for the first month or an estimated consumption profile. There was general agreement that this suggestion was a pragmatic solution for a relatively infrequent event. It was acknowledged that even though consumption forecasts for new sites may be sketchy, it is an improvement on using zero.</p> <p>Gas Industry Co will amend the current D+1 business rules to incorporate this 'new ICP adjustment' and circulate to parties for comment.</p>
<b>4</b>	<b>A simple estimate process for missing gate injections?</b>
	<p>The implication of missing gas gate injections is that the D+1 model will not produce allocations. It was originally envisaged that missing gate injections would be a relatively rare event. However, it transpires that this information is missing relatively regularly (around two-thirds of the days this calendar year have had at least one D+1 run with at least one missing gas gate injection). The missing information is typically from small gates. To date, the Gas Industry Co has been addressing this problem by manually updating the relevant D+1 dataset, taking the data from OATIS (which is zero where there is telemetry and non-zero where there is SCADA). This work-around requires people to be available to input data manually. During workdays, this isn't generally a problem; however this approach does mean that the D+1 algorithm typically does not run on weekends or public holidays. Parties in the meeting commented that missing weekend D+1 data is not so important, but Monday information is particularly important.</p> <p>JR noted that AMS produces estimates for some customer meters when data is missing and (subject to commercial agreement with VT) could also provide this service for gas gate meters. There is potential for estimates to be included, and flagged, in the automated FTP meter data files but this requires further investigation.</p> <p>Gas Industry proposed that, at least in the interim, since the missing gates are small (and so estimation errors are likely to have a relatively small affect), a pragmatic solution for missing gate injection data would be to use the injection data from the corresponding day in the previous week as an estimate (or two weeks before if the day in the previous week is a public holiday). The</p>

	<p>meeting was supportive of this proposal.</p> <p>Gas Industry Co will amend the current D+1 business rules to incorporate this estimate process for missing gate injections and circulate to parties for comment.</p>
<b>5</b>	<b>Notification of TSA/contract updates</b>
	<p>Errors in contract IDs can cause overrun charges, even if volumes are allocated to the correct shipper. Gas Industry Co proposed that, to avoid these errors, <u>shippers</u> should notify it directly of contract changes, as they are the party incentivised to have correct allocations. It would be a similar process to the notification of TOU switches. The required details for notification are:</p> <ul style="list-style-type: none"> <li>• ICP number</li> <li>• Contract ID</li> <li>• Shipper ID</li> <li>• Start date</li> <li>• End date</li> </ul> <p>The meeting supported this approach.</p>
<b>6</b>	<b>D+1 communications</b>
	<p>Gas Industry Co commented that there is regular communication of D+1 issues, which is currently happening in a relatively ad hoc manner, to various people within GIC. It requested that all email correspondence should go to <a href="mailto:allocations@gasindustry.co.nz">allocations@gasindustry.co.nz</a></p> <p>Also on the subject of communications, Gas Industry Co emphasised that DAWG members are the representatives of their respective organisations, so where D+1 issues/business rules impact other teams (e.g. notification of TOU switches) the DAWG member is responsible for passing on communications internally</p>
<b>7</b>	<b>D+1 next steps</b>
	<p>Gas Industry Co commented that it is cautious to proceed with downstream reconciliation rule changes prematurely, given the changes that could occur with the possible Colonial First State purchases. Gas Industry Co is planning an interim downstream reconciliations options paper later this year which will be the follow up to the earlier options paper on improvements to reconciliation arrangements. The paper aims to:</p> <ul style="list-style-type: none"> <li>• cover off previous research and analysis on various options (including D+1) to improve the accuracy/timeliness of allocations</li> <li>• document the current D+1 process</li> <li>• invite formal feedback on the current arrangements (including from stakeholders outside the DAWG who aren't involved first hand)</li> </ul> <p>Gas Industry Co will work with parties as this paper is developed.</p>
<b>8</b>	<b>Other issues</b>
	<p>JR noted that Vector is interested in convening a 'Metering and Meter Data Services Workshop'. AMS is trialling a new corrector device, which is lower cost, battery powered and could be installed by a technician rather than an electrical engineer. As part of the workshop, Vector would like to understand the potential demand for this device and issues. JR also commented that Vector is currently providing a daily service but has no contracts in place. He would like to address this issue in the workshop.</p> <p>JR commented that shifting customers from AG2 to AG1 has been discussed in the past and has considerable merit, particularly for D+1. There is an obvious commercial hurdle as customers may not be willing to pay for telemetry but he noted that one way of doing this would be to change the</p>

	<p>reconciliation rules by removing AG2 as a group. Other DAWG members agreed that a rule change may be necessary to provide a catalyst for change. Due to the cost and resourcing required to roll out telemetry to AG2, this would require a transition period of 2-3 years.</p> <p>A more general discussion followed on allocation groups, including whether to adjust the volume thresholds for AG1/AG2 and also for AG4/AG6. It was suggested that the current thresholds were grandfathered from the Reconciliation Code for convenience rather than any robust analysis of cost vs benefit. Gas Industry Co noted a plan to request consumption information from retailers to try and build a picture of consumer demand. Given the choice between supplying actual ICP-level consumption or numbers of customers and total volumes within incremental 1TJ bands, the preference of retailers appeared to be the former.</p> <p>JR commented that Gas Industry Co should investigate the merits of increasing the transparency of consumption data on gas networks, specifically to allow access to ICP-level data to retailers and potentially other third parties. JR noted that it would be efficient for a single party, such as AMS for instance, to hold a central repository of consumption information.</p> <p>It was noted that there is currently an asymmetry of information between transmission-connected customers and distribution-connected customers, but that gas industry participants seem to be a lot more comfortable with information transparency now than a few years ago. It was also noted that a similar discussion is taking place in the Electricity Authority with regard to the Retail Data Project.</p>
	<b>Next meeting</b>
	<p>Gas Industry Co queried how often the DAWG should meet in the future. It was generally agreed that two-monthly was about the right frequency.</p>