

DAWG Meeting #11

Date: Thursday 13 October 2016

Time: 1:00 – 3:30pm

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"> • Don Gray • Brent Allen • Chris Bolton • Anna Carrick • Jim Raybould • Craig Schubauer • Chris Boxall | <p>From Gas Industry Co:</p> <ul style="list-style-type: none"> • Ian Dempster • Grace Clapperton-Rees • Paul Cruse • Dave Weaver, Concept Consulting <p>By teleconference:</p> <ul style="list-style-type: none"> • Greg Redshaw • William Turner |
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1	D+1 performance to date
	<p>Gas Industry Co presented a review of the performance of D+1 for the period November 2015-May 2016, comparing D+1 and initial results against interim allocation results. The review showed that at a shipper level, the monthly total of daily D+1 allocations had roughly the same level of accuracy as the monthly initial allocations (assuming the interim results were the 'correct' allocations). The review also showed that at an aggregate level there seems to be a tendency for TOU ICPs to be under allocated and MM ICPs to be over allocated. DW agreed to look into this emerging trend.</p> <p>DW noted that the Dec/Jan period is a difficult period for the D+1 model, since there are many days that are not non-business days but are not typical consumption days for many ICPs either. He would expect the model to be less accurate over this period.</p> <p>CBox commented that D+1 allocations are valuable as a key input into the balancing process. Parties were generally comfortable with the results presented.</p> <p>Action:</p> <ul style="list-style-type: none"> • DW to review the emerging trend of D+1 (at an aggregate level) under allocating TOU ICPs and over allocating MM ICPs. <p><u>Erratic gas gates</u></p> <p>CS highlighted that Rotorua gets very erratic D+1 allocations. ID explained that this result is mostly because of the method that is used to allocate pool volumes down to the gas gate level, with gas gate residual volumes allocated to retailers based on their previous initial allocation share. The largest gates absorb allocation inaccuracies. For the BOP pool the largest gate is often</p>

	<p>Rotorua and unfortunately there is little that can be done within the existing gate allocation approach.</p> <p>Putaruru was also mentioned as often being wrong. DW said that there looked to be a problem with the ICP at this gate and would investigate.</p> <p>Action:</p> <ul style="list-style-type: none"> DW to check this gas gate. Update: this gate has been reviewed; an error has been identified and fixed.
2	<p>Timeframe for D+1 pilot phase</p>
	<p>Gas Industry Co led a discussion on the extended duration of the D+1 pilot phase and the tasks required to include D+1 in the downstream reconciliation rules.</p> <p>Parties in the meeting agreed that the pilot phase should be extended until there is some certainty over the nature of the single transmission code and the form of downstream reconciliation that would fit with this code.</p> <p>There was a general agreement that under most potential future schemes shippers will want daily information.</p> <p>The pilot would need to continue while steps to develop a production version of the D+1 allocation were completed – including:</p> <ul style="list-style-type: none"> development of a functional specification for D+1 an evaluation of the merits of D+1 drafting of downstream reconciliations rules changes (including consultation process) promulgation of rules changes service provider appointment production system development. <p>Parties acknowledged that the scope of this work programme and linkages with the transmission single code project meant that the D+1 pilot phase would continue into 2018.</p> <p>It was suggested that the various broad steps required to formalise D+1 should be scoped – detailing the various phases and the interlinkages with the single transmission code work.</p> <p>DG commented that the BPP is a legal agreement attached to the VTC. When the VTC ends, so will the current form of the BPP arrangement. This is a further issue that needs to be considered in scoping out various tasks.</p> <p>ID commented that one of the modules of work that could happen before a transmission code is known is the functional specification of the current D+1 algorithm. Although there is some risk of wasted effort here, the fact that daily balancing and daily allocation is the norm for gas pipelines around the world means the risk is probably low (for example, the model allocates at a pool level and the “pools” are more a function of the physical assets than the structure of the transmission codes).</p> <p>Actions:</p> <ul style="list-style-type: none"> Gas Industry Co to identify the aspects of the various rules and regulations that may be affected by the forthcoming changes to the transmission arrangements. Once the likely shape of the new arrangements becomes clearer, Gas Industry Co should prepare high level plan for the various work modules for the required changes, including implementation of D+1 in the downstream reconciliation rules if required.

3	Continued First Gas funding for D+1
	<p>DG talked to this agenda item. He noted that the current agreement for funding First Gas' management of the daily BPP process runs out by the end of this calendar year. He further noted that circumstances have changed and First Gas is looking at how best to manage the system. He said that following the expiration of the current funding arrangement, First Gas will not ask shippers for further funds to support First Gas' management of the balancing system.</p> <p>AC asked what would happen if the scope of D+1 changes, for example, moves to a seven day a week process. DG said that First Gas was not intending to ask for funding for the changes to the D+1 Agreement currently being proposed by First Gas. Funding for additional changes would need to be assessed at the time.</p> <p>DG commented that First Gas is looking at running the current pipeline operating codes until the new code is available in October 2018.</p>
4	Downstream reconciliation rules changes
	<p>AC commented that the current allocation group configuration needs to be reviewed. JR suggested that low-cost technology was available that could enable the current AG2 group to have telemetry. There is also the possibility of moving AG4 ICPs to daily metering.</p> <p>ID commented that these changes should be driven, primarily, by commercial considerations rather than through rules changes. However, if it becomes clear that the rationale supports, say, all +10TJ sites being on telemetry then the rules should be changed to reflect that.</p>
5	Timing of D+1 runs on business days
	<p>JR raised the possibility of changing the timing of the D+1 model runs. He said that, based on their experience to date, Vector could deliver validated TOU and gate meter information for D+1 by 11am most of the time (cf the unvalidated data that is currently used for the 10am run). This run may be sufficiently accurate to use in the BPP process instead of the 2pm run that is currently used in business-day BPP calculations. The potential difference between the 11am and 2pm runs is that there may be some missing TOU telemetry data in the 11am run which would be estimated in the model – for instance, missing data may arise if First Gas runs an additional data distribution of their sites on telemetry later or Vector gets additional data later in the morning. A benefit of using data delivered at 11am is that the model results (available by around 11.30am) could be used in the BPP process with BPP results potentially being provided to shippers in time for the ID3 cycle.</p> <p>It was agreed that this option of an 11am run (with results available to shippers by 11.30am) would be tested:</p> <ul style="list-style-type: none"> • The morning run would be shifted to 11am, with the 2pm run continuing to be used for BPP purposes. • The results of the morning run would be compared against the afternoon run over a two week period. <p>Gas Industry Co would consult with parties on whether the 11am run was sufficiently accurate to be used in the BPP process. GIC would also investigate with First Gas whether the BPP process could be shifted to earlier in the day, in-line with this 11am run, for BPP results to be available to shippers in time for ID3.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Gas Industry Co to be provided with validated TOU and gate meter data files at 11am (noting the potential for missing data from time to time) (Vector). • Change D+1 morning run time to fit with this timeframe (GIC). • Review accuracy of 11am morning run vs 2pm run over at least a two week period – this

	<p>period may have to be extended beyond two weeks to have a representative sample (GIC).</p> <ul style="list-style-type: none"> • Confirm whether the BPP process can be shifted to earlier in the day to use results from this 11am run (available around 11.30am) and whether outputs from this BPP process can be made available to shippers in time for ID3 (First Gas). • Consult with shippers on whether the timeliness benefit of an 11am D+1 run outweighs the potential loss in accuracy on some days in shifting from the current 2pm run timeframe (GIC).
6	<p>Proposed changes to D+1 business rules</p> <p>Gas Industry Co presented on the proposals included in the 'Proposed Modifications to D+1 Business Rules' consultation paper.</p> <p>There was no substantive comment on the proposals to modify the shutdown rule and the processes to deal with new ICPs or those that have a marked change in consumption.</p> <p><u>Threshold where estimation of gates is stopped</u></p> <p>With regard to the proposal to adjust the threshold where estimation of gates is stopped, Gas Industry Co suggested the following modification:</p> <ul style="list-style-type: none"> • Business day threshold would remain at the current 1,000 GJ. • Non-business day threshold would change to 5,000 GJ. <p>The rationale for this change is that this non-business day threshold would enable the model to run nearly all of the time on days where manual intervention is not available.</p> <p>Parties queried whether the higher threshold would result in a high proportion of estimated gas being used in BPP calculations. It was clarified that estimates made on weekends are not used in BPP.</p> <p>It was suggested that the rule be changed so that the lower 1,000 GJ threshold is used for D+1 runs that are used in the BPP process and the 5,000 GJ threshold is used for runs that are not included in BPP calculation.</p> <p>Action:</p> <p>Following this discussion, Gas Industry Co will change the business rule on gate estimation so that:</p> <ul style="list-style-type: none"> • 1,000 GJ estimation threshold applies for days where the D+1 run is used for BPP calculations; • 5,000 GJ estimation threshold applies for days where the run is not used for BPP calculations. <p><u>Process to address anomalous telemetry meter reads</u></p> <p>Gas Industry Co commented that submissions on this proposal had revealed shortcomings on the proposed 5x maximum demand threshold for testing for an anomalous reading: for a large ICP, 5x maximum demand is a very large number and so there could be sizeable error that could be under the threshold.</p> <p>Gas Industry Co noted that the wide range in consumption patterns made formulating a simple test difficult.</p> <p>The meeting noted that the focus of the test should be on large ICPs, because the absolute size of a meter error for these ICPs is the major problem.</p> <p>It was proposed that the following should be the test for an anomalous telemetry meter read:</p> <ul style="list-style-type: none"> • For 'large' AG1 ICPs nominated by shippers, a reading of 2x maximum consumption

	<ul style="list-style-type: none"> For all other AG1 ICPs, a reading of 5x maximum consumption. <p>Action:</p> <ul style="list-style-type: none"> Gas Industry Co will implement an anomalous telemetry meter reading test in the D+1 algorithm as described above.
7	Other issues
	<p>DAWG Mandate</p> <p>CBox noted that the Gas Industry Co website describes the scope of DAWG as assisting with the design and implementation of the D+1 trial. Now that the D+1 pilot is underway, he contended that a change in scope is required for DAWG to overview the operation of the pilot. Looking further out, an advisory group is required to assist with the various tasks associated with making downstream reconciliation rules change.</p> <p>Gas Industry Co agrees that the website description of DAWG's role does not reflect the current phase of work on the pilot D+1 allocation regime. We will update the website to ensure it more accurately represents the scope of DAWG's assistance.</p> <p>Gas Industry Co agrees that a different advisory group will be required to assist with any changes to the downstream reconciliation rules.</p> <p>Action:</p> <ul style="list-style-type: none"> Gas Industry Co will update its website to ensure it more accurately represents the scope of DAWG's assistance in the D+1 pilot.