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## Analysis of Submissions on Review of Market-Based Balancing November 2016

# Executive Summary

Market Based Balancing (MBB) is the transmission pipeline balancing regime that came into effect on 1 October 2015. To review the effect of the regime, Gas Industry Co collected and analysed operational data, and reported our findings in a November 2016 paper: *Review of Market-Based Balancing (MBB Review)*. The review concluded that primary balancing had significantly improved, the spread between average balancing gas put and call prices had significantly decreased, and that use of the Mokau compressor had significantly decreased. However, the review also noted that the default rule had applied in about 89% of the days and, despite the improvement in primary balancing, the total volume of secondary balancing activity (puts, calls and cash-outs) had increased.

This report provides an analysis of submissions on the *MBB Review*.

Regarding the questions asked in the *MBB Review* (see [Appendix A](#)) we can conclude that:

1. Most submitters consider that our approach to the analysis was reasonable. However, many also made suggestions for further analysis.
2. Most submitters did not think that there was merit in extending our analysis so that a full year pre- and post-MBB analysis could be done. However, a few thought it might be worth doing so if it would inform the development of a new code, and one thought it was necessary to do a full post-facto Cost Benefit Analysis (CBA).
3. Only a few submitters thought that pipeline users should be asked to re-assess the costs of changing their systems and business practices to accommodate MBB.

Regarding the suggestions for further analysis, we think it is too early to say which of these would be worth pursuing. Once the transmission service definitions are sufficiently advanced to consider how the balancing regime will need to support it, we can re-consider what further analysis would be useful.

However, we think there could be value in reviewing the actual costs of implementing MBB (including the costs of operating the D+1 arrangements, and more frequent allocations through the BPP). In particular, this could identify costs that were not considered in the CBA, put stakeholders in a better position to estimate costs for any future CBAs, and may provide some rules of thumb when assessing future costs. If this information is not captured soon, it may fade from memory. So we think this should be done.

Regarding the next steps:

1. No further analysis on the MBB data will be done at this stage.
2. The need for further analysis will be assessed once the industry has a better idea of what is required of the balancing regime that will support new transmission access arrangements.
3. In relation to the costs of implementing MBB, we will write to stakeholders requesting information, and will collate the results.

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# 1. Introduction and purpose

## 1.1 Background to the review of Market-Based Balancing (MBB)

MBB is the transmission pipeline balancing regime designed by Maui Development Limited (MDL) that came into effect on 1 October 2015.

MDL first proposed MBB in a *Maui Pipeline Operating Code (MPOC) Change Request dated 10 October 2014 (MBBCR)*. The proposal obtained Gas Industry Co support for the reasons set out in our 28 April 2015 paper: *Final Recommendation on 10 October 2014 MPOC Change Request (Final Recommendation)*.

Several submissions on the MBBCR proposed that we should monitor and/or undertake a post-implementation review of MBB. Given the diverse opinions on the effectiveness of MBB, even once it was in operation, we considered that a review was justified. The information for that review was progressively provided to us from mid-2016, and our analysis of that information was published in our November 2016 paper: *Review of Market-Based Balancing (MBB Review)*.

This report provides an analysis of submissions we received on the *MBB Review*.

## 1.2 Essential features of MBB

MBB involves:

1. The automatic cash-out of all imbalances over a tolerance limit at the end of each day;<sup>1</sup>
2. The pipeline operator sourcing balancing gas from a trading platform where possible;<sup>2</sup> and
3. Relevant information being available on a Balancing Gas Information Exchange (BGIX) at bgix.co.nz.<sup>3</sup>

## 1.3 Terminology and details of the MBB implementation

Please refer to the MBB Review for an explanation of:

1. Balancing terminology;
2. The changes that have occurred since the introducing of MBB<sup>4</sup>; and
3. The metrics we used to analyse whether or not MBB had improved pipeline balancing.

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<sup>1</sup> It is Maui pipeline Welded Parties who are cashed-out. Cash outs at Transmission Pipeline Welded Points (TPWPs), where the Maui and Vector pipelines interconnect, are allocated to shippers on the ex-Vector pipelines using a mechanism known as the Balancing and Peaking Pool (BPP). Welded Point imbalance tolerances are specified in Schedule 7 of the MPOC.

<sup>2</sup> This is the market operated by emsTradepoint, a wholly-owned subsidiary of TransPower NZ Limited.

<sup>3</sup> Including pipeline status, imbalances, balancing gas transactions, and cash-outs.

<sup>4</sup> In particular, the introduction of the D+1 trial, ROIL Multiplier changes, and Default Rule changes.

## **1.4 Summary of *MBB Review* Findings**

The *MBB Review* found that:

1. Primary balancing had significantly improved. Although average receipt point (production station) Operational Imbalance (OI) only reduced very slightly, average delivery point OI had reduced by about half and this was reflected by a halving of total shipper mismatch, together with a significant decrease in the volatility of those mismatches.
2. Secondary balancing had significantly improved. Although, the total volume of balancing gas puts and calls had not significantly changed, the spread between average balancing gas put and call prices had decreased. Average call gas price had decreased by 35%, and average put gas price had increased by 94%. The Transmission Service Provider's (TSP) overall trading position moved from a deficit of \$1m to a surplus of \$0.6m in a 9 months pre- and post-MBB-implementation comparison. Use of the Mokau compressor also dropped by about 67%.
3. There was scope for further improvement. In particular, we noted that:
  - (a) First Gas was seeking to make its procurement of balancing gas more efficient.
  - (b) Further consideration should be given to the default rule that had applied in about 89% of the days in the 2015/16 gas year.
  - (c) Despite the improvement in primary balancing, secondary balancing activity had not decreased. In fact, the balancing gas put and call activity had continued at about the same level and the addition of daily cash-outs meant that the total volume of secondary balancing activity had increased.

## **1.5 Purpose**

[Appendix A](#) of this paper provides a comprehensive summary of how each submitter responded to the questions posed in the *MBB Review*. These comments are analysed in Chapter 2. In addition to characterising the submitter views on the topics we also provide some Gas Industry Co comment. Our conclusions and the next steps are set out in Chapter 3.

The *MBB Review*, and submissions are available from Gas Industry Co's website at:

<http://gasindustry.co.nz/work-programmes/transmission-pipeline-balancing/developing/>

## 2. Analysis of submitter views

### 2.1 Submissions received

Submissions on the *MBB Review* were received from:

-  • Contact Energy Limited (Contact)
-  • emsTradepoint
-  • First Gas Limited (First Gas)
-  • Genesis Energy (Genesis)
-  • Greymouth Gas New Zealand Limited (Greymouth)
-  • Major Gas Users Group (MGUG)
-  • Nova Energy Limited (Nova)
-  • Shell New Zealand (2011) Limited (Shell)
-  • Trustpower Limited (Trustpower)
-  • Vector Limited (Vector)

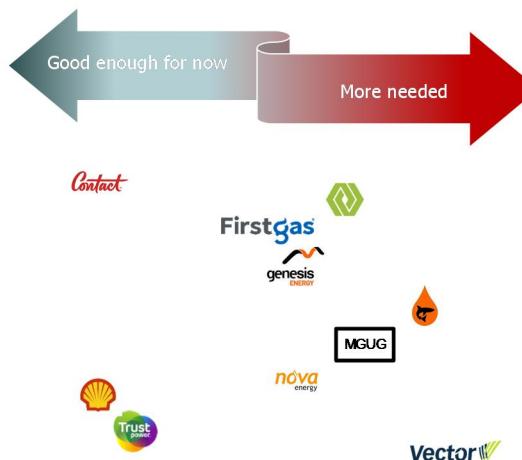
### 2.2 General views

Submissions were mostly brief. While submitters generally think that the *MBB Review* analysis is helpful, there are different views on how to interpret it, and whether more analysis is needed.

The answers to specific questions asked by the *MBB Review* are summarised in [Appendix A](#).

Below we discuss the submitter views on whether more analysis is required, and other matters they raised in submissions.

### 2.3 Is more analysis required?



**Figure 1** Submitter views on whether more analysis is required

## **Submitters who think the analysis is good enough for now**

Contact considers that, other than changes to simplify the MBB rules, the industry should now attend to developing a single code.

Shell does not believe that further analysis would add to the industry's understanding, and proposes that attention is now best focussed on the new code development work.

Trustpower continues to believe that MBB has increased gas industry barriers to entry, but notes that the costs of introducing it are largely sunk, so there is little benefit in further analysis.

## **Submitters who think more analysis is needed**

emsTradepoint thinks that re-visiting some elements of the CBA could provide valuable insights for future CBAs. It also recommends another analysis in 2017 to see if First Gas has improved the procurement of balancing gas.

Genesis thinks that there is merit in further analysis to show the effect of reducing the ROIL to 1.5TJ/day, and in re-assessing the costs of implementing MBB.

Greymouth considers that the analysis is incomplete since it only looks at the benefits of MBB and not the costs<sup>5</sup>. In its view a full analysis of the costs and benefits would be invaluable to the industry in determining whether to include MBB in the new code or not. It does not think that it is relevant that some costs are already sunk. Given how contentious MBB was '...there is a need for closure'.

MGUG believes a number of effects are influencing the results and that these need to be teased out by further analysis. In particular, the analysis periods need to reflect when ROILs were changed.

Nova says there could be benefit in surveying the actual costs of changing systems and practices to accommodate MBB, but only if it helped to inform the design of new transmission arrangements. However, Gas Industry Co should continue to monitor the performance of the emsTradepoint market to assess whether it is the best means of establishing balancing gas prices.

Vector considers that further analysis is needed to identify:

1. How the 'net pipeline trading position' has changed since MBB was introduced.
2. Whether primary balancing has improved because of MBB, or the D+1 trial, or daily BPP.
3. How much secondary balancing is attributable to linepack or UFG issues.
4. Whether the reduced use of the Mokau compressor has increased secondary balancing.

## **Analysis of submitter views**

While a number of submitters believe more analysis would be worthwhile, they have different views on what should be analysed:

1. Costs of changing systems and business practices to accommodate MBB

In regard to Q3 (see [Appendix A](#)), emsTradepoint, Genesis, and Greymouth all consider that there is merit in assessing these costs. emsTradepoint considers it could provide valuable insights for future CBAs, and Greymouth believe the full CBA needs to be assessed because '... there is a need for closure'.

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<sup>5</sup> Greymouth notes that Gas Industry Co undertook to assess the efficiency of MBB v the ILON-based approach at the time it requested the information necessary to do the analysis.

Others do not see any benefit, either because revisiting sunk costs is not relevant to any decision (First Gas, Vector), and/or because attention is better focused on the single code development (Contact, First Gas, Shell, Trustpower).

## 2. Cash-outs and balancing actions

Vector considers there is scope to improve the procurement of balancing gas and that an analysis of cash-outs and balancing actions could show how.

emsTradepoint also suggests that further analysis could be done in 2017, and should focus on balancing gas improvements.

## 3. Teasing out the link between Mokau compressor use and secondary balancing

Vector advocates this.

## 4. Teasing out the effect of linepack and ufg on secondary balancing

Vector advocates this.

## 5. Effect of ROIL changes

Genesis suggest that further analysis should be deferred till after 31/3/2017 so that the effect of the reduction in ROIL from 2TJ/day to 1.5TJ/day and be assessed. MGUG also advocates comparing the data between periods of different ROILs.

## 6. Teasing out the effects of D+1 and daily BPP

A number of submitters (MGUG, Nova, Trustpower and Vector) consider that improvements to primary balancing are arising from better information, rather than from the incentive created by daily cash-outs. Vector and MGUG both advocate more analysis to determine if this is so.

Of these possible lines of further enquiry, item 1 seems qualitatively different to the others. It is aimed at informing future CBAs rather than illuminating any particular aspect of how the balancing regime is working.

Items 2, 3 and 4 aim to shed light on secondary balancing. In particular whether the practices of First Gas (and its predecessors), in relation to buying as selling balancing gas and operating the Mokau compressor, are effective.

Item 5 aims to show how the tightening of tolerances affects balancing behaviour.

Item 6 aims to clarify how much of the improvement in primary balancing is attributable to improved information, and how much to the incentive created by daily cash-outs.

## Gas Industry Co comment

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*In relation to the new transmission access regime, Gas Industry Co still favours beginning with the capacity product definition. As we said in s4.2 of the SCOP1 paper:*

*'... the first options to consider are for the transmission service definitions... Once the core services are defined, it will be possible to consider the supporting arrangements, such as: 1. balancing arrangements (eg MBB, B2B etc)...'*

*At this stage of the single code development work, all that can be said is that the balancing arrangement will very likely change. As a minimum, we expect that there will no longer be cash-out of imbalances at the ex-Maui/Vector pipeline interconnection points.*

*Without knowing what the balancing regime will need to do (balance zones? points?), or what responsibilities will lie with each party (producers, shippers, TSP), it is difficult to say what matters we should enquire into. Given how resource intensive these investigations are, we think it is best to wait until a clearer picture emerges of what questions might be useful to enquire into.*

*However, in relation to item 1 (the costs of changing systems etc), the work would be aimed at informing future CBAs rather than illuminating any particular aspect of how the balancing regime is working. Also, the information required – the costs of implementing MBB – are quite likely to fade from our various corporate memories if not captured soon.*

*None of the submitters supporting a re-assessment of the costs of accommodating MBB said why they thought it would benefit future CBAs. However, we can suggest some possibilities: (a) it may highlight some areas of cost that were not considered by the consultant who prepared the CBA, and avoid these being overlooked in future; (b) it may leave stakeholders better prepared to estimate the costs of a particular intervention in the future; (c) it may suggest shortcuts or useful rules of thumb to assessing future costs.*

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## 2.4 Other matter raised in submissions

Some other comments, not directly related to the questions we asked, were made by submitters. We record and comment on these here.

A number of submitters commented along the lines that the industry has limited resources that are best focused on the new code development rather than doing more on MBB. (Contact, First Gas, Shell and Trustpower)

Although some improvements may have occurred since the introduction of MBB, at least two submitters doubt that the benefits of MBB exceeded its costs. (Greymouth and Nova)

MGUG, Nova and Trustpower note that the observed improvement to mismatches could be due to the better information coming from D+1 (at a cost). MGUG also notes that better balancing gas prices are a result of the better liquidity of the emsTradepoint market over the BGX. If these improvements could have been achieved without daily cash-out, MGUG questions whether the daily cash-out aspect of MBB was needed at all.

MGUG notes that MBB has failed to reduce the need for secondary balancing by the TSP (and, if cash-outs are considered to be secondary balancing, has actually increased the amount of secondary balancing).

First Gas is keen to understand whether further improvements to MBB (such as reviewing the default rule and reducing the amount of secondary balancing) should have priority over the new code work.

Nova notes that there is still inadequate liquidity on the emsTradepoint market to determine a fair value for gas imbalances. This suggests that the cash-out arrangement should be reconsidered. Nova proposes that First Gas should tender for taking up to pre-determined quantities of balancing gas each day (ie Put and Call options). This would be analogous to Transpower procuring frequency-keeping services.

Shell confirmed the improvement in balancing performance reported in the *MBB Review* by doing its own rolling correlation between aggregate Maui pipeline inputs and outputs. The graph included in its submission shows clearly that '...before MBB the correlation varied in the range of 60 to 90% (outputs were only roughly correlated with inputs), now the correlation varies in the range of 85 to 100%'. It notes that daily balancing is a reasonable standard, readily achieved, and should now be accepted '...as it is almost anywhere else in the world'.

## Gas Industry Co comment

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*We agree that the limited resources of the industry are best focused on the new code development. As discussed in our earlier comment, the new code design will require balancing to be re-considered once the shape of the basic capacity product emerges.*

*We accept that many stakeholders believe that the costs of MBB exceed its benefits, and note that our review only aimed to provide '... some preliminary results and seeks feedback on what further analysis may be useful.' (MBB Review s1.1)*

*While stakeholders have incurred new costs in managing the core element of MBB – daily cash-out of imbalances – we do not think that balancing would have improved only through the availability of better information (D+1). In our view there had to be an incentive to use the better information, and daily cash-out provided that incentive. We agree with MGUG that the MBB Review does not prove that the improvement could not have been achieved through better information alone. The MBB Review attributing the improvement to daily cash-out is '...more a matter of faith than evidence...', as the MGUG submission puts it.*

*It is certainly true that the MBB Review's findings rely on a belief that incentives matter. We wish there was a straightforward and convincing analysis that could separate out the effect of the incentive (daily cash-out) from the information that allows it to be avoided (D+1 and daily MBB allocations), but we cannot see it. However, there is anecdotal evidence which indicates that the daily cash-out incentive was the catalyst for change. Gas Industry Co worked on D+1 over a number of years but was never able to get traction with retailers responsible for the vast majority of gas transported (although the mass-market retailers were generally in favour of a D+1 solution). However, as the introduction of MBB approached, retailers' views consolidated in support of D+1 and daily BPP calculations. This does suggest that daily cash-out is the horse that pulled the D+1/daily-BPP cart along.*

*We agree with MGUG that MBB has not reduced the quantum of secondary balancing. The MBB Review notes (p23) that we would expect the improvement in primary balancing to have reduced the quantum of secondary balancing, but that did not occur. This is a serious failing of MBB and, absent an impending re-design of balancing, would certainly demand further investigation. First Gas ask if reviewing secondary balancing should be a high priority for it, given the other work on hand. We look forward to hearing discussion on that point at the 28 February 2017 workshop.*

*Regarding Nova's suggested balancing gas tender, we leave it to the designers of the new access regime to consider that option.*

*We thank Shell for its simple and direct approach to confirming our conclusion that overall balancing has improved since the introduction of MBB.*

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# 3. Conclusion and next steps

## 3.1 Conclusions

Regarding the questions asked in the *MBB Review* (see [Appendix A](#)) we can conclude that:

1. Most submitters consider that our approach to the analysis was reasonable. However, many also made suggestions for further analysis.
2. Most submitters did not think that there was merit in extending our analysis so that a full year pre- and post-MBB analysis could be done. However, a few thought it might be worth doing so if it would inform the development of a new code, and one thought it was necessary to do a full post-facto Cost Benefit Analysis (CBA).
3. Only a few submitters thought that pipeline users should be asked to re-assess the costs of changing their systems and business practices to accommodate MBB.

Regarding the suggestions for further analysis, we think it is too early to say which of these would be worth pursuing. Once the transmission service definitions are sufficiently advanced to consider how the balancing regime will need to support it, we can re-consider what further analysis would be useful.

However, we think there could be value in reviewing the actual costs of implementing MBB (including the costs of operating the D+1 arrangements, and more frequent allocations through the BPP). In particular, this could identify costs that were not considered in the CBA, put stakeholders in a better position to estimate costs for any future CBAs, and may provide some rules of thumb when assessing future costs. If this information is not captured soon, it may fade from memory. So we think this should be done.

## 3.2 Next steps

1. No further analysis on the MBB data will be done at this stage.
2. The need for further analysis will be assessed once the industry has a better idea of what is required of the balancing regime that will support new transmission access arrangements.
3. In relation to the costs of implementing MBB, we will write to stakeholders requesting information, and will collate the results.

# Appendix A Summary of submissions

General	
Contact	Contact agrees with the analysis and the comments drawn from it. It does not think that MBB should be given any more attention (other than to simplify the rules) until balancing is dealt with in the context of the single code work.
emsTradepoint	Ems Tradepoint agrees with high level conclusion that MBB has significantly improved pipeline balancing. Although no further work is required to assess MBB against previous arrangements, individual elements of the CBA should be reviewed where that would benefit future CBAs, and to see if First Gas is continuing to improve balancing gas procurement.
First Gas	The First Gas experience of administering MBB aligns with the <i>MBB Review</i> findings: primary balancing has improved but there remains a need for secondary balancing. While open to improving MBB, First Gas queries whether industry resources may not better be focused on the single code development.
Genesis	Genesis thinks that more analysis to show the effect of reducing the ROIL to 1.5TJ/day would have merit, as would re-assessing the costs of implementing MBB.
Greymouth	Greymouth believes GIC has a conflict of interest in analysing MBB, since it supported MBB. The <i>MBB Review</i> analysis is incomplete since it does not consider costs. GIC should have done a full CBA (including the costs of the supporting D+1 arrangements), as it said it would when requesting the data. This would aid the single code process.
MGUG	MGUG thinks the results could show that the improvements resulted from better information (D+1) and balancing gas procurement on the emsTradepoint market, rather than MBB.
Nova	<p>Nova thinks the analysis was informative but that it should not be concluded that there is a net economic benefit to MBB. Balancing has improved but costs have increased. It notes that the introduction of D+1 allows retailers to mitigate the effect of MBB, but at a further cost.</p> <p>More analysis is only warranted if it helps the design of new transmission arrangements, but GIC should continue to monitor the emsTradepoint market performance.</p> <p>Nova suggests First Gas tender for taking up to pre-determined quantities of balancing gas each day (ie Put and Call options). This would be analogous to Transpower procuring frequency-keeping services.</p>
Shell	Shell considers the analysis supports what is common knowledge elsewhere; that daily resolution of imbalances is necessary either through primary balancing or cash-outs). This needs to be incorporated into the new code.

Trustpower	The complexity of MBB has increased cost and is a barrier to new entrants. Most of the post 1 October primary balancing improvement is likely to arise from improved systems and information, rather than from MBB. But participant costs are largely sunk so the focus should now be on the single code work.	
Vector	Vector considers the analysis is reasonable but that a deeper analysis of the data is required. It does not think that CBA would have merit, but it would support any efforts by First Gas to procure balancing gas more efficiently.	
Q1	Do you think our approach to the analysis is reasonable? If not, what further analysis do you think is necessary?	
Contact	Yes.	Yes <input checked="" type="radio"/> <input type="radio"/> <input type="radio"/> No
emsTradepoint	Yes.	Yes <input checked="" type="radio"/> <input type="radio"/> <input type="radio"/> No
First Gas	Yes.	Yes <input checked="" type="radio"/> <input type="radio"/> <input type="radio"/> No
Genesis	Yes.	Yes <input checked="" type="radio"/> <input type="radio"/> <input type="radio"/> No
Greymouth	No. The analysis considers benefits but ignores costs.	Yes <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> No
MGUG	<p>Yes. However, although there are theoretical and anecdotal reasons for believing MBB has improved behaviour, alternative conclusions can be drawn from the evidence:</p> <ol style="list-style-type: none"> <li>1. Mismatch improvements could be due to better information (D+1);</li> <li>2. Better mis-match prices result from using the market rather than any other aspect of MBB; and</li> <li>3. Secondary balancing by volume has not improved.</li> </ol> <p>MGUG suggests analysis could be segmented into periods when ROIL was 2 (pre-MBB), 1.5 (pre-1 April 2017) and 1 (post 1 April).</p>	Yes <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> No
Nova	Only do further work if it informs the design of new transmission arrangements.	Yes <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> No
Shell	Yes. And supporting evidence is that the Aggregate Maui pipeline deliveries are much more closely correlated to receipts since MBB was introduced.	Yes <input checked="" type="radio"/> <input type="radio"/> <input type="radio"/> No
Trustpower	Yes.	Yes <input checked="" type="radio"/> <input type="radio"/> <input type="radio"/> No
Vector	<p>Yes, but further analysis needed to identify:</p> <ol style="list-style-type: none"> <li>4. How the 'net pipeline trading position' has changed since MBB was introduced.</li> <li>5. Whether primary balancing has improved because of MBB or the D+1 trial or daily BPP.</li> <li>6. How much secondary balancing is attributable to linepack or UFG issues.</li> <li>7. Whether the reduced use of the Mokau compressor has increased secondary balancing.</li> </ol>	Yes <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> No

Q2		Do you consider that there is merit in extending the analysis so that a full year pre- and post-MBB-implementation analysis can be done?			
Contact	No. There is no merit in extending the analysis, the results are sufficient to draw conclusions.	Yes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/> No
emsTradepoint	No.	Yes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/> No
First Gas	No. Does not expect additional insights from 3 months more data.	Yes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/> No
Genesis	Possibly could be value in a deferred analysis so that the effect of a ROIL reduction to 1.5TJ/day can be seen.	Yes	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/> No
Greymouth	Yes, A full CBA is required, to give the industry closure.	Yes	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/> No
MGUG	Further analysis, providing it is segmented into periods suggested in the Q1 answer, could be of value to First Gas.	Yes	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/> No
Nova	Only do further work if it informs the design of new transmission arrangements.	Yes	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/> No
Shell	No. The analysis shows a reasonable standard of primary balancing is achievable, and supports what is accepted almost everywhere else in the world: daily balance is required, by cash out if necessary.	Yes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/> No
Trustpower	No. Industry attention is best focused on the single code work.	Yes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/> No
Vector	No. More would be gained by a deeper analysis of the current information.	Yes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/> No
Q3	Do you consider that there is merit in asking pipeline users to re-assess the costs of changing their systems and business practices to accommodate MBB (given that some stakeholders believe the original cost estimates used in the CBA were too low)?				
Contact	No. No more attention should be given to MBB until balancing is dealt with in the context of the single code work.	Yes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/> No
emsTradepoint	Yes. GIC should revisit any element of the CBA that would give insights for and future CBA.	Yes	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/> No
First Gas	No. The cost have been incurred, so the information would be of no value to future decisions on MBB.	Yes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/> No
Genesis	Yes.	Yes	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/> No
Greymouth	Yes. But all costs need to be assessed in the CBA, not only retailer costs.	Yes	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/> No
MGUG	MGUG members have not seen any material increase in internal costs related to MBB. Nominations were already required.	Yes	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/> No

Nova	Only do further work if it informs the design of new transmission arrangements.	Yes <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> No
Shell	No. 10 years of debate is enough. The industry should now accept that the new code needs to incorporate daily balancing.	Yes <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> No
Trustpower	No. Industry attention is best focused on the single code work.	Yes <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> No
Vector	No. The costs are sunk so a reassessment of the CBA would not have any decision value, but Vector will provide the information if GIC wishes to review the CBA.	Yes <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> No

## ABOUT GAS INDUSTRY CO

Gas Industry Co is the gas industry body and co-regulator under the Gas Act. Its role is to:

- develop arrangements, including regulations where appropriate, which improve:
  - the operation of gas markets;
  - access to infrastructure; and
  - consumer outcomes;
- develop these arrangements with the principal objective to ensure that gas is delivered to existing and new customers in a safe, efficient, reliable, fair and environmentally sustainable manner; and
- oversee compliance with, and review such arrangements.

Gas Industry Co is required to have regard to the Government's policy objectives for the gas sector, and to report on the achievement of those objectives and on the state of the New Zealand gas industry.

Gas Industry Co's corporate strategy is to 'optimise the contribution of gas to New Zealand'.

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