

# Submission on Review of MBB- December 2016

Submission prepared by:



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QUESTION	COMMENT
1. Do you think our approach to the analysis is reasonable. If not, what further analysis do you think is necessary?	<ul style="list-style-type: none"><li>• Yes, the approach is reasonable.</li><li>• In addition, we see that a simple 28-day rolling correlation between aggregate inputs and outputs as measured from the Maui Pipeline shows a significant improvement in performance since the advent of daily balancing by MBB. Whereas 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%. (See Graph attached in the appendix)</li></ul>
2. 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?	<ul style="list-style-type: none"><li>• No, further analysis is not justified.</li><li>• As the reports states MBB has produced strong and unambiguous results.</li><li>• We agree that further analysis will not add to the industry's understanding.</li><li>• There are other more pressing matters the industry should now focus on i.e. . development of a new code.</li><li>• A requirement for daily resolution of imbalances (daily balancing) by either primary balancing or by yielding to compulsory purchase or sale should now be accepted as a given, as it is almost anywhere else in the world.</li><li>• The analysis is conclusive that primary balancing to a reasonable standard is readily achievable.</li></ul>

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<p>3. 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)?</p>	<ul style="list-style-type: none"><li>• No, we would hope that the gas industry would now accept that daily resolution of imbalances (daily balancing) is here to stay and is now directing its efforts towards becoming more efficient in dealing with it.</li><li>• The industry has spent the last 10 years expending considerable resources debating whether it can avoid the proper implementation of good international practice of daily balancing. We think the lesson is that it is very costly not to implement daily balancing.</li><li>• The industry is now developing a new code for the whole transmission system, the GIC should discourage further debate on what should now be a settled issue so as to not distract from that task;</li><li>• The future of efficiency of the new regime depends on daily balancing being accepted as a central pillar: the GIC should be determined not to allow that central pillar to be undermined.</li></ul>

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## Appendix: Correlation of Outputs with Inputs on the Maui Pipeline

