



POSSIBLE CHANGES TO THE RECONCILIATION RULES & CCM REGULATIONS

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AUTHOR:

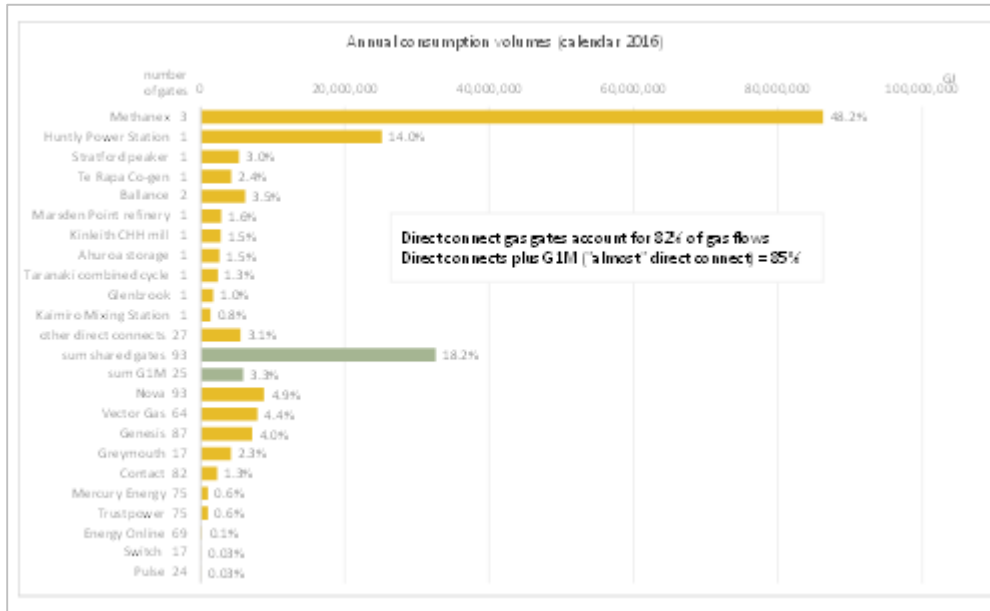
Andrew Walker & Pamela Caird



Possible changes to the Reconciliation Rules

Andrew Walker

Context



GAS (DOWNSTREAM RECONCILIATION) RULES 2008

Pursuant to sections 43F, 43Q and 43S of the Gas Act 1992, the Minister, acting on the recommendation of Gas Industry Company Limited as the industry body appointed pursuant to s43ZL of that Act, makes the following rules.

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General Provisions

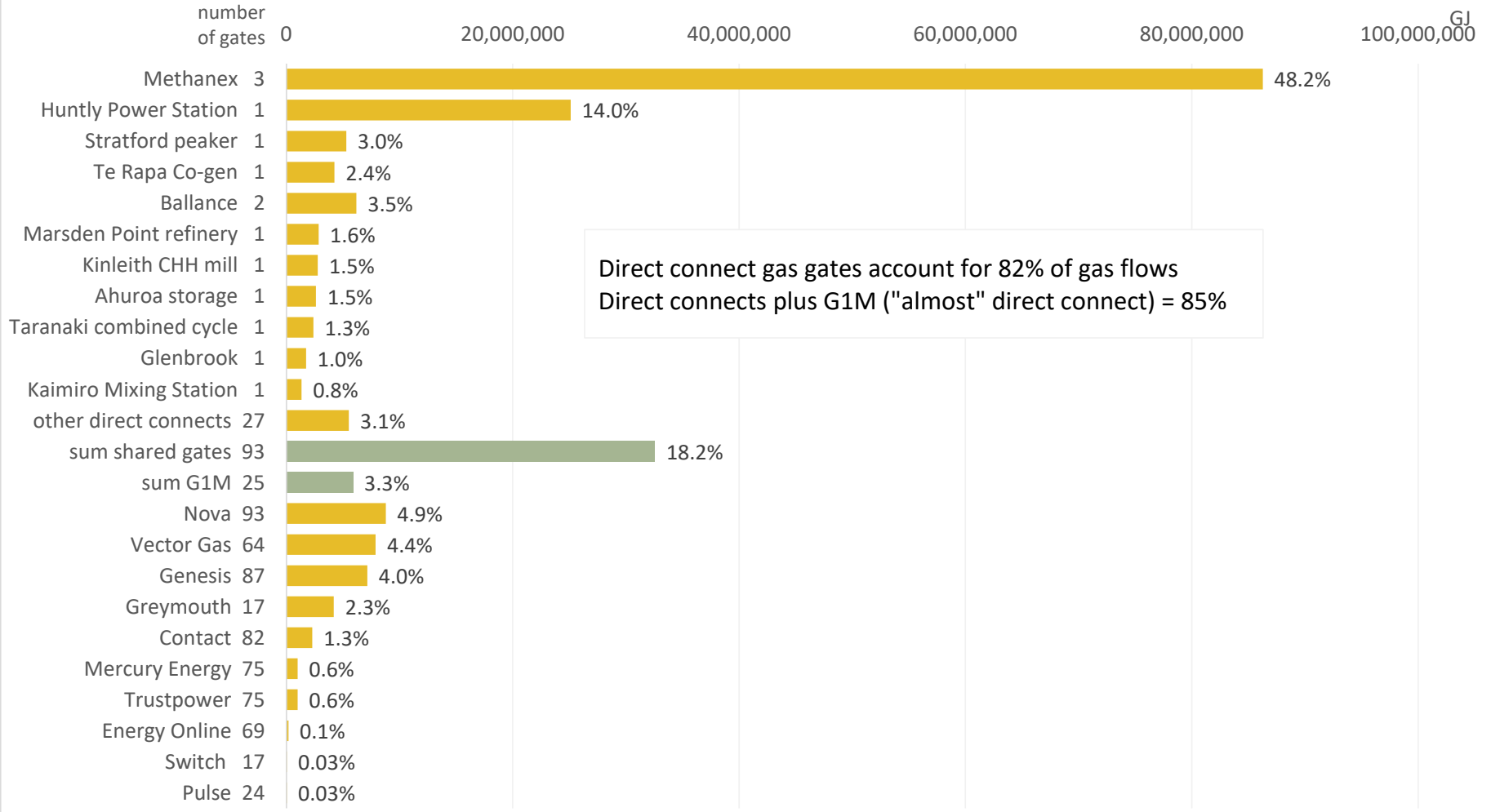
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28. General obligations of retailers
29. Retailer to ensure certain metering interrogation requirements are met
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31. Provision of consumption information for initial allocation

Annual consumption volumes (calendar 2016)



Direct connect gas gates account for 82% of gas flows
 Direct connects plus G1M ("almost" direct connect) = 85%

If D+1 continues...

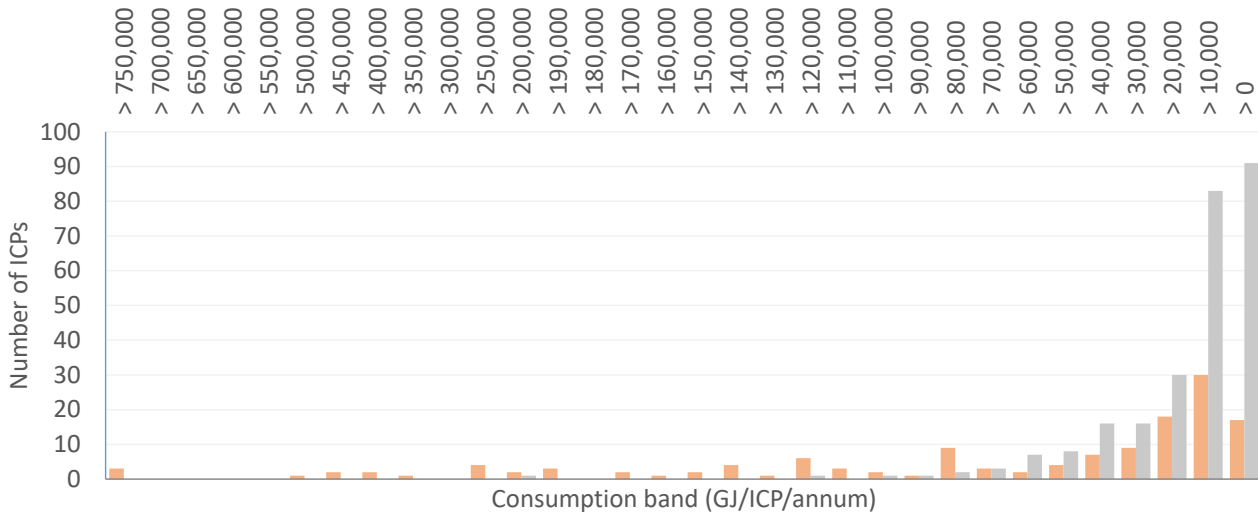
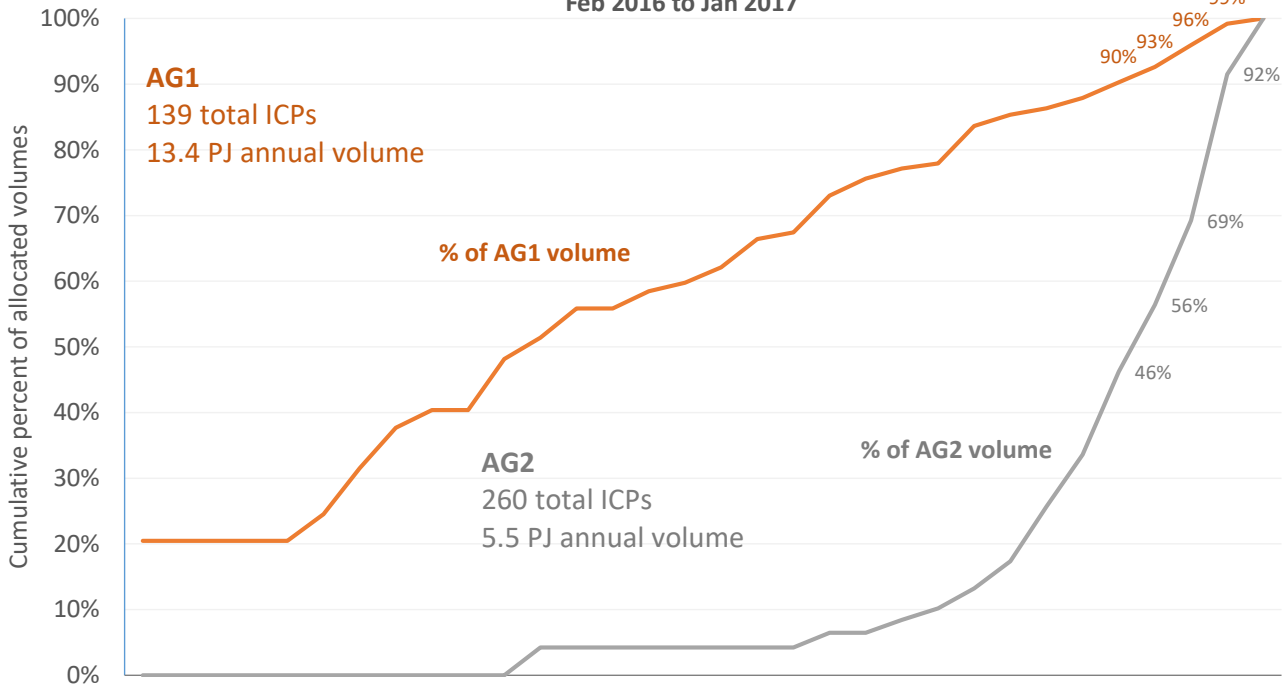
- Strong argument for codifying in the Rules in order to place obligation on TOU retailers to supply daily data
- Formal rules for submission/publication deadlines, validation, estimation, profiles etc
- System build based on current D+1 model but optimised for the new commercial arrangements on the pipeline
- D+1 results take the place of initial allocation results
- Interim and final still happen
- Some aspects of initial allocation still required:
 - Calculation of residual profile shapes (injection less TOU)
 - D+1 regression models currently use initial allocation results as an input

Threshold for telemetry on TOU sites

- Previously discussed with DAWG and broadly supported
- If we continue with a daily allocation that uses customer telemetry data we could improve accuracy with a rule requiring telemetry on sites of a certain size
- Proposal discussed in DAWG was $>20\text{TJ}$ per annum (and/or a monthly equivalent in order to capture peaky seasonal loads)
- Transition period for implementation

Load grouped by ICP annual consumption

Feb 2016 to Jan 2017



Other potential change to Rules: timing of allocations

- In any future with daily allocations (D+1 or First Gas algorithm):
 - The initial allocation has less value
 - Less urgency to get the numbers out
- Could consider moving back the current initial to later in the month:
 - More meter reads available in retailers' systems
 - More time to pick up estimation/validation errors
 - Residual profile available for profiling read-to-read volumes
 - (If D+1 continues) more accurate input to regression models

Other potential change to Rules: timing of allocations

- If initial is more accurate there is arguably less pressure on the interim allocation
 - Could move interim back a few months and then a final allocation might not be necessary
 - Might require a more straightforward process for special allocations to quickly resolve any large post-interim allocation errors

Next steps

- Continue working with DAWG on detail
- Analysis of options for daily allocation, looking at the trade offs between:
 - Cost
 - Accuracy
 - Timeliness
 - Reliability
- An early consensus view on D+1 would help us deliver a formal system (and amended Rules) by GTAC go live
- ...but we have a workable solution in the interim

Possible changes to the CCM Regulations

Pamela Caird

Critical Contingency Management Regulations

Possible items that might need changing with a new code:

- TSO responsibilities
- Mentions of MPOC and VTC
- Mentions of OATIS
- Mentions of Downstream Reconciliation Rules

TSO has a number of specific responsibilities, all still valid under a single code

Each transmission system owner must:

- Provide information about the transmission system (regs 10 and 38)
- Prepare and maintain a critical contingency management plan (regs 24 and 33)
- Participate in the annual exercise (reg 34)
- During a critical contingency, comply with CCO directions and issue directions to retailers and large consumers (reg 54)
- If requested by the CCO, provide assistance in the preparation of incident and performance reports (reg 66)
- Calculate contingency imbalances (reg 75)

MPOC and VTC are specifically mentioned... but drafting includes other possibilities

- Definitions for MPOC and VTC include “..., as amended or replaced from time to time”
- Other mentions say “MPOC, VTC, and any other transmission system code...”
- Regulations workable under a new code, though amending to delete references to MPOC and VTC would be preferable

OATIS is similarly mentioned

- OATIS means the online interactive open access transmission information system, or any other replacement information system
- Reg 38: Each transmission system owner must ensure that the following information in relation to its parts of the transmission system is made available to the critical contingency operator, whether via OATIS or otherwise
- Reg 52: CCO must ... ensure an appropriate critical notice (as defined in OATIS) is posted on OATIS
- Again, workable as drafted, but amending would make it clearer

Downstream Reconciliation Rules used for calculating contingency imbalances

- Reg 74: a negative (positive) contingency imbalance means ... for a shipper, the amount by which that party and its consumers have or are considered to have, taking into account any allocation results under the Gas (Downstream Reconciliation) Rules 2008, in aggregate taken more (less) gas than the total gas which that party was contractually entitled to take
- If initial allocation changes in response to GTAC, this provision may need adjusting