

Minutes

Meeting Title:	Gas Advisory Board (GAB)
Date:	7 May 2018
Time:	1:05 PM – 2:05 PM
Location:	Training Room 2, Albert Facey House 469 Wellington Street, Perth

Attendees	Class	Comment
Stephen Eliot	Chair	
Matthew Martin	Small-Use Consumer Representative	Minister's Appointee
Martin Maticka	AEMO	
Natalie Robins	Economic Regulation Authority (ERA)	Observer
Kate Ryan	Coordinator of Energy	Proxy
Dave Rafferty	Gas Producers	
Pete Di Bona	Gas Producers	
Michael Puls	Pipeline Owners and Operators	Proxy
Rachel Smith	Pipeline Owners and Operators	Proxy
Julie Anne Simmons	Gas Users	
Richard Beverly	Gas Shippers	Proxy
Paul Bresloff-Barry	Gas Shippers	Proxy

Apologies	Class	Comment
Zaen Khan	Coordinator of Energy	Proxy attended
John Jamieson	Pipeline Owners and Operators	Proxy attended
Jon Cleary	Pipeline Owners and Operators	Proxy attended
Chris Campbell	Gas Shippers	Proxy attended
Mike Lauer	Gas Shippers	Proxy attended

Also in attendance	From	Comment
Neetika Kapani	AEMO	Presenter
Noelle Leonard	AEMO	Presenter
Taron Brearley	Department of Jobs, Tourism, Science and Innovation	Observer
Carole Clare	Synergy	Observer
Wesley Medrana	Synergy	Observer
Sandra Ng Wing Lit	RCP Support	Observer
Richard Cheng	RCP Support	Presenter, Minutes

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 1:05 PM and welcomed members and observers to the 7 May 2018 GAB meeting.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair asked all GAB attendees to briefly introduce themselves.</p>	
3	<p>Review of Minutes from previous meeting</p> <p>The GAB noted three amendments to the draft Minutes from the GAB meeting on 28 March 2018:</p> <ul style="list-style-type: none"> • Section 5 – the GAB’s role is to provide advice to the Rule Change Panel, not to provide advice to AEMO on the GSOO, so the Minutes are to be amended to clarify that the market participants present at the GAB supported AEMO’s key areas of focus for the 2018 GSOO (rather than the GAB itself); • Page 1 – Chris Campbell’s role is to be changed from Gas Users to Gas Shippers; and • Dave Rafferty clarified that Santos does not qualify as a Market Participant. <p>With the changes above, the GAB members accepted the minutes as a true and accurate record of the meeting.</p>	
4	<p>Actions Arising</p> <p>Action 75 (2015): Mr Maticka stated that AEMO is completing an internal review on the Rule Change Proposal, which will be circulated to the GAB prior to formal submission. Timing is expected within the next few weeks.</p>	

5 Presentation: Options to Improve Key Components of the WA Gas Statement of Opportunities (GSOO)

Ms Kapani and Ms Leonard gave a presentation regarding the 5-year review of the GSOO. The complete presentation is available on the Rule Change Panel's website. The following was discussed:

- Ms Kapani indicated that AEMO will discuss the 5-year review of the GSOO at the 22 May 2018 WA Gas Consultative Forum (**WAGCF**), with the aim to finalise the Final Review Report in June/July 2018.
- Ms Kapani reconfirmed that the Market Participants present at the GAB endorse:
 - discontinuing the peak gas demand forecast;
 - undertaking further Gas Bulletin Board (**GBB**) data analysis; and
 - undertaking greater consultation with gas Market participants at the assumptions/scenario development stage.
- Mr Rafferty suggested that AEMO should drive the engagement and consultation with Market Participants, and with individual Market Participants, if necessary.
- Mr Di Bona supported the option to replace the peak demand forecasts, but suggested that peak demand forecasts may be appropriate in the future.
- Ms Leonard discussed the formulation of domestic gas supply on slide 8 of AEMO's presentation. AEMO's emphasis is on the non-contracted amount of supply, which is price-sensitive, and asked for Market Participants' views on this approach.
 - Mr Di Bona asked why AEMO appears to prefer using an external consultant for this analysis. Ms Kapani replied that AEMO understood from the previous GAB meeting that Market Participants see independent validation of the data and assumptions as critical. Ms Kapani indicated that AEMO planned to use external consultants to verify its assumptions and methodology for its gas supply forecasts in the short-term, but the aim is to bring this expertise in-house in the long-term.
 - Mr Puls asked about AEMO's ability to access to data held by the Department of Mines, Industry Regulation and Safety (**DMIRS**). Ms Leonard indicated that DMIRS would likely not be able to share data with AEMO due to confidentiality restrictions, and because AEMO is not a Government agency.
 - Mr Di Bona raised a concern about how proprietary data will be ring-fenced from consultants.

- Mr Brearley commented that incorporation of large supply projects and their impact on the market is critical.
 - Mr Puls asked whether the consultant would work through the pricing scenarios that are necessary for big projects.
 - Ms Leonard acknowledged that modelling low demand growth is reasonably straightforward, but that modelling lumpy supply is challenging.
 - Mr Rafferty suggested using scenario analysis to consider the issue of demand destruction at different price points, with potential losses of large scale existing facilities at particular price points.
- Ms Kapani discussed prospective supply, and asked what criteria should be used to classify supply projects. Ms Leonard reviewed the different approaches that can be used to assess supply projects (slide 10 from the presentation).
 - Mr Di Bona agreed that there needs to be a base upon which prospective supply is founded, such as the FID scenario. Mr Di Bona also supported an approach incorporating both the two-tier approach; and a separate chapter that addresses 'prospectivity', with sensitivities, that allows report users to draw their own conclusions.
 - Mr Rafferty suggested that AEMO should treat prospective supply and prospective demand consistently. A discussion arose about what prospective demand should be considered likely, given that it is difficult to identify Market Participants before they became one.
 - Ms Leonard indicated the difficulty in balancing transparency and confidentiality for prospective supply projects. AEMO proposes to publish the criteria for assessing prospective supply projects to allow readers to understand how the prospective supply was derived.
 - Ms Kapani concluded that the starting point is to analyse prospective supply and demand in a consistent manner.
- Ms Leonard noted views expressed from the previous GAB meeting that price forecasts were not valuable. A potential alternative is to publish a series of reference prices.
 - Mr Di Bona was unsure that extrapolation of reference prices adds much value, but suggested that including historical data to the left side of the reference price series may be valuable. Mr Brearley agreed.
 - Mr Di Bona commented that price forecasting requirements will evolve over time.

	<ul style="list-style-type: none"> • Ms Kapani summarised the discussion as: <ol style="list-style-type: none"> (1) there is a need for external input to refine the supply model; (2) AEMO needs to widen its assessment of prospective supply (i.e. a separate chapter); and (3) price forecasts are to be treated as presented in the meeting, but this will evolve over time. • The next step is a presentation by AEMO at the WAGCF, where AEMO will also provide feedback on the 5-year review of the GSOO. • Mr Di Bona asked about engagement with groups of stakeholders around sensitivity analysis before the final report. Ms Kapani replied that this is to be part of the next WAGCF. 	
6	<p>Update on the GAB Composition Review</p> <p>Mr Eliot explained the GAB Composition Review Process. Mr Cheng elaborated on which positions that are expiring and will be up for nomination in late May 2018.</p>	
7	<p>General Business</p> <p>None.</p>	
8	<p>Meeting Schedule</p> <p>The Chair discussed the meeting schedule, reconfirming the 27 September 2018 GAB meeting.</p>	

The meeting closed at 2:05 PM.