



Gas Advisory Board

Draft Agenda

Meeting No.	1
Location:	Parmelia Hilton, 'Swan B Room' 14 Mill Street, Perth WA 6000
Date:	20 December 2011
Time:	11:15am – 12:15pm

Item	Subject	Responsible	Time
1.	WELCOME	Chair	15 min
2.	INTRODUCTIONS, APOLOGIES / ATTENDANCE	Chair	
3.	ROLE AND OPERATION OF THE GAS ADVISORY BOARD	Chair	5 min
4.	GAS INFORMATION SERVICES PROJECT	IMO	10 min
5.	OPTIONS FOR GAS BULLETIN BOARD SYSTEM	IMO	15 min
6.	SCHEDULE OF MEETINGS IN 2012	Chair	2 mins
7.	GENERAL BUSINESS		
8.	NEXT MEETING: Thursday 9 February 2012		

Agenda Item 4: Gas Information Services Project Overview

1. INTRODUCTION

In December 2009, the Minister for Energy advised that the Western Australian (WA) Government would implement the recommendations of the Gas Supply and Emergency Management Committee (GSEMC), which was established in response to two major gas supply disruptions in WA in 2008.

Key recommendations of the GSEMC included the establishment of a WA based Gas Bulletin Board (GGB) and production of a Gas Statement of Opportunities (GSOO). The GSEMC considered that these initiatives would improve information transparency and facilitate the security, reliability and competitiveness of the domestic gas supply market in WA.

The Independent Market Operator (IMO) was selected in May 2011 as the WA Operator of the GGB and GSOO. The implementation of these information services by the IMO is now known as the Gas Information Services Project (GISP).

The key deliverables of the GISP are the following three Gas Information Services (GIS):

- A web-based near-term gas market information service – the GGB;
- An Emergency Management facility to be activated in the event of a gas supply disruption; and
- A periodic (annual) longer-term supply and demand forecast across all stages of the gas market supply-demand chain – the GSOO.

2. LEGISLATIVE BASIS FOR THE GIS

The GIS will be established under the Gas Services Information Bill 2011 (the Bill), which was introduced to Parliament on 29 November 2011. The Bill, which is available on the WA Parliament website, contains the following key provisions:

Objective

The objectives of the GGB (including the Emergency Management Facility) and GSOO are to promote the long term interests of consumers of natural gas in relation to –

- a) the security, reliability and availability of the supply of natural gas in the State;
- b) the efficient operation and use of natural gas services in the State;
- c) the efficient investment in natural gas services in the State; and
- d) the facilitation of competition in the use of natural gas services in the State.

Key Definitions

The Bill generally adopts definitions from the *National Gas Access (Western Australia) Law*, although the definition of ‘pipeline’ is adopted with amendments. The Bill also defines a number of key terms, including ‘gas market participant’, ‘protected information’ and ‘user’.

Regulations and Rules

The Bill contains heads of power for the making of regulations and rules. The regulations are to provide for the establishment and operation of a GGB and the preparation and



publication of a GSOO, including conferring responsibility for these matters on a person (the IMO). The regulations are also to provide for the making of rules relating to the form, content and operation of the GBB and the form and content of the GSOO.

Protection of Information

The Bill authorises the Operator to use protected information for the purposes of the functions conferred under the Bill, and requires the operator to take all reasonable measures to secure protected information from unauthorised use.

3. GIS RULES

The IMO will, in consultation with stakeholders, develop rules for the gas information services. Similar to the initial rules for the Wholesale Electricity Market (WEM), it is expected that the Minister for Energy will approve the initial rules for the GIS. The rules will then be administered by the IMO in accordance with the rule change process contained in the rules.

The IMO anticipates the rules will:

- Set out the functions of the IMO (expected to mirror provisions in the Gas Services Information Regulations);
- Provide for the operation of the GBB;
- Provide for the operation of the Emergency Management facility;
- Provide for the preparation and publication of the GSOO;
- Provide for the establishment of a Gas Advisory Board (based on the arrangements for the IMO's Market Advisory Committee in the WEM Rules);
- Include a rule change process, including industry consultation, to enable market evolution;
- Empower procedures to be made;
- Provide for monitoring of the rules; and
- Set out how the IMO will recover the costs of operating the GIS.

Specific requirements for the making and approval of the initial rules are not yet known and will be set out in the regulations. It is possible that the initial rules will need to be tabled in Parliament by the Minister with, or shortly after, the regulations. If this is the case, the rules may be developed in two stages, with 'governance' rules developed alongside the regulations and 'operational' rules developed later (possibly through a rule change process).

4. PRELIMINARY GISP BUDGET

Subject to confirmation of the costs of the IT system and delivery model for the GBB, it is anticipated that the total cost of implementing the GIS will be approximately \$3.3 million, made up of the following costs:

Staffing	\$940,000
Administration	\$285,000
Advice	\$980,000
GBB System	\$1,035,000
Borrowing	\$ 75,000
Total GISP Costs	\$3,315,000



The Office of Energy (OoE) has provided the IMO with \$350,000 in seed funding for the GISP over the period 1 October 2011 to 30 June 2012. Subject to approval by the Government, the IMO proposes to use loan funding to fund the remainder of its implementation costs. It was initially anticipated that this approval would be obtained in late 2011, however it has now been delayed to the second quarter of 2012.

Once the regulations and rules are in place, it is expected that the costs of implementing and operating the GIS will be met by fees charged on gas market participants. The methodology for determining these fees will be set out in the rules, which will be developed in consultation with stakeholders. However, until the delivery model for the GBB has been determined, it is not possible to estimate the ongoing operational costs of the GIS.

5. HIGH LEVEL WORK PROGRAM FOR THE GISP

The following table summarises the key implementation tasks towards the delivery of the GIS. Subject to confirmation of the funding arrangements for the GISP and the specific requirements for making the initial rules, the IMO is currently working towards implementation of the GBB and GSOO by March 2013.

Indicative Work Program for GISP

	2011		2012												2013		
	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
Governance																	
Legislation																	
Regulations																	
GAB Establishment																	
Budget approval process																	
Design of cost recovery																	
Design and Rules Development																	
Design of GBB and GSOO																	
Development of initial Rules																	
Approval of Rules by Minister																	
Develop of Procedures & System Specifications																	
Implementation of GBB																	
Develop IT Strategy																	
System build/integration																	
Testing																	
Training																	
GBB go live																	★
Implementation of GSOO																	
Collect data and develop forecasts																	
Prepare report																	
Publish GSOO																	★

Key	
IMO task	
Government task	
Delivery milestone	

Until funding for the GISP is confirmed, the IMO is restricted in the amount of work it can undertake on the project and the project timelines cannot be confirmed.



6. PROGRESS TO DATE

The IMO has commenced work on the GISP. Progress to date includes:

- The Project Director commenced in November 2011;
- The IMO is meeting regularly with the OoE on the progress of implementation and development of the regulations;
- The interim Gas Advisory Board (GAB) has been established;
- The IMO has been working with the Australian Energy Market Operator (AEMO), and engaged IT consultants, on options for delivery of the GBB (refer to Agenda Item 5);
- The IMO has obtained the consent of the Commonwealth Government to access the intellectual property for the bulletin board operated by AEMO; and
- Submissions on GISP funding have been submitted to the Minister for Energy.

7. NEXT STEPS

Over the period from now until project funding is confirmed (expected around April 2012), the IMO will progress the following aspects of the GISP:

- Continue working with the OoE on the regulations for the GIS;
- Develop an IT Strategy for the GBB;
- Undertake preliminary work on the design of the GBB, Emergency Management facility and GSOO;
- Project planning and governance activities, including amending the IMO 2011-12 Operational Plan to include the GISP.

The IMO does not anticipate that it will be able to engage any additional staff during this period and will be progressing these aspects of the GISP using the seed funding provided by the OoE.

Once the further funding for the GISP has been confirmed, the detailed design of the GIS will commence in earnest, to inform the development of the initial rules. A number of key issues are likely to require resolution during this next phase, such as:

- Requirements to register and participate in the GBB, and what exemptions may apply;
- The information that will be collected by the IMO for the GIS; what information will be required from market participants and how that information will be treated and used by the IMO;
- Arrangements for the recovery of the IMO's GIS costs via fees on market participants;
- The methodology for forecasts in the GSOO.

The IMO expects to bring proposals on these, and other matters about the design of the GIS, to the GAB for discussion around mid-2012. Where required, the IMO will also seek independent expert advice on both the design of the gas information services and the content of the initial rules.

8. RECOMMENDATIONS

It is recommended that the GAB:

- a) Note** the overview of the GISP, including the high level project plan.

Agenda Item 5: Options for Delivery of the Gas Bulletin Board – Background

1. BACKGROUND

The Gas Bulletin Board (GBB) will be a web-based information service displaying near-term information about gas production, storage, transportation and demand. It is intended that the information displayed on the GBB will be provided by gas market participants and will be publicly available.

The GBB will also have an Emergency Management facility. It is intended that gas market participants will also provide information for this facility, but it will only be available when activated (in the event of an emergency or supply shortfall) and access to the page will be limited to those involved in managing gas supply shortfalls and emergencies.

A key aspect of the implementation of the GBB will be the establishment of IT systems and processes that will deliver the service. The GBB system will need to do a number of things, including:

- provide an interface for registered participants to provide the information required by the rules;
- convert the data provided by participants into the information to be displayed on the GBB;
- display the GBB on a public website and activate the Emergency Management facility when required;
- maintain security arrangements to ensure that access to the information provided by participants and contained in the Emergency Management facility is restricted to authorised persons; and
- enable the IMO to monitor compliance by participants.

The IMO is currently investigating options for delivery of the GBB service in order to develop an IT Strategy for the implementation of the GBB.

2. USE OF THE AUSTRALIAN ENERGY MARKET OPERATOR'S BULLETIN BOARD SYSTEM

Because the GBB is intended to be similar to the 'National' Bulletin Board (NBB) already operated by the Australian Energy Market Operator (AEMO), and some Western Australian (WA) gas market participants are already participants on the NBB, it may be appropriate to use the existing NBB systems as a basis for the WA GBB.

However a range of issues need to be considered in determining the best approach to delivering the GBB, including: any technical (IT) limitations; how the GBB will be developed and modified over time in line with the specific requirements of the WA GBB rules; how any differences between the WA GBB and NBB will be managed; and how the GBB will be operated in the context of broader governance arrangements for the WA gas information services.



As some WA market participants have existing interfaces with the NBB system, the IMO will seek to minimise any differences between the NBB and the WA GBB in the process for, or form of, information provision by participants.

3. PROCESS TO EVALUATE

The IMO has identified three options for utilising the NBB system to deliver the GBB.

- Option 1 Outsourcing to AEMO the development and operation of the GBB, with AEMO to modify the NBB to incorporate all elements of the WA GBB, including the Emergency Management facility, and host the GBB.

- Option 2 Outsourcing to AEMO development and operation of those elements of the GBB which are already included in the NBB, with remaining elements developed and operated by the IMO.

- Option 3 Migrating the software from the NBB into the IMO IT framework, with the IMO to develop and operate the GBB.

A further option to be considered is development of a GBB independently by the IMO, possibly with some guidance from the AEMO bulletin board but not directly using the NBB system or software.

The IMO has engaged Systemic Pty Ltd to provide expert, technical advice on these options. This advice will be considered, along with the other business impacts of each option (such as how compliance with and changes to the GBB will be managed over time) in the development of the IT Strategy for the GBB.

AEMO is working with the IMO on a cost-recovery basis to help the IMO understand the technical, business and cost impacts of options 1 to 3 above. The cost of AEMO's assistance to develop the IT Strategy for the GBB is expected to be between \$20,000 and \$30,000. Any further costs of AEMO's assistance in establishing the GBB will depend on the delivery option chosen.

4. INTELLECTUAL PROPERTY FOR THE NBB

In order to investigate the options identified above, the IMO has needed access to the intellectual property (IP) for the NBB business methods, systems and software applications. The IP for the NBB is vested in the Commonwealth of Australia. The IMO has requested, and been granted, access to the IP for the NBB from the Department of Resources, Energy and Tourism, on behalf of the Commonwealth. A copy of the letter granting access is attached.

5. RECOMMENDATIONS

It is recommended that the GAB:

a) Note the work being undertaken to determine how the system for the GBB will be delivered and operated.



Gas Advisory Board Meetings 2012

Venue:

IMO Board Room

Level 3, 197 St Georges Terrace, Perth

Meeting No.	Date	Time
2	Thursday, 9th February 2012	1.00 – 3.00 pm
3	Tuesday, 13th March 2012	1.00 – 3.00 pm
4	Tuesday, 10th April 2012	1.00 – 3.00 pm
5	Tuesday, 15th May 2012	1.00 – 3.00 pm
6	Tuesday, 12th June 2012	1.00 – 3.00 pm
7	Tuesday, 10th July 2012	1.00 – 3.00 pm
8	Thursday, 9th August 2012	1.00 – 3.00 pm
9	Tuesday, 11th September 2012	1.00 – 3.00 pm
10	Tuesday, 9th October 2012	1.00 – 3.00 pm
11	Thursday, 8th November 2012	1.00 – 3.00 pm
12	Tuesday, 11th December 2012	1.00 – 3.00 pm