



INDEPENDENT
MARKET
OPERATOR

Gas Advisory Board Minutes

Meeting No.	13
Location	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date	Tuesday, 17 December 2013
Time	4.00pm – 5.00pm

Attendees	Class	Comment
Allan Dawson	Chair	
Kate Ryan	Independent Market Operator (IMO)	
John Jamieson	Pipeline Owner/Operator	
Mark Cooper	Pipeline Owner/Operator	4:15pm - 5:00pm
Nenad Ninkov	Large Gas User	
Mike Shaw	Large Gas User	
Pete Di Bona	Gas Producer	4:11pm - 5:00pm
Michael Brooks	Gas Producer	Proxy
Andrew Sutherland	Gas Shipper	
Bryon McLaughlin	Coordinator of Energy	Proxy
Aden Barker	Small End Users, Minister's Appointee	
Nerea Ugarte	Minister's Appointee – Observer	
Jeremy Cook	Economic Regulation Authority – Observer	Proxy
Joachim Tan	IMO	Presenter
Rebecca Denton	IMO	Presenter
Martin Maticka	IMO	Observer
Greg Ruthven	IMO	Observer
Courtney Roberts	IMO	Observer
Erin Stone	IMO	Minutes
Apologies	Class	Comment
Stewart Gallagher	Gas Producer	Proxy attended
Stan Reid	Gas Shipper	
Ray Challen	Coordinator of Energy	Proxy attended
Wana Yang	Economic Regulation Authority	Observer – Proxy attended

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 4:00 PM and welcomed all members to the 13th Gas Advisory Board (GAB) meeting.</p>	
2.	<p>MEETING APOLOGIES / ATTENDANCE</p> <p>The following apologies were received:</p> <ul style="list-style-type: none"> • Ray Challen (Coordinator of Energy); • Stewart Gallagher (Gas Producer); • Stan Reid (Gas Shipper); and • Wana Yang (Economic Regulation Authority - Observer). <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Michael Brooks for Stewart Gallagher (Gas Producer) • Bryon McLaughlin for Ray Challen (Coordinator of Energy) • Jeremy Cook for Wana Yang (Economic Regulation Authority – Observer) 	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of GAB Meeting No. 11, held on 17 July 2013 and GAB Meeting No. 12, held on 15 October 2013 were circulated prior to the meeting.</p> <p>No comments were raised and the minutes of both meetings were accepted as a true record.</p>	
4.	<p>ACTIONS ARISING</p> <p>Ms Kate Ryan noted that all action points had been completed with the exception of Action Item 32 which will be covered at the GAB Meeting in February 2014.</p>	
5.	<p>EMERGENCY MANAGEMENT FACILITY TEST</p> <p>The Chair invited Ms Rebecca Denton to provide an overview of the process and outcomes of the recent Emergency Management Facility (EMF) Test.</p> <p>Ms Denton explained the planning of the test, activation of the EMF and the associated data requirements, and the areas for improvement.</p> <p>Mr Aden Barker queried whether in an actual disruption to supply event there was a downside risk of the lack of the provision of data as Ms Denton noted had occurred in the recent test. Mr Bryon McLaughlin noted that while this information is important, it only provides information for the crisis committee to consider and as such, it does not present any great risk. Mr McLaughlin noted that the first test had worked well and had identified areas that could be improved to further minimise manual data collation in the future.</p> <p>Mr Nenad Ninkov noted that the requests in the EMF needed to be more specific to assist Gas Market Participants in responding with the</p>	

	<p>correct information.</p> <p>Mr Andrew Sutherland questioned what was done with the data provided in the EMF test. Mr McLaughlin responded noting that the test was undertaken to assess the operation of the facility with respect to the effectiveness of communication, timeliness of information and general processes. He noted that because the test was not based on a scenario, the data collected was not used or analysed.</p> <p>Mr Ninkov questioned whether a report of findings and recommendations from the EMF test could be developed by the IMO to identify specific issues that Gas Market Participants could address. The Chair noted that the IMO had identified areas of improvements and would work with affected participants to resolve individual issues raised. The Chair also suggested that the IMO could brief a wider group of Gas Market Participants in the New Year to provide an opportunity for others to comment of the process and better understand outcomes of the activation of the EMF.</p> <p>The Chair thanked Mr McLaughlin and GAB members for their participation in the EMF test.</p> <p><i>Action items:</i></p> <ul style="list-style-type: none"> • <i>The IMO to work with affected participants to resolve individual issues raised through the EMF test.</i> • <i>The IMO to present the process and outcomes of the EMF test to a wider group of Gas Market Participants in early 2014.</i> 	<p>IMO</p> <p>IMO</p>
7.	<p>DECEMBER GAS STATEMENT OF OPPORTUNITIES: KEY ASSUMPTIONS</p> <p>The Chair introduced Mr Joachim Tan to provide an overview of the key assumptions underpinning the December Gas Statement of Opportunities (GSOO).</p> <p>Mr Tan provided the GAB with an overview of the supply and demand forecasts, price forecasts, major changes from the July GSOO, information on the North West Shelf (NWS) arrangements and data from the Gas Bulletin Board (GGB).</p> <p>With respect to the change in the price forecast in the December GSOO, Mr Ninkov questioned how the price elasticity assumptions were developed. Mr Tan noted that the IMO's external forecaster (NIEIR) developed these forecasts using an economic model. The Chair noted that, for the December GSOO these price elasticities were only applied to uncontracted supply and some volumetrically contracted supply that may be affected, where in the July GSOO, it was applied across the board.</p> <p>Mr Mark Cooper questioned whether alternatives to coal were considered with respect to the impact on the gas market. Mr Sutherland also questioned whether forecasts of wind and other fuel sources were included in developing forecasts. Mr Tan responded that the IMO had incorporated assumptions with respect to the energy mix in the SWIS.</p> <p>Mr Sutherland questioned what the reduction in 2015 reflected. Mr Tan responded that it was the fuel switch. Mr Barker questioned whether the IMO had developed a scenario without the Carbon Price. The Chair</p>	

	<p>noted that it was considered but ultimately not included given the uncertainty with regard to passing the legislation to finalise this change.</p> <p>Mr Ninkov questioned whether the GSOO was consistent with Electricity Statement of Opportunities (ESOO). The Chair and Mr Tan responded that it was informed by the information included in the ESOO but noted there would be some differences due to the timing difference.</p> <p>With respect to the supply forecasts, Mr Ninkov questioned whether the IMO had surveyed all producers. The Chair noted that the IMO had engaged with representatives from the NWS. Mr Ninkov questioned whether other producers were also contacted. Mr Tan responded that, given that other producers were almost fully contracted there was not much value in further engagement. Mr Ninkov questioned whether it was implicit in the IMO's assumptions that producers could continue producing at this rate. The Chair responded that production capacity and reserves are well above demand. This GSOO is attempting to quantify producers willingness to supply.</p> <p>With respect to the focus on the NWS, the Chair noted that all participants that provided feedback on the July 2013 GSOO raised the issue with NWS supply. Therefore, the IMO directly engaged NWS representatives to get further information. Mr Cooper questioned whether, if the NWS only meet its contracted position there would be a narrowing between supply and demand. The Chair agreed that this would be the case.</p> <p>Mr Mike Shaw questioned whether the end of the timeframe in the GSOO was the end of the time period under review or the end of the contracts. Mr Tan noted it was reflective of the period of the GSOO and that the NWS contracts extended to 2033.</p> <p>The Chair noted the GSOO is currently awaiting IMO Board approval and thanked GAB members for their contributions to the December GSOO.</p>	
<p>8.</p>	<p>GENERAL BUSINESS</p> <p>Ms Ryan noted the GAB Meeting dates for 2014 members and the Chair requested members to inform the IMO if any dates were inconvenient.</p>	
<p>CLOSED: The Chair declared the meeting closed at 5.00pm.</p>		