

Independent Market Operator

Gas Advisory Board

Minutes

Meeting No.	2
Location:	IMO Board Room
Date:	28 March 2012
Time:	1:00 PM

Attendees	Class	Comment
Allan Dawson	Chair	
Ben Coetzer	Producer	
Pete Ryan	Producer	
Steve Lewis	Pipeline	
Stephen Livens	Pipeline	
Nenad Ninkov	Shipper	
Geoff Gaston	Shipper	
Gordon Rule	Major User	
Mike Shaw	Major User	
Suzanne Frame	Independent Market Operator (IMO)	
Natalie Jackson	Proxy for Wana Yang (Economic Regulation Authority (ERA))	
Apologies	Class	Comment
Paul Biggs	Small-User	
Paul Hynch	Observer OoE	
Wana Yang	Observer ERA	Proxy sent
Also attended	From	Comment
Kate Ryan	IMO	Presenter
Rebecca Denton	IMO	Minute-taker
Martin Maticka	IMO	For item 7
Justin Magraith	Systemic Pty Ltd	For item 7

Item	Subject	Action
1.	WELCOME	
2.	APOLOGIES Paul Biggs and Paul Hynch from the OoE both sent their apologies. Natalie Jackson attended the meeting as a proxy for Wana Yang from the ERA.	
3	MINUTES OF PREVIOUS MEETING Mr. Lewis queried whether his suggestion that a National Bulletin Board (NBB) for both the East Coast States and Western Australia (WA) had been captured the discussion at item 5 in the minutes. The Chair repeated his	

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	<p>assurance that whatever WA Gas Bulletin Board (GBB) system was brought in, it would have very similar interface to the website for the NBB.</p> <p><i>Action Point: Minutes of Meeting No. 1 to be amended to reflect this.</i></p>	IMO
4	<p>ACTIONS ARISING</p> <p>Ms. Ryan updated the Gas Advisory Board (GAB) on the action points assigned in the previous meeting:</p> <p><i>A 'producers' class to be added to part 6.3 of the constitution to ensure each class is represented in the quorum.</i> – Ms. Ryan informed the GAB that this had been added to the constitution and a copy of the updated constitution placed on the website.</p> <p><i>The IMO to assess whether it would be valuable for AEMO or the IMO's technical consultants to give a presentation to members on the NBB.</i> – Ms. Ryan informed the GAB that there was a consultant from Systemic to speak to the group on the planned IT System for the GBB. Ms. Ryan also added that they had discussed the NBB with the relevant parties in the AEMO, however it was decided that there was little to gain from a presentation that could not already be seen by looking at the NBB website.</p> <p><i>A gap analysis to be undertaken to analyse the requirements of the GBB against what the NBB can deliver.</i> – Ms. Ryan acknowledged this suggestion, but stated that as the GBB was still at an early stage of development, and that the gap analysis would be deferred until there were more details to do a proper analysis, and this would be kept as a pending item.</p>	
5	<p>GAS INFORMATION SERVICES PROJECT – UPDATE</p> <p>The Chair invited Ms. Ryan to present to the GAB the updates for the GISP, the project plan, and to report on the status of the project funding.</p> <p>Ms. Ryan informed the GAB that the project had been relatively quiet since the last meeting, as expected, and that the IMO had progressed the items it could while they were waiting on funding approval.</p> <p>Ms. Ryan informed the GAB that she had formulated a project plan for the GISP, which has been endorsed by the IMO Board. A copy of this project plan is included with the meeting papers. This included a plan of the resources needed, and analysis of which elements of the project will require external assistance, most notably the IT requirements. Ms. Ryan noted that the IMO had commenced scoping and drafting tenders for these requirements.</p> <p>Ms. Ryan noted that an IMO IT strategy for the delivery of the GBB services had been formulated, and that this had been endorsed by the IMO Board.</p> <p>Ms. Ryan informed the GAB that a budget submission had been entered into the 2012/13 State Budget process. This was to apply for loan funding for the project costs which were not covered by the seed funding which the Office of Energy (OoE) has already provided. Ms. Ryan stated that they are awaiting formal advice on the outcome of their application, and stated that</p>	

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	<p>they had been advised that the funding will be subject to the Gas Services Information Bill being passed, and the regulations under that Act being made. The loan funding will not be given until these have happened. The IMO had been working with the OoE on drafting these regulations, however, they cannot be commenced until the Bill has been passed. Given these dependencies, the funding is unlikely to be awarded until June/July 2012.</p> <p>The Chair informed the GAB that he had been in contact with the Minister's Office, and had been told that the Gas Services Information Bill and regulations and the commencement of the GBB and GSOO have been placed as a high priority for the new Public Utilities Office, with the regulations to be completed and approved before June.</p> <p>The Chair added that the Bill had been through first and second readings in the Western Australian Upper House, and had been approved by all substantive parties in the Upper House. The Bill was to be read in the Lower House on the 28th or 29th of March, and the Chair anticipated a press release from the Ministers Office informing of the passage of the legislation through Parliament.</p> <p>Mr. Ninkov requested more details of the Bill, and Ms. Ryan stated that she would send a copy of the Bill in its current form and the Hansard entry of the Upper House debate on the Bill to all GAB members.</p> <p>Mr. Ninkov questioned the level of detail that would be included in the legislation in regards to what data would be required, and asked who would be signing off on the rules when they were finalised.</p> <p>Ms. Ryan replied that the legislation and regulations would be high level, and would provide heads of power for the writing of the rules, as well as high level provisions around information collection and the protection of information.</p> <p>The Chair added that the GAB would be playing an important role in the writing of the rules and the level of detail required. He suggested that the members of the GAB look at the IMO's Wholesale Electricity Market Rules for guidance on the establishment of the rules.</p> <p>Mr. Ninkov questioned who had the right to sign off on the rules. Ms. Ryan replied that it was expected that the Minister would sign off the initial rules, and after that there would be a rule change process presided by the IMO, similar to the electricity market. The Chair added that there would likely be protected provisions of the rules which would require ministerial approval before they were changed.</p> <p>Mr. Ryan suggested that a timeline be made up for the project development, with the input requirements of the GAB included, with the approval required at each stage. Ms. Ryan pointed out that the project plan detailed the stages of the project, but agreed that a timeline would be a useful addition and could be updated as more of the details around the timing of the project become clear.</p> <p>Ms. Ryan added that the OoE plans to consult with the GAB on the regulations when they are in the drafting process. She pointed out that she expected that at the next GAB meeting the OoE would be discussing this.</p>	

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	<p>Mr. Ninkov asked when the group would have more details about the data requirements of the GBB. Ms. Ryan replied that more details would be available near the middle of the year when more funding became available, and she planned then to be able to provide some high level documentation to the GAB at that point, which would cascade down into more detailed documents as the rules are developed.</p> <p>The Chair added that the starting point on the project would be looking at the Eastern States arrangements, and the data requirements which they have.</p> <p>Mr. Ninkov added that the most interest he had received from Market Stakeholders was in regards to what information was to be provided to the GBB, and what information would be available. The Chair agreed, but that this work would have to wait for some more funding for project resources before development could begin.</p> <p>The Chair informed the GAB that \$220,000 out of the initial \$350,000 of funding had been spent so far on the project.</p> <p>Mr. Ninkov enquired as to when the State Budget would be announced. The Chair replied that the content of the budget was essentially settled on the 10th of April, but given that the funding for the GBB was conditional on the passing of the Bill, the IMO's understanding was that it would not appear in the state budget. Ms. Ryan noted that the Budget would usually be announced publicly in May.</p> <p>Ms. Ryan added that the IMO were meeting regularly with the OoE to discuss the regulation drafting instructions. They have also been discussing the development of an emergency management facility to support the current emergency management framework in the State, and also the gas quality specification information to be displayed on the GBB. The Chair added that these discussions were at a very early stage, and that these are some of the deviations that the GBB would have from the NBB.</p> <p>Mr. Lewis questioned whether the gas quality specification information had been enshrined in legislation, or included in rules related to this. Ms. Ryan replied that it was being put into regulations at a high level. The IMO would be drafting the rules and data requirements as part of the GISP. Mr. Lewis questioned the level of detail and data that would be published on the gas quality specifications. He also questioned the relevancy of this data to the GBB.</p> <p>Ms. Ryan added as part of the stakeholder engagement, herself and the Chair had visited the Dampier to Bunbury Pipeline control room.</p> <p><i>Action Points:</i> <i>A copy of the Gas Services Information Bill and the Hansard entry of the Upper House Debate to be sent to the members of the GAB.</i></p> <p><i>The IMO to develop a project timeline based on the current project plan showing the stages for GAB input and approval arrangements.</i></p> <p><i>The Office of Energy will be requested to provide an explanation of the</i></p>	<p style="text-align: center;">IMO</p>

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	<i>legislative framework for the gas information services.</i>	
6	<p>GAS SERVICES INFORMATION BILL 2011 – UPDATE</p> <p>Ms. Ryan handed out a sheet provided by the OoE providing an update on the Gas Services Information Bill and summarising some of the questions and answers provided during the briefing of Members of Parliament on the Bill.</p> <p>In relation to this information, Mr. Livens pointed out that while the GBB was at no cost to the general public, it could not be said that it was no cost absolutely. This point was noted by Ms. Ryan.</p>	
7	<p>GAS BULLETIN BOARD IT STRATEGY</p> <p>Ms. Ryan introduced Mr. Magraith from Systemic Pty Ltd, the IT consultants who had advised the IMO on the options for the GBB IT system.</p> <p>Mr. Magraith summarised the work undertaken by Systemic for the IMO on the options for the implementation of the GBB from an IT standpoint. Mr. Magraith gave a rundown of the IMO systems, the environment used by AEMO for the NBB, and presented the options for using the NBB for the WA gas market.</p> <p>Mr. Magraith also outlined the options for the GBB IT system, along with the preferred strategy, in terms of risk and cost.</p> <p>Mr. Livens asked for details on what costs had been taken into account, and to whom they were applicable. Mr. Magraith informed him that the costs were of developing and maintaining the system, and these were the costs to the IMO.</p> <p>Ms. Ryan informed the GAB that although the options varied in cost, they were all within the budget that the IMO had allocated for system development. She added that under option 4, while the IMO to build an IT system which was relevant to the needs of the GBB, it would be based on the AEMO system as far as possible.</p> <p>Mr. Maticka added that when the IMO had looked at the AEMO system, and received feedback from the developers on the plans for the NBB for the future, it was decided that it would be simpler and lower risk to develop a separate IMO system and learn from AEMO in the GBB development and design. Ms. Ryan added when the IMO ranked costs and risks of the four options presented in the report, the option chosen was the best in the long-term for the development and management of the system.</p> <p>Mr. Gaston asked whether AEMO or Logica had developed the NBB system. The Chair replied the AEMO had developed or project managed this system. He added that Logica had developed the retail gas system for the Retail Energy Market Company. The Chair added that AEMO was concerned with running the NBB for the Eastern States but not WA, which is</p>	

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	<p>the responsibility of the IMO.</p> <p>Mr. Lewis questioned if the architecture and the data in which to populate it is available in the NBB, how was this option estimated to cost in the region of \$400,000. The Chair replied that this was not as simple as Mr. Lewis had suggested. He referred to the registrations for new participants, the emergency gas management facility which would have to be put in place, as will the gas specification information. Mr. Lewis stated that there had been an emergency gas management system, and asked if it could be switched back on, for the initial operation of the WA GBB, and the gas specification information had not yet had legislation passed. The Chair replied that the systems that Mr. Lewis thought were available were not, and the currently available architecture was rudimentary, and AEMO may not be committed to the current technology over the long term. Mr. Magraith added that half of the estimated costs quoted in the AEMO hosting costs were the AEMO charge to bring their own system up to specification, and that operationally this was a lot more complex than it appeared.</p> <p>Mr. Lewis added that there should be a simplistic first step to be taken for each of the producer just to populate the existing infrastructure, as opposed to creating an entirely new system. The Chair interjected that AEMO was not going to allow access to the existing infrastructure for free, that they were not offering any services for free. Ms. Ryan added that for any of the four options for the IT systems, the IMO would have to develop a registration system to feed in information, that this functionality is not a part of the AEMO NBB system.</p> <p>Mr. Ninkov asked whether operational and maintenance (O&M) costs had been taken into account as part of this cost estimation. Mr. Maticka answered that these costs had not been looked into in detail, but that as a quick estimation of the four options, the hybrid system would have the highest O&M costs, followed by the direct port option, and then it would be comparative between the other options. Mr. Rule commented that a life-cycle cost should be taken into account for the options, which Mr. Maticka agreed with and stated that a five year cost estimation was taken into account. The Chair added that this was considered in terms of risk to the stability of the GBB system, and the higher cost options had the lowest risk, but the cost differences between the different options was relatively small.</p> <p>Mr. Livens questioned what the role of the GAB was in relation to the IT Strategy as the IMO had already made its decision. Mr. Lewis added that there was not consensus among the members of the GAB on the recommendation.</p> <p>Mr Coetzer noted that the role of the GAB was in relation to the rules and that he saw the issue of the IT system as one for the IMO to decide.</p> <p>The Chair responded that the issue of the technology platform was not a matter for discussion; the presentation was for informational purposes.</p> <p>Mr. Lewis suggested that the proposed information service would lead to a short term trading market. He added that a national controller or a single system was preferable to two diverging markets on the east and west coasts. The Chair replied differences between the two jurisdictions were inevitable, given the two different governance arrangements.</p>	

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	<p>Mr. Lewis questioned the clarity regarding the information which they will have to provide, which is not yet clear.</p> <p>The Chair noted that the expected features of the WA GBB, such as the gas emergency management facility were not likely to be the same as the AEMO systems.</p> <p>Mr. Ryan asked whether a gap analysis could be done, and this would enable the GAB to make a more informed decision. The Chair said the IMO would look at this. Mr. Lewis asked if AEMO could be included in this analysis. Ms. Ryan replied that she had been in discussions with AEMO related to the GBB and the GAB, and that they had indicated to her that there was little information to add to what was available via the NBB.</p> <p>Mr. Shaw stated that as a representative of major gas users in the market, he had been under the impression, and had relayed to the users he was representing, that the AEMO system would be used, and that the proposed system was a shift away from this view.</p> <p>The Chair suggested that the GAB members submit to the IMO questions which they had for the AEMO.</p> <p>Mr. Coetzer re-stated that the main purpose of the GAB was related to the development of the rules for the GBB, and the technology platform used was a matter for the IMO.</p> <p>Ms. Frame queried whether the impacts of the technology choices of the IMO on the participants could be shown over a period of 3-5 years. Mr. Maticka added that it was difficult to estimate this given the lack of information available currently. Mr. Coetzer requested that an analysis be done that takes into account the life cycle costs, the O&M costs of an IT System, in addition to the estimated costs to the market participants. The Chair agreed, and added that as soon as their funding had been approved, that they could allocate resources towards this analysis.</p> <p>Mr. Lewis reiterated his view that it was likely that the GBB would lead to a short term gas trading market. He suggested that in light of the potential compliance issues that could be encountered from operating in several short term markets, that the GAB look at the longer term issues that could be brought about by this. The Chair suggested that this was an issue related more to the OoE than the IMO. Mr. Gaston requested that the OoE discuss this with the group.</p> <p>Ms. Ryan added that the WA market is different in governance to the rest of Australia, and this would inevitably result in differences in the two GBBs.</p> <p>The Chair added that he had no intention of running a government funded market unless directed to do so from the Minister, and he added that when the GBB was developed, that he would provide links on the webpage to the two private gas trading platforms currently run in WA.</p> <p><i>Action Points:</i> <i>The IMO will receive questions from GAB members relating to the AEMO systems, and these will be passed onto the AEMO representatives for</i></p>	<p style="text-align: right;">All members</p>

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	<p><i>response.</i></p> <p><i>The IMO to evaluate the lifecycle costs of the GBB, once funding is available to do so.</i></p>	IMO
8	<p>GENERAL BUSINESS</p> <p>There were no further issues raised.</p>	
9	<p>NEXT MEETING</p> <p>Tuesday, 15 May 2012.</p>	
<p>CLOSED</p> <p>The Chair declared the meeting closed at 2.30pm</p>		