



## Gas Advisory Board

### Agenda

<b>Meeting No.</b>	2
<b>Location:</b>	IMO Board Room Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date:</b>	Wednesday 28 March 2012
<b>Time:</b>	1:00 – 3:00 pm

Item	Subject	Responsible	Time
1.	<b>WELCOME</b>	<b>Chair</b>	5 min
2.	<b>APOLOGIES</b>	<b>Chair</b>	
3.	<b>MINUTES OF PREVIOUS MEETING</b>	<b>Chair</b>	10 min
4.	<b>ACTIONS ARISING</b>	<b>Chair</b>	
5.	<b>GAS INFORMATION SERVICES PROJECT – UPDATE</b>		
	a) Project Plan	<b>IMO</b>	10 min
	b) Funding – verbal update	<b>IMO</b>	10 min
6.	<b>GAS SERVICES INFORMATION BILL 2011 – UPDATE</b>	<b>OOE</b>	10 min
7.	<b>GAS BULLETIN BOARD IT STRATEGY</b>		
	a) Technical Review (verbal presentation by Systemic Pty Ltd)	<b>IMO</b>	20 min
	b) IT Strategy (presentation)	<b>IMO</b>	20 min
8.	<b>GENERAL BUSINESS</b>		
9.	<b>NEXT MEETING: Tuesday, 15 May 2012</b>		

**Independent Market Operator**  
**Gas Advisory Board**

## Minutes

<b>Meeting No.</b>	1
<b>Location:</b>	Parmelia Hilton, 'Swan B Room' 14 Mill Street, Perth WA 6000
<b>Date:</b>	20 December 2011
<b>Time:</b>	11.15am – 12.15pm

<b>Attendees</b>	<b>Class</b>	<b>Comment</b>
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)	
Holly Medrana	Proxy for Wana Yang (Economic Regulation Authority)	
Natalia Kostecki	Proxy for Paul Hynch (Office of Energy (OoE))	
<b>Apologies</b>	<b>Class</b>	<b>Comment</b>
Paul Biggs	Small-User	
Paul Hynch	Observer OoE	Proxy sent
Wana Yang	Observer (Economic Regulation Authority)	Proxy sent
<b>Also in attendance</b>	<b>From</b>	<b>Comment</b>
Kate Ryan	IMO	Presenter
Stacey Oldfield	IMO	Minutes

<b>Item</b>	<b>Subject</b>	<b>Action</b>
<b>1.</b>	<p><b>WELCOME</b></p> <p>The Chair opened the first meeting of the Gas Advisory Board (GAB) at 11.15am and welcomed members.</p>	
<b>2.</b>	<p><b>INTRODUCTIONS, APOLOGIES / ATTENDANCE</b></p> <p>The Chair invited members to introduce themselves and give a brief description of their background.</p> <p>Apologies were received for Dr Paul Biggs, Mr Paul Hynch and Ms Wana Yang. Ms Holly Medrana was introduced as a proxy for Ms Yang and Dr Natalia Kostecki as a proxy for Mr Hynch.</p> <p>Also in attendance were Ms Kate Ryan (presenter) and Ms Stacey Oldfield (minutes).</p>	

Item	Subject	Action
3	<p><b>ROLE AND OPERATIONS OF THE GAS ADVISORY BOARD</b></p> <p>The Chair noted that the role of the GAB is to provide advice to the IMO in the establishment of the initial rules for the Gas Bulletin Board (GBB) and the Gas Statement of Opportunities.</p> <p>The Chair stated that a copy of the constitution had been circulated to all members and member details and class would be published on the IMO web site to direct interested parties to the appropriate representative of their class.</p> <p>The Chair requested that members be objective and provide advice which would benefit the whole market and not their company's commercial position. However, members will have ample opportunity to represent their employer's interest during formal consultation periods.</p> <p>Mr Steve Livens raised the point that the producers class was missing from part 6.3 of the GAB Constitution (representatives that needed to be present in a quorum). The Chair replied that this was an oversight and the producer's class would be added to part 6.3 of the constitution.</p> <p><i>Action Point: A 'producers' class to be added to part 6.3 of the constitution to ensure each class is represented in the quorum.</i></p>	IMO
4	<p><b>GAS INFORMATION SERVICES PROJECT</b></p> <p>Ms Ryan presented the key points of the Gas Information Services Project paper provided for Agenda Item 4.</p> <p>Mr Nenad Ninkov asked whether the government would grant the IMO with the \$3,315,000 to implement the Gas Information Services Project or if this capital expense would be recovered through Market Fees. Ms Ryan replied the latter was the case with the Chair clarifying that the initial seed funding of \$350,000 from the OoE would not be recoverable.</p> <p>Mr Pete Ryan enquired whether the role of the GAB in terms of Emergency Management would be medium to long term planning. The Chair replied that the IMO estimated the need for an information page available to inform energy Market Participants and the government of periods of stress within the market. The Chair envisaged that this may not only include information from the gas industry, but also information to do with liquid fuel stocks from electricity generators. It has to be information that is useful to the Market Participants who will be affected by potential disruptions to the industry.</p> <p>Mr Geoff Gaston questioned whether it would be useful for the Australian Energy Market Operator (AEMO) to provide the members with a presentation of the National Bulletin Board (NBB) used in the Eastern States. The Chair noted that the IMO had a technical consultant looking at the functions of the NBB in AEMO and it may be useful for the consultant to give a presentation to the members. The Chair also noted that, other than the emergency page, the NBB is publically available on the web. However, the IMO will consider whether it would be valuable for AEMO to give a presentation.</p> <p><i>Action Point: The IMO to assess whether it would be valuable for AEMO or</i></p>	

Item	Subject	Action
	<i>the IMO's technical consultants to give a presentation to members on the NBB.</i>	<b>IMO</b>
<b>5</b>	<p><b>OPTIONS FOR GAS BULLETIN BOARD SYSTEM</b></p> <p>Ms Ryan presented the paper on the Options for the Gas Bulletin Board System. The Chair noted that AEMO had shown a clear preference for option 3: Migrating the software from the NBB into the IMO IT framework, with the IMO to develop and operate the GBB. The following questions were raised by members:</p> <p>Mr Ninkov asked what criteria the IMO were using to evaluate the three options for utilising the NBB system to deliver the GBB. The Chair replied the options were evaluated firstly on a technical basis i.e. what is feasible and what is not, and secondly on a costs and function basis. The Chair noted that WA will have its own gas rule book separate to the Eastern States gas rule book. The IMO will have to consider situations where the rules may differ between the states and how this should be implemented in the GBB as opposed to the NBB.</p> <p>The Chair noted an issue the IMO has encountered is to mine the data beyond the simple GBB would require an AEMO technical consultant to prepare and run a script to extract the information, and as such the IMO does not consider this really functional at the moment.</p> <p>Considering the NBB already has a WA element, Mr Steve Lewis suggested stage one of the implementation processes could be populating into the GBB what already exists in the NBB. The Chair replied that the NBB Graphical User Interface looked good but the database that supports it may be a problem. The Chair reassured that the IMO was sourcing the most cost-effective avenue of implementing the GBB.</p> <p>Mr Lewis further went on to ask whether the national gas law would be precedent to the Western Australia specific legislation. Dr Kostecki responded that WA has only adopted national gas law in respect to access arrangements and this is the reason why WA needs its own legislation for GBB and GSOO.</p> <p>Mr Gordon Rule raised the point that the key issue was whether the functionality of the NBB would be sufficient for the WA gas market. The Chair replied that the current user interface for the NBB would be adopted for the GBB; however, the WA market may need extra information. Mr Ben Coetzer added it will be a fundamental design decision whether the Emergency Management information is displayed on the GBB or whether it will just be visible in Emergency Management situations. The Chair noted that the regulators believed the Emergency Management information would only be activated in emergency situations but reiterated Mr Coetzer's observation that even though the information would not be visible at all times, it still needed to be loaded onto the system from day one to be available when required in an emergency.</p> <p>Mr Rule asked whether a gap analysis had been developed looking at the requirements of the GBB and what the NBB can deliver. The Chair replied</p>	

Item	Subject	Action
	<p>that a gap analysis can be applied when we determine what WA will be supplying. Ms Ryan added that the consultants contracted by the IMO are looking at the risks and costs associated with the different options for using the AEMO system to operate the GBB, including if the requirements of the WA GBB are different to those of the NBB.</p> <p>Mr Coetzer noted that he was interested in the functionality of the GBB in terms of the Emergency Management information disclosure. The Chair informed the GAB that the IMO would be relying on the expertise of the members to provide advice and recommendations as to what should be included on the Emergency Management page.</p> <p><i>Action Point: A gap analysis to be undertaken to analyse the requirements of the GBB against what the NBB can deliver.</i></p>	<b>IMO</b>
<b>6</b>	<p><b>SCHEDULE OF MEETINGS IN 2012</b></p> <p>The Chair noted the draft schedule of meeting dates for 2012 and informed the GAB that should a significant number of members not be able to attend a certain meeting, the IMO may consider changing the meeting date.</p>	
<b>7</b>	<p><b>GENERAL BUSINESS</b></p> <p>Nil.</p>	
<b>8</b>	<p><b>NEXT MEETING</b></p> <p>GAB meeting No.2: Thursday 9 February 2012 (1.00pm – 3.00pm)</p>	
<p><b>CLOSED</b></p> <p>The Chair declared the meeting closed at 12.15pm.</p>		



## Gas Advisory Board (GAB) - Action Points

### Legend:

<b>Unshaded</b>	Unshaded action points are still being progressed.
<b>Shaded</b>	Shaded action points are actions that have been completed
<b>Missing</b>	Action items missing from sequence have been completed from previous meeting and subsequently removed from the log.

#	Year	Action	Responsibility	Meeting arising	Status / progress
1	2011	A 'producers' class to be added to part 6.3 of the constitution to ensure each class is represented in the quorum.	IMO	December	Completed. Updated Constitution published on website 22 December 2011.
2	2011	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	IMO	December	Systemic to present at 28 March 2012 GAB meeting on findings of technical investigation into options for using AEMO Bulletin Board system in WA. Following discussions with AEMO, the IMO considers a more general presentation on AEMO system would yield little benefit.
3	2011	The IMO to conduct a gap analysis to analyse the requirements of the GBB against what the NBB can deliver.	IMO	December	Deferred pending detailed design of WA GBB.

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## Agenda Item 5: Gas Information Services Project (GISP) Update

### 1. RECENT GISP ACTIVITIES

The IMO has undertaken the following activities on the GISP since the last Gas Advisory board meeting in December 2012.

#### *Planning*

The Project Plan for the GISP has been finalised and endorsed by the IMO Board. A copy of the Plan is provided at Attachment A.

Internally, the IMO has been going through process of identifying which aspects of the project will be resourced:

- by existing IMO staff;
- by new IMO staff (for which recruitment activities need to be undertaken); and
- external resources (for which tender processes may be required).

This planning should help to ensure that the IMO is able to move resources onto the GISP relatively quickly once funding for the project has been secured.

#### *IT Strategy*

The IMO has developed an IT Strategy for the Gas Bulletin Board (GBB) system. This was endorsed by the IMO Board on 14 March 2012. Four different options were considered for using the Australian Energy Market Operator (AEMO) GBB system:

- Hosting of the WA GBB by AEMO;
- A “hybrid” option with AEMO hosting the core GBB functions of the WA GBB and the IMO hosting any aspects of the WA GBB that differ from the existing AEMO system (e.g. gas emergency management and gas quality specification information);
- A “port” of the AEMO GBB system into the IMO IT systems, to be operated by the IMO; and
- Development of a new GBB system by the IMO using the AEMO GBB as a basis for developing the specifications for the WA GBB system.

These options were considered on the following basis:

1. Technical viability;
2. Cost;
3. Suitability; and
4. Implementation and operation risks.

The IMO sought independent advice from Systemic Pty Ltd on these options – focusing on the technical aspects of implementing the system.

Refer to Agenda Item 7 for more information.



### *Funding for the GISP*

GISP activities undertaken to date have been funded via seed funding provided by the Office of Energy for the project.

In December 2012, the IMO developed a Budget Submission for the Minister for Energy, seeking approval from Economic and Expenditure Reform Committee as part of the 2012/13 State Budget process. This request was for approval to borrow funds from the Western Australian Treasury Corporation to fund implementation activities for the GISP. The amount of loan funding sought was approximately \$3 million.

The IMO anticipates receiving initial advice regarding the approval of this funding request by April 2012. It is likely that any approval will be conditional on the passage of the Gas Services Information Bill.

It is intended that the amount of this loan funding actually spent in the implementation of the Gas Information Services (GIS) will be capitalised at the end of the project and recovered from gas market participants over the first three years of operation of the GIS.

### *Stakeholder Engagement*

The summer period has provided an opportunity for the IMO to continue to form and develop relationship with various gas stakeholders and has met with a range of parties. These activities have included:

- Regular meetings have continued with the Office of Energy (OoE) to discuss the development of the Gas Services Information Regulations
- Meetings with areas of the OoE responsible for implementing the new broader gas specification initiative and for administering arrangements for the management of gas supply disruptions; and
- A visit to the control room of the Dampier to Bunbury Pipeline.

The IMO is also continuing to expand its email distribution list for the GISP and welcomes new members to the list at any time.

## **2. RECOMMENDATIONS**

*It is recommended that the GAB:*

**a) Note the update on the GISP.**





**Independent Market Operator**

**Gas Information Services  
Project**

**Project Plan**

***Including Stakeholder  
Communication Plan and Risk  
Management Process***

**Version: 2**

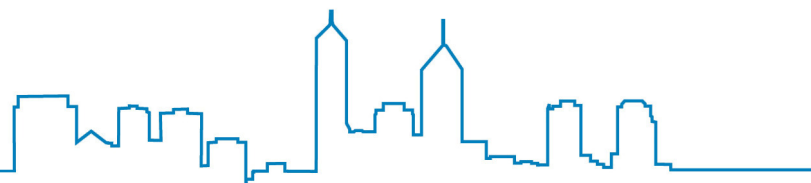
**Date: 10 February 2012**

### Revision History

Version	Date of Revision	Author	Description of Change	Affected Sections
1	4 January 2012	Kate Ryan	Created	All
2	10 February 2012	Kate Ryan	Feedback from Allan Dawson	2.3
3				
4				
5				

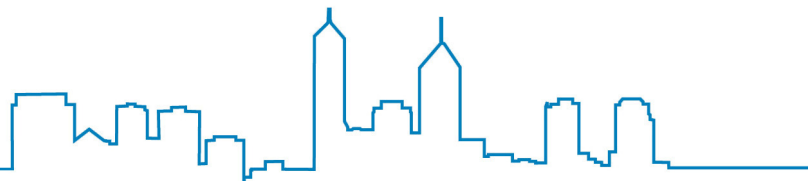
### Approvals

Name	Organisation	Title	Signature	Date
Allan Dawson	IMO	CEO		



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## 1. Background

In December 2009, the Western Australian (WA) Energy Minister the Hon. Peter Collier MLC, announced that a Gas Bulletin Board (GBB) and Gas Statement of Opportunities (GSOO) would be established in WA. Establishment of a GBB and GSOO were key recommendations of the Gas Supply and Emergency Management Committee, which was established in response to two major gas supply disruptions in 2008 including the explosion at the Varanus Island gas processing facility. These initiatives are intended to improve information transparency across the gas supply-demand chain for existing and potential market participants and Government.

On 26 May 2011, the Minister for Energy announced that the GBB and GSOO will be administered by the Independent Market Operator (IMO). Together, these are being implemented by the IMO 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 GBB;
- An Emergency Management Facility (EMF) to be activated in the event of a gas supply disruption; and
- A periodic longer-term supply and demand forecast across all stages of the gas market supply-demand chain – the GSOO.

Initially, the GBB will be a website to publish short and near term system and market information on natural gas production, transmission, storage capacity and demand in WA. The GBB will also provide an EMF to assist in the management of gas supply disruptions. The GBB may also include information about other fuel types, and later may be developed to include a feature to facilitate the introduction of buyers and sellers of gas and gas transport services, but this will not be a formal trading platform or provide market settlement services.

The GSOO will be an annual planning document which is intended to include a comprehensive medium to long-term outlook of gas supply and demand in WA, highlighting where potential gas shortfalls or supply constraints may occur in the future.

## 2. Governance, Roles and Responsibilities

The GBB and GSOO will be established by the IMO under legislation and regulations to be passed by the WA Parliament and Rules to be developed and administered by IMO Board (subject to any procedural requirements for the making of the initial GIS Rules<sup>1</sup>).

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<sup>1</sup> It is anticipated that the regulations will provide for the making of the initial GBB and GSOO Rules by the Minister for Energy.

## 2.1 GISP Roles and Responsibilities

Within IMO, the GISP will be led by the following:

IMO Board

### **Project Owner**

Responsibility for accepting and signing off the key deliverables, budget, and outputs and any significant variations to these.

IMO CEO, Allan Dawson

### **Project Sponsor**

Responsible (to the IMO Board) for the success of the project. Key accountabilities include strategic relationship management, content and budget oversight and ultimate sign off for the project deliverables.

IMO Senior Management Team

### **Project Steering Group**

Responsible for providing free and frank advice to the Project Sponsor on the management of the GISP, its business cases, costs and risks, and any issues around its transition to business as usual.

Also provides a forum for providing advice and assistance to the Project Sponsor and Project Manager to help resolve issues that arise throughout the project, particularly issues that relate to the project overall or more than one project workstream.

Project Director, Kate Ryan

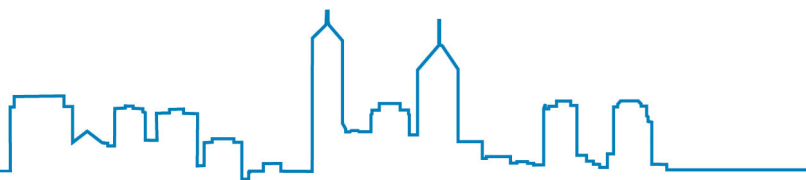
### **Project Manager**

The Project Manager is responsible to the Project Sponsor for the delivery of the GISP, its overall management including the maintenance of this project plan, preparation of business case(s) and implementation plans, financial management and a smooth transition to “business as usual”. The Project Manager will oversee and assist with the project workstreams as appropriate.

Workstream Leaders, TBA

### **Workstreams**

Workstream Leaders are responsible to the Project Manager for the delivery of work within their workstream including, reporting on milestones, signing off final outputs and embedding changes into their parts of the business. Workstream Leaders will be supported in their role by the Project Manager, IMO staff and consultants/advisors (where applicable).



## 2.2 Gas Advisory Board

The IMO will establish an interim Gas Advisory Board (GAB), which will be a committee of industry representatives convened by IMO to advise the IMO Board on the development of the initial GIS Rules. The GAB will have the following composition:

- Chair (the IMO Chief Executive)
- Two members representing gas producers
- Two members representing pipeline operators and owners
- Two members representing gas shippers
- Two members representing major gas users
- One member representing small end-use customers, appointed by the Office of Energy
- One member from the IMO

The Office of Energy and the Economic Regulation Authority will each also be invited to send a representative as an observer at GAB meetings.

Members of the GAB are required to act in the best interests of the gas industry as a whole and, in carrying out its functions, the GAB must have regard to the objectives of the GBB and GSOO set out in clause 6 of the Gas Services Information Bill 2011<sup>2</sup>.

“The objectives of the GBB and GSOO are to promote the long term interests of consumers of natural gas in relation to –

- a) the security, reliability and availability of 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;
- d) the facilitation of competition in the use of natural gas services in the State.”

The GAB Constitution, membership list and meeting papers are available on the IMO website at [www.imowa.com.au/gsiip/gab](http://www.imowa.com.au/gsiip/gab). The GAB may establish working groups where a need is identified.

The GAB will meet monthly throughout the GISP and will be wound up once the GIS Rules are in place. It is then anticipated that the GAB, or a similar body, will be reconstituted under the Rules to advise the IMO on the GIS Rules on an ongoing basis.

## 2.3 Reporting

The Project Manager will be responsible for regular reporting on the progress of the GISP, and highlighting any key risks or issues, to the parties shown in the following table. Further reports will also be provided on an ad hoc basis as required.

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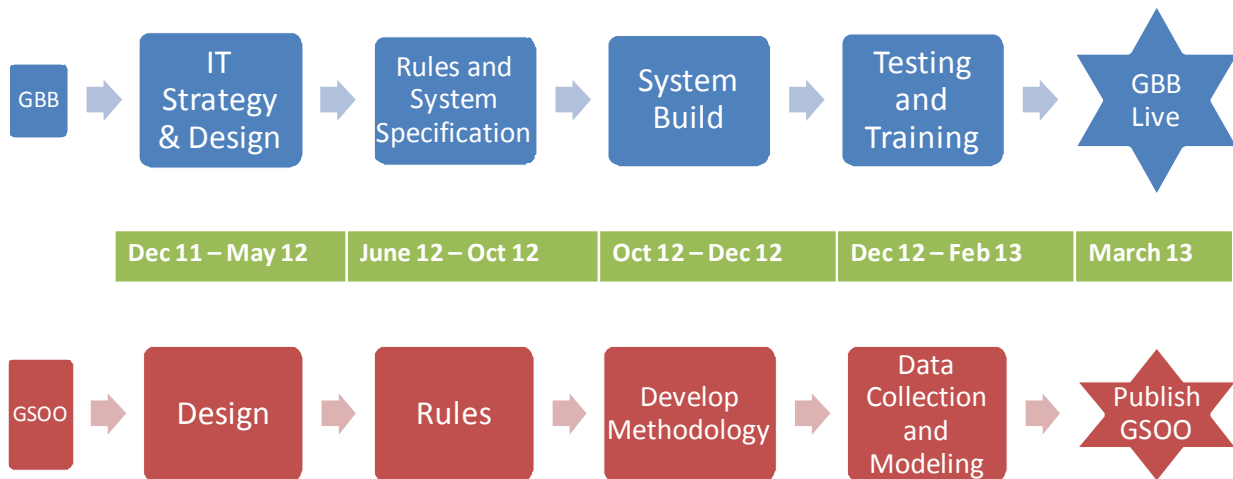
<sup>2</sup> The Gas Services information Bill 2011 was introduced into the WA Parliament in November 2011.

Party	Reporting
IMO Board	At each monthly meeting
Project Steering Group	At IMO Managers Meetings, and monthly formal meetings
Minister for Energy	As part of the IMO's Quarterly Report and verbal updates at the CEO's formal bi-monthly meetings with the Minister
Office of Energy	Via monthly progress reports against the Services Agreement for the GBB and GSOO and at fortnightly Implementation Steering Group meetings
GAB	At each GAB meeting

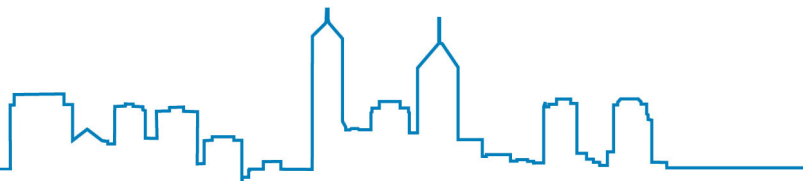
The Project Manager will develop and maintain a GISP Risk Register and Issues Log. Section 7 below sets out the risk management process for the GISP.

### 3. Key Milestones and Timing

Subject to approval of the funding arrangements for the GISP (see section 5 below), the IMO is working towards implementation of the GBB, including the emergency management facility, and publication of the GSOO in March 2013. The following diagram summarises the timeline and key stages of the GISP.



Note: GBB includes Emergency Management facility



A more detailed work program is provided at Appendix 1.

## 4. Workstreams

The GISP will have four key workstreams:

- 1 GIS Design and Rules Development
- 2 GBB System, Testing and Operations
- 3 GSOO Development and Publication
- 4 Governance and Administration

A summary of each of these is provided below, and the work plan at Appendix 1 outlines the key implementation tasks for each of these workstreams.

### 4.1 GIS Design and Rules Development

<i>Workstream Leader</i>	Market Development
<i>Supported by</i>	System Capacity and Legal and Compliance
<i>Key period of work</i>	March – October 2012

This workstream includes the detailed design of the GBB, emergency management facility and GSOO methodology. It also includes the drafting of Rules and Procedures (if required) for the GIS. While the design of the GBB and development of the GSOO methodology are largely separate pieces of work, these will need to be consolidated in the draft initial GIS Rules, which are the key output from this workstream.

This workstream will need to work closely with each of the other workstreams.

### 4.2 GBB System, Testing and Operations

<i>Workstream Leader</i>	Information Technology
<i>Supported by</i>	Market Operations
<i>Key period of work</i>	October 2012 – March 2013

This workstream is responsible for the delivery of the GBB system, including the EMF. This includes the development of an IT Strategy, System Specifications, building of any IT systems or interfaces with the Australian Energy Market Operator's (AEMO) systems, testing and training for both IMO staff and Market Participants.

This workstream will need to work closely with the GIS Design and Rules Development workstream, both to ensure that the GBB design reflects any technical limitations on the delivery



of the GBB and emergency management facility and to implement the arrangements developed by the GIS Design and Rules Development workstream. Once this workstream reaches operational stage it will be led by Market Operations.

### 4.3 GSOO Development and Publication

*Workstream Leader*      System Capacity  
*Key period of work*      October 2012 – March 2013

This workstream is responsible for the development and publication of the first GSOO, including the collection of information, analysis of the information, development of forecasts, drafting and publication of the GSOO. While it is anticipated that the GIS Rules will contain high fairly high level instructions regarding the information to be published in the GSOO, this workstream will need to work closely with the GIS Design and Rules Development workstream in relation to the development of the GSOO methodology.

### 4.4 Governance and Administration

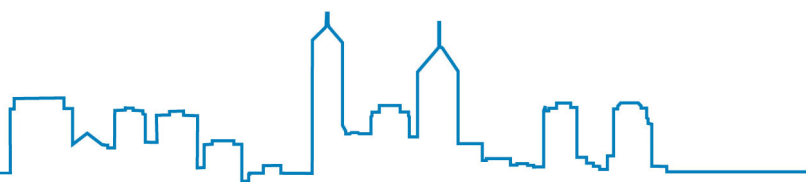
*Workstream Leader*      Project Manager  
*Supported by*              Finance and Administration  
   Market Development  
*Key period of work*      March – October 2012

This workstream is responsible for administration of the GISP, and for developing arrangements for the governance of the GIS, determining the costs of operating the GBB and publishing the GSOO on an ongoing basis and for the recovery of these costs via fees charged to Market participants. These governance and cost recovery arrangements will need to be included in the initial GIS Rules.

## 5. Budget and Resources

The preliminary cost estimate for implementing the GIS is approximately \$3.315 million for the period to 30 June 2013, made up of the following costs:

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



The key area of uncertainty in these costs is in relation to the GBB system. A more precise estimate of the likely system implementation costs will be possible once the IT Strategy for the GBB system has been developed.

A more detailed budget for the GISP is provided at Appendix 2.

### 5.1 Funding Arrangements

The Office of Energy has provided \$350,000 seed funding to the IMO for the establishment of the GIS Project via a Services Agreement over the term 1 October 2011 to 30 June 2012. This funding will enable the IMO to establish the GIS Project, assist the Office of Energy in the development of the Regulations under the Gas Services Information Bill 2011, and investigate IT options for delivery of the GBB.

The IMO is seeking loan funding from the Western Australian Treasury Corporation (WATC) to finance the remaining \$2.965 million for the Project, with \$482,000 required in 2011/12 and \$2.483 million in 2012/13. This funding request is being considered as part of the 2012/13 WA State Budget process, and the IMO anticipates receiving advice regarding approval of the arrangements by April 2012.

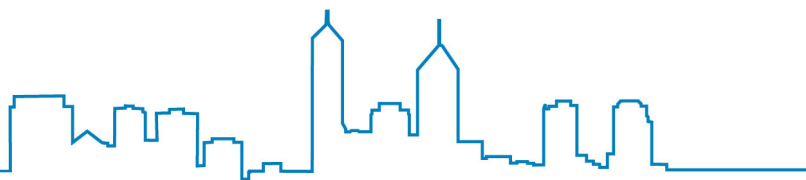
Without additional WATC loan funding, the IMO will be unable to complete the implementation of the GIS Project as it does not have cash reserves or other borrowing facilities available to meet the costs, and is not able to recover the costs from Wholesale Electricity Market (WEM) participants.

The IMO will only draw down the actual monies up to the amounts above that are required to fund the necessary work. Decisions around such expenditure are subject to the IMO's internal approval processes, including IMO Board approval, where required.

The actual amounts will be capitalised and recovered as fees from GIS Market Participants over subsequent years. These cost recovery arrangements are intended to be set out in the proposed Regulations and Rules made under the Gas Services Information Bill 2011. This costing model is in line with the existing recovery mechanism that operates in respect of capital arrangements supporting the WEM.

### 5.2 IMO Resourcing

The GISP will not be resourced by a dedicated project team. Instead, staff from across the IMO will lead and be involved in the various project workstreams, reporting to the Project Manager. It is anticipated that the Project Manager will be supported by a Project Officer, although this may not be a full-time resource.



The GISP, and ongoing operations of the GIS, are likely to require additional staff in a number of IMO operational areas.

Responsibility	Allocation	Likely staff impact
Rule development and changes	Market Development	+1
GBB and EMF – system	Information Technology	?*
GBB and EMF – data	Market Operations	+1
GSOO	System Capacity	+1-2
Compliance	Legal and Compliance	+1
*subject to how GBB system is delivered		

## 6. Stakeholder Communication Plan

Communication and consultation with stakeholders throughout the GISP will be essential to ensure the gas industry understands the GIS and their obligations in relation to the GIS. Regular engagement with stakeholders will also provide stakeholders with some ownership of the arrangements that are put in place, which should boost their acceptance and approval of the services, particularly as these reforms have been driven by a need identified by policy makers, rather than Market Participants.

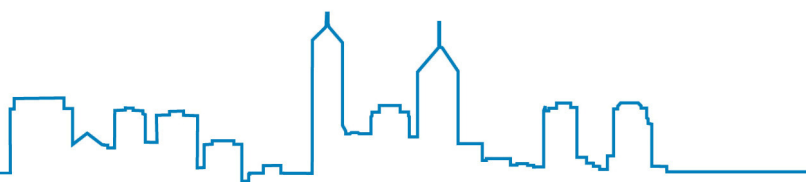
### 6.1 Key Messages

The key messages for the GISP include:

- The objective is to improve the transparency of information in the gas market, for the benefit of Market Participants and consumers generally.
- The IMO is working with industry to deliver this objective a cost-effective way.
- A key challenge is developing a GBB system that provides minimal changes for users of the existing bulletin board operated by AEMO but is also fit for purpose in the WA gas market.
- A further key challenge it to provide transparency while also providing appropriate protection of Market Participants' commercial interests.
- The IMO is implementing the GIS through its existing structure, to build capacity and make the GIS part of its core business.

### 6.2 GIS Stakeholders

As the IMO does not currently have an active role in the WA gas market, identification of relevant external stakeholders is a key task, particularly at the commencement of the GISP.



Key external stakeholders include:

- Gas producers
- Gas pipeline owners and operators
- Gas shippers
- Major gas users
- Peak industry bodies
- The Minister for Energy
- Agencies including the Office of Energy and Department of Mines and Petroleum
- The Economic Regulation Authority
- AEMO

A GIS Stakeholder contact list will be developed as a sub-set of the IMO's Master Contact list. Stakeholders will be identified for inclusion on this list via a number of mechanisms including existing IMO WEM contacts, traders on the temporary GBB operated by the IMO in 2008, contacts known to the Office of Energy and general invitations to be included on the list such as on the IMO website and other IMO communications (e.g. *Watt's on*).

All IMO staff and the IMO Board are key internal stakeholders for the GISP. Communication with the IMO Board and Management Team will be via the reporting arrangements outlined in section 2 above. In addition, regular updates will be provided to IMO staff and managers at weekly meetings, and staff will be invited to attend industry briefing and consultation sessions over the course of the project.

### 6.3 Forms of Communication with External Stakeholders

Various forms of communication will be used to communicate with external stakeholders throughout the GISP.

The primary vehicles for sharing information, including invitations to stakeholder information or consultation sessions, will be emails to the GIS contact list and the IMO website. A dedicated GISP section will be created on the IMO website to enable stakeholders to source information about the project and relevant IMO contact details. Updates on the GISP will be provided on an ad hoc basis via GISP newsletters (similar to *MEPWatch*), industry information sessions and the *Watt's on* newsletter will list upcoming GISP events.

Face-to-face interaction with external stakeholders is likely to occur in three key ways:

- GAB meetings;
- Industry/stakeholder briefings and information sessions; and
- Consultation forums/workshops.

Stakeholders will also be welcome to make formal submissions to the IMO throughout the

design of the GBB, emergency management facility and GSOO, and the drafting of the GIS Rules.

Throughout the GISP, consideration will also be given to any changes or additions that should be made to the existing IMO website and publications (e.g. graphics used) to integrate the IMO's GIS functions with its existing WEM functions.

## 7. Risk Management Process

### 7.1 What is Risk?

A risk is a problem that has the potential to impact the success (cost, time, quality, scope or outcomes) of a project.

A risk comprises three elements:

- an undesirable event
- an estimate of the severity of the consequences of the event
- the likelihood that the event will occur

A risk is classified as either:

- a direct risk: that can be control to some extent; or
- an indirect risk: that cannot be influenced. This should be avoided where possible.

### 7.2 Project Risks

Projects may be exposed to many different risks. These may be categorised as:

#### ***Lack of control***

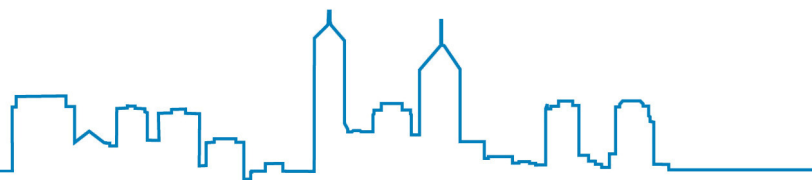
- resource management
- co-ordination of projects
- management of third parties
- project definition and scope

#### ***Benefits not realised***

- expectations not met
- quality not managed
- project deliverables not transferred

#### ***Conflicts of interest***

- other projects consuming resources
- resource commitment is not honoured



- internal politics
- changing requirements

### ***Unsolicited changes***

- legislation
- market forces
- new technology
- changing objectives or new initiatives

## **7.3 What is Risk Management?**

Risk management is the identification, assessment, and prioritisation of risks followed by the coordinated and efficient application of resources to minimise, monitor, and control the probability and/or impact of unfortunate event, or maximise the realisation of opportunities.

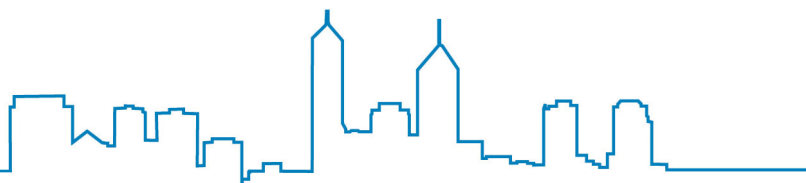
Risk Management is a pro-active process that seeks to identify and manage any impact or changes to the original plan. It is an important facet of any project, because it analyses the impact of any risk factors that could impinge on the successful completion of the project. The key to risk management is identifying risks before they become a problem and ensuring that adequate control and monitoring measures are in place to properly manage the risks.

## **7.4 Purpose of Risk Management**

The objective of risk management is to ensure all project risks are clearly identified and managed to a successful conclusion. Dealing with a risk pro-actively is cheaper and more efficient than dealing with project issues, or making changes to the project. It also helps avoid 'fire-fighting' during the project, which can cause delays.

Risk management should:

- create value
- be an integral part of organisational processes
- be part of decision making
- explicitly address uncertainty and assumptions
- be systematic and structured
- be based on the best available information
- be tailored
- take into account human factors
- be transparent and inclusive
- be dynamic, iterative and responsive to change
- be capable of continual improvement and enhancement



## 7.5 GISP Risk Management Process

The GISP Risk Management Process covers the actions to be taken to analyse and manage all GISP risks. The process includes:

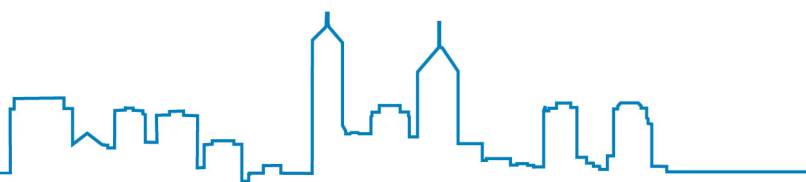
- Identification – requires an assessment of overall project risk, generic risk areas and specific risks that the project may face;
- Probability and Impact – a degree of importance is allocated to each risk, based on an assessment of the likelihood and consequences of occurrence;
- Evaluation – is the level of risk acceptable and if not what actions can be taken to make it more acceptable;
- Control – the development of mitigation strategies and action plans for each risk;
- Resourcing – identifies and assigns resources to be responsible for the work required to avoid/manage individual risks; and
- Monitoring – checking that the execution of planned actions is having the desired effects, identifying early warning signs that a risk is developing, predicting potential new risks, reporting on risks and ensuring that the overall management of risk is being applied effectively.

### Identification, Probability and Impact – the Risk Assessment Matrix

The level of each risk, as determined by its probability and impact, can be considered according to the following risk assessment matrix.

	Impact				
Probability	Insignificant	Minor	Moderate	Major	Critical
Almost certain <i>(likelihood of 70% or more)</i>					
Likely <i>(30% to 70% likelihood)</i>					
Plausible <i>(10% to 30% likelihood)</i>					
Unlikely <i>(3% to 10% likelihood)</i>					
Rare <i>(less than 3% likelihood)</i>					

The following table summarises how the impact of a risk is to be assessed.



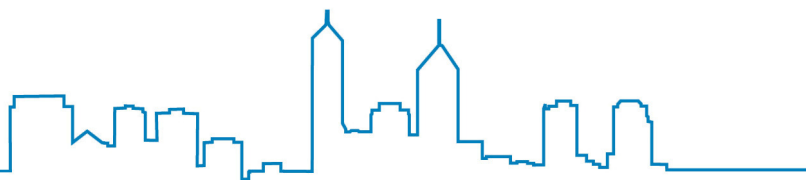
Level	Consequence		
	Financial	Delivery of services	Reputation & image
Insignificant	Less than \$100,000	No impact to quality or timeliness of delivery, minor impact capable of being mitigated.	Unsubstantiated, low impact, low profile.
Minor	\$100,000 to \$200,000	Minor, short term (<1 month) impact to quality or timeliness of delivery, moderate impact capable of being partly mitigated.	Substantiated, low impact, low profile, participant complaint.
Moderate	\$200,000 to \$500,000	Delay to delivery of services by 1 to 3 months, services don't meet minimum requirements for a period of 3 to 6 months.	Public embarrassment, moderate impact, moderate news profile, multiple participant complaint.
Major	\$500,000 to \$1 million	Delay to delivery of services by 3 to 6 months, services don't meet minimum standards for a period of 6 to 12 months.	Public embarrassment, high impact, high news profile, Third Party action, adverse comment by regulator, Ministerial involvement.
Critical	More than \$1 million	Delay to delivery of services by 6 months or more, services don't meet minimum requirements for period greater than 12 months.	Public embarrassment, very high multiple impacts, high widespread multiple news profile. Third Party action, Minister admits IMO has failed.

**Evaluation and Control**

Once the level of risk has been identified according to the risk assessment matrix, each risk should be evaluated and a plan developed and implemented for controlling the risk.

Interpretation of risk assessment	
Acute	Actions to control these risks are to be approved by the Project Owner and be implemented immediately. The Project Owner and Project Steering Group to be updated on a monthly basis.
Significant	Actions to control these risks are to be approved by the Project Sponsor and implemented immediately. The Project Owner and Project Steering Group to be updated on a monthly basis.
High	Actions to control these risks should be implemented as soon as practicable. The Project Owner and Project Steering Group to be updated on a monthly basis.
Moderate	These risks should be monitored and actions to control these should be implemented as convenient as they will enhance security overall. The Project Owner and Project Steering Group to be updated on a quarterly basis.
Low	These currently pose very little risk but should continue to be monitored.

The appropriate form or control will depend on the level of the risk along with the cost and practicality of different risk control strategies, and must be assessed for each risk on a case-by-case basis.



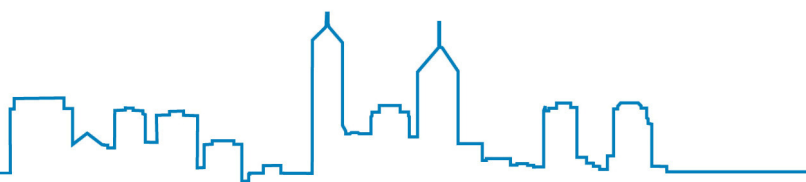


Risk control involves four strategies:

- **Avoidance** – eliminate the risk by eliminating the cause. This is the most effective strategy for controlling a risk. If this takes too long, is too costly, or is otherwise impractical, the second stage is mitigation.
- **Mitigation** or “optimisation” involves manipulating project variables and/or environmental characteristics so as to reduce or optimise the risk. Acknowledging that risks can be positive or negative, optimising risks means finding a balance between negative risk and the benefit of the operation or activity; and between risk reduction and effort applied.
- **Sharing** involves finding other stakeholders to share the risk with, including outsourcing or insuring. Outsourcing could be an example of risk reduction/mitigation if the outsourcer can demonstrate higher capability at managing or reducing risks.
- **Retention** involves deciding to live with the risk and to take the occurrence of the risk as a possible contingency to be taken account of in the planning process. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

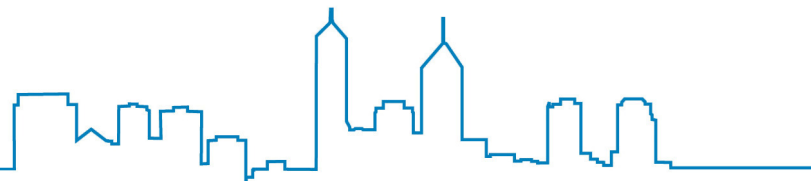
*Resourcing and Monitoring – Risk Management Roles and Responsibilities*

<b>Project Sponsor</b>	<ul style="list-style-type: none"> <li>• Overall owner</li> </ul>
<b>Project Steering Group</b>	<ul style="list-style-type: none"> <li>• Escalation point for risks</li> <li>• Ensuring risk values are objective</li> </ul>
<b>Project Manager / Project Support Officer</b>	<ul style="list-style-type: none"> <li>• Maintaining and monitoring risk register</li> <li>• Reporting on risks and risk management</li> </ul>
<b>Project Manager / Workstream Leaders</b>	<ul style="list-style-type: none"> <li>• Implementation of risk controls</li> <li>• Identification of new risks</li> <li>• Escalation of risks to the Steering Group</li> <li>• Providing comments on risks and providing updates</li> <li>• Communicating with staff regarding risks</li> </ul>
<b>Staff</b>	<ul style="list-style-type: none"> <li>• Assisting with the implementation of risk controls</li> <li>• Raising new risks</li> <li>• Reporting of risks during the project life cycle</li> <li>• Providing comments on risks and providing updates</li> <li>• Communicating with team members regarding risks</li> <li>• Escalation of risks</li> </ul>



### *Risk Register*

A GISP Risk Register will be developed to register and monitor risks throughout the GISP. This register identifies project risks, as well as assigning each an owner with appropriate action by a defined critical date. Risks relevant to the project will need to be reviewed and assessed on a regular basis.





# Gas Information Services Project

Gas Bulletin Board (GGB) IT Strategy  
Presentation for the Gas Advisory Board

Meeting No. 2 28 March 2012

# GBB IT Strategy – Introduction

- Purpose – to determine the best approach to the development of the GBB IT system
- Key aspect of the implementation of the GBB
- Can the AEMO GBB system be used?

# Options investigated

1. AEMO hosts
2. Hybrid
3. Port AEMO GBB application into IMO IT system
  - A. “Direct port”
  - B. “Oracle port”
4. IMO develops new WA GBB system

# Objectives – GBB IT Strategy

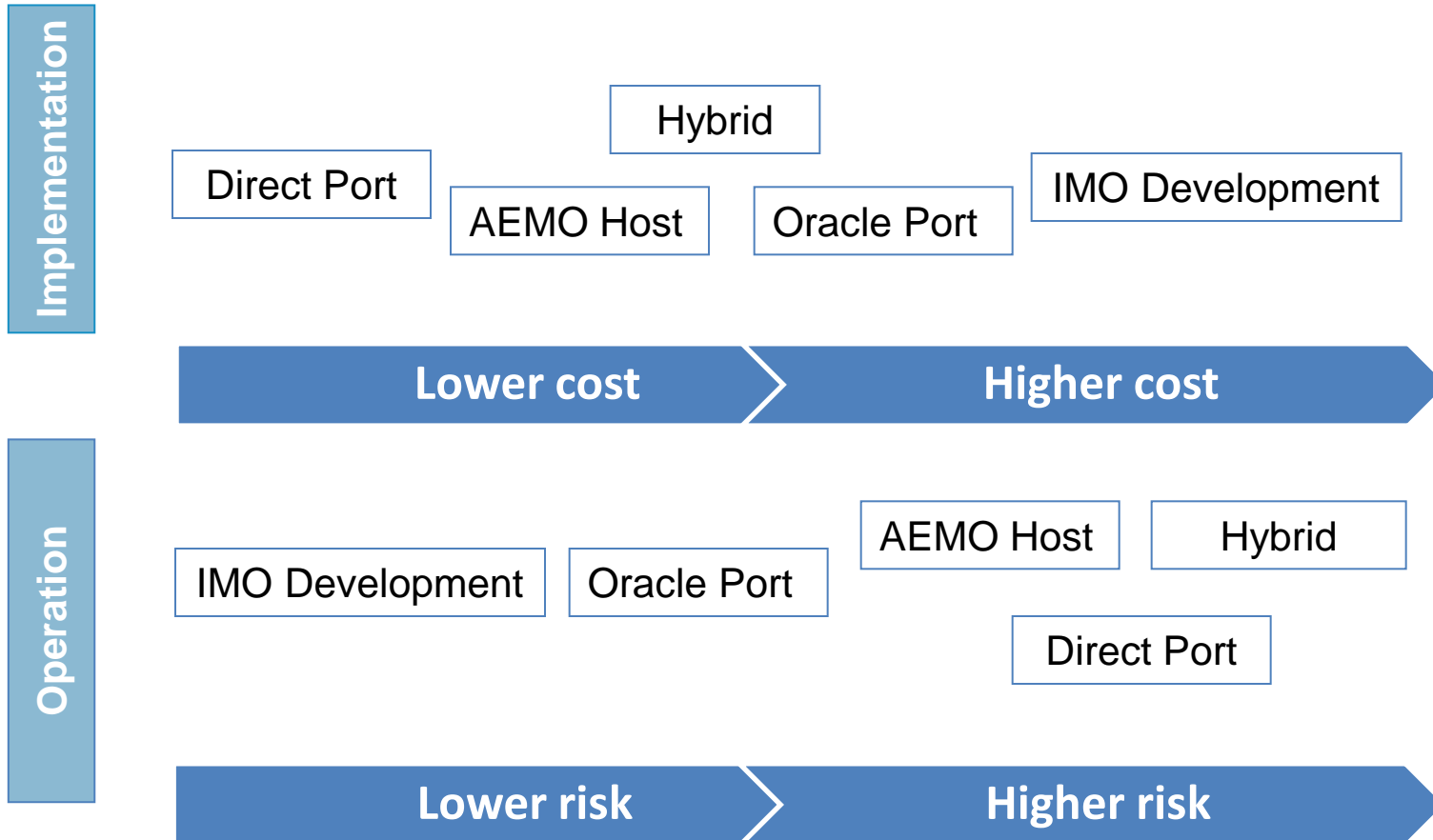
1. Technically viable
2. Cost-effective
3. Fit for purpose
4. Minimises costs and risks in implementation, maintenance and operation

# Summary

- All options technically viable
- All expected to have similar implementation costs
- Preferred option is the one that is best able to:
  - deliver a fit-for-purpose GBB system
  - Minimise the costs and risks of operating and maintaining the system into the future

**Option 4 – IMO development is the recommended option**

# Summary





# Summary

<p><b>1. AEMO Hosting</b></p> <p>Implementation cost = Medium (\$400 - \$500k)</p> <p>Risk = High</p>	<ul style="list-style-type: none"><li>•AEMO have limited resources supporting the GBB system.</li><li>•Logistics of managing AEMO relationship – not core AEMO function.</li><li>•Need to develop additional functionality - emergency management and gas specification – AEMO engage development resources.</li><li>•Limited reporting capability – requires bespoke queries.</li><li>•WA gas market data – risk of disclosure.</li></ul>
<p><b>2. Hybrid</b></p> <p>Implementation cost = Medium (\$400 - \$500k)</p> <p>Risk = High</p>	<ul style="list-style-type: none"><li>•Implementation and ongoing operation would be complex.</li><li>•Requires 2 registrations and 2 user log on to access WA GBB.</li><li>•Both AEMO and IMO would need to maintain the GBB systems.</li><li>•AEMO have limited resources supporting the GBB system.</li><li>•Highest cost to maintain!</li><li>•GBB still with limited reporting capability – requires bespoke queries.</li></ul>

# Summary

**3A. Direct Port**  
Implementation  
cost = Lowest  
(~\$300k)  
Risk = Highest

- Technical mismatch between AEMO GBB and IMO technology stack.
- IMO would NOT be able to internally support technology.
- Higher ongoing maintenance costs compared with options 3B and 4.
- Higher operational risk, time and cost to implement any changes – includes emergency management and gas specification.
- Only 1 registration and 1 user log on for WA GBB.
- Short-term option only.

**3B. Oracle Port**  
Implementation  
cost = Medium  
(\$400 - \$500k)  
Risk = Low

- Ongoing the IMO would need to address differences in technology.
- IMO would only be able to internally support database.
- Higher maintenance costs compared with 4.
- Higher operational risk, time and cost to implement any changes – includes emergency management and gas specification.
- Only 1 registration and 1 user log on for WA GBB.
- Medium-term option at best.

# Summary

<p><b>4. IMO</b></p> <p><b>Development</b></p> <p>Implementation cost = Highest (\$600 - \$700k)</p> <p>Risk = Lowest</p>	<ul style="list-style-type: none"><li>•Lowest long-term risk.</li><li>•IP invested with WA Gas Industry.</li><li>•Technology stack consistent with IMO technology.</li><li>•IMO can internally support technology.</li><li>•Only 1 registration and 1 user log on for WA GBB.</li></ul> <p><b>RECOMMENDED</b></p>
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## Next steps

- Seeking expressions of interest to develop (and possibly provide ongoing support for) the system.
- Developing agreement with AEMO to provide support during development and initial operation of system.
- Confirming with the Commonwealth Government the terms of IMO access to IP under preferred option. AEMO system will provide base specification to assist redevelopment exercise.

**Any questions?**

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