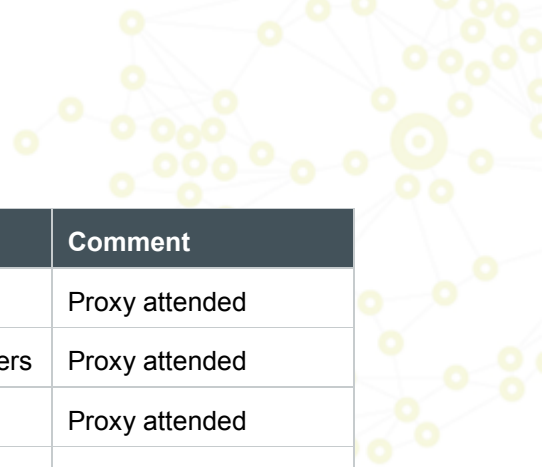




Minutes

MEETING TITLE	Gas Advisory Board
MEETING NO	20
DATE	Tuesday, 26 May 2015
TIME	1:05 PM – 2:05 PM
LOCATION	IMO Boardroom, Level 17, St Georges Tce Perth

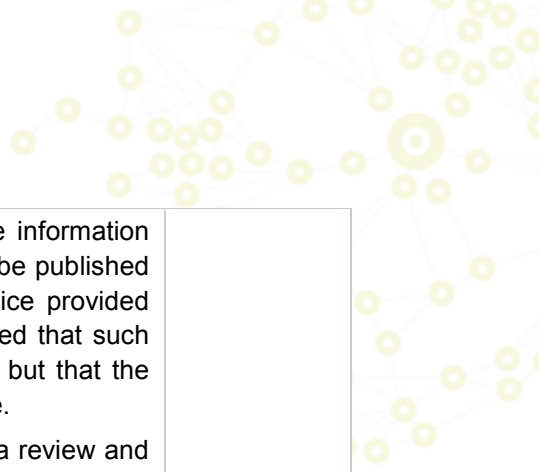
Attendees	Class	Comment
Allan Dawson	Chair	
Kate Ryan	IMO	
Stewart Gallagher	Gas Producer	
Pete DiBona	Gas Producer	
Mark Cooper	Pipeline Owner/Operator	
John Jamieson	Pipeline Owner/Operator	
Mike Lauer	Gas Shipper	
Andrew Sutherland	Gas Shipper	
Mike Shaw	Large Gas User	
Ian Mumford	Large Gas User	
Matthew Martin	Coordinator of Energy	Proxy
Natalia Kostecki	Minister's Appointee – Small End Users	Proxy
Natalie Jackson	Economic Regulation Authority (ERA) – Observer	Proxy
Bryon McLaughlin	Minister's Appointee – Observer	Proxy
Dave Rafferty	Santos	Observer
Don Bower	Energy Access Services	Observer
Hans Niklasson	Kleenheat Gas	Observer
Erin Stone	IMO	Presenter
Mark Katsikandarakis	IMO	Presenter
Marc Hettler	IMO	Observer
Peter Shardlow	IMO	Observer
Chris Wilson	IMO	Observer
Joachim Tan	IMO	Observer
Laura Koziol	IMO	Minutes



Apologies	Class	Comment
Ray Challen	Coordinator of Energy	Proxy attended
Aden Barker	Minister's Appointee – Small End Users	Proxy attended
Nerea Ugarte	Minister's Appointee – Observer	Proxy attended
Elizabeth Walters	ERA – Observer	Proxy attended

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 1:05 PM and welcomed all members and observers to the 20th Gas Advisory Board (GAB) meeting.</p>	
2.	<p>MEETING APOLOGIES/ATTENDANCE</p> <p>The following proxies were noted:</p> <ul style="list-style-type: none"> Matthew Martin (proxy for Ray Challen) Natalia KostECKI (proxy for Aden Barker) Bryon McLaughlin (proxy for Nerea Ugarte) Natalie Jackson (proxy for Elizabeth Walters) <p>The following presenters/observers were noted:</p> <ul style="list-style-type: none"> Dave Rafferty (Santos) Hans Niklassen (Kleenheat Gas) Don Bower (Energy Access Services) Erin Stone (IMO) Mark Katsikandarakis (IMO) Marc Hettler (IMO) Peter Shardlow (IMO) Chris Wilson (IMO) Joachim Tan (IMO) Laura Koziol (IMO) <p>The Chair noted that Mr Andrew Sutherland had provided his apologies, noting that he had to leave at 2:00 PM and requested that agenda item 8 be covered earlier in the meeting. The Chair agreed and re-ordered the agenda.</p>	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of GAB Meeting No. 18, held on 16 December 2014 were circulated prior to the meeting. No further comments were raised and the minutes of the previous meeting were accepted as a true record.</p> <p><i>Action Point: The IMO to publish the minutes of Meeting No. 18 on the IMO's website as final.</i></p>	IMO
4.	<p>ACTIONS ARISING</p> <p>Ms Kate Ryan advised that all four action items had been completed. No GAB members had any questions or comments.</p>	

5.	<p>OVERVIEW OF GSI RULE AND PROCEDURE CHANGES</p> <p>Ms Ryan noted that the Rule Change Proposal: Amendments to Schedule 2 – GBB Zones (GRC_2015_01) commenced on 20 March 2015. No Rule Change Proposals or Procedure Change Proposals were currently being progressed.</p>	
6.	<p>REVIEW OF THE BENEFITS AND COSTS OF THE GAS SERVICES INFORMATION</p> <p>The Chair introduced Ms Erin Stone to provide an overview of the review of the benefits and costs of the Gas Services Information (GSI) which was scheduled for 2015. Ms Stone noted that during implementation of the GSI, the IMO had agreed to undertake this review once the GSI had been in operation for an appropriate period. Ms Stone summarised the planned scope of work for the review. GAB members discussed the following key points:</p> <ul style="list-style-type: none"> • Mr Sutherland asked whether it was the correct time to undertake such a review. Mr Pete DiBona noted that the context had changed since the request for the IMO to undertake this review was made and questioned whether there was still value in undertaking the cost-benefit study if the outcomes were obvious. The Chair clarified that the IMO had undertaken a forward looking cost-benefit study during the implementation of the GSI and as part of the project had agreed to undertake a post implementation review to reaffirm the costs and benefits. The Chair noted that this process was common and that the IMO had undertaken a similar exercise with the introduction of the Balancing Market in the Wholesale Electricity Market (WEM). Mr Sutherland noted that he did not think that such a review would provide value for money. • Mr Ian Mumford asked whether there would be an opportunity for input from third parties. Ms Stone noted that the scope was left open for the consultant to propose a consultation approach, but expected that there would also be a formal consultation document released for broader stakeholder comment. • Mr Mark Cooper noted that the IMO had not received any proposals from its recent request for quote and asked how the IMO would go about finding a consultant to undertake the review. Ms Ryan noted that the proposal was to undertake the review in a shortened timeframe but that later in the year there shouldn't be a problem finding suitable consultants. The Chair noted that many energy sector consultants were currently busy with work in the electricity sector. • Mr Stewart Gallagher asked whether the previous analysis had quantified the costs and benefits and whether the proposed review would do so. The Chair confirmed that both the previous review and the proposed review included quantification of the costs and benefits of the GSI. • The Chair noted that the IMO could circulate the cost-benefit study undertaken during the implementation of the GSI along with the associated cost to help GAB members decide whether there was value in undertaking this review. The Chair noted that the IMO considered that the review would be valuable but acknowledged GAB members' questions over value for money. 	



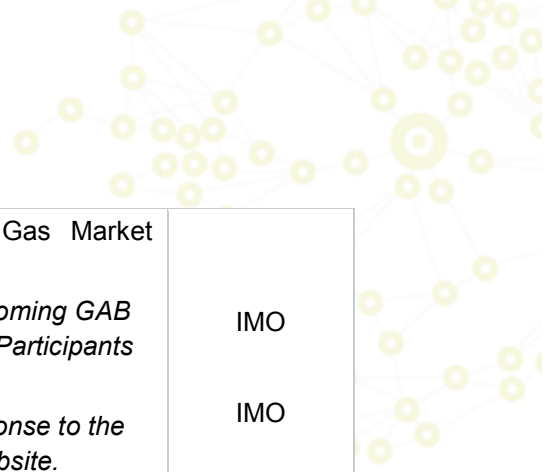
	<ul style="list-style-type: none"> Mr John Jamieson asked what would be done with the information produced as part of the review. The Chair said it would be published for stakeholders but that there may also be some advice provided regarding improvements to the GSI. Mr Mike Lauer noted that such recommendations would be a useful part of the review but that the reaffirmation of the costs and benefits in itself may not be. The Chair noted that the IMO had budget to undertake a review and suggested that if GAB members wanted to commission a different study the GAB could request the IMO to develop a scope of work for a different review. The Chair noted that the IMO would include further discussion on the need for a cost-benefit review, or other review of the GSI at an upcoming GAB meeting. <p><i>Action Point: The IMO to circulate the cost-benefit study undertaken during the implementation of the GSI along with the associated cost of the review to GAB members.</i></p> <p><i>Action Point: The IMO to include further discussion on the need for a cost-benefit review, or other review of the GSI at an upcoming meeting.</i></p>	<p>IMO</p> <p>IMO</p>
<p>7.</p>	<p>REVIEW OF GBB ZONES</p> <p>The Chair introduced Ms Ryan to provide an overview of the Gas Bulletin Board (GBB) Zones review. Ms Ryan noted that, in light of upcoming new facilities, the IMO had decided to undertake the first five yearly review of the GBB Zones early, to advise on the approach that should be taken to allocate upcoming pipelines to GBB Zones and identify any other changes to the Zones that may be beneficial. Ms Ryan further noted that the IMO had engaged Marsden Jacob Associates to assist with the review, which included both informal and formal consultation with gas industry stakeholders.</p> <p>The Chair encouraged members to provide feedback on the review and also noted that the IMO’s GBB system was able to be modified relatively easily to accommodate changes to the Zones if required.</p> <p>GAB members discussed the following key points:</p> <ul style="list-style-type: none"> Mr Lauer commented that it is inefficient to require a rule change to allocate a new pipeline to an existing Zone and that automatic allocation to a Zone with scope for review may be more appropriate. Ms Ryan responded that this issue would be considered in the review. The Chair noted that some governance of the Zones was appropriate, but agreed that the current approach may be an undue burden. The Chair sought clarification of whether there would be a stakeholder workshop. Ms Ryan clarified that no workshop was planned but that it could be arranged if stakeholders requested one. Mr Mumford queried whether the report would be provided to the Minister. Ms Ryan stated that the document will be published on the IMO’s website but that there is not a formal requirement to provide it to the Minister. Ms Ryan noted that the report may lead to a rule change and therefore may be required to be provided to the Minister as part of that process. 	
<p>8.</p>	<p>PRESENTATION: GBB – RECENT DISRUPTIONS TO PRODUCTION</p> <p>The Chair introduced Mr Mark Katsikandarakis to present an overview of the recent production disruption at the North West Shelf’s Karratha Gas</p>	

Plant on 13 May 2015 and how it was reflected by the information provided on the GBB. GAB members discussed the following key points:

- The Chair sought clarification of when the actual effect on gas flows was visible to the public. Mr Katsikandarakis confirmed that the impact on gas flows was seen two days after the Gas Day on which the incident occurred. Mr Mike Shaw queried whether the Daily Actual Flow data would have been made public sooner if the Emergency Management Facility (EMF) had been activated. Mr Katsikandarakis answered that in that case of the activation of the EMF, the Daily Actual Flow data is published on the EMF on the day after the Gas Day on which the incident occurred. Ms Ryan added that the Coordinator of Energy could request additional information which could be made available on the EMF sooner.
- The Chair noted that during the incident, electricity market participants were seeking guidance regarding the incident. The Chair also noted that although the incident was short-term, this would not have been known at the time of the incident. Mr Sutherland queried at what time participants could have become aware of the incident if it was expected to last longer. The Chair answered that the incident would have become public at the time the EMF was activated. Ms Ryan added that if the production disruption continued, the Capacity Outlook provided by 6:00 PM would have reflected the reduced capacity for the next Gas Day. Mr Gallagher noted that to do this, the operator would have needed to have completed an assessment indicating it would be a multi-day incident.
- Mr Lauer noted that all users on the Dampier to Bunbury Pipeline (DBP) were notified of the incident, but not the details. Mr Lauer also noted that there is no state for the Linepack Capacity Adequacy (LCA) that indicates that an incident had occurred, as the amber LCA flag indicates expected curtailment of interruptible gas flows.
- Mr Bryon McLaughlin noted that the Public Utilities Office (PUO) had engaged with North West Shelf and affected stakeholders during the incident and noted that the PUO assessed the alert level under the Westplan – Gas Supply Disruption to be ‘green’, which does not trigger activation of the EMF. Mr McLaughlin added that the activation of the EMF would not have provided any further value due to the short-term nature of the incident. Mr Mumford sought clarification regarding the thresholds for assessing the incident. Mr McLaughlin responded that, if the information about the incident had indicated a more serious disruption, the PUO would have advised the Coordinator of Energy to raise the Westplan alert level to ‘amber’, which may have triggered EMF activation.
- The Chair acknowledged that the EMF was designed to support the PUO but asked GAB members whether the level of information provided through the GBB was sufficient and timely enough in cases of supply disruptions. The Chair noted that not all Gas Market Participants were DBP customers and asked if information regarding the disruption would have been valuable to other parties. Mr Dave Rafferty noted that gas producers were not informed but would have benefited from more information to help make decisions in response to the disruption. Mr Lauer noted that sharing information

through the GBB was valuable but it should not lead to an increase in costs for Gas Market Participants.

- The Chair noted that in the WEM, supply disruptions are made public as Forced Outages so other participants can take appropriate actions. The Chair suggested that a similar mechanism could be implemented for the GBB where a notice could be published to inform the industry of a disruption. Mr John Jamieson noted a suggestion that was being considered for the national GBB was to allow a participant to issue a notification of an incident even where it isn't expected to affect the LCA. Mr Mumford noted the value of more information, suggesting that the absence of information often leads to participants to expect the worst. Mr Rafferty noted that notice of a disruption would give participants the opportunity to prepare, including making any operational decisions to manage the risk or help alleviate the situation.
- Mr Cooper noted that, there was a trade-off between timeliness and accuracy of information and that specific information is often not available in real-time. Mr Gallagher noted that the principal concern would be that such an obligation could force the plant operator to make a statement on the status of a plant before the issue was sufficiently assessed which could be misleading to the market. Mr McLaughlin noted that the information shared by Operations Management Group established under the Westplan was as 'real-time' as possible and that it would not be possible for the GBB to be as up to date. Mr Cooper also noted that the information provided in this forum was used for operational decision-making and may not have the level of accuracy required for the GBB. The Chair clarified that simple information that a facility had tripped and that the operator was investigating the issue would have been available and valuable.
- The Chair reiterated his question of whether additional information regarding disruptions would be valuable from a commercial or operational perspective and, should an incident turn out to be prolonged, whether earlier notification would have assisted with managing and mitigating the effects. Mr Lauer noted concerns about information being misinterpreted, but suggested that a notice advising of a disruption could be published. Mr Mumford stated that information regarding a trip of a facility would be of value and noted that the threshold between a 'trip' and something more serious was a key issue. Mr Shaw noted different participants value and react to information according to their own business needs and impact. For example, Alcoa had a conservative approach regarding supply disruptions and would therefore place a great value on more timely information regarding such a supply disruption. Mr Jamieson stated that it would have been valuable for APA Group to have had more timely information and could have ramped up supply from the Mondarra Gas Storage Facility if required.
- Mr Sutherland noted that the GBB responded as designed and questioned whether the design should be amended. The Chair reiterated that in the WEM, participants are required to notify the IMO of an outage of a Facility and asked GAB members to consider whether this should be implemented in the GSI Rules. The Chair noted that the IMO would include further discussion at an upcoming GAB



	<p>meeting on the options to provide information to Gas Market Participants where a facility is unavailable.</p> <p><i>Action Point: The IMO to include further discussion at an upcoming GAB meeting on the options to provide information to Gas Market Participants where a facility is unavailable.</i></p> <p><i>Action Point: The IMO to publish the presentation GBB Response to the Production Incident at the Karratha Gas Plant on the IMO website.</i></p>	<p>IMO</p> <p>IMO</p>
<p>9.</p>	<p>GENERAL BUSINESS</p> <p><i>Change in IMO GAB representative</i></p> <p>The Chair noted that this was Ms Ryan’s last GAB meeting before taking extended leave and that Ms Stone would be the new IMO representative on the GAB.</p> <p><i>Rule change approval functions</i></p> <p>Mr DiBona sought clarification of whether the establishment of a new rule approval body, which is proposed as a part of the Electricity Market Review, is intended to also take over rule approval functions under the GSI Rules. The Chair noted that if the governance of the WEM Rules was changed, it was likely that the governance of the GSI Rules would also be changed.</p>	
<p>CLOSED: The Chair declared the meeting closed at 2:05 PM.</p>		