



Agenda

MEETING TITLE	Gas Advisory Board
MEETING NO	20
DATE	Tuesday, 26 May 2015
TIME	1:00 PM - 3:00 PM
LOCATION	IMO Boardroom, Level 17, 197 St Georges Tce, Perth

Item	Responsibility	Duration
1. Welcome	Chair	2 min
2. Meeting apologies/attendance	Chair	2 min
3. Minutes of previous meeting	Chair	5 min
4. Actions arising	Chair	2 min
5. Overview of GSI Rule and Procedure Changes	IMO	2 min
6. Review of GBB Zones	IMO	20 min
7. Presentation: GBB – Recent Disruptions to Production	IMO	20 min
8. Review of the Benefits and Costs of the Gas Services Information	IMO	20 min
9. Other business	Chair	10 min
10. Next meeting: Wednesday 15 July 2015		

Please note this meeting will be recorded to assist with the preparation of minutes.



Minutes

MEETING TITLE	Gas Advisory Board
MEETING NO	18
DATE	Tuesday, 16 December 2014
TIME	3:05 PM – 4:00 PM
LOCATION	IMO Boardroom, Level 17, St Georges Tce Perth

Attendees	Class	Comment
Allan Dawson	Chair	
Kate Ryan	IMO	
Pete DiBona	Gas Producer	(3:00 PM – 3:55 PM)
John Jamieson	Pipeline Owner/Operator	
Michael Brooks	Pipeline Owner/Operator	Proxy
Mike Lauer	Gas Shipper	
Chris McDonagh	Gas Shipper	Proxy
Michael Smythe	Large Gas User	Proxy
Ray Challen	Coordinator of Energy	
Natalia Kostecki	Minister's Appointee – Small End Users	Proxy
Natalie Jackson	Economic Regulation Authority (ERA) – Observer	Proxy
Dave Rafferty	Santos	Observer
Fabrice Gregoire	Department of State Development	Observer
Maree Arnason	Energy Access Services	Observer
Don Bower	Energy Access Services	Observer
Erin Stone	IMO	Observer
Marc Hettler	IMO	Observer
Tim Middlehurst	IMO	Observer
Courtney Roberts	IMO	Observer
Joachim Tan	IMO	Presenter
Kylie O'Keeffe	IMO	Presenter (3:25 PM – 3:45 PM)
Paul Tetley	IMO	Presenter

Apologies	Class	Comment
Stewart Gallagher	Gas Producer	
Mark Cooper	Pipeline Owner/Operator	Proxy attended
Andrew Sutherland	Gas Shipper	Proxy attended
Mike Shaw	Large Gas User	Proxy attended
Ian Mumford	Large Gas User	
Aden Barker	Minister's Appointee – Small End Users	Proxy attended
Nerea Ugarte	Minister's Appointee – Observer	
Elizabeth Walters	ERA – Observer	Proxy attended

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 3:05 PM and welcomed all members and observers to the 18th 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"> • Stewart Gallagher (Producer) • Mark Cooper (Pipeline Owner/Operator) • Andrew Sutherland (Shipper) • Mike Shaw (Large Gas User) • Ian Mumford (Large Gas User) • Nerea Ugarte (Minister's Appointee – Observer) • Elizabeth Walters (ERA – Observer) <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Michael Brooks (proxy for Mark Cooper) • Chris McDonagh (proxy for Andrew Sutherland) • Michael Smythe (proxy for Mike Shaw) • Natalia Kostecki (proxy for Aden Barker) • Natalie Jackson (proxy for Elizabeth Walters) <p>The following presenters/observers were noted:</p> <ul style="list-style-type: none"> • Dave Rafferty (Santos) • Fabrice Gregoire (Department of State Development) • Maree Arnason (Energy Access Services) • Don Bower (Energy Access Services) • Erin Stone (IMO) • Marc Hettler (IMO) • Tim Middlehurst (IMO) • Courtney Roberts (IMO) • Joachim Tan (IMO) • Kylie O'Keeffe (IMO) 	

	<ul style="list-style-type: none"> Paul Tetley (IMO) <p>Mr Pete DiBona provided his apologies to the Chair noting that he had to leave before 4:00 PM and requested that agenda item 7 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. 17, held on 14 October 2014 were circulated prior to the meeting.</p> <p>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. 17 on the IMO's website as final.</i></p>	IMO
4.	<p>ACTIONS ARISING</p> <p>Ms Kate Ryan advised that both 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: GSI Fee Arrangements – Inclusion of Registered Production Facility Operators (GRC_2014_01) was awaiting commencement and that the IMO was progressing the associated Procedure Change Proposal. She added that the commencement of the Amending Rules and the amended GSI Procedures would be on 1 January 2015, for the GSI Invoice Period ending 31 March 2015.</p>	
6.	<p>2014 AUDIT UPDATE</p> <p>The Chair introduced Ms Kylie O’Keeffe to provide an overview of the 2014 Gas Services Information (GSI) audit – the first annual audit of the IMO’s compliance under the GSI Rules. GAB members discussed the following key points:</p> <ul style="list-style-type: none"> Mr DiBona asked for an example of a self-reported breach. Ms O’Keeffe responded that Gas Market Participants and the IMO can report their own non-compliance with the GSI Rules and provided examples including not following a prescribed process or completing a task in the necessary timeframe. Mr DiBona asked what would constitute a material breach. Ms O’Keeffe responded that a breach that undermined the achievement of the GSI Objectives would be considered material and provided the example of not publishing data that would undermine the integrity of the information on the GBB. The Chair noted that a copy of the audit report was available on the IMO’s website and had been provided to the Minister for information. <p><i>Action Point: The IMO to publish the Presentation: 2014 Audit Update with the GAB papers on the IMO website.</i></p>	IMO
7.	<p>KEY FINDINGS FROM THE 2014 GSOO</p> <p>The Chair introduced Mr Joachim Tan to provide an overview of the key findings from the draft December 2014 Gas Statement of Opportunities (GSOO). GAB members discussed the following key points:</p> <ul style="list-style-type: none"> The Chair noted that the GSOO was yet to be endorsed by the 	

	<p>IMO Board and that the purpose of the presentation was to provide a preliminary summary for GAB members' information. The Chair also noted that forecasting was challenging at present with a number of significant, recent changes to the assumptions underpinning the forecasts, including the North West Shelf state agreement variation, the approval of the Persephone LNG Project by Woodside, volatile commodity prices, a decreasing oil price and falling exchange rates.</p> <ul style="list-style-type: none"> • The Chair noted that in previous GSOOs the IMO had taken a conservative approach to including new gas-consuming projects in the GSOO demand forecasts – only including new projects once they had attained a final investment decision (FID). For this GSOO, the IMO has considered a number of not yet approved projects and included some of these, considered most likely to proceed, in the High demand scenario. However, the IMO has not published the details of any of these individual projects yet to reach FID which are included in the forecasts. • With respect to the key risks identified in the GSOO, Mr Mike Lauer asked why the IMO had formed the view that there would be an increase in the number of conversions from diesel to gas. Mr Tan clarified that only a limited number of conversions were considered in the forecasts, but there was a risk that there could be a higher number of conversions. The Chair clarified that in this GSOO the IMO aimed to clearly articulate the risks associated with the forecasts so that stakeholders could determine their own view and adjust the forecasts as required. • Mr Lauer asked what propensity for conversion was built into the GSOO's demand forecasts. Mr Tan noted that the IMO had estimated the number of conversions based on a number of factors including the proximity to pipelines, likely timing, and size of the project. • The Chair noted that the IMO Board would discuss the final draft of the GSOO on 18 December 2014 and, subject to any major issues being raised, the IMO intended to publish it on the IMO website before Christmas. The Chair also noted that a workshop would be held in February 2015 and that hard copies would also be available at the workshop. • In response to a question from Mr DiBona, the Chair clarified that the Minister does not approve the GSOO prior to release. • Mr DiBona noted that the IMO had indicated that it would request reserves data and asked if any reserves data had been included in this GSOO. Mr Tan clarified that reserves data has been included in all GSOOs but that they were estimates from EnergyQuest. He confirmed that going forward the IMO would like to use project specific estimates where possible. • The Chair invited suggestions and comments from stakeholders once the GSOO was published. 	
<p>8.</p>	<p>OVERVIEW OF INFORMATION FROM THE GBB</p> <p>The Chair introduced Mr Paul Tetley to provide an overview of information from the Gas Bulletin Board (GBB). GAB members discussed the following key points:</p> <ul style="list-style-type: none"> • Mr Michael Smythe asked if there were any details on which pages 	

	<p>people were visiting within the GBB. Mr Tetley noted that in the development of the GBB detailed web-traffic statistics were considered but the IMO decided that the benefits of such information did not offset the significant associated costs.</p> <ul style="list-style-type: none"> • Mr Smythe asked if the web-traffic statistics excluded IMO staff visits. Mr Tetley agreed that it did. • The Chair noted that there were opportunities for improvements to reports and data visualisations and invited suggestions and comments from stakeholders. <p><i>Action Point: The IMO to publish the Presentation: Overview of Information from the GBB with the GAB papers on the IMO website.</i></p>	IMO
9.	<p>GENERAL BUSINESS</p> <p><i>2014 Year in Review</i></p> <p>Ms Ryan noted the following significant achievements in 2014:</p> <ul style="list-style-type: none"> • the progression of the first two GSI Rule Change Proposals; • the publication of two GSOOs; • the development of the design for a wholesale gas market in WA; and • the first annual GSI audit. <p>The Chair thanked GAB members for contributions throughout 2014.</p> <p><i>Proposed GAB meeting dates for 2015</i></p> <p>The Chair noted that the proposed dates for five meetings in 2015 were included in the GAB papers. The Chair noted that the proposed dates could be modified if need be and requested that GAB members notify the IMO if there are any problems, such as clashed with industry events.</p> <p><i>Action Point: GAB members to advise the IMO of any concerns with the proposed GAB meeting dates for 2015.</i></p>	All
CLOSED: The Chair declared the meeting closed at 4:00 PM.		



Agenda Item 4: GAB Action Items

26 May 2015

Shaded	Shaded action points are actions that have been completed since the last GAB meeting.
Unshaded	Unshaded action points are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

#	Year	Action	Responsibility	Meeting arising	Status/progress
57	2014	The IMO to publish the minutes of Meeting No. 17 on the IMO website as final.	IMO	December	Complete
58	2014	The IMO to publish the Presentation: 2014 Audit Update with the GAB papers on the IMO website.	IMO	December	Complete
59	2014	The IMO to publish the Presentation: Overview of Information from the GBB with the GAB papers on the IMO website.	IMO	December	Complete
60	2014	GAB members to advise the IMO of any concerns with the proposed GAB meeting dates for 2015.	All	December	Complete, none received.



Agenda Item 5: Overview of GSI Rule and Procedure Change Proposals

GAB Meeting 26 May 2015

1. GSI Rule Change Proposals

Below is a summary of the status of GSI Rule Change Proposals as at 26 May 2015 that are either currently being progressed by the IMO, have recently been completed or have been registered by the IMO as potential Rule Change Proposals to be progressed in the near future.

Table 1: Rule Change Proposals

ID	Title	Submitter	Progress	Date
Commenced				
GRC_2015_01	Amendments to Schedule 2 - GBB Zones	IMO	Commenced	20/03/2015

2. GSI Procedure Change Proposals

There are no GSI Procedure Change Proposals currently being progressed or recently completed by the IMO.

Agenda Item 6: Review of the Gas Bulletin Board Zones

GAB Meeting 26 May 2015

1. Background

The Gas Bulletin Board (GBB)¹ commenced operation in 2013 to improve the transparency of information, security of supply and to facilitate competition in the WA natural gas market. To show where natural gas is being supplied and used across the state, much of the information on the GBB is published by Zones. The Zones are set out in Schedule 2 of the Gas Services Information (GSI) Rules and are defined with respect to GBB Pipelines. Currently the allocation of a new pipeline to one of the GBB Zones or the creation of a new Zone requires a rule change which amends Schedule 2 of the GSI Rules.

In accordance with subrule 82(2) of the GSI Rules, the IMO must review the GBB Zones at least once in each five year period or may do so at any point in time.

Following the recent allocation of the Fortescue River Gas Pipeline to the Pilbara Zone² and in light of new pipelines expected to commence operation in the next 12 months the IMO considered it would be appropriate to review the GBB Zones.

The IMO has engaged Marsden Jacob Associates to assist with the GGB Zones review.

2. Scope

This piece of work is to complete a review of the GBB Zones, contained in Schedule 2 of the GSI Rules.

2.1 Purpose of the review

The purpose of the review is to fulfil the obligations under subrule 82(2) of the GSI Rules to review the GBB Zones at least once every five years. The review should also incorporate recommendations and feedback from the consultant and Gas Market Participants to improve the usability of the information and the definition and design of the GBB Zones.

2.2 Issues to consider

The review should consider any issues relevant to the definition of the GBB Zones, including:

- The objectives and primary purpose of the GBB set out in the *Gas Services Information Act 2012*.

¹ The GBB is available at: <https://gbb.imowa.com.au>.

² Refer to Rule Change Proposal: Amendments to Schedule 2 – GBB Zones (GRC_2015_01) available at: http://www.imowa.com.au/home/gas/rules/rule-changes/commenced/grc_2015_01

- The key role of the Zones, to provide an appropriate and useful breakdown of gas supply and use across the state.
- The need for the Zones, together, to include all natural gas supply, transportation and use that is reported on the GBB.
- The need for equity between Gas Market Participants.
- Where information is not otherwise published on the GBB, any substantive issues relating to the confidentiality of information for an individual Gas Market Participant.
- The existing approach to defining the Zones, which has the following features:
 - Zones are defined with reference to GBB Pipelines;
 - specified Zones (Metro, Parmelia, South West and Kalgoorlie) cover the same area as the South West interconnected system in which the Wholesale Electricity Market operates;
 - any new Delivery Points or Receipt Points (and associated GBB Large User Facilities or Production Facilities) will be assigned automatically to a Zone based on the point of connection to a GBB Pipeline; and
 - new pipelines are not automatically included in the existing Zone definitions, requiring an amendment to the GSI Rules each time a new GBB Pipeline commences operation.

The consultant is also required to make recommendations, if any, for changes to the GBB Zones. The recommendations must consider the benefits of maintaining consistency in the reporting of GBB data over time against any identified benefits of the recommended changes.

2.3 Key deliverables

The consultant will prepare the following documents:

- Draft Report and Final Report for the IMO including at least:
 - a qualitative analysis of the GBB Zones, including the issues outlined above; and
 - any recommended changes to the definition of the GBB Zones in Schedule 2 of the GSI Rules (noted, suggested drafting changes are not required).

The Draft and Final Reports will be published on the IMO website. Submissions received in formal consultation on the Draft Report are also expected to be published.

2.4 Consultation with stakeholders

In accordance with subrule 82(3) of the GSI Rules, the review of the GBB Zones must be carried out in consultation with Gas Market Participants and gas industry groups.

On 5 May 2015, Marsden Jacobs commenced informal engagement with stakeholders to provide input into the review. The purpose of this information engagement was to inform the Draft Report prepared by Marsden Jacobs.

The IMO expects to publish the Draft Report on the IMO website along with an invitation for Gas Market Participants and other stakeholders to make written submissions. A period of four weeks will be provided for written submissions and submissions will be published on the IMO website.

All feedback from stakeholders, including any written submissions received and feedback provided in any other consultation undertaken, will be considered in the preparation of the Final Report. Any substantive issues raised will be responded to in the Final Report.

2.5 Timing

The key milestones of the review are as shown in the table below.

Milestone	Indicative Date
Commence informal stakeholder consultation	5 May 2015
Draft Report published	22 May 2015*
End submission period	19 June 2015*
Final Report published	30 June 2015*

* actual dates may vary slightly

Following the review, the IMO anticipates proposing one or more Rule Change Proposals to implement, where appropriate, recommendations from the review (e.g. to update the GBB Zones to include new pipelines under construction).

3. Recommendation

The IMO recommends that the GAB:

- **Note** the scope of work to undertake a review of the GBB Zones of the GSI; and
- **Discuss** any issues relevant to the review of the GBB Zones.

Agenda Item 8: Review of the Benefits and Costs of the Gas Services Information

GAB Meeting 26 May 2015

1. Background

During the implementation of the Gas Services Information (GSI), the IMO committed to undertake a review of the costs and benefits of the GSI regime after a period of operation. The IMO is undertaking this review in 2015 on the basis that, with almost two years' of operating the Gas Bulletin Board (GGB) and after publishing three Gas Statement of Opportunities (GSOO) reports, there should be sufficient information available to inform the analysis. There has also been one activation of the Emergency Management Facility (EMF).

This level of information should allow the analysis to highlight the benefits that have been and are expected to be realised as a result of the implementation and operation of the GSI.

The IMO will engage a suitably qualified economic consultant to undertake a quantitative and qualitative analysis to determine the net benefit of the implementation and operation of the GSI. The analysis will separate, to the extent possible, the benefits of the EMF from those of the other GSI functions to allow the analysis to be compared to the cost benefit analysis undertaken during the implementation of the GSI (which did not include the EMF component)¹.

The analysis will be undertaken in consultation with the IMO and interested stakeholders, including those who are obliged to provide information for the purposes of the GSI, meet the costs of the GSI functions or are considered to benefit from the GSI functions.

2. Scope

This piece of work is to complete a cost benefit analysis of the GSI functions.

2.1 Purpose of the analysis

The purpose of the analysis is to determine the net benefit of the GSI functions on a quantitative basis where possible and document any other benefits that cannot be quantified on a qualitative basis.

The analysis should:

- break down the costs and benefits identified per GSI function and stakeholder group to the extent possible;

¹ Available at: <http://www.imowa.com.au/home/gas/projects>.

- include the direct costs incurred by stakeholders in facilitating the implementation of the GSI and meeting their obligations under the GSI on an ongoing basis;
- include the costs incurred by the IMO, State Government and Gas Market Participants associated with the implementation and ongoing operation of the GSI; and
- include the benefits to stakeholders, including consumers of gas, from the implementation and ongoing operation of the GSI, including benefits that may arise from:
 - increased competition;
 - increased transparency; and
 - improved efficiency of the supply of natural gas.

2.2 Key deliverables

The successful respondent will be required to prepare the following documents:

- Consultation Document to guide industry participation in the identification and assessment of the costs and benefits of the GSI; and
- Final Report for the IMO including at least:
 - the methodology used;
 - an explanation of the costs and benefits considered;
 - quantification (and where not possible qualification) of the costs and benefits considered, including those outlined in the section above; and
 - the costs and benefits documented by GSI function and by stakeholder group, to the extent possible.

The Final Report will be published on the IMO website. Consultation documents are also expected to be published (more information below).

2.3 Consultation with stakeholders

The consultant will engage with stakeholders to provide input into the analysis, which may be on an individual basis or through industry forums such as a stakeholder workshop. Details of the purpose and nature of this consultation will be proposed by the consultant.

The IMO expects to publish the Consultation Document on the IMO website along with an invitation for Gas Market Participants and other stakeholders to make written submissions. A period of four to six weeks will be provided for written submissions and submissions will be published on the IMO website.

All feedback from stakeholders, including any written submissions received and feedback provided in any other consultation undertaken, will be considered in the preparation of the Final Report. Any substantive issues raised will be responded to in the Final Report.

2.4 Timing

In April 2015, the IMO requested quotes from four consultants to undertake the cost benefit analysis. However, none of these consultants provided quotes.

The IMO had intended to complete the analysis by the end of July 2015. However, given the limited availability of a suitable consultant to undertake this work, the IMO considers it appropriate to defer the work until later in 2015.

3. Recommendation

The IMO recommends that the GAB:

- **Note** the scope of work to undertake a cost benefit analysis of the GSI.