



Minutes

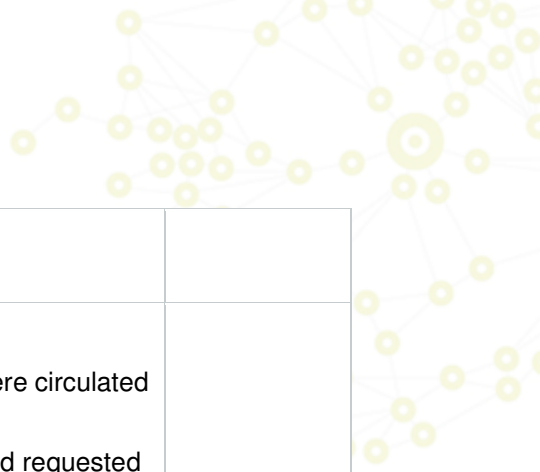
MEETING TITLE	Gas Advisory Board
MEETING NO	21
DATE	Wednesday 15 July 2015
TIME	3:00 PM – 4:55 PM
LOCATION	IMO Board Room, Level 17, St Georges Terrace, Perth

Attendees	Class	Comment
Allan Dawson	Chair	
Erin Stone	IMO	
Stewart Gallagher	Gas Producer	
Pete DiBona	Gas Producer	
Mark Cooper	Pipeline Owner and Operator	3:10 PM – 4:55 PM
John Jamieson	Pipeline Owner and Operator	
Chris Campbell	Gas Shipper	
Allan McDougall	Gas Shipper	Proxy
Andrew Sutherland	Large Gas User	
Ian Mumford	Large Gas User	
Ray Challen	Coordinator of Energy	
Matthew Martin	Minister's Appointee – Observer	Proxy
Natalie Jackson	Economic Regulation Authority (ERA) – Observer	
Simon Middleton	Public Utilities Office (PUO)	Presenter
Don Bower	Energy Access Services	Observer
Hans Niklasson	Kleenheat Gas	Observer
Carole Clare	Synergy	Observer
Mark Brodziak	IMO	Presenter
Mark Katsikandarakis	IMO	Presenter
Marc Hettler	IMO	Presenter
Laura Koziol	IMO	Presenter
Martin Maticka	IMO	Observer
Neetika Kapani	IMO	Observer
Alex Penter	IMO	Observer
Jessica l'Anson	IMO	Observer and Minutes

Caroline Cherry	IMO	Observer
Peter Shardlow	IMO	Observer
Joachim Tan	IMO	Observer

Apologies	Class	Comment
Mike Lauer	Gas Shipper	Proxy attended
Aden Barker	Minister's Appointee – Small End Users	
Nerea Ugarte	Minister's Appointee – Observer	Proxy attended

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 3:00 PM and welcomed all members and observers to the 21st Gas Advisory Board (GAB) meeting.</p> <p>The Chair thanked the departing member Mr Mike Shaw for his contribution over the past year and welcomed Mr Chris Campbell as a new GAB member.</p> <p>The Chair also provided a brief introduction to the 2015/16 GAB Members, outlined the GAB's role and reminded members that they have been appointed as individual members to represent their class and to act in the best interests of the Western Australian gas industry.</p>	
2.	<p>MEETING APOLOGIES/ATTENDANCE</p> <p>The following apologies were noted:</p> <ul style="list-style-type: none"> • Mike Lauer (Gas Shipper) • Aden Barker (Minister's Appointee – Small End Users) • Nerea Ugarte (Minister's Appointee – Observer) <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Allan McDougall (proxy for Mike Lauer) • Matthew Martin (proxy for Nerea Ugarte) <p>The following presenters/observers were noted:</p> <ul style="list-style-type: none"> • Don Bower (Energy Access Services) • Hans Niklasson (Kleenheat Gas) • Carole Clare (Synergy) • Mark Brodziak (IMO) • Mark Katsikandarakis (IMO) • Marc Hettler (IMO) • Laura Koziol (IMO) • Martin Maticka (IMO) • Neetika Kapani (IMO) • Alex Penter (IMO) • Jessica l'Anson (IMO) • Caroline Cherry (IMO) 	



	<ul style="list-style-type: none"> • Peter Shardlow (IMO) • Joachim Tan (IMO) 	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of GAB Meeting No. 20, held on 26 May 2015 were circulated prior to the meeting.</p> <p>The Chair noted the clarification that Mr Stewart Gallagher had requested and the IMO had included.</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. 20 on the IMO's website as final.</i></p>	IMO
4.	<p>ACTIONS ARISING</p> <p>Ms Erin Stone provided an update on the Action Items:</p> <ul style="list-style-type: none"> • Action Item 62: Ms Stone noted that this item was complete and the cost-benefit analysis had been circulated with the GAB Meeting No. 21 Papers for discussion under Agenda Item 12. • Action Items 63 and 64: Ms Stone noted that these items would be discussed under Agenda Items 11 and 12. • All other action items were completed. 	
5.	<p>OVERVIEW OF GSI RULE AND PROCEDURE CHANGES</p> <p>Ms Stone noted that there were no GSI Rule or Procedure Change Proposals currently underway.</p> <p>Ms Stone further noted that Phase 2 of the Electricity Market Review (EMR) was in progress and the PUO had released a Position Paper on the new Rule Change Assessment Panel (RCAP) that recommends that the RCAP also applies under the GSI Rules. Ms Stone noted that if this was to progress, the timing of any new GSI Rule or Procedure Change Proposals are likely to be affected.</p> <p>Mr Andrew Sutherland queried whether the wording of the Position Paper stated that the IMO's rule approval function "will" be removed. Ms Stone clarified that this was the preferred position in the Position Paper.</p> <p>Mr Gallagher queried where the Gas Bulletin Board (GGB) Zones Review fits with respect to the rule change process. Ms Stone responded that Marsden Jacob and Associates have made a number of recommendations in its report provided to the IMO. The IMO will publish the report and consider the suggested recommendations. However, Miss Stone indicated that it is likely that any rule changes which flow from the report will be deferred similarly to the Wholesale Electricity Market (WEM) rule changes.</p> <p>Mr Pete DiBona queried when the new RCAP would come into effect. The Chair responded that this would be discussed in Agenda Item 6 and 7.</p>	
6.	<p>DISCUSSION: ELECTRICITY MARKET REVIEW UPDATE</p> <p>The Chair introduced Dr Ray Challen to provide an update on Phase 2 of the EMR. The following key points were discussed:</p> <ul style="list-style-type: none"> • Dr Challen noted that Phase 2 of the EMR commenced in April 2015. Dr Challen noted that there are two key matters in the EMR which affect the gas industry. The first matter is the current access regimes moving to the National Electricity Law and National Electricity Rules 	

and therefore moving regulations from the ERA to the Australian Energy Regulator (AER). It was noted that WA currently mirrors the National Gas Law (NGL) and National Gas Rules (NGR), however the PUO and EMR team are looking to move to applied laws and rules. Dr Challen noted that the timeframe is driven by the electricity reforms and anticipated that legislation would be passed through Parliament in 2016, and the same process and timeframes would apply to gas.

- Mr DiBona asked whether the transition to the national regulator would be just for electricity and exclude gas, or if it would include both. Dr Challen responded that it would be unusual to move electricity to the national framework and national regulator and leave the ERA with gas access.
- Ms Stone queried the operational aspect of shifting gas to the national scheme and whether the regulated asset bases of gas businesses would need to be revalued before regulation is moved to the AER. Dr Challen responded that gas already effectively operates under the NGL and NGR and that therefore a revaluation is not necessary. However, that is not the case for the electricity network and there are substantial changes required to the scheme and therefore is appropriate.
- Mr Gallagher asked whether the gas specifications would be included in the regulations and legislation. Dr Challen responded that to the extent the gas specification does become part of the terms and conditions for a standing offer under an access arrangement, it would be contained in the regulations or legislation but noted that current contracts would not be changed.
- Mr DiBona asked whether there will be public consultation around the move to the national regulatory framework. Dr Challen responded there will be to the extent that derogations from the national frameworks are likely to be applied (e.g. gas trading markets).
- Dr Challen stated that the second matter of the EMR which directly relates to the gas industry is the establishment of the RCAP. Dr Challen noted the reason for pursuing a RCAP was to remove the perceived conflict of interest the IMO has as the maker, approver, operator and enforcer of the Market Rules. He noted that if this is a concern of the electricity industry then it would likely be a concern for the gas industry.

7. POSITION PAPER - A PROPOSED DESIGN FOR THE NEW RULE CHANGE ASSESSMENT PANEL

The Chair invited Mr Simon Middleton to present on the position paper on the proposed decision of the RCAP. The following key points were discussed:

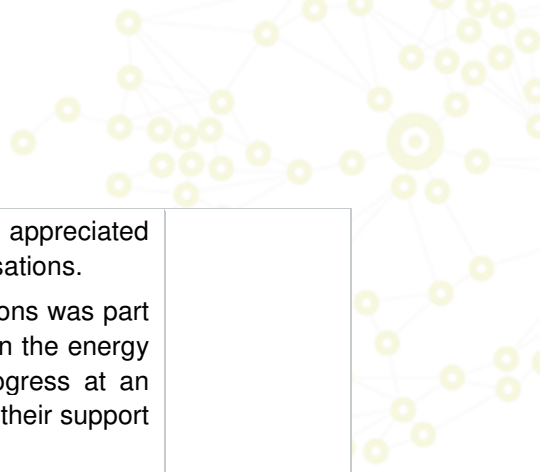
- Mr Middleton noted that during Phase 1 of the EMR a discussion paper was released. Submissions to this identified concerns regarding the IMO being the maker, approver, operator and enforcer of the Market Rules.
- Mr Middleton stated that the new RCAP is intended to replace the IMO Board as the decision maker for Rule Change Proposals. He stated that the position paper provided two preferred options to assist in the consultation process and noted that nothing is final until the

Government approves the changes. It is intended that the RCAP is established by the end of the first quarter of 2016. It is proposed that there are three Standing Members being the ERA Chair, the Coordinator of Energy and the IMO Chair. The position paper also provides a model for the secretariat services. This is proposed to be a single person (PUO employee) supported under a Service Level Agreement, initially with the IMO, but with the possibility of establishing a new body in the future.

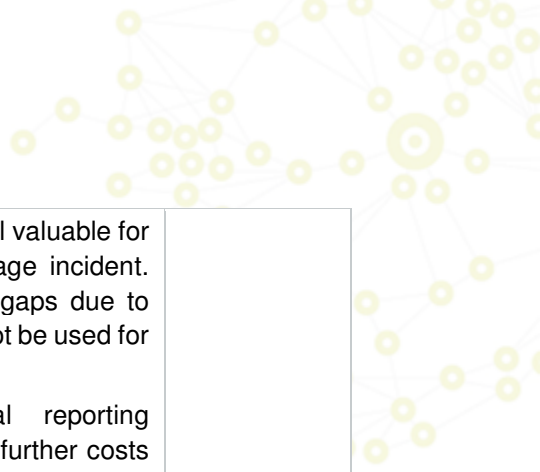
- Mr Middleton noted that the PUO was mindful not to impose undue costs on participants.
- Mr DiBona queried the reason behind the Minister's decision to appoint discretionary Additional Members to the RCAP and how decisions will be made under this framework. Mr Middleton responded that the concept of Additional Members is to provide the RCAP with a broader skill base where required.
- Mr Middleton noted that any party can propose a rule change, including members of the RCAP, but in this event it would need to have the support of both other panel members. Mr DiBona asked what the decision making protocol was in the case where rule changes are proposed by those not on the RCAP. Mr Middleton responded that decisions would be made by majority vote.
- Mr DiBona noted that these changes are proposed to apply to the GAB as well as the Market Advisory Committee (MAC) and that there is a suggestion that the role of the MAC would increase. Mr DiBona queried what that increased role would be. Mr Middleton clarified that this was one point that the PUO would like particular feedback on. Mr Middleton noted that stakeholders should reflect on the role of the MAC and GAB in the market and make recommendations in their submissions. Dr Challen noted that there was a large divergence of views from the Steering Committee on this particular point, noting the MAC and GAB have other functions in addition to consulting on Rule Change Proposals. Dr Challen noted that whether this area is going to be part of the reforms is not firm at this stage and that changes to the MAC and GAB have been put forward at this stage for comment only.
- Mr Sutherland noted his concern that the IMO is more independent than the PUO and that under the preferred option the governance framework will provide greater control to the PUO. Mr Sutherland raised the issue that if the PUO chairs the RCAP, there would be a Government entity controlling the rule change process. Mr Sutherland noted that this is a major concern for electricity participants. The Chair noted that the proposed structure relies heavily on the secretariat. Dr Challen noted that the three Standing Members of the RCAP are also statutory officers, and as their positions are established by statute they are required to provide independent advice.
- Mr Sutherland asked how the PUO would assess the responses to the position paper. Mr Middleton responded that submissions should be aligned with the EMR objectives and criteria identified in the position paper and if there are overwhelming submissions in a particular direction, this would also be considered. He noted that the EMR Steering Committee would ultimately agree on the final design and propose this to the Minister for decision.

<p>8.</p>	<p>PRESENTATION: GBB ZONES REVIEW</p> <p>The Chair invited Mr Marc Hettler to present on the GBB Zones Review. Mr Hettler presented the key recommendations included in Marsden Jacob and Associates' final report, which will be published and considered by the IMO for further action.</p> <p>The following key points were discussed:</p> <ul style="list-style-type: none"> • The Chair clarified that the definitions of the GBB Zones included in Schedule 2 of the GSI Rules were recommended to be moved to a GSI Procedure to give the IMO more flexibility in amending them. • Mr Allan McDougall noted it would not be beneficial to lower the threshold to capture Large User Facility data which is not connected to a GBB Pipeline from 10 TJ/d to 5 TJ/d as he expected few additional facilities would fall into this category. • The Chair explained that the initial decision to include the definition of the GBB Zones in the GSI Rules was based on the assumption that there would be little change in gas infrastructure in Western Australia. The Chair noted that with two new pipelines expected to commence operation in the next 12 months, more flexibility in amending the GBB Zones would be beneficial. • Mr Campbell sought clarification around Marsden Jacob and Associates' recommendation of how to address the concerns regarding the publication of Nomination and Forecast Flow Data of Large User and Production Facilities. Mr Hettler stated that one option suggested by Marsden Jacob and Associates was to publish the data on a Gas Market Participant portfolio basis. The Chair emphasised that further analysis regarding the recommendations will be done and that the IMO will work with Gas Market Participants to resolve outstanding issues. • Mr DiBona sought clarification on whether the administrative changes regarding the GBB Zones would require a rule change which would have to be approved by the new RCAP. In particular noting the establishment of such a panel could take another 9 to 12 months. Ms Stone noted that the time required to implement the administrative changes through the new RCAP could potentially postdate commencement of the new pipelines. The Chair clarified that urgent rule changes could be facilitated under certain circumstances if the EMR Steering Committee and Minister support the Rule Change Proposal, however structural and administrative changes will likely have to wait until the new RCAP is established. Mr McDougall responded that a pipeline would be commencing operation in a few months, therefore these changes would be required soon. <p><i>Action Point: The IMO to publish the presentation on the GBB Zones Review and Marsden Jacob and Associates' final report on the IMO website.</i></p> <p><i>Action Point: The IMO to undertake further analysis and consultation with Gas Market Participants regarding the recommendations of the GBB Zones Review final report.</i></p>	<p>IMO</p> <p>IMO</p>
<p>9.</p>	<p>DISCUSSION: GBB EMF TEST ACTIVATION</p> <p>The Chair introduced Mr Mark Katsikandarakis to present on the test activation of the Emergency Management Facility (EMF) on the GBB</p>	

	<p>conducted by the PUO under the Westplan for Gas Supply Disruptions in June 2015. The following key points were discussed:</p> <ul style="list-style-type: none"> • Mr Ian Mumford queried if any person acted with Ministerial discretionary powers during the mock exercise. Mr Katsikandarakis noted that Mr Bryon McLaughlin, the Primary Contact Officer at the PUO, activated the EMF as delegated by the Coordinator of Energy. • Mr DiBona questioned whether the data regarding the amount and type of alternate fuels provided by Gas Market Participants was confidential information. Mr Katsikandarakis confirmed that information is confidential but that information published on the EMF is only visible to individuals provided access to the EMF as directed by the Coordinator of Energy or his delegate. In this case, only selected staff from the PUO were given access to the EMF. • Mr DiBona asked if the PUO's new crisis information management system (OCA) worked well and if alternative communication platforms were considered. Mr Katsikandarakis responded that the general consensus at the Operations Management Group was that the OCA system had worked well. Mr Campbell commented that the communications had worked well as he had received multiple email updates during the emergency management exercise. • Mr Matthew Martin asked for further clarification on a suggestion to activate the EMF earlier and whether activation may occur too early in any given emergency when compared to the requirements of activating the EMF under the Westplan. Mr Katsikandarakis replied that the activation of the EMF allows for greater visibility of data to inform decision making by reducing the time lag of Daily Actual Flow Data to one hour behind real-time data, allowing the IMO and the PUO to gain visibility of any unfolding emergency. Mr Katsikandarakis further noted that if the EMF is not activated, Daily Actual Flow Data is not available until two days later. Mr Katsikandarakis clarified that the earlier activation of the EMF could provide the PUO with more timely information to inform its decision making however the consequences of activating the EMF earlier must also be considered. 	
<p>10.</p>	<p>PRESENTATION: GBB DATA VISUALISATIONS</p> <p>The Chair introduced Mr Mark Brodziak to present on the gas data visualisations that the IMO is currently developing for the GBB.</p> <p>The Chair noted that the IMO now had two years' worth of data from the GBB, which meant the IMO had a sufficient amount of data to start looking at better ways of presenting the data for it to be more user friendly. The Chair noted that the gas data visualisations presented were in concept form only and work was still underway. The Chair encouraged members to provide feedback on the proposed gas data visualisations and suggest any new visualisations that would be valuable.</p> <p>The following key points were discussed:</p> <ul style="list-style-type: none"> • Mr Mumford queried how often the data visualisations would be updated. Mr Brodziak confirmed the data visualisations would be updated daily on a basis that is consistent with the GSI Rule requirements for publishing data. • Mr Campbell commented that he was a heavy user of the WEM data visualisations and appreciated any work that the IMO could do in this area. Mr Sutherland agreed and noted he presented the 	



	<p>data visualisations to his company's shareholders, who appreciated the simplicity of the data when presented through visualisations.</p> <ul style="list-style-type: none"> The Chair noted that the development of data visualisations was part of the IMO's broader strategy to increase transparency in the energy sector and suggested to provide an update on its progress at an upcoming GAB meeting. The Chair thanked the GAB for their support of this initiative. <p><i>Action Point: The IMO to provide an update on the gas data visualisations at an upcoming GAB meeting.</i></p>	IMO
11.	<p>DISCUSSION: OPPORTUNITIES TO ENHANCE THE INFORMATION PUBLISHED ON THE GBB</p> <p>The Chair introduced Ms Laura Koziol to present on the opportunities to enhance information published on the GBB.</p> <p>The following key points were discussed:</p> <ul style="list-style-type: none"> The Chair reiterated that a large amount of data currently collected through the GBB could be better utilised. The Chair noted that any additional data visualisations could impose a cost on Gas Market Participants and the IMO is conscious of this and welcomes feedback on this. The Chair also expressed a desire for members to share more data with the IMO to enable further transparency and for that data to have a finer level of granularity to assist with gas data visualisations, which would require no extra effort and little cost for Gas Market Participants. Mr Campbell agreed with the Chair's comment on greater transparency of data. Mr DiBona noted that reducing the time lag of five days for publishing data could be achieved and would be beneficial. The Chair and Mr Campbell agreed and noted that there is now a greater level of comfort amongst Gas Market Participants in increasing the transparency of information. Mr Gallagher noted his support for publishing the Westplan status on the GBB if the Coordinator of Energy was comfortable. Mr DiBona queried what liability would be imposed on the Facility Operator to update the proposed outage warning flag on the GBB. The Chair clarified that would depend on whether the requirement was codified into the GSI Rules, making it mandatory or whether it was optional. Mr Mumford expressed concern that if the outage was resolved quickly, the warning flag may not be removed from the GBB until some hours after the resolution of the outage. Mr Mumford queried whether real-time data could be used. The Chair responded that the outage warning flag could be updated in real-time as the outage incident progressed. Mr Mark Cooper noted there is subjectivity on whether an outage would be classed as significant enough to create a warning flag for any particular incident. He expressed concern over codifying a warning flag as choosing the correct wording would not be easy. The Chair noted that there were options that could be considered including operators having direct access to post messages and standard wording. The Chair noted that the more outage information was made public, the less media attention outages might attract. Mr Sutherland asked Mr Cooper whether the Dampier to Bunbury Natural Gas Pipeline metering data was accurate. Mr Cooper 	



	<p>responded that real-time data would be inaccurate but still valuable for information purposes of advising and updating an outage incident. Mr Cooper stressed that real-time data would contain gaps due to various contingencies and noted that real-time data cannot be used for billing purposes.</p> <ul style="list-style-type: none"> Mr Gallagher expressed concern that additional reporting requirements on Gas Market Participants would require further costs to be incurred by participants but noted his enthusiasm for improving the publication of existing data. Mr Cooper noted that there are civil penalties under the GSI Rules for reporting of incorrect data and noted that these penalties could not apply to providing real-time data. The Chair noted that for WEM visualisations, the data used was SCADA data which also is real-time data that similarly contains gaps. The Chair further noted the opportunity to change the GSI Rules to allow for real-time data to be provided on a best endeavours basis to assist with visualisations. Mr Cooper agreed and noted the need for a rule change to allow for errors in real-time data. Mr John Jamieson noted that some operational considerations were needed but agreed that pipeline data could be provided quicker than two days. GAB members agreed that a balance between the timeliness of data and the accuracy of data was required and that there must be an equitable requirement on both Producers and Large Users to provide data. The Chair clarified that the IMO is conscious of balancing the data requirements on both the demand and supply sides. <p><i>Action Point: The IMO to publish the presentation on opportunities to enhance the information published on the GBB on the IMO website.</i></p> <p><i>Action Point: The IMO to develop a series of options, recommendations and necessary changes related to enhancing the data published on the GBB for consideration at an upcoming GAB meeting.</i></p>	<p>IMO</p> <p>IMO</p>
<p>12.</p>	<p>DISCUSSION: OPTIONS FOR GSI REVIEW</p> <p>The Chair noted there was a copy of the cost benefit analysis undertaken during the implementation of the GSI which was circulated with the GAB Meeting No. 21 Papers prior to the meeting. The Chair reiterated that the review was not required but agreed as part of the GSI implementation and welcomed GAB members' feedback on whether it was necessary.</p> <p>The following key points were discussed:</p> <ul style="list-style-type: none"> Mr DiBona noted that he didn't think there was value in undertaking a cost benefit study and that the IMO should extract further value from the GBB and Gas Statement of Opportunities (GSOO). Mr Sutherland suggested that the value from a cost benefit study could increase over time. The Chair suggested that GAB could reconsider undertaking the review at a later date. Mr Gallagher noted that a five-yearly review could be more suitable as the initial cost benefit study was over a period of five years. Mr Cooper agreed that a periodic review would be worthwhile whether it be in two or five years, but noted that it may be no easier to quantify the outcomes of the GSI in five years. <p><i>Action Point: The IMO to assess the value of a GSI cost benefit study in mid-2017.</i></p>	<p>IMO</p>



13.	OTHER BUSINESS No other business was raised.	
CLOSED: The Chair declared the meeting closed at 4:55 PM.		