



## Gas Advisory Board

### Agenda

<b>Meeting No.</b>	3
<b>Location:</b>	IMO Board Room Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date:</b>	Tuesday, 15 May 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 MEETINGS</b> a. Meeting No. 1 – Amended minutes b. Meeting No. 2	<b>Chair</b>	10 min
4.	<b>ACTIONS ARISING</b>	<b>Chair</b>	
5.	<b>GAS INFORMATION SERVICES PROJECT – UPDATE</b>	<b>IMO</b>	10 min
6.	<b>GISP TIMELINE AND PROPOSED CONSULTATION</b>	<b>IMO</b>	15 min
7.	<b>GOVERNANCE FRAMEWORK FOR THE GIS RULES</b>	<b>IMO</b>	15 min
8.	<b>GAS SERVICES INFORMATION REGULATIONS</b> (PAPER TO BE PROVIDED AT MEETING)	<b>PUO</b>	20 min
9.	<b>GENERAL BUSINESS</b>		
10.	<b>NEXT MEETING: Tuesday, 10 July 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>
1.	<b>WELCOME</b> The Chair opened the first meeting of the Gas Advisory Board (GAB) at 11.15am and welcomed members.	
2.	<b>INTRODUCTIONS, APOLOGIES / ATTENDANCE</b> The Chair invited members to introduce themselves and give a brief description of their background.  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.  Also in attendance were Ms Kate Ryan (presenter) and Ms Stacey Oldfield (minutes).	

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.</p> <p><u>The Chair stated it was the IMO's intention to, as far as possible, maintain a same interface for the WA GBB as participants currently use to access the NBB, recognising that some participants operate both in WA and the Eastern States.</u></p> <p>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 Kosteci 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</p>	

Item	Subject	Action
	<p>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 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>		

## Independent Market Operator

### Gas Advisory Board

## Minutes

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

<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)	
Natalie Jackson	Proxy for Wana Yang (Economic Regulation Authority (ERA))	
<b>Apologies</b>	<b>Class</b>	<b>Comment</b>
Paul Biggs	Small-User	
Paul Hynch	Observer OoE	
Wana Yang	Observer ERA	Proxy sent
<b>Also attended</b>	<b>From</b>	<b>Comment</b>
Kate Ryan	IMO	Presenter
Rebecca Denton	IMO	Minute-taker
Martin Maticka	IMO	For item 7
Justin Magraith	Systemic Pty Ltd	For item 7

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

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

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



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

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

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

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

Item	Subject	Action
	<p><i>response.</i></p> <p><i>The IMO to evaluate the lifecycle costs of the GBB, once funding is available to do so.</i></p>	<b>IMO</b>
<b>8</b>	<p><b>GENERAL BUSINESS</b></p> <p>There were no further issues raised.</p>	
<b>9</b>	<p><b>NEXT MEETING</b></p> <p>Tuesday, 15 May 2012.</p>	
<p><b>CLOSED</b></p> <p>The Chair declared the meeting closed at 2.30pm</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
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 at this stage. Action item 8 continues.
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.
4	2012	Minutes of Meeting No. 1 (item 5) to be amended to reflect the Chair's statement that for the WA GBB, the IMO would seek to enable participants to use the same interface as they currently do for the NBB.	IMO	March	Minutes updated and provided to GAB members.

#	Year	Action	Responsibility	Meeting arising	Status / progress
5	2012	Copy of Gas Services Information Bill and Hansard Debate in WA Upper House to be circulated to GAB members.	IMO	March	Sent by email on 29 March 2012.
6	2012	IMO to develop a project timeline based on the current project plan showing the stages for GAB input and approval arrangements.	IMO	March	Completed. See Meeting No. 3, Agenda Item 6.
7	2012	Office of Energy to be requested to provide an explanation of the legislative framework for the gas information services.	IMO	March	IMO prepared for Meeting No. 3 (see Agenda Item 7).
8	2012	GAB members to provide the IMO with any questions for AEMO on the GBB system. IMO to send to AEMO and circulate responses to GAB.	All IMO	March	Questions received from GAB Members. Forwarded to AEMO. Awaiting response from AEMO.
9	2012	IMO to evaluate the lifecycle costs of the GBB system (when funding is available to do so).	IMO	March	Pending funding.

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

### 1. RECENT GISP ACTIVITIES

#### *Legislation and Regulations*

The *Gas Services Information Act 2012* has now been passed by both houses of Parliament and received Royal Assent on 10 April 2012. The Act is available from the State Law Publisher's website ([www.legislation.wa.gov.au](http://www.legislation.wa.gov.au) follow the link to the WA Legislation Database and search Acts "in force").

The Minister for Energy released a Media Statement announcing the passage of the Bill (available at <http://www.mediastatements.wa.gov.au/Pages/Results.aspx?ItemID=149320>). This includes a clear statement on the timing for the implementation of the Gas Information Services:

*"It is expected that the Gas Bulletin Board will commence operating in July 2013 and that the first Gas Statement of Opportunities will be published in mid-2013."*

The Public Utilities Office is now proposing to develop the Gas Services Information Regulations in (at least) two stages, to enable the IMO to access funding for the GISP as soon as practical (see section 2 below). The first stage is expected to be in place in June 2012 and will:

- identify the IMO as the "operator" of the Gas Information Services, thereby conferring functions and powers on the IMO in the role of operator, including the right to recover fees; and
- include consequential amendments to the Electricity Industry (Independent Market Operator) Regulations 2004 to include the role as operator of the Gas Information Services and allow for a fourth IMO Board member to be appointed.

Later stages of the Regulations will deal with the more detailed matters around the specific subject matter of the Rules and the compliance framework.

The IMO is continuing to work with the Public Utilities Office to assist with the development of the Regulations.

#### *Funding for the GISP*

The IMO has received advice from Treasury that its request for loan funding for the GISP has been approved, but is conditional upon:

1. the passage of the *Gas Services Information Act 2012*; and
2. the making of the Gas Services Information Regulations.





These conditions were recommended by Treasury and subsequently endorsed by Cabinet and its Economic and Expenditure Reform Committee. The effect of the conditions is that the IMO will not be able to draw on the loan funding for the GISP until the Regulations have been made and spending on the GISP will be limited to the \$350,000 in seed funding provided by the Public Utilities Office.

### *GISP Branding*

As part of a wider IMO branding development project a unique GISP logo has been developed. This logo will be used to brand GISP activities by the IMO and enable easy identification of GISP documents by stakeholders.



## **2. RECOMMENDATIONS**

*It is recommended that the GAB:*

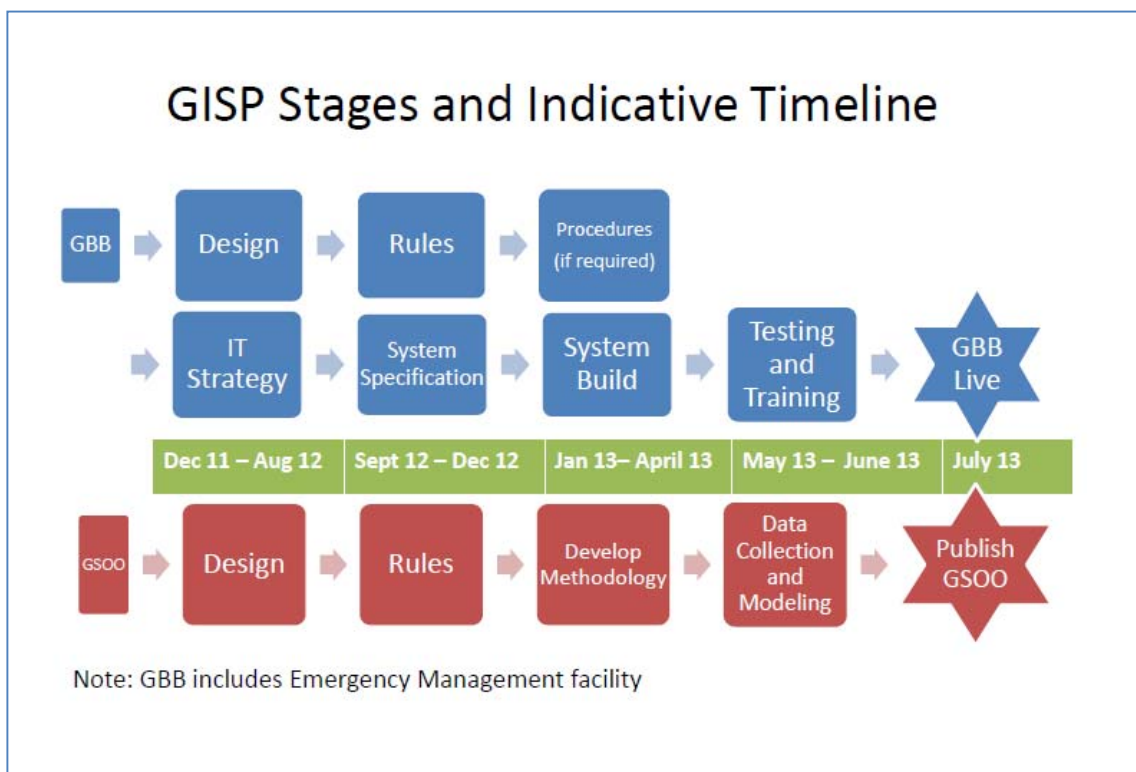
**a) Note the update on the GISP.**

## Agenda Item 6: GISP Timeline and Proposed Consultation

### 1. KEY STAGES AND TIMELINE

The following summarises the key stages of the GISP and the likely timing of each stage.

This indicative timeline is based on the assumption that the first stage of the Gas Services Information Regulations 2012 will be in place in June 2012 and the IMO will be able to access its loan funding for the project in June/July 2012.



### 2. PROPOSED CONSULTATION

There are three key stages of the GISP that will involve consultation with the GAB and the wider stakeholder group.

These stages are:

1. GBB Design (including the Emergency Management Facility);
2. GSOO Design; and
3. Rule Development.



As noted in the GAB Constitution, the role of the GAB is to advise the IMO in the development of initial Rules for the GBB and GSOO. Consultation with the GAB will be ongoing throughout each of these three stages, while broader consultation will be undertaken at specific points within the stage (indicative timing provided in the table below, but still subject to confirmation).

Ongoing consultation with all GISP Participants will also be needed to ensure the GBB and GSOO are successfully implemented.

The following table summarises each of these stages and the likely number and timing of stakeholder consultation:

Stage	Likely Consultation
<p><b>1. GBB Design</b></p> <p>Proposed scope and design of the GBB (e.g. information and publication requirements). Draft design document to be released for consultation.</p>	<p>August 2012</p> <ul style="list-style-type: none"> <li>- Release of consultation document</li> <li>- Stakeholder submission period</li> <li>- Possible stakeholder workshop</li> </ul>
<p><b>2. GSOO Design</b></p> <p>Proposed scope and design of the GSOO (e.g. information and publication requirements). Draft design document to be released for consultation.</p>	<p>August 2012</p> <ul style="list-style-type: none"> <li>- Release of consultation document</li> <li>- Stakeholder submission period</li> <li>- Possible stakeholder workshop</li> </ul>
<p><b>3. Rule Development</b></p> <p>Proposed detailed scope and methodology for the GSOO.</p>	<p>First consultation period on draft Rules: September/October 2012</p> <ul style="list-style-type: none"> <li>- Release of first draft of Rules for consultation</li> <li>- Stakeholder submission period</li> <li>- Possible stakeholder workshop</li> </ul> <p>Second consultation period on draft Rules (if required): November/December 2012</p> <ul style="list-style-type: none"> <li>- Release of second draft of Rules for consultation</li> <li>- Stakeholder submission period</li> <li>- Possible stakeholder workshop</li> </ul>

It should be noted that each of these stages and processes will be informed by and leverage off:

- The objectives of the GBB and GSOO set out in the *Gas Services Information Act 2012* (see below);



- existing arrangements for the GBB and GSOO operated and published by the Australian Energy Market Operator;
- the recommendations of Marchmont Hill Consulting commissioned by the former Office of Energy; and
- other relevant inputs including the Gas Supply and Emergency Management Committee Report to the Western Australian Government in September 2009 and the Gas Market Information – Gas Bulletin Board Final Report released by AEMO the 30 March 2012.

*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 the 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; and*
- d) the facilitation of competition in the use of natural gas services in the State.*

### **3. RECOMMENDATIONS**

*It is recommended that the GAB:*

- a) Note** *the key stages and timeline for the GISP, subject to funding being available in June/July 2012; and*
- b) Note** *the proposed consultation on the design of the GBB and GSOO and the development of the GIS Rules.*

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## Agenda Item 7: WA Energy Market Governance Arrangements

### For Information Purposes

#### 1. PURPOSE AND CONTEXT

The purpose of this paper is to provide information for the Gas Advisory Board (GAB) about the likely legislative and governance arrangements for the Western Australian (WA) Gas Information Services (GIS) – in particular the role of the IMO and how the GIS Rules fit within the overall regulation of the GIS.

##### What are the WA GIS?

The GIS are a Gas Bulletin Board (GBB), which includes an Emergency Management Facility, and Gas Statement of Opportunities (GSOO).

Section 4 of the *Gas Services Information Act 2012* (GSI Act) specifies the primary purpose of the GBB:

*The gas bulletin board is a website the primary purpose of which is to include information relating to short and near term natural gas supply and demand and natural gas transmission and storage capacity in the State.*

Section 5 of the GSI Act also specifies the primary purpose of the GSOO:

*The gas statement of opportunities is a periodic statement the primary purpose of which is to include information and assessments relating to medium and long term natural gas supply and demand and natural gas transmission and storage capacity in the State.*

##### Objectives of the GBB and GSOO

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 the 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.



### Governance of the WA GIS

While the WA Government has adopted some aspects of the “national” gas regulatory framework, it has not adopted the national governance and institutional arrangements for the WA energy markets; rather it has established and retained WA-specific arrangements. Section 3 below provides a high level comparison of these arrangements with the national energy governance and institutional arrangements.

It is anticipated that the arrangements for the GIS will be similar to those applying in the WA Wholesale Electricity Market (WEM), to the extent they are relevant to the GIS.

## **2. LEGISLATION AND GOVERNANCE OF THE WEM and GIS**

The IMO is the operator of the WEM for the South West Interconnected System (SWIS). The WEM is administered in accordance with the:

- *Electricity Industry Act 2004*;
- Electricity Industry (Wholesale Electricity Market) Regulations 2004 (WEM Regulations); and
- Wholesale Electricity Market Rules (WEM Rules).

The WEM Rules are subordinate to the WEM Regulations, which in turn are subordinate to the Electricity Industry Act. To the extent of any inconsistency between these, the higher instrument will prevail.

The IMO is established under the Electricity Industry (Independent Market Operator) Regulations 2004 (IMO Regulations).

The GIS will be established under a similar hierarchy of legislation, regulations and rules, starting with the *Gas Services Information Act 2012*.

### *Legislation*

Part 9 of the *Electricity Industry Act 2004* provides for (relevantly):

- The definition and objectives of the WEM;
- Heads of power for making regulations and rules;
- Matters to be covered by the regulations, including conferring functions and powers on persons;
- Reviews of decisions by the review Board (established under the *Energy Arbitration and Review Act 1998*);
- Immunity from liability for certain participants (e.g. the IMO and System Management); and



- Reviews of market operation.

Similarly, the GSI Act provides for:

- The definition and objectives of the GBB and GSOO (see above);
- Other key definitions (e.g. gas market participant, protected information, user, pipeline);
- Heads of power for making regulations and rules;
- Matters to be covered in the regulations, including conferring functions and powers on persons and dealing with fees and charges for the performance of functions;
- Review of decisions by the review Board;
- Protection of information (adopting relevant parts of the National Gas Law (NGL)); and
- Immunity from liability for the operator.

### *Regulations*

The WEM Regulations deal with the following matters:

- The functions of the IMO, Economic Regulation Authority (ERA), System Management, electricity corporations and the Minister;
- The making, amending and publication of rules and procedures;
- The subject matter of rules, both generally and more specifically in relation to registration;
- Allocation of costs by the IMO between market participants;
- Enforcement of the rules;
- Reviews by the Board;
- Limitation of liability for officers and employees of market governance participants; and
- Penalties including for breaches of certain provisions of the regulations (registration) and the rules.

The Public Utilities Office is currently preparing drafting instructions for the Gas Services Information Regulations, which will be considered further at Agenda Item 8. Minor amendments are also expected to the IMO Regulations to support the conferral of the new GIS functions on the IMO.

The IMO Regulations deal with the following matters:

- The establishment of the IMO;
- IMO directors and staff;



- The IMO's functions and powers; and
- The IMO's accountability, including financial;

### *Rules*

The initial WEM Rules were approved by the Minister for Energy in accordance with reg. 6 of the WEM Regulations.

The IMO administers the WEM Rules, which may be amended in accordance with a Rule Change process set out in the WEM Rules. The key aspects of this Rule Change Process are:

- A Rule Change may be proposed by any person, including the IMO;
- In certain circumstances the IMO must propose a Rule Change (if it receives a policy direction from the Minister, or a Rule Change is required for the WEM Rules to remain consistent with applicable legislation or regulations).
- The IMO must undertake the consultation process outlined in the WEM Rules, including consultation with the Market Advisory Committee (MAC) and public consultation consisting of two stages (Rule Change Proposal and Draft Rule Change Report);
- Rule Change Proposals are evaluated against the WEM Objectives;
- Rule Changes may be progressed through either a standard or fast-track process;
- Where the Rules being amended are "Protected Provisions", they must also be approved by the Minister for Energy before coming into effect. Protected Provisions include those dealing with:
  - the authority for and objectives of the Rules;
  - administration and enforcement of the WEM Rules and Procedures;
  - participation and registration; and
  - confidentiality of information.

Procedures made under the WEM Rules may also be amended under a similar process to the WEM Rules. Amendments to Market Procedures are managed and approved by the IMO, while amendments to Power System Operation Procedures are managed by System Management and approved by the IMO.

Where a Rule Change amends a civil penalty, reviewable decision or procedural decision, the WEM Regulations must also be amended to include the change.

Similar to the development and administration of the WEM Rules, it is anticipated that:

- the initial GIS Rules will be developed by the IMO and approved by the Minister for Energy; and





- the GIS Rules (and any Procedures) will then be administered by the IMO under a similar rule change process to that applying to the WEM Rules (and Procedures).

#### *The IMO's Advisory Committees*

The MAC is established under the WEM Rules and is a non-voting committee of industry representatives convened by the IMO to advise:

- the IMO on Rule Change proposals;
- the IMO and System Management on Procedure Change proposals;
- the IMO regarding market operation and SWIS operation matters;
- the IMO on matters concerning the evolution of the WEM Rules.

The interim GAB has been established to provide advice to the IMO in the development of the initial GIS Rules. As with the WEM Rules, it is expected that the role of the GAB will be formalised under the GIS Rules and the GAB will be reconstituted under those rules when they come into force.

### **3. COMPARISON TO THE “NATIONAL” ELECTRICITY AND GAS MARKETS**

The following table provides a summary of relevant governance and institutional arrangements applying in the WA and Eastern States energy markets.

	<b>WA</b>	<b>National</b>
<b>Objectives (gas)</b>	<p>The objectives of the GBB and GSOO are to promote the long term interests of consumers of natural gas in relation to:</p> <ul style="list-style-type: none"> <li>• the security, reliability and availability of the supply of natural gas in the State;</li> <li>• the efficient operation and use of natural gas services in the State;</li> <li>• the efficient investment in natural gas services in the State; and</li> <li>• the facilitation of competition in the use of natural gas services in the State</li> </ul>	<p>The objective of the NGL is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.</p>



<p><b>Primary Purpose of the GBB and GSOO</b></p>	<p>The GBB is a website, the primary purpose of which is to include information relating to short and near term natural gas supply and demand and natural gas transmission and storage capacity in the State.</p> <p>The GSOO is a periodic statement the primary purpose of which is to include information and assessments relating to medium and long term natural gas supply and demand and natural gas transmission and storage capacity in the State.</p>	<p>The purpose of the GBB is to:</p> <p>(a) facilitate trade in natural gas and markets for natural gas services through the provision of system and market information which is readily available to all interested parties, including the general public;</p> <p>(b) assist in emergency management through the provision of system and market information.</p> <p>(clause 142 of the National Gas Rules)</p> <p>The purpose of the GSOO is to provide information to assist registered participants and other persons in making informed decisions about investment in pipeline capacity and other aspects of the natural gas industry (section 91D(1) of the NGL).</p>
<p><b>Policy, legislation and regulations</b></p>	<p>Minister for Energy and WA Government formulates policy and makes legislation and regulations.</p>	<p>Standing Council on Energy and Resources (SCER). Participating jurisdictions have their own internal approval process, e.g. requirement for Cabinet approval prior to SCER).</p> <p>Legislation:</p> <ul style="list-style-type: none"> <li>• Approved by SCER</li> <li>• Original legislation passed by the South Australian Parliament</li> <li>• Other participating jurisdictions pass “Application Act” which adopt SA legislation as amended from time to time.</li> </ul> <p>These arrangements are specified in the Australian Energy Market Agreement (AEMA). The WA Government is a signatory to the</p>



		<p>AEMA, but has only agreed to adopt certain parts of the national arrangements.</p> <p>For the access components of the NGL, the WA Government adopted “mirror” legislation rather than “application” legislation.</p>
<b>Economic Regulator</b>	ERA	Australian Energy Regulator (AER)
<b>Rule Administrator</b>	<p>IMO</p> <p>Minister must approve changes to Protected Provisions and may issue policy direction.</p>	<p>Australian Energy Market Commission (AEMC).</p> <p>Must have regard to any statements of policy principles issued to it by the SCER.</p>
<b>Wholesale Market Operator</b>	<p>IMO – market operation</p> <p>System Management (ring-fenced part of Western Power) – power system operation</p>	<p>Australian Energy Market Operator (AEMO) – both market and power system operation for:</p> <ul style="list-style-type: none"> <li>• National Electricity Market</li> <li>• Vic Wholesale Gas Market</li> <li>• NSW, SA and Qld short term trading markets</li> <li>• Gas Bulletin Board operator (Vic, NSW, ACT, Tas, SA and Qld)</li> </ul>
<b>Retail Market Operator</b>	<p>Electricity – Western Power</p> <p>Gas – Retail Energy Market Company</p>	Electricity and Gas - AEMO
<b>Compliance Body</b>	<p>IMO (for WEM Rules and Procedures)</p> <p>ERA (for access and other matters)</p>	AER
<b>Enforcement and Review Body</b>	<p>Electricity Review Board</p> <p>Gas Review Board</p>	Australian Competition Tribunal
<b>Gas Emergency Management</b>	The Coordinator of Energy, supported by the Gas Emergency Planning Committee and Operations Management Group.	SCER/Energy Ministers, advised by the National Gas Emergency Response Advisory Committee.



#### 4. RECOMMENDATIONS

*It is recommended that the GAB:*

**a) Note** the information about the legislative and governance arrangements for the WA Wholesale Electricity Market and proposed for the Gas Information Services.