



Minutes

MEETING TITLE	Gas Advisory Board
MEETING NO	24
DATE	Thursday, 25 February 2016
TIME	2:00pm – 2:50pm
LOCATION	Boardroom, Level 17, 197 St Georges Terrace, Perth

Attendees	Class	Comment
Kylie O’Keeffe	Chair - IMO	
Martin Maticka	AEMO	
Stewart Gallagher	Gas Producer	
Pete DiBona	Gas Producer	
Mark Cooper	Pipeline Owner and Operator	
John Jamieson	Pipeline Owner and Operator	Via teleconference
Mike Lauer	Gas Shipper	2:15pm – 2:50pm
Chris Campbell	Gas Shipper	
Ian Mumford	Large Gas User	
Ray Challen	Coordinator of Energy	
Matthew Martin	Observer, appointed by the Minister	
Natalie Jackson	Economic Regulation Authority (ERA) – Observer	

Apologies	Class	Comment
Aden Barker	Minister’s Appointee – Small End Users	
Andrew Sutherland	Large Gas User	

Also in attendance	From	Comment
Simon Middleton	Public Utilities Office	Presenter
William Pham	Santos	Observer
Laura Koziol	IMO	Observer and Minutes

Item	Subject	Action
1.	<p>Welcome</p> <p>The Chair opened the meeting at 2:00pm and welcomed all members to meeting number 24 of the Gas Advisory Board (GAB).</p> <p>The Chair noted that since the last meeting the following changes had been made to the composition of the GAB as a result of the transfer of most of the IMO's functions to the Australian Energy Market Operator (AEMO) on 30 November 2015:</p> <ul style="list-style-type: none"> • one new compulsory class position had been created for AEMO, and AEMO has nominated Martin Maticka as its representative; and • apart from chairing the meetings, the IMO no longer has a separate representative on the GAB. <p>The Chair noted that this was the first GAB meeting since Mr Allan Dawson had officially stepped down as the Chair of the GAB and acknowledged Mr Dawson's contribution to the GAB since 2012.</p>	
2.	<p>Meeting apologies/attendance</p> <p>The following apologies were received:</p> <ul style="list-style-type: none"> • Aden Barker • Andrew Sutherland <p>The following presenters/observers were noted:</p> <ul style="list-style-type: none"> • Simon Middleton (Presenter – Public Utilities Office) • William Pham (Observer – Santos) • Laura Koziol (Observer and Minutes – IMO) 	
3.	<p>Actions arising</p> <p>The Chair noted that:</p> <ul style="list-style-type: none"> • Action 72 relates to the assessment of a Gas Services Information (GSI) cost benefit study in mid-2017 and remains open. • Actions 75, 76, 77 and 79 relate to the development of Rule Change Proposals and other operational matters and remain open. • All other actions had been completed. <p>The Chair noted that as the actions related to operational matters it may be more appropriate for the actions to be assigned to AEMO. The Chair will raise the matter with AEMO before the next meeting.</p> <p><i>Action Point: The IMO to engage with AEMO to determine if the open actions should be assigned to AEMO.</i></p>	IMO
4.	<p>Discussion: Electricity Market Review update</p> <p>The Chair invited Mr Simon Middleton to give an update on the Electricity Market Review (EMR) reforms. Mr Middleton gave an overview of the progress and current status of the EMR reforms. In particular, the following points were noted or discussed.</p> <ul style="list-style-type: none"> • In relation to the network regulation workstream, Mr Middleton summarised the relevant work and advised that a position paper outlining the relevant policy decisions is planned to be published 	

mid-March 2016 for stakeholder consultation. The key item for the gas industry will be the issue of intra-period arrangements for access arrangements possibly expiring before the national gas framework applies to Western Australian gas pipelines.

The Application Act is expected to be provided to the COAG Energy Council by April 2016 so it can be provided to the Western Australia Parliament in June 2016. The Steering Committee is currently consulting with the COAG Energy Council to avoid any complications. While restrictions the Commonwealth set on the drafting of the Application Act will not be subject to consultation, the regulations implementing the Application Act will be consulted on more comprehensively. Further, it is likely that the regulator functions will be transferred to the Australian Energy Regulator on a set date but that individual access arrangements will require individual treatment which might require a transitional framework.

- Mr Pete DiBona sought clarification on the types of derogations that would be included in the Application Act. Mr Middleton advised that they would include Western Australian specific definitions and issues regarding funding functions unique to Western Australia.
- Mr Ian Mumford noted that currently various reform activities were undertaken in the eastern gas markets and queried if the outcomes would apply to Western Australia. Mr Middleton confirmed that once Western Australia adopted the applied law scheme any changes not subject to derogation would apply to Western Australia.
- Mr DiBona asked about the status of the reforms regarding the implementation of the rule change panel (Panel).

Mr Middleton noted that the final decision on the fundamental design of the reforms has been made and a draft of the relevant drafting instructions for the implementation of the Panel has been completed. A position paper regarding the selection criteria of the Panel will be published soon for consultation and the outcome of the consultation will be incorporated in the drafting instructions.

He noted that the Panel is planned to be in legal existence in the middle of 2016. However, due to the expected challenges to find people which satisfy the selection criteria, in particular the conflict of interest criteria, the Panel was not expected to be operational before the end of 2016.

The rules emanating from the EMR will be made by the Minister using his rule making powers. The rule making process will include appropriate stakeholder consultation on the respective exposure drafts.

- Mr Stewart Gallagher queried whether the number of Panel members had already been decided. Mr Middleton advised that the Steering Committee had decided it would be possibly three or four members. Mr Middleton clarified the role of the Steering Committee was not to make the actual decision on the proposed reform, but was making decisions on the recommendations to be put to the Minister who was the final decision maker.
- Mr Gallagher queried if the selection criteria would apply for the individual Panel members or the Panel as a whole. Mr Middleton noted that the selection criteria would comprise individual and collective criteria.

	<ul style="list-style-type: none"> • Mr DiBona sought clarification on the future role of the GAB once the Panel is in place. Mr Middleton advised that changing the role of GAB was not within the scope of the EMR but that it was possible that changes may be made through rule changes once the Panel was established. • Mr Chris Campbell queried if it was correct that the GAB had no role this year as there was no body to interact with. Mr Middleton agreed that there may not be any formal function for the GAB this year but that the GAB was regarded as a valuable vehicle for stakeholder engagement by the Steering Committee. • Mr Mike Lauer sought clarification on the current chairmanship and consulting role of the GAB. Mr Middleton noted that the IMO was still responsible for the GAB while AEMO had its own stakeholder engagement mechanisms and that rules were currently being made by the Minister. Mr Middleton further noted that the Steering Committee had engaged Future Effect to coordinate the rule changes resulting from the various reform projects of the EMR. This project also involves the IMO, the various legal advisors of the respective reform projects and the EMR project teams. • Mr DiBona asked the Chair for her view on the future role of the GAB this year. The Chair said that she anticipated that this year the GAB would mainly be used as a forum for EMR updates as well as any issues members wished to raise and that it was expected that any rule changes would generally only be progressed if there was a manifest error in the GSI Rules or another urgent need. • Mr Lauer also asked the Chair for her view if there was a role for the GAB in the future. The Chair said that she had no specific view at this time but that the role of the GAB was intended to continue and may evolve as required by the Panel once it was operational. • Mr Campbell sought clarification on what would happen to the GAB when the IMO would come to an end on 30 June 2016. Mr Middleton clarified that the responsibilities for the GAB would be transferred to the ERA and the GAB functions would, in principle, remain the same. • Mr Mark Cooper noted that the GAB members were all appointed by the IMO Board and that the terms of around 50 per cent of the members would expire on 30 June 2016. Mr Cooper asked how that would be handled. The Chair said that she intended to discuss the matter with the IMO Board and that it may be possible to either postpone the annual review of the GAB composition to a later point or to bring the review forward. Mr Lauer queried if the terms of all GAB members would cease with the IMO. The Chair clarified that this should be dealt with in the transfer arrangements. 	
5.	<p>General business</p> <ul style="list-style-type: none"> • The Chair noted that under the GSI Rules, the GAB constitution and appointment guidelines are required to be consistent with rules. Therefore, the IMO is proposing amendments to those documents to reflect the rule changes in November last year that affected the composition of the GAB and to address some other minor changes. 	



	The IMO will publish the proposed amended GAB constitution and appointment guidelines soon for public consultation. The submission window will be 2 weeks.	
Closed: The Chair declared the meeting closed at 2:50pm.		