



Minutes

MEETING TITLE	Gas Advisory Board
MEETING NO	26
DATE	Tuesday, 26 July 2016
TIME	1:00pm – 1:40pm
LOCATION	Boardroom, Level 17, 197 St Georges Terrace, Perth

Attendees	Class	Comment
Kylie O’Keeffe	Chair – IMO	
Martin Maticka	AEMO	
Pete DiBona	Gas Producer	
Dave Rafferty	Gas Producer	
John Jamieson	Pipeline Owner and Operator	via teleconference
Jon Cleary	Pipeline Owner and Operator	
Mike Lauer	Gas Shipper	
Chris Campbell	Gas Shipper	
Ian Mumford	Large Gas User	
Andrew Sutherland	Large Gas User	
Natalie Jackson	Economic Regulation Authority (ERA) – Observer	

Apologies	Class	Comment
Aden Barker	Minister’s Appointee – Small End Users	
Mathew Martin	Observer, appointed by Minister	
Ray Challen	Coordinator of Energy	

Also in attendance	From	Comment
Simon Middleton	Public Utilities Office	Presenter
Carol Clair	Synergy	Observer
Joachim Tan	AEMO	Observer
Laura Koziol	IMO	Observer and Minutes

Item	Subject	Action
1.	<p>Welcome</p> <p>The Chair opened the meeting at 1:00pm and welcomed all members to meeting number 26 of the Gas Advisory Board (GAB).</p> <p>The Chair noted that this was the first meeting since the IMO completed the annual review of the composition of the GAB.</p> <p>The Chair confirmed that, for the 2016/17 financial year, the discretionary class positions that were up for renewal had been rewarded to Dave Rafferty (Gas Producer), Jon Cleary (Pipeline Owner and Operator), Mike Lauer (Gas Shipper) and Ian Mumford (Large Gas User). The tenure of these positions is two years.</p>	
2.	<p>Minutes of previous meeting</p> <p>The draft minutes of GAB meeting number 24, held on 25 February 2016, was circulated to members on 18 March 2016, and was also distributed with the papers for this meeting. The IMO received no comments.</p> <p>The draft minutes were accepted as a true record of the meeting.</p> <p><i>Action Point: The IMO to publish the minutes of GAB Meeting No.24 on the Market Web Site as final.</i></p>	IMO
3.	<p>Meeting apologies/attendance</p> <p>The following apologies were received:</p> <ul style="list-style-type: none"> • Aden Barker • Mathew Martin • Ray Challen <p>The following presenters/observers were noted:</p> <ul style="list-style-type: none"> • Simon Middleton (Presenter – Public Utilities Office) • Carol Claire (Observer - Synergy) • Joachim Tan (Observer – AEMO) • Laura Koziol (Observer and Minutes – IMO) 	
4.	<p>Actions arising</p> <p>The Chair noted that:</p> <ul style="list-style-type: none"> • Action 72 relates to assessing the value of a Gas Services Information cost benefit study in mid-2017. The Chair advised that, as a result of discussions between the IMO and AEMO (action 1 2016), this action will remain with the IMO, and will be considered further by the GAB following the appointment of a new secretariat to the GAB (as part of the changes relating to the transfer of the IMO's rule change and rule administration functions to the Rule Change Assessment Panel). • Actions 75, 77, 78 and 79 relate to the development of Rule Change Proposals and other operational matters. The Chair advised that, as a result of discussions between the IMO and AEMO (action 1 2016), these actions have been assigned to AEMO. <p>Mr Martin Maticka noted that AEMO will provide a presentation on these actions at the next GAB meeting.</p>	

	<p>Mr Andrew Sutherland asked if AEMO planned to combine the Western Australia Gas Bulletin Board and the National Gas Bulletin Board. Mr Maticka advised that there were no current plans to do so, but that might be considered at a later time.</p> <ul style="list-style-type: none"> All other actions have been completed. 	
<p>5.</p>	<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> <p><u>Network Regulation</u></p> <ul style="list-style-type: none"> Mr Middleton gave an overview of the legislative package that has been submitted to the Western Australia Parliament namely, the National Electricity (Western Australia) Bill 2016, the National Gas Access (WA) Amendment Bill 2016 and the Energy Legislation Amendment and Repeal Bill 2016 that will proceed through Parliament in cognate. Due to the relatively high number of Bills currently before Parliament, the Government is prioritising the Bills to be dealt with before the Government goes into prorogue. Mr Middleton added that they have not received any indication at this stage that the Bills will not be processed. However, if the Bills are not passed by Parliament before November 2016, the Australian Energy Regulator (AER) won't be available to commence regulation of Western Power until 2022. The priorities of the Bills will potentially be determined before the next sitting of the Parliament in August. In relation to the National Gas Access (WA) Amendment Bill 2016, Mr Middleton explained that the relevant EMR scope was to minimise changes for the WA gas market. The main changes are: <ul style="list-style-type: none"> conferring regulatory responsibility on the AER; and establishing the National Gas Law as an applied law scheme. Mr Middleton added that there were no planned changes to the Gas Bulletin Board. Mr Middleton noted that the current access arrangements, which have different end dates, will remain in place for their full term and are planned to be harmonised in due course. Mr Middleton clarified that implementing the national law as applied law scheme means that all changes made for the host jurisdiction will be reflected in WA. Currently, the National Gas Law applies in WA under a mirror scheme which means WA legislation imported the National Gas Law and reflects the provisions that were current at that time. In relation to the Electricity Network Mr Middleton noted that a lot of work has still to be done on the implementation of the instruments for the regulation of Western Power during the 'gap year' (i.e. the period after the current Access Arrangement expires and before the national framework commences). Mr Middleton noted that only the SWIS and, therefore, Western Power, will be regulated under the National Electricity Law in WA and other networks in WA (eg Horizon Power) will be excluded. 	

- Mr Middleton noted that the implementation of a constrained network access for the electricity network is one of the fundamental objectives of the EMR. The constrained access model will improve and justify new network investment and will empower parties to connect to the electricity network without funding the investment needed to preserve the existing firm access rights. Mr Middleton advised that there will be a fourth Bill addressing the implementation of the transition to the constrained network. The Bill is planned to be tabled to Parliament in 2017 to allow for more extensive stakeholder consultation. He expected that a paper will be published soon, focussing on how the constrained access model should apply in the SWIS and how existing connection contracts will be affected. He indicated that other papers were planned to be published soon regarding local instruments for the management of system security and reliability. The Access Code and the Technical Rules, will be replaced through the Network Quality and Reliability of Supply Code. Mr Middleton noted that these modifications require the COAG Energy Council's approval, and that the submission is expected to go to the COAG Energy Council in October 2016 for a decision in December 2016.

Energy Markets Operations and Processes

- Mr Middleton stated that the final report is planned to be published by the end of the week. The report will outline which reforms are going to be progressed and which matters would still be under consideration (eg market power mitigation and the design of the registration classes).

Reserve Capacity Mechanism

- Mr Middleton noted that the current focus is on the design of the Reserve Capacity auction which is planned to be finalised in January 2017. The first industry consultation group meeting had been held last week.

Institutional Arrangements

- Mr Middleton noted that the institutional arrangements work stream was almost complete. However, the Rule Change Assessment Panel (Panel) still has to be formally established. He advised that the Panel is planned to be operational upon the expiry of the Minister's current rule making power in July 2017.
- Mr Middleton noted that a reliability panel will also be established which will be responsible for functions such as the reliability criterion and the management of power system security. A reliability advisory committee, similar to the one AEMO operates in the National Electricity Market, will also be put in place.
- Mr Pete DiBona sought clarification regarding the role of the GAB in the period between the wind down of the IMO and the commencement of the Panel. Mr Middleton replied that in this interim period the Minister's rule change power would take precedence. He clarified that the IMO still currently had its rule making ability, and had only received a notification to consult with the Minister before progressing any rule changes. He confirmed that no changes were being proposed in relation to the role of the GAB, as that was not within the EMR's scope.
- The Chair advised that the IMO's rule making powers would fall away when the Panel is established which is expected to occur on 1 October 2016. After this date, the IMO won't have a formal role in the rule

	<p>making process, or as the GAB’s secretariat. Mr Middleton explained that after the IMO falls away the Panel will be established, but the Minister’s rule making power will remain until July 2017.</p> <ul style="list-style-type: none"> Mr Chris Campbell asked if the Panel will notify members of a formal meeting process. The Chair advised that the next GAB meeting is scheduled for October 2016. If the rule change functions transfer on 1 October 2016 as currently anticipated, the IMO won’t be chairing that meeting. The entity receiving that function will need to engage with members. Mr Middleton added that the Panel will have an executive officer and secretariat support from the ERA which he expected would organise the GAB meetings. Mr Campbell sought clarification on the ERA’s resourcing for the rule change function. Mr Middleton noted that the ERA would commence resourcing once the legislation was in place. Mr Sutherland asked if there would be a gap between the conclusion of the IMO and the commencement of the Panel. Mr Middleton advised that this decision would depend on the Government. The Chair clarified that no changes to the rule change function itself were planned, only a new framework. Mr Middleton also confirmed that was the case. <p><u>Market Competition</u></p> <ul style="list-style-type: none"> Mr Middleton noted that the retail sector reforms are not included in this year’s legislative package and are planned to be progressed in 2017. He added that it is envisaged that the respective legislation will be passed by the WA Parliament by late 2017 for customers to benefit from full retail contestability in 2020. The Government’s mandate, which will dictate the legislative programme, will be sought post-election. 	
<p>6.</p>	<p>General business</p> <ul style="list-style-type: none"> Mr Campbell sought clarification on the status of the 2016 Gas Statement of Opportunities (GSOO). Mr Maticka confirmed that AEMO will be consulting with Market Participants on the GSOO. 	
<p>Closed: The Chair declared the meeting closed at 1:40pm.</p>		