

Minutes

Meeting Title:	Gas Advisory Board (GAB)
Date:	20 September 2017
Time:	1:05 PM – 2:10 PM
Location:	Ken Michael Room, Level 4, Albert Facey House 469 Wellington Street, Perth

Attendees	Class	Comment
Jenny Laidlaw	Chair	
Matthew Martin	Small-Use Consumer Representative	Minister's Appointee
Martin Maticka	AEMO	
Natalie Robins	Economic Regulation Authority (ERA)	Observer
Dave Rafferty	Gas Producers	
Pete DiBona	Gas Producers	
Collin Slattery	Pipeline Owners and Operators	Proxy
Mike Lauer	Gas Shippers	
Amanda Rudd	Gas Shipper	Proxy

Apologies	Class	Comment
Chris Campbell	Gas Users	Proxy attended
John Jamieson	Pipeline Owners and Operators	
John Cleary	Pipeline Owners and Operators	Proxy attended
Julie Anne Simmons	Gas Users	
Zaeen Khan	Coordinator of Energy	

Also in attendance	From	Comment
Joachim Tan	AEMO	Presenter
Noelle Leonard	AEMO	Presenter
Sandra Ng Wing Lit	RCP Support	Observer
Laura Koziol	RCP Support	Presenter, minutes

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 2:06 PM and welcomed members and observers to the 20 September 2017 GAB meeting.</p> <p>The Chair noted that this was the first meeting since the completion of the review of the GAB composition on 24 July 2017. The Chair acknowledged outgoing members and observers and welcomed new and reappointed members and observers.</p> <p>Outgoing members are:</p> <ul style="list-style-type: none"> • Kylie O’Keeffe (Chair); • Ray Challen (Coordinator of Energy); • Andrew Sutherland (Gas Users); and • Aden Barker (Minister’s appointee – small-use customers). <p>Reappointments are:</p> <ul style="list-style-type: none"> • John Jamieson (Pipeline Owner and Operators); • Chris Campbell (Gas Shippers); and • Pete DiBona (Gas Producers). <p>New members are:</p> <ul style="list-style-type: none"> • Julie Anne Simmons (Gas Users); • Zaeen Khan (Coordinator of Energy); and • Matthew Martin, now representing small-use customers, previously Observer appointed by Minister. 	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the apologies, attendance, and proxies, as listed above.</p>	
3	<p>Actions Arising</p> <p>Action 72 (2015): The Chair noted that the Rule Change Panel has no function to undertake a cost-benefit analysis and proposes to close the action item. The GAB agreed to close the action item.</p> <p>Action 75 (2015): Mr Martin Maticka asked if the GAB still supported to move the definition of the GBB Zones from the GSI Rules to a Procedure. This had been suggested in 2015 to reduce the current administrative burden of going through the Rule Change Process every time a new Pipeline is registered and therefore needs to be included in the definition of the GBB Zones. Mr Maticka noted that such a Rule Change had been required once, for the registration of the Fortescue River Gas Pipeline in 2015, and was now necessary again for the registration of the Wheatstone Ashburton West Pipeline. The GAB supported the development of a Rule Change Proposal to move the definition of the GBB Zones into a GSI Procedure. Mr Maticka noted that AEMO would develop a Pre-Rule Change Proposal for</p>	

	<p>consideration by the GAB and that AEMO would provide an update about the development at the next GAB meeting.</p> <p>Action 77 (2015): Mr Maticka noted that AEMO was currently collating the requested information and would circulate it to GAB members before the next meeting.</p> <p>Action 78 (2015): Remains open</p> <p>Action 79 (2015): Mr Maticka asked if the GAB still supported development of a Rule Change Proposal to remove the time lag between the submission of information by Gas Market Participants and publication of the relevant reports. The GAB agreed that if final information was submitted to AEMO, there should be no time lag for the publication of the information in the relevant reports. The Chair noted that the time lag for some of the reports had originally been implemented to mitigate the concern of Large Gas Users that the information in question could be commercially sensitive if published earlier. Mr Maticka suggested that, as a next step, AEMO would prepare a presentation on the issue to obtain feedback from Large Gas Users before undertaking further work. Mr Pete DiBona suggested to also look at the practice for the Natural Gas Services Bulletin Board (NBB) on the east coast. The Chair sought clarification if individual consumption of Large Gas Users was actually published on the NBB. Mr Joachim Tan clarified that AEMO was planning to introduce the publication of individual consumption of Large Users on the NBB.</p>	
<p>4</p>	<p>Presentation: Gas Statement of Opportunities</p> <p>Ms Noelle Leonard and Mr Tan gave a presentation focusing on the high level assumptions and key messages of the 2017 Western Australian Gas Statement of Opportunities (WA GSOO) as per the current status and the forecast accuracy of the previous GSOOs. The complete presentation is available on the Rule Change Panel's website.</p> <p>The following points were discussed:</p> <ul style="list-style-type: none"> Mr Tan noted that, under one of the many scenarios, in the medium term (from around 2020) the contracted gas supply could fall dramatically under the 2016 WA GSOO's forecasted Base and Peak demand. Mr Tan noted that the development of new gas reserves must be underpinned by long term supply contracts, and that based on the firm quantity of contracted gas supply, new reserve development would be required from 2020. Mr Tan indicated that gas prices could increase if gas consumers did not react in the near future by signing new contracts. <p>Mr Mike Lauer noted that a decline in contracted gas supply does not equal a decline in capacity available to the market. The current decline in contracted gas supply from 2020 onwards cannot be seen as an indicator for a shortfall in capacity or increasing gas prices. Mr Lauer further noted that the more reasonable conclusion would be that there will be new contracts from 2020 onwards unless the demand destruction from the early 2000s continues.</p> <p>Mr Tan agreed that the available processing capacity as well as underlying gas reserves each exceed the peak demand forecast for the entire horizon of the 2016 WA GSOO.</p>	

	<p>Mr DiBona noted that no conclusions about the gas processing capacity or gas reserves could be drawn from the quantity of contracted gas supply. Ms Amanda Rudd agreed with Mr DiBona and added that there should be no inference from the contracted supply on gas prices.</p> <p>Mr Dave Rafferty noted that the quantity of contracted gas supply would just roll forward in the near future, but drew attention to a recent presentation from the Department for Jobs, Tourism, Science and Innovation; in which a reserve shortfall was predicted from the mid-2020s. Mr Rafferty added that it is foreseen that current reserves will run out within the timeframe of the 2017 WA GSOO. Mr Rafferty suggested that AEMO includes an analysis in the WA GSOO about the cost (per GJ) of the development of new reserves (tied back to an existing production facility). Mr Rafferty noted that the costs of such a project would give indications on new price dynamics and whether there will be any demand destruction. Mr Lauer indicated that inclusion of such an example in the WA GSOO is a good idea, but that caution must be used to avoid frightening people.</p> <ul style="list-style-type: none"> • There was some discussion that the current prices were too low to incentivise the development of new reserves, that the quantity of gas contracted in the long term was decreasing, and which factors could lead to demand destruction. • Mr Tan noted that there would be one more consultative forum before the finalisation of the GSOO. This forum was planned to be held in early November 2017. 	
<p>5</p>	<p>Discussion: Future meeting frequency and agenda items</p> <p>The Chair noted that the purpose of the GAB had changed since the transfer of functions from the IMO to the Rule Change Panel. In particular, the Rule Change Panel has no function to develop the GSI Rules, which the IMO used to have. The Rule Change Panel's primary function is to process but not to develop Rule Change Proposals.¹ The Rule Change Panel needs the expert advice of the GAB to assess Rule Change Proposals, but this advice would be needed on an ad hoc basis, as the Rule Change Panel will not proactively develop the GSI Rules.</p> <p>The Chair asked the GAB how frequently the GAB meetings should be scheduled and if there are any topics that should be discussed. The GAB agreed that it should meet every six months and that additional meetings should be scheduled if needed.</p> <p>Mr Rafferty suggested that a representative of RCP Support should explain the functions of the Rule Change Panel and how Gas Market Participants can engage with the Rule Change Panel at one of AEMO's upcoming industry forums. Mr Maticka agreed that this was a good idea.</p>	

¹ The Rule Change Panel may only develop Rule Change Proposals to address a manifest error in the GSI Rules or to make changes that are administrative or procedural in nature.

	<p>Action: RCP Support to explain the functions of the Rule Change Panel and how Gas Market Participants can engage with the Rule Change Panel at AEMO's next industry forum.</p> <p>Mr Matthew Martin asked if it would be useful that the GAB would further discuss the scope of the WA GSOO. Mr Tan noted that AEMO's five-yearly review of the scope of the WA GSOO was due in 2018.</p>	RCP Support
6	<p>General Business</p> <p><u>Rule Change Proposal to facilitate the registration of the Wheatstone Ashburton West Pipeline</u></p> <p>Mr Maticka noted that AEMO would develop a Rule Change Proposal to facilitate the registration of the Wheatstone Ashburton West Pipeline. AEMO was planning to request that this Rule Change Proposal would be processed under the Fast Track Rule Change Process. Mr Maticka noted that AEMO would provide a Pre-Rule Change Proposal to RCP Support to be distributed to the GAB for feedback prior to the formal submission of the proposal.</p> <p>Action: AEMO to provide a Pre-Rule Change Proposal to RCP Support for the distribution to the GAB with request for feedback.</p>	AEMO

The meeting closed at 3:07 PM.