

## Meeting Agenda

**Meeting Title:** Gas Advisory Board

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**Meeting Number:** 2018\_09\_27

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**Date:** Thursday 27 September 2018

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**Time:** 2:00 pm – 3:30 PM

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**Location:** Training Room 2, Albert Facey House  
469 Wellington Street, Perth

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Item	Item	Responsibility	Duration
1	Welcome	Chair	2 min
2	Meeting Apologies/Attendance	Chair	3 min
3	Review of Minutes from previous meeting	Chair	5 min
4	Actions Arising	Chair	10 min
5	Framework for Rule Change Proposal Prioritisation and Scheduling	Chair	20 min
6	GRC_2018_01 – Prioritisation	RCP Support	5 min
7	GAB Composition Review	RCP Support	10 min
8	RCP Support KPIs	Chair	10 min
9	Development of the 2018 GSOO (no paper)	AEMO	20 min
10	GAB Meeting Schedule	Chair	5 min
11	General Business	Chair	5 min

Next Meeting: 28 March 2019

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Please note this meeting will be recorded.

## Minutes

<b>Meeting Title:</b>	Gas Advisory Board (GAB)
<b>Date:</b>	7 May 2018
<b>Time:</b>	1:05 PM – 2:05 PM
<b>Location:</b>	Training Room 2, Albert Facey House 469 Wellington Street, Perth

<b>Attendees</b>	<b>Class</b>	<b>Comment</b>
Stephen Eliot	Chair	
Matthew Martin	Small-Use Consumer Representative	Minister's Appointee
Martin Maticka	AEMO	
Natalie Robins	Economic Regulation Authority (ERA)	Observer
Kate Ryan	Coordinator of Energy	Proxy
Dave Rafferty	Gas Producers	
Pete Di Bona	Gas Producers	
Michael Puls	Pipeline Owners and Operators	Proxy
Rachel Smith	Pipeline Owners and Operators	Proxy
Julie Anne Simmons	Gas Users	
Richard Beverly	Gas Shippers	Proxy
Paul Bresloff-Barry	Gas Shippers	Proxy

<b>Apologies</b>	<b>Class</b>	<b>Comment</b>
Zaen Khan	Coordinator of Energy	Proxy attended
John Jamieson	Pipeline Owners and Operators	Proxy attended
Jon Cleary	Pipeline Owners and Operators	Proxy attended
Chris Campbell	Gas Shippers	Proxy attended
Mike Lauer	Gas Shippers	Proxy attended

<b>Also in attendance</b>	<b>From</b>	<b>Comment</b>
Neetika Kapani	AEMO	Presenter
Noelle Leonard	AEMO	Presenter
Taron Brearley	Department of Jobs, Tourism, Science and Innovation	Observer
Carole Clare	Synergy	Observer
Wesley Medrana	Synergy	Observer
Sandra Ng Wing Lit	RCP Support	Observer
Richard Cheng	RCP Support	Presenter, Minutes

<b>Item</b>	<b>Subject</b>	<b>Action</b>
<b>1</b>	<p><b>Welcome</b></p> <p>The Chair opened the meeting at 1:05 PM and welcomed members and observers to the 7 May 2018 GAB meeting.</p>	
<b>2</b>	<p><b>Meeting Apologies/Attendance</b></p> <p>The Chair asked all GAB attendees to briefly introduce themselves.</p>	
<b>3</b>	<p><b>Review of Minutes from previous meeting</b></p> <p>The GAB noted three amendments to the draft Minutes from the GAB meeting on 28 March 2018:</p> <ul style="list-style-type: none"> <li>• Section 5 – the GAB’s role is to provide advice to the Rule Change Panel, not to provide advice to AEMO on the GSOO, so the Minutes are to be amended to clarify that the market participants present at the GAB supported AEMO’s key areas of focus for the 2018 GSOO (rather than the GAB itself);</li> <li>• Page 1 – Chris Campbell’s role is to be changed from Gas Users to Gas Shippers; and</li> <li>• Dave Rafferty clarified that Santos does not qualify as a Market Participant.</li> </ul> <p>With the changes above, the GAB members accepted the minutes as a true and accurate record of the meeting.</p>	
<b>4</b>	<p><b>Actions Arising</b></p> <p><b>Action 75 (2015):</b> Mr Maticka stated that AEMO is completing an internal review on the Rule Change Proposal, which will be circulated to the GAB prior to formal submission. Timing is expected within the next few weeks.</p>	

**5 Presentation: Options to Improve Key Components of the WA Gas Statement of Opportunities (GSOO)**

Ms Kapani and Ms Leonard gave a presentation regarding the 5-year review of the GSOO. The complete presentation is available on the Rule Change Panel's website. The following was discussed:

- Ms Kapani indicated that AEMO will discuss the 5-year review of the GSOO at the 22 May 2018 WA Gas Consultative Forum (**WAGCF**), with the aim to finalise the Final Review Report in June/July 2018.
- Ms Kapani reconfirmed that the Market Participants present at the GAB endorse:
  - discontinuing the peak gas demand forecast;
  - undertaking further Gas Bulletin Board (**GBB**) data analysis; and
  - undertaking greater consultation with gas Market participants at the assumptions/scenario development stage.
- Mr Rafferty suggested that AEMO should drive the engagement and consultation with Market Participants, and with individual Market Participants, if necessary.
- Mr Di Bona supported the option to replace the peak demand forecasts, but suggested that peak demand forecasts may be appropriate in the future.
- Ms Leonard discussed the formulation of domestic gas supply on slide 8 of AEMO's presentation. AEMO's emphasis is on the non-contracted amount of supply, which is price-sensitive, and asked for Market Participants' views on this approach.
  - Mr Di Bona asked why AEMO appears to prefer using an external consultant for this analysis. Ms Kapani replied that AEMO understood from the previous GAB meeting that Market Participants see independent validation of the data and assumptions as critical. Ms Kapani indicated that AEMO planned to use external consultants to verify its assumptions and methodology for its gas supply forecasts in the short-term, but the aim is to bring this expertise in-house in the long-term.
  - Mr Puls asked about AEMO's ability to access to data held by the Department of Mines, Industry Regulation and Safety (**DMIRS**). Ms Leonard indicated that DMIRS would likely not be able to share data with AEMO due to confidentiality restrictions, and because AEMO is not a Government agency.
  - Mr Di Bona raised a concern about how proprietary data will be ring-fenced from consultants.

- Mr Brearley commented that incorporation of large supply projects and their impact on the market is critical.
  - Mr Puls asked whether the consultant would work through the pricing scenarios that are necessary for big projects.
  - Ms Leonard acknowledged that modelling low demand growth is reasonably straightforward, but that modelling lumpy supply is challenging.
  - Mr Rafferty suggested using scenario analysis to consider the issue of demand destruction at different price points, with potential losses of large scale existing facilities at particular price points.
- Ms Kapani discussed prospective supply, and asked what criteria should be used to classify supply projects. Ms Leonard reviewed the different approaches that can be used to assess supply projects (slide 10 from the presentation).
  - Mr Di Bona agreed that there needs to be a base upon which prospective supply is founded, such as the FID scenario. Mr Di Bona also supported an approach incorporating both the two-tier approach; and a separate chapter that addresses 'prospectivity', with sensitivities, that allows report users to draw their own conclusions.
  - Mr Rafferty suggested that AEMO should treat prospective supply and prospective demand consistently. A discussion arose about what prospective demand should be considered likely, given that it is difficult to identify Market Participants before they became one.
  - Ms Leonard indicated the difficulty in balancing transparency and confidentiality for prospective supply projects. AEMO proposes to publish the criteria for assessing prospective supply projects to allow readers to understand how the prospective supply was derived.
  - Ms Kapani concluded that the starting point is to analyse prospective supply and demand in a consistent manner.
- Ms Leonard noted views expressed from the previous GAB meeting that price forecasts were not valuable. A potential alternative is to publish a series of reference prices.
  - Mr Di Bona was unsure that extrapolation of reference prices adds much value, but suggested that including historical data to the left side of the reference price series may be valuable. Mr Brearley agreed.
  - Mr Di Bona commented that price forecasting requirements will evolve over time.

	<ul style="list-style-type: none"> <li>• Ms Kapani summarised the discussion as:             <ol style="list-style-type: none"> <li>(1) there is a need for external input to refine the supply model;</li> <li>(2) AEMO needs to widen its assessment of prospective supply (i.e. a separate chapter); and</li> <li>(3) price forecasts are to be treated as presented in the meeting, but this will evolve over time.</li> </ol> </li> <li>• The next step is a presentation by AEMO at the WAGCF, where AEMO will also provide feedback on the 5-year review of the GSOO.</li> <li>• Mr Di Bona asked about engagement with groups of stakeholders around sensitivity analysis before the final report. Ms Kapani replied that this is to be part of the next WAGCF.</li> </ul>	
<b>6</b>	<p><b>Update on the GAB Composition Review</b></p> <p>Mr Eliot explained the GAB Composition Review Process. Mr Cheng elaborated on which positions that are expiring and will be up for nomination in late May 2018.</p>	
<b>7</b>	<p><b>General Business</b></p> <p>None.</p>	
<b>8</b>	<p><b>Meeting Schedule</b></p> <p>The Chair discussed the meeting schedule, reconfirming the 27 September 2018 GAB meeting.</p>	

**The meeting closed at 2:05 PM.**

## Agenda Item 4: GAB Action Items

Meeting 2018\_09\_27

Shaded	Shaded action items are actions that have been completed since the last GAB meeting.
Unshaded	Unshaded action items are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

Item	Action	Responsibility	Meeting Arising	Status/progress
75	AEMO to develop a Pre-Rule Change Proposal to transfer the GBB Zones definition from GSI Rules to a Procedure.	AEMO	October 2015	<b>Closed</b> AEMO submitted Rule Change Proposal GRC_2018_01 on 6 July 2018.

## Agenda Item 5: Framework for Rule Change Proposal Prioritisation and Scheduling

GAB Meeting 2018\_09\_27

### Background

The Rule Change Panel (**Panel**) developed a draft Framework for Rule Change Proposal Prioritisation and Scheduling (**Framework**) in early 2017. The Panel consulted with the Market Advisory Committee (**MAC**) on the Framework, and approved the Framework for use on all Rule Change Proposals from 21 July 2017. A copy of the Framework is provided in Attachment 1.

The Panel developed the Framework with the intention to apply it to Rule Change Proposals (**Proposals**) for the Wholesale Electricity Market Rules (**Market Rules**) and Gas Services Information Rules (**GSI Rules**). However, while the Panel has consulted on the Framework with the MAC, it has not yet consulted with the Gas Advisory Board (**GAB**).

### Summary of the Framework

Under the Framework, the Panel determines the priority for progressing a Proposal based on the following criteria:

- the urgency rating of the Proposal;
- the submission date of the Proposal;
- resource requirements to process the Proposal, including:
  - RCP Support internal resources;
  - specialist consultancy requirements;
  - external assistance, including from the Australian Energy Market Operator (**AEMO**);
- qualifying factors, including:
  - IT and process implementation cycles; and
  - interdependencies with Government reforms, Economic Regulation Authority (**ERA**) reviews, etc.

The submitter and the MAC/GAB make recommendations to the Panel on the urgency rating for a Proposal. The Panel decides the urgency rating based on the following questions:

- is the Proposal necessitated by external events;
- is the Proposal seeking to address a market failure;
- how bad/good might the outcomes be, in terms of the Wholesale Market Objectives/GSI Objectives, if the Proposal is delayed/progressed promptly; and
- what are the likely implementation and ongoing operational costs?

Table 1 lists the urgency ratings that may be recommended by the Proposal's submitter and the MAC/GAB, and assigned by the Panel.



Table 1 – Urgency Ratings

Urgency	Description	Resourcing Implications
1	<b>Essential:</b> e.g. legal necessity, unacceptable market outcomes or a serious threat to power system security and reliability	Do not delay – acquire additional resources, request increase to the ERA budget from Treasury if necessary
2	<b>High:</b> Compelling proposal, and either large net benefit or else necessary to avoid serious perverse market outcomes	Do not delay – acquire additional resources if available subject to overall ERA budget limitations
3	<b>Medium:</b> Net benefit either: <ul style="list-style-type: none"> <li>• may be large but needs more analysis to determine; or</li> <li>• material but not large enough to warrant a High rating</li> </ul>	May delay up to 3 months if budgeted resources unavailable
4	<b>Low:</b> Minor net benefit, e.g. reduced administration costs	May delay up to 6 months if budgeted resources unavailable
5	<b>Housekeeping:</b> Negligible market benefit, e.g. just improves the readability of the Market/GSI Rules	May delay up to 12 months if budgeted resources unavailable

## Issues for Discussion

There are two issues with the Framework for discussion with the GAB:

### 1. Review and Endorsement of the Framework

As indicated in Table 3 in Agenda Item 8 (RCP Support KPIs), there appears to be a lack of public understanding about how the Panel prioritises Proposals. Therefore, the Panel has agreed to review the Framework in 2018/19 and to publish the Framework on the Panel’s website.

RCP Support will conduct a review of the Framework in 2018/19, and will consult with the MAC and GAB on this review.

In the meantime, since the Panel intends to apply the Framework to prioritise Proposals for the Market Rules and GSI Rules, but has not yet consulted on the Framework with the GAB, the Panel is interested in:

- any questions that GAB Members may have on how the Framework works;
- any comments or concerns that GAB Members have with the Framework; and
- whether the GAB endorses use of the Framework for prioritising Proposals for changes to the GSI Rules.

### 2. One or Two Queues

The Panel uses one pool of resources – RCP Support – to process Proposals for both the Market Rules and GSI Rules. This raises the question of how the Panel should prioritise

Proposals for changes to the Market Rules versus Proposals for changes to the GSI Rules, and how RCP Support resources should be allocated between the two. There appear to be two options:

- One queue: All Proposals are put into a single queue and prioritised according to the same criteria, and RCP Support resources are allocated to the highest priority Proposals irrespective of whether they are to change the Market Rules or GSI Rules.
- Two queues: Proposals are sorted into two queues – one for the Market Rules and one for the GSI Rules – and separately prioritised within their queues. RCP Support resources are allocated separately to each queue to ensure that work on Proposals for one set of rules is not delayed by work on Proposals for the other set of rules.

The Panel is currently operating under the one queue option because this allows for more efficient use of RCP Support resources from the perspective of the energy market as a whole (electricity and gas) since:

- the highest priority Proposals will be progressed first, irrespective of whether they are changes to the Market Rules or GSI Rules; and
- RCP Support does not need to have additional, dedicated resources available to address Proposals for the GSI Rules if/when they are submitted (as there are relatively few Proposals for the GSI Rules).

Use of the one queue option has had limited impact on Proposals for the GSI Rules to date due to the limited number of such Proposals, and because the only Proposal submitted in 2017/18 (GRC\_2018\_01: Amendments to Schedule 2 – GBB Zones) was progressed using the Fast Track Rule Change Process.

However, given the current backlog of Proposals for the Market Rules, many of which have **2 – High** or **3 – Medium** urgency ratings, use of the one queue option may lead to delays in progressing lower-priority Proposals for the GSI Rules,<sup>1</sup> although the timing for progressing higher-priority Proposals for the GSI Rules is unlikely to be affected.

Having said this, RCP Support is currently working with the ERA to obtain additional resources to address the current backlog of Proposals, which should minimise delays to progressing lower urgency Proposals in the future.

The Panel's costs (including RCP Support costs) are recovered via Regulator Fees under the Market Rules and GSI Rules.<sup>2</sup> RCP Support tracks the time it spends on processing Proposals

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<sup>1</sup> The Panel is currently considering the 11 Proposals for the Market Rules:

- two with **2 – High** urgency ratings;
- five with **3 – Medium** urgency ratings; and
- four with **4 – Low** urgency ratings.

GRC\_2018\_01: GBB Zones is the only current Proposal for the GSI Rules, and is the most recently submitted Proposal, so given use of the one queue option, RCP Support will likely not begin progressing GRC\_2018\_01 until early- to mid-2019 if it is given a **4 – Low** urgency rating (see Agenda Item 6).

RCP Support is also aware of two further Proposals for the Market Rules that are likely to be submitted in the near future and are likely to have urgency ratings of **3 – Medium** or higher, which would further defer progression of GRC\_2018\_01, based on use of the one queue option.

<sup>2</sup> Regulator Fees are recovered from Market Participants under section 2.25, and from Registered Shippers and Registered Production Facility Operators under subrule 110A(2A) of the GSI Rules.

for the Market Rule and GSI Rules, and the Panel's costs are allocated to Regulator Fees under the Market Rules and GSI Rules accordingly.

Therefore, while use of the one queue option may result in slower processing of lower priority Proposals for the GSI Rules while the Panel has a backlog of Proposals, the Panel would need to obtain additional resources to be able to manage a separate queue for Proposals for the GSI Rules under the two queue option, which would lead to higher Regulator Fees under the GSI Rules.

The Panel may consider moving to the two queue option if this is recommended by the GAB, and is seeking the GAB's views on this matter.

## Attachments

1. Framework for Rule Change Proposal Prioritisation and Scheduling

# Framework for Rule Change Proposal Prioritisation and Scheduling

21 July 2017

## 1. Background

The Wholesale Electricity Market Rules and the Gas Services Information Rules (Market/GSI Rules) specify default timeframes for the progression of Rule Change Proposals (Proposals) under the Standard Rule Change Process and Fast Track Rule Change Process. The default timeframes are:

- for the Standard Rule Change Process:
  - at least 30 Business Days from the publication of the Rule Change Notice until the end of the first submission period;
  - no more than 20 Business Days from the closure of the first submission period until the publication of the Draft Rule Change Report;
  - at least 20 Business Days from the publication of the Draft Rule Change Report until the end of the second submission period; and
  - no more than 20 Business Days from the closure of the second submission period until the publication of the Final Rule Change Report; and
- for the Fast Track Rule Change Process:
  - no more than 15 Business Days from the publication of the Rule Change Notice until the end of the consultation period; and
  - no more than 20 Business Days from the publication of the Rule Change Notice until the publication of the Final Rule Change Report.

The Rule Change Panel (Panel) may decide to extend these timeframes, but is required to publish a notice of extension explaining the reasons for the delay.

Regardless of the rule change process used the Panel must publish the Rule Change Notice for a Proposal within 7 Business Days of receiving the Proposal (or any clarification of the Proposal requested by the Panel). The Market/GSI Rules do not allow the Panel to extend this deadline.

Ideally all Proposals are progressed in accordance with the default timeframes, except for very large or complex Proposals where additional time for analysis and consultation is needed regardless of resource availability.

However, in practice it is difficult to guarantee this outcome without imposing inefficient costs on the market. The workload of the Panel, and therefore of the executive officer and other RCP Secretariat Support Services provided by the Economic Regulation Authority (ERA) to

support the Panel (RCP Support), is not within the control of the Panel and is likely to be highly variable due to:

- variability in the quantity and timing of Proposals; and
- variability in the size, complexity and subject matter of Proposals.

Due to the complexity of the Market/GSI Rules the rapid processing of many Proposals is dependent on the availability of skilled and experienced resources. It would not be efficient for the ERA to permanently employ enough experienced analysts to manage any conceivable work load peaks within the default timeframes. Further, while it is often possible to procure external resources with the required skills and experience (e.g. from legal firms) the additional costs of such resources are likely to be high and may not always be warranted by the benefits of avoiding a delay in progressing a Proposal.

The purpose of this framework is to manage the expected peaks and troughs of the Panel's workload in an efficient manner to produce the best outcomes for the market and consumers. Specifically, the framework:

- provides a basis for scheduling work that prioritises Proposals offering the greatest benefits in terms of the Wholesale Market Objectives/GSI Objectives (Objectives);
- establishes guidelines for determining the appropriate level of response when insufficient budgeted resources are available to progress a Proposal in the default timeframes; and
- provides a basis for managing the Panel's work program, assessing performance and deciding when additional resources are required to support the Panel, either in the short term or through a longer-term changes to the Panel's budget.

## 2. Overview of Framework

The main features of the framework include:

- identification of the resources allocated to support of the Panel and the options to acquire additional resources on a short or long-term basis;
- the application of a scheduling assessment process to each Proposal, to determine the factors that inform the prioritisation and scheduling of the Proposal;
- the use of a five-level "urgency rating" in the scheduling assessment process;
- the scheduling of Proposals into a coordinated RCP Support work plan, based on the scheduling assessment factors and the available resources;
- ongoing monitoring, reporting and adjustment of the work plan to reflect progress against targets and account for internal and external changes;
- guidelines around the procurement of additional resources to support the Panel in the short or longer-term; and
- provision of feedback to the annual ERA budget processes, which establish the base resource allocation for Panel support for each financial year.

### 3. Resources

The budget for rule change activities is contained within the overall expenditure approved in the Government budget estimates for the ERA.

In addition to the executive officer, the ERA allocates a mixture of dedicated and shared resources to provide the secretariat support services needed by the Panel. For example, the resources allocated as at 21 July 2017 include:

- three full-time analysts (including a Principal Analyst, Senior Analyst and Assistant Analyst);
- a variable share (depending on requirements) of a Legal Officer, a Principal Analyst and the Executive Director Markets; and
- an annual consultancy budget (\$200,000 for the 2017/18 financial year).

The dedicated resources will be assigned to other ERA work during any periods in which they are not required by the Panel.

If there is an urgent requirement, the ERA may, subject to its overall budget limitations, be able to provide additional resources to assist the Panel, either through the reallocation of internal resources or through short-term contractors. The ERA may also, in exceptional circumstances, seek an increase to its budget from Treasury outside of the normal annual budget cycle.

### 4. Scheduling Assessment of Rule Change Proposals

Each Proposal submitted to the Panel will undergo a scheduling assessment process. This process determines the factors that inform the prioritisation and scheduling of a Proposal.

RCP Support will commence the scheduling assessment process as soon as possible in the lifecycle of a Proposal, ideally at the Pre Rule Change Proposal stage. However, the initial scheduling assessment for a Proposal may need to be revised over time as new information becomes available. For example:

- a change in market activity may either increase or decrease the financial effects of a design flaw in the Market Rules, potentially increasing or decreasing the urgency rating of a Proposal to address the problem;
- the progression of a high urgency Proposal requiring changes to one of AEMO's IT systems may affect the prioritisation of a lower urgency Proposal affecting the same IT system, if concurrent processing of the Proposals would result in material IT development cost savings for the market;
- the assessment of some Proposals is likely to change as more information becomes available about the status and timeframes of related Electricity Market Review reforms.

#### 4.1 Factors Considered in a Scheduling Assessment

The scheduling assessment of a Proposal comprises the following input factors:

- urgency rating, determined in accordance with section 4.2 below;
- submission date;
- estimated resource requirements (by resource type and working days) to process the Proposal, including:

- internal resources, e.g. analyst, legal support;
- specialist consultancy requirements; and
- external assistance, e.g. support from AEMO;
- qualifying factors, including:
  - any specific timing considerations, e.g. the need to align the commencement of Amending Rules with the Reserve Capacity Cycle;
  - IT and process implementation cycles; and
  - interdependencies with any Government-led reforms of which the Panel is aware, e.g. the Electricity Market Review reforms.

## 4.2 Urgency Ratings

Each Proposal is assigned an urgency rating based on the information available at the time of the assessment. The urgency ratings are used to prioritise Proposals and to determine the appropriate level of response when insufficient budgeted resources are available to progress a Proposal in the default timeframes.

The urgency ratings are determined by considering the following questions.

- Are the proposed amendments necessitated by external events, e.g. changes to GST laws or the merger of Synergy and Verve Energy?
- Is the Proposal seeking to address a market failure, e.g. imperfect competition or information asymmetries?
- How bad, in terms of the Objectives, might the outcomes be if the Proposal is delayed?
- How good, in terms of the Objectives, might the outcomes be if the Proposal is progressed promptly?
- What are the likely implementation and ongoing operational costs?

It should be noted that these questions may require the use of initial ballpark estimates and judgement calls, as in many cases the Panel will not have started its formal assessment of the Proposal. This means, for example, that in some cases a relatively high urgency rating may be assigned to a Proposal that is eventually rejected by the Panel.

It should also be noted that while the urgency rating of a Proposal is a major input to the prioritisation process it is not the only factor considered.

The urgency ratings are listed in Table 4.1 below.

**Table 4.1: Urgency ratings**

Urgency	Description	Resourcing Implications
1	<b>Essential:</b> e.g. legal necessity, unacceptable market outcomes or a serious threat to power system security and reliability	Do not delay – acquire additional resources, request increase to the ERA budget from Treasury if necessary
2	<b>High:</b> Compelling proposal, and either large net benefit or else necessary to avoid serious perverse market outcomes	Do not delay – acquire additional resources if available subject to overall ERA budget limitations
3	<b>Medium:</b> Net benefit either: <ul style="list-style-type: none"> <li>• may be large but needs more analysis to determine; or</li> <li>• material but not large enough to warrant a High rating</li> </ul>	May delay up to 3 months if budgeted resources unavailable
4	<b>Low:</b> Minor net benefit, e.g. reduced administration costs	May delay up to 6 months if budgeted resources unavailable
5	<b>Housekeeping:</b> Negligible market benefit, e.g. just improves the readability of the Market/GSI Rules	May delay up to 12 months if budgeted resources unavailable

The usual process for assigning an urgency rating to a Proposal will be as follows.

- The proponent suggests an urgency rating for their Proposal, usually at the Pre Rule Change Proposal stage.
- RCP Support undertakes an independent review of the Proposal to determine a tentative urgency rating, which may differ from that suggested by the proponent.
- The MAC/GAB provides its views on the urgency rating for the Proposal, usually during discussion of the Pre Rule Change Proposal at a MAC/GAB meeting.
- RCP Support provides its (potentially modified) recommended urgency rating, along with the reasons for its recommendation and details of any dissenting views from the proponent or the MAC/GAB, to the Panel for review and approval.
- The Panel decides the urgency rating for the Proposal, which is then used by RCP Support to prioritise and schedule the Proposal.

RCP Support may propose a new urgency rating for a Proposal if at any stage there is a change to the relevant circumstances. RCP Support will consult with the MAC/GAB before proposing a new urgency rating to the Panel for approval.

### 4.3 Special Cases with Government-led Reform Interdependencies

Some Proposals need to be treated as “special cases” because they are or have been affected by interdependencies with Government-led reform programs such as the Electricity Market Review. Some examples are provided below.

- In some cases Amending Rules made by the Minister may supersede a Proposal, either by implementing the proposed amendments or else by rendering them irrelevant. In these cases the Proposal needs to be rejected by the Panel using the normal rule change process. Although the rejection is effectively only a housekeeping function it should still be processed promptly to avoid any unnecessary confusion.



- In some cases uncertainty about the future of Government reforms makes it impossible for the Panel to assess a Proposal. For example, if a proposed but unconfirmed Government reform would supersede the changes in a Proposal then the “payback period” for the changes cannot be assessed with any confidence. In these cases the Proposal should be placed on hold for some period until the Government’s policy direction and implementation plans are better understood. However, a deadline should be set for any extension to ensure that the Proposal is not placed on hold indefinitely.
- If the Government confirms its support for certain Electricity Market Review reforms then this may reduce the expected payback period for some Proposals, to the extent that their progression would be inconsistent with the Objectives. In these situations the Proposals should be extended until the relevant reforms are either implemented or abandoned.
- In some cases a Proposal may contain multiple components, of which only some are affected by proposed Government reforms. In these cases the Panel may decide to progress those elements that can be progressed and reject the remaining components, to avoid any unnecessary delay to the former for the sake of the latter.

## 5. Work Plan Management

The executive officer is responsible for managing the RCP Support work plan and for any associated reporting to the Panel and the MAC/GAB. It is expected that the work plan will need to be reviewed and updated:

- whenever new Proposals are submitted;
- whenever resource availability changes;
- periodically to reflect progress made in processing Proposals; and
- in response to changes to the status of the Government’s reform programs or other relevant external events.

### 5.1 Prioritisation of Rule Change Proposals

In developing the work plan the executive officer will aim to prioritise Proposals by urgency rating and then submission date, subject to consideration of the following qualifying factors:

- resource availability and workflow practicalities – for example:
  - it may be necessary to amend the default priority order to allocate resources efficiently and avoid resourcing bottlenecks; and
  - it may be practical to work on lower rated Proposals during the consultation periods for higher rated Proposals;
- special timing considerations, e.g. a small delay to a High rated Proposal may be acceptable provided the Amending Rules still have time to commence before the relevant Reserve Capacity Cycle deadline;
- Panel availability;
- MAC/GAB and AEMO availability;
- IT and process development timing; and
- the need to coordinate with any Government-led reforms.

Additionally, the Panel may request changes to the prioritisation and scheduling of Proposals if it considers that the changes are likely to better achieve the Objectives.

## 5.2 Monitoring and Reporting

The executive officer is responsible for:

- monthly reporting to the Panel on the RCP Support work plan via the Workflow Summary and Summary of Rule Change Proposals standing agenda items;
- regular reporting to the MAC/GAB on the RCP Support work plan via the Overview of Rule Change Proposals standing agenda item;
- monitoring for potential failures to meet the required processing timeframes for each Proposal (given its urgency rating) and reporting any concerns to the Panel and the Executive Director, Markets; and
- coordinating any remedial action required under this framework to address resourcing shortfalls.

Remedial action will be required if open Proposals cannot be progressed using budgeted resources within the timeframes permitted for their urgency rating. Remedial action may include:

- liaising with the relevant ERA managers to increase the use of shared resources or to “borrow” other ERA resources;
- engaging consultants to perform specialist tasks where appropriate;
- liaising with the relevant ERA managers to procure additional resources through short-term contracts; and
- if the scale of the problem is large enough (e.g. due to the submission of a very large Essential or High rated Proposal, or a severe and ongoing resource shortage) and cannot be addressed within the ERA’s overall budget limitations, liaising with the Panel and the ERA to prepare a Treasury submission to increase the ERA budget to meet the additional resource requirement.

## 5.3 Interaction with Annual Budgeting Cycle

The ERA commences its annual budget preparation in February each year. This is to ensure that if there is any requirement to seek a change in the budget from Government, it is done as part of the annual budget estimates process, which occurs in April each year.

The annual budget preparation process will include an assessment of whether the budgeted resources allocated to the Panel have been sufficient to meet the actual workload. The Panel and the ERA will use the outcomes of this assessment, as well as the Panel’s expectation of likely changes in workload for the coming financial year, to determine and agree any required changes to the resourcing levels for the next financial year.

## Agenda Item 6: Prioritisation of GRC\_2018\_01: GBB Zones

Meeting 2018\_09\_27

### 1. Background

Under the Gas Services Information Rules (**GSI Rules**), the Australian Energy Market Operator (**AEMO**) is required to publish certain information on the Gas Bulletin Board (**GBB**) by Zone. The Zones include specified GBB Pipelines (or parts of GBB Pipelines) and all Receipt Points and Delivery Points connected to those pipelines. The Zones are currently specified in Schedule 2 of the GSI Rules, which means a rule change is required to allocate a new GBB Pipeline to a Zone, or to reallocate existing GBB Pipelines to different Zones.

AEMO submitted Rule Change Proposal GRC\_2018\_01 on 6 July 2018. This Rule Change Proposal seeks to:

1. remove the Zones from the GSI Rules and instead specify the Zones in the GSI Procedure: GBB Registration, Deregistration, Exemptions and Transfer (**Registration Procedure**); and
2. develop guidelines for the allocation of a GBB Pipeline to a Zone and the revision of Zones to accommodate future gas market developments, and include those guidelines in the Registration Procedure.

The draft amendments to the Registration Procedure can be found on the Rule Change Panel (**Panel**) website.<sup>1</sup>

The Rule Change Proposal and Notice for GRC\_2018\_01 were published on the Panel website on 16 July 2018, with the Draft Rule Change Report due on 25 September 2018. On 28 August 2018 the Panel extended the deadline for the Draft Rule Change Report until 31 December 2018 to give RCP Support time to undertake additional analysis.

### 2. Discussion

According to the Framework for Rule Change Proposal Prioritisation and Scheduling (**Prioritisation Framework**), any administrative rule change proposals should be designated an urgency rating of low. The primary benefit of GRC\_2018\_01 is likely to be reduced administration costs, which corresponds to a low urgency rating. However, at the time of submission, AEMO suggested an urgency rating of medium. The Panel is seeking the GAB's recommendation on the urgency rating, given the Prioritisation Framework.

### 3. Recommendation

That the GAB endorse an urgency rating of low for GRC\_2018\_01: GBB Zones.

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<sup>1</sup> [https://www.erawa.com.au/rule-change-panel/gsi-rule-changes/rule-change-grc\\_2018\\_01](https://www.erawa.com.au/rule-change-panel/gsi-rule-changes/rule-change-grc_2018_01)

## Agenda Item 7: GAB Composition Review

Meeting 2018\_09\_27

### 1. The Issue

Ms Julie-Anne Simmons resigned from the Gas Advisory Board (**GAB**) on 21 August 2018, thus vacating a Gas User representative position. The Rule Change Panel (**Panel**) seeks the GAB's advice on whether to proceed with filling this vacancy.

### 2. Background

The Gas Services Information Rules (**GSI Rules**) give the Panel the power to appoint and remove members of the GAB.<sup>1</sup> Further, the GSI Rules require that:

- the GAB must include two persons representing Gas Users;<sup>2</sup> and
- the Panel must use reasonable endeavours to appoint a person to fill the position.<sup>3</sup>

Clause 13(6) of the GSI Rules requires that when a GAB position is vacant, the Panel must use reasonable endeavours to appoint a person to fill the vacancy, but allows the GAB to continue to perform its functions despite any vacancy.

The GAB is still likely to be able to meet its quorum requirements despite the Gas Users representative position being vacant. A quorum for a GAB meeting is that at least one member from each discretionary member type needs to be present before the GAB may make a recommendation to the Panel.<sup>4</sup> The GAB may still meet if the other Gas Users representative is not be available for a GAB meeting, but cannot provide the Panel with a recommendation, as the required quorum will not be satisfied.

### Appointment Process when a Vacancy Arises

For appointments, the Panel must consult with, and take nominations from Gas Market Participants and the industry groups that it considers have an interest in the Gas Bulletin Board and the Gas Statement of Opportunities.<sup>5</sup> Nominations must be in accordance with the requirements of the GSI Rules and the GAB Appointment Guidelines.

If the process is run similarly to the annual GAB composition review, then the approximate time for an appointment is two months from the issuing of the call for nominations.<sup>6</sup> The next annual GAB composition review is due to begin in May 2019 with the new tenures starting from July 2019.

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<sup>1</sup> Clause 13(1) of the GSI Rules.

<sup>2</sup> Clause 12(1)(e)(iv) of the GSI Rules.

<sup>3</sup> Clause 13(6) of the GSI Rules.

<sup>4</sup> The quorum requirements (clause 6.3 of the GAB Constitution) is that at least 50% of total members must be present at a GAB meeting with at least one representative from gas users, gas shippers, pipeline owners and operators and gas producers.

<sup>5</sup> Clause 4.8 of the GAB Constitution.

<sup>6</sup> This comprises approximately of one month for applications to be received and one month for the Panel to appoint an evaluation panel, assess the nominations and then make a recommendation.

## Resignation Appointment Tenure

As Ms Simmons has resigned, the tenure for the replacement appointee would only be for the duration of Ms Simmons' tenure had she not resigned. At this stage, this is estimated to be 9-10 months (depending on the length of the appointment process) with at least one GAB meeting.

## 3. Discussion

There is one scheduled GAB meeting and a significant amount of time between now and the next composition review, so the Panel is seeking the GAB's view on whether:

- the vacant Gas Users position on the GAB should be filled as soon as possible with an appointment process to run as soon as practicable; or
- to leave the vacancy empty until the 2019 GAB composition review.

## Attachments

1. [GAB Constitution – https://www.erawa.com.au/cproot/17915/2/GAB%20Constitution%20-%20May%202017.pdf](https://www.erawa.com.au/cproot/17915/2/GAB%20Constitution%20-%20May%202017.pdf); and
2. GAB Appointment Guidelines – <https://www.erawa.com.au/cproot/17916/2/GAB%20Appointment%20Guidelines%20-%20May%202017.pdf>.

## Agenda Item 8: RCP Support KPIs

Meeting 2018\_09\_27

### 1. Background

The governing legislation and regulations<sup>1</sup> for the Rule Change Panel (**Panel**) do not require the Panel to establish or report on key performance indicators (**KPIs**). However, the Panel has established KPIs for the Panel and for RCP Support as a matter of best practice. In the interests of full transparency, the Panel has decided to report on:

- the Panel’s KPIs, including the results of the related stakeholder satisfaction survey, in the annual Activities Report for 2017/18;<sup>2</sup> and
- RCP Support’s KPIs, including the results of the related stakeholder satisfaction survey, to the Market Advisory Committee (**MAC**), Gas Advisory Board (**GAB**), and Economic Regulation Authority (**ERA**).

### 2. RCP Support KPIs

The Panel established eight KPIs to measure RCP Support’s performance on an annual basis. Table 1 presents the eight KPIs and RCP Support’s performance against these KPIs for 2017/18.

Table 1 – RCP Support KPIs for 2017/18		
Category	KPI	Results
Rule change efficiency	1. RCP Support is to manage rule changes in accordance with the Framework for Rule Change Prioritisation and Scheduling ( <b>Framework</b> ).	<p>✓ RCP Support and the Panel managed the prioritisation and scheduling of all of the Rule Change Proposals for the Market Rules and GSI Rules in accordance with the Framework.</p> <p>✗ However, the RCP Support and the Panel did not achieve the timelines for progressing Rule Change Proposals that are set out in the Framework. Timeliness of the Panel’s processes is considered in the discussion of the stakeholder satisfaction survey for 2017/18 (see section 3 below).</p>

<sup>1</sup> The Panel’s governing legislation and regulations include the:

- *Energy Industry (Rule Change Panel) Regulations 2016*;
- *Electricity Industry (Wholesale Electricity Market) Regulations 2004*;
- Wholesale Electricity Market Rule (**Market Rules**);
- *Gas Services Information Regulations 2012*; and
- Gas Services Information Rules (**GSI Rules**).

<sup>2</sup> Regulation 28(1) of the *Energy Industry (Rule Change Panel) Regulations 2016* requires the Panel to prepare and submit an activities report to the Minister for Energy on an annual basis. The activities report must cover the Panel’s general activities for the financial year, and must be submitted within 2 months after 30 June in each year (i.e. by 31 August each year). The Minister must then table the activities report before both houses of Parliament within 21 days of receiving the report.

**Table 1 – RCP Support KPIs for 2017/18**

Category	KPI	Results
	2. No breaches of any of the legislation, regulations, or rules that govern the Panel. <sup>1</sup>	<p>✓ RCP Support has not identified any breaches of its governing legislation or regulations in 2017/18.</p> <p>✓ RCP Support has not identified any breaches of the Market Rules in 2017/18.</p> <p>✗ RCP Support has identified one potential minor breach of the GSI Rules in 2017/18.<sup>3</sup></p>
	3. No rule change processes to correct for errors in previous rule changes made by the Panel.	<p>✓ The Panel did not need to run any rule change processes in 2017/18 to correct for errors made by the Panel.</p>
	4. No procedural or legal reviews requested of the Panel's decisions upheld.	<p>✓ No legal reviews were sought of the Panel's decisions in 2017/18.</p>
	5. The percentage of RCP Support time spent on rule changes is not to materially decline from year-to-year.	<p>✓ RCP Support's time in 2017/18 was spent as follows:<sup>4</sup></p> <ul style="list-style-type: none"> <li>○ rule changes 55.7%</li> <li>○ overheads 28.9%</li> <li>○ leave and training 15.4%</li> </ul> <p>A trend in RCP Support time spent on rule changes cannot be reported because the Panel was only in operation for 15 months as of the end of 2017/18. However, it is observed that a large amount of RCP Support's time was coded to overheads in 2017/18 because significant time was required to develop the Panel's processes and governance arrangements.</p>

<sup>3</sup> RCP Support has reported the potential minor breach of the GSI Rules to the ERA to determine if there was a breach, and if so, to determine next steps.

<sup>4</sup> All ERA staff, including RCP Support, log the time that they spend on various activities in the ERA's TimeFiler database. Data were extracted from this database to calculate the time that RCP Support spent on various activities in 2017/18 for all RCP Support staff members.

However, RCP Support did not develop a standard process for coding its time until late in 2017/18, so the data are not necessarily accurate for the entirety of 2017/18. More appropriate codes and guidelines on how RCP Support staff should code their time were developed in late 2017/18 and were implemented on 6 July 2018. As a result, data on RCP Support time will be more reliable from 2018/19 forward.

**Table 1 – RCP Support KPIs for 2017/18**

Category	KPI	Results
Effective Governance	6. RCP Support is to review the Risk Register every 6 months, including taking any steps identified in the register to mitigate the Panel's risks.	<p>✓ RCP Support and the Panel commenced construction of its Risk Register in February 2018, conducted its first full review of the register in June 2018, and finalised a first version of the register in August 2018.</p>
Stakeholder management	7. Over 60% of respondents are satisfied with the level of service being provided by the Panel.	<p>Results of the Panel's stakeholder satisfaction survey for 2017/18 are presented in section 3 below.</p> <p>✓ The Panel received a rating of "meets expectations" or higher from over 60% of survey respondents on seven of the eight aspects of its services.</p> <p>✗ The Panel received a rating of "meets expectations" or higher from less than 60% of survey respondents for timeliness of the rule change processes.</p>
	8. The trend in stakeholder satisfaction with the level of service being provided by the Panel is not negative.	<p>✓ A trend in stakeholder satisfaction cannot be reported at this time because the Panel's stakeholder satisfaction survey for 2017/18 was the first such survey conducted.</p>

### 3. Stakeholder Satisfaction Survey Results for 2017/18:

RCP Support distributed the stakeholder satisfaction survey for 2017/18 on 11 July 2018, and sought responses by 18 July 2018. The survey was an anonymous, online survey that asked the following eight questions:

1. please rate the quality of the Panel's decisions;
2. please rate the quality of the Panel's reports;
3. please indicate your satisfaction with the timeliness of the Panel's rule change processes;
4. please indicate your satisfaction with the timeliness of the Panel's consultation processes;
5. please indicate your satisfaction with how the Panel has set the priorities of Rule Change Proposals;
6. please rate the quality of the Panel's communications;
7. please rate the quality of the Panel's administration of the MAC meetings; and
8. please rate the quality of the Panel's administration of the GAB meetings.



The survey sought stakeholder ratings to each question on a scale of:

1. poor;
2. below expectations;
3. meets expectations;
4. above expectations; and
5. excellent.

The survey also allowed respondents to provide a N/A response because Wholesale Electricity Market (**WEM**) participants would not necessarily have an interest in the GAB, and gas market participants would not necessarily have an interest in the MAC.

The survey was sent to 124 people that are on the RulesWatch, MAC and GAB distribution lists, and the Panel received 19 responses to the survey, which represents a 15% response rate. Based on the responses to questions 7 and 8, it appears that 12 of the respondents were WEM participants, 5 were gas market participants, and 2 were both WEM and gas market participants.

The results of the stakeholder satisfaction survey are summarised in Table 2 (excluding the N/A responses). Table 2 also indicates the weighted average response to each question.<sup>5</sup> Figures 1-8 illustrate the results in Table 2.

The survey also allowed stakeholders to provide comments for each question, and to provide general comments. Stakeholders provided several comments on specific questions, but no general comments. Table 5 lists the stakeholder comments and provides RCP Support's assessment of each comment.

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<sup>5</sup> The weighted average response to each question is calculated by applying the percentage response to a weight of 1 for "poor" ratings, 2 for "below expectations" ratings, 3 for "meets expectations" ratings, 4 for "above expectations" ratings, and 5 for "excellent" ratings.

**Table 2: Results from the Stakeholder Satisfaction Survey for 2017/18**

	Poor	Below Expectations	Meets Expectations	Above Expectations	Excellent	Total	Weighted Average
1. Quality of the Panel Decisions	1 (6%)	3 (17%)	10 (59%)	2 (12%)	1 (6%)	17 (100%)	2.9
2. Quality of the Panel Reports	0 (0%)	1 (6%)	13 (76%)	2 (12%)	1 (6%)	17 (100%)	3.2
3. Satisfaction with Timeliness of the Rule Change Processes	3 (16%)	7 (37%)	7 (37%)	1 (5%)	1 (5%)	19 (100%)	2.5
4. Satisfaction with Timeliness of the Panel Consultation Processes	0 (0%)	3 (17%)	13 (72%)	0 (0%)	2 (11%)	18 (100%)	3.1
5. Satisfaction with Panel setting of Priorities of Rule Change Proposals	1 (6%)	4 (22%)	10 (56%)	2 (11%)	1 (6%)	18 (100%)	2.9
6. Quality of Panel Communications	0 (0%)	1 (5%)	13 (68%)	4 (21%)	1 (5%)	19 (100%)	3.3
7. Quality of Panel Administration of MAC Meetings	0 (0%)	2 (14%)	6 (43%)	4 (29%)	2 (14%)	14 (100%)	3.4
8. Quality of Panel Administration of GAB Meetings	0 (0%)	1 (14%)	4 (57%)	1 (14%)	1 (14%)	7 (100%)	3.3

Figure 1: Quality of Panel Decisions

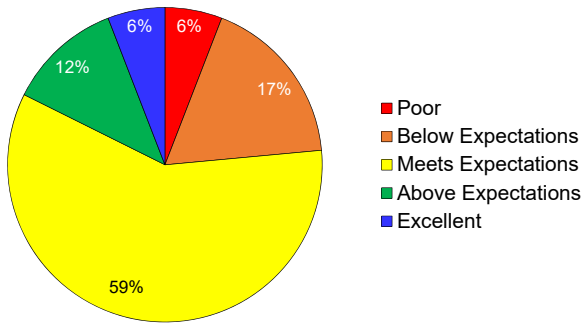


Figure 2: Quality of Panel Reports

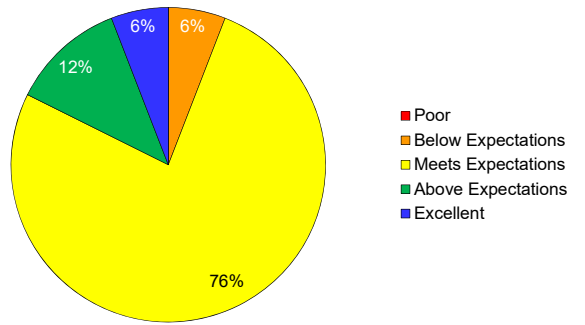


Figure 3: Satisfaction with Timeliness of the Rule Change Processes

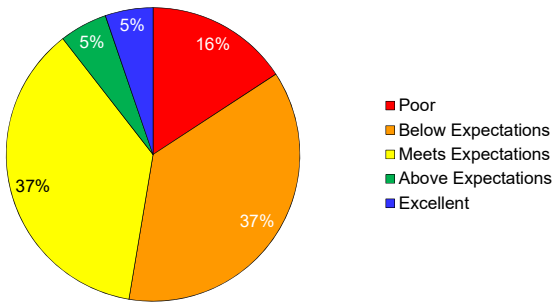


Figure 4: Satisfaction with Timeliness of Panel Consultation Processes

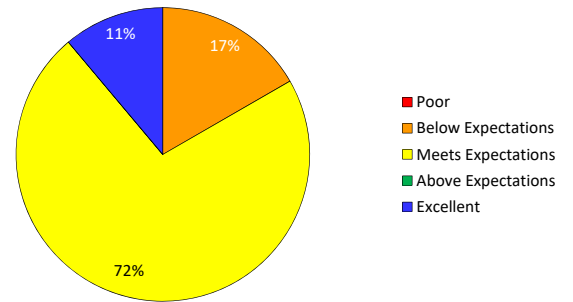


Figure 5: Satisfaction with Panel setting of Priorities of Rule Change Proposals

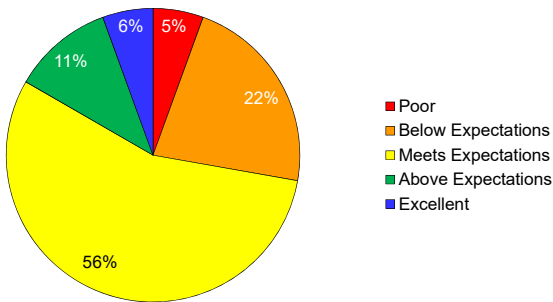


Figure 6: Quality of Panel Communications

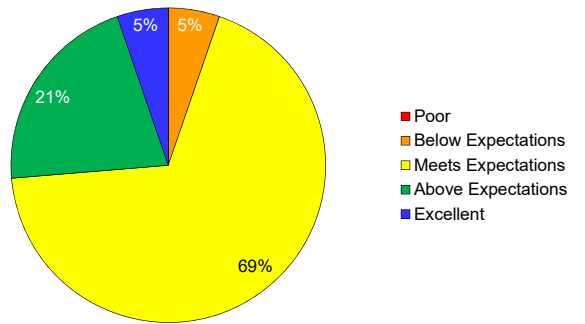


Figure 7: Quality of Panel Administration of MAC Meetings

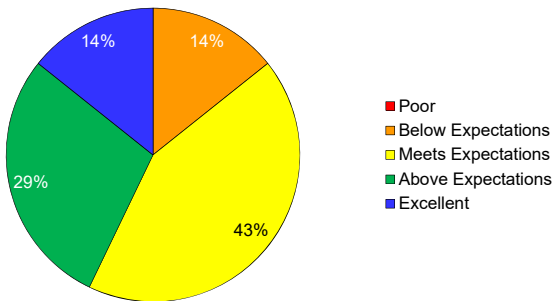
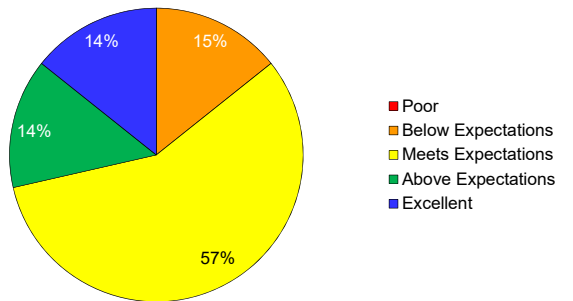


Figure 8: Quality of Panel Administration of GAB Meetings



## 4. Assessment of the Stakeholder Satisfaction Survey for 2017/18

### 1. Quality of the Panel Decisions:

There was a fairly even spread of stakeholder satisfaction with the quality of Panel decisions in 2017/18, ranging from “Poor” to “Excellent”; but with 77% of respondents providing a response of “meets expectations” or better.

This suggests that there is general satisfaction with the quality of Panel decisions. It is not surprising that there were some “poor” and “below expectations” responses given that some decisions will have had a negative impact on particular classes of Market Participants.

### 2. Quality of the Panel Reports:

Stakeholders were very satisfied with the quality of Panel reports in 2017/18 – there were no “poor” responses and only 1 “below expectations” response; with 94% of respondents providing a response of “meets expectations” or better.

### 3. Satisfaction with Timeliness of the Rule Change Processes:

There was dissatisfaction with timeliness of the Panel’s rule change processes in 2017/18, with 53% of respondents indicating satisfaction of “poor” or “below expectations”.

RCP Support expected concerns to be raised regarding timeliness of the rule change processes due to frustration expressed by MAC Members with the continued existence of the backlog of Rule Change Proposals.

Concerns with timeliness of the Panel’s rule change processes are valid, but are more tied to the current circumstances in the WEM than to the Panel’s processes themselves. Comments from the MAC and to the stakeholder satisfaction survey support the rigour of the rule change processes specified in the Market Rules and followed by the Panel.

Concerns with timeliness of the rule change process stem from the large backlog of Rule Change Proposals and frustration that significant benefits to the market can be obtained by quickly processing the backlog. The continued existence of the backlog of Rule Change Proposals is tied to:

- devotion of a large proportion of RCP Support’s resources to establishing the Panel’s internal processes and procedures in its first year of operation;
- inheritance of a significant number of complex legacy Rule Change Proposals;
- under-resourcing of RCP Support; and
- diversion of RCP Support resources to support the WEM Reform Program.

It should be possible to more quickly progress the backlog of Rule Change Proposals now that:

- a large number of the Panel’s internal processes have been finalised;
- RCP Support has made progress on establishing the process to get timely and accurate assessments from AEMO of the cost and time to implement Rule Change Proposals; and
- the PUO and AEMO have framed the WEM Reform Program, so RCP Support can commence work on the Rule Change Proposals (or the parts of the proposals) that are not subsumed by the reform program.

The Panel will work with the ERA to ensure that RCP Support has the necessary resources to better achieve the target Rule Change Proposal progression rates.

**4. Satisfaction with Timeliness of the Panel Consultation Processes:**

Stakeholders seem to be generally satisfied with the timeliness of the Panel’s consultation process, with 83% of respondents providing a response of “meets expectations” or better. Market participants appear to recognise the need for robust consultation on Rule Change Proposals, and accept that the Panel’s processes meet this need.

**5. Satisfaction with Panel setting of Priorities of Rule Change Proposals:**

Stakeholders appear to be generally satisfied with how the Panel sets priorities for Rule Change Proposals, with 74% of stakeholders providing a response of “meets expectations” or better. Nevertheless, 26% provided a rating of “below expectations” or “poor”, which indicates that there is room for improvement.

This response is not unexpected – it is inevitable that some stakeholders will be dissatisfied with how the Panel sets priorities. That is, the Panel cannot progress all proposals concurrently, and proponents of a proposal will always want their proposal to take precedence over others.

**6. Quality of Panel Communications:**

It appears that stakeholders are generally satisfied with the quality of Panel communications, as only 5% of respondents to this question provided a rating lower than “meets expectations”, and 26% provided ratings of “above expectations” or “excellent”.

**7. Quality of Panel Administration of MAC Meetings:**

It appears that the WEM participants are generally satisfied with administration of the MAC, as only 2 of 12 respondents to this question provided a rating lower than “meets expectations”.

**8. Quality of Panel Administration of GAB Meetings:**

It appears that the gas market participants are generally satisfied with administration of the GAB, as only 1 of 7 respondents to this question provided a rating lower than “meets expectations”.

**Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18**

Survey Question	Stakeholder Comments	RCP Support Assessment
1. Quality of the Panel Decisions	<ul style="list-style-type: none"> <li>I feel unable to rate this measure on the basis that I have reviewed very few of their changes to this point.</li> </ul>	<ul style="list-style-type: none"> <li>This comment reflect that the respondent has not reviewed Panel decisions.</li> </ul>
	<ul style="list-style-type: none"> <li>Not enough evidence to make a determination.</li> </ul>	<ul style="list-style-type: none"> <li>This comment seems to reflect that there were relatively few Panel decisions in 2017/18.</li> </ul>
2. Quality of the Panel Reports	<ul style="list-style-type: none"> <li>Not enough evidence to make a recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>This comment seems to reflect that there were relatively few Panel reports in 2017/18.</li> </ul>
	<ul style="list-style-type: none"> <li>The individual rule change reports contain sufficient information to encourage a read or not (relevance), the monthly report is too busy and contains too much information. I suggest issuing a report based on category so that readers can easily decide whether they need to review or otherwise.</li> </ul>	<ul style="list-style-type: none"> <li>This comment appears to be about the Overview of Rule Change Proposals monthly report to the MAC. There is a significant amount of information in this report, and RCP Support has taken steps to make it easier for Market Participants to locate the information that they are interested in by:               <ul style="list-style-type: none"> <li>putting the report into a standard format (all items are in the same order each month); and</li> <li>highlighting changes to the report to make them easier to see.</li> </ul> </li> </ul>
3. Satisfaction with Timeliness of the Rule Change Processes	<ul style="list-style-type: none"> <li>A number of rule change proposals are underway and have not been progressed in a timely manner by the panel. These proposals, if implemented, could reduce costs in the market.</li> </ul>	<ul style="list-style-type: none"> <li>This comment reflects that the Panel is still considering a large number of legacy Rule Change Proposals inherited from the Independent Market Operator, and a number of other Rule Change Proposals that have been made since the Panel commenced operations.</li> </ul>

**Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18**

Survey Question	Stakeholder Comments	RCP Support Assessment
	<ul style="list-style-type: none"> <li>All good things take time, changing the rules required a robust consultation process (typically referred to as cat herding) so one must be patient, and therefore it takes as long as the stakeholders allow it, thus no other answer is accurate (in my view).</li> <li>Given the bottlenecks of several old large Rule Change, perhaps splitting them into small independent chunks and progressing separately would hasten progress – though this would result in much more rounds of consultation, the entire process would probably be shorter and result in constant small implementations.</li> </ul>	<ul style="list-style-type: none"> <li>This is a valid concern – see the commentary on this matter under section 4 above.</li> <li>This comments supports the robust consultation process used by the Panel, as required by the Market Rules and GSI Rules.</li> <li>Unfortunately, the rule change process, as specified in the rules, does not allow the Panel to split up proposals and consider them separately – the Panel must consider all proposals in their entirety.</li> <li>However, RCP Support is working with AEMO to “de-scope” the two outage-related proposals (RC_2013_15 and RC_2014_03). The intent is to make use of the Panel’s power to approve these proposals in an amended form – that is, to recommend to the Panel that it:               <ul style="list-style-type: none"> <li>approve parts of these proposals so that they can be progressed as soon as possible; and</li> <li>reject parts of these proposals and leave consideration of those parts of the outage processes to the WEM Reform Program.</li> </ul>               RCP Support will consult with the MAC on the “de-scoping” of RC_2013_15 and RC_2014_03.             </li> </ul>
<p>4. Satisfaction with Timeliness of the</p>	<ul style="list-style-type: none"> <li>It could always happen quicker, but understand the process.</li> </ul>	<ul style="list-style-type: none"> <li>RCP Support has made sure that the consultation process has met all of the timing requirements in the rules.</li> </ul>

**Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18**

Survey Question	Stakeholder Comments	RCP Support Assessment
Panel Consultation Processes		<ul style="list-style-type: none"> <li>This comment is likely a reference to the need to run a “call for further submissions” when picking up legacy proposals, or when complicating factors arise (such as the cost escalation in RC_2017_06). RCP Support believes that the Panel is running appropriate consultation processes.</li> </ul>
5. Satisfaction with Panel setting of Priorities of Rule Change Proposals	<ul style="list-style-type: none"> <li>More focus should be placed on progressing rule change proposals.</li> <li>Perhaps a more explicit matrix rating of importance, urgency and effort would provide a more robust explanation of decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Based on discussions at the MAC, this comment is likely suggesting that the Panel and MAC are devoting too much time on the WEM Reform Program and/or the MAC Market Rules Issues List, which will not deliver benefits for several years; whereas the Panel and MAC could devote more effort to the current Rule Change Proposals that could be approved and implemented in the near term.</li> <li>If so, then there may be some merit to this comment, but it does not account for AEMO resourcing restrictions that will limit AEMO’s ability to implement rule changes outside of the WEM Reform Program.</li> <li>This comment appears to be based on a lack of understanding of how the Panel sets priorities and/or lack of transparency in how the Panel considers all of the aforementioned factors on a case-by-case basis.</li> <li>The Panel sets priorities based on a number of factors, including: <ul style="list-style-type: none"> <li>the urgency rating;</li> <li>the submission date;</li> <li>AEMO resourcing requirements;</li> <li>RCP Support resourcing requirements; and</li> </ul> </li> </ul>



**Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18**

Survey Question	Stakeholder Comments	RCP Support Assessment
	<ul style="list-style-type: none"> <li>I suspect the squeaky wheel gets the oil, so on that basis the squeaks (or meows as you would have it) get the attention, which is generally reasonable.</li> <li>The market lacks a driving force to deliver a vision and meaningful reform. We note the PUO is developing future reforms, however, the current systems and processes need to be evolved over the next 4 years. They cannot persist.</li> </ul>	<ul style="list-style-type: none"> <li>other external factors, such as the WEM Reform Program and ERA reviews.</li> <li>RCP Support proposes that the Framework document should be:               <ul style="list-style-type: none"> <li>reviewed in 2018/19; and</li> <li>published on the Panel’s website.</li> </ul> </li> <li>This comment appears to be based on a misunderstanding of how the Panel sets priorities. For example, Perth Energy could be seen as one of the “squeaky wheels”, as it has been pushing to have RC_2017_02 progressed as a priority. This has resulted in more discussion of this proposal at the MAC, but has not resulted in an increase in its priority – the Panel has continued to use its established process to set priorities.</li> <li>This appears to be a reference to Panel’s lack of a head of power to take the lead in managing the development/evolution of the WEM. There is little that the Panel can do to address this comment, as the PUO/Minister is unlikely to want to hand authority for market development/evolution to an independent entity.</li> </ul>
6. Quality of Panel Communications	No comments were received.	
7. Quality of Panel Administration of MAC Meetings	<ul style="list-style-type: none"> <li>MAC meetings are lacking leadership, and appear to be merely administered by the RCP secretariat. This means it is left to MAC members to provide any direction or meaningful input.</li> </ul>	<ul style="list-style-type: none"> <li>This appears to be a reference to Panel’s lack of a head of power to take the lead in managing the development/evolution of the market. There is little that the Panel can do to address this comment, as the</li> </ul>

**Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18**

Survey Question	Stakeholder Comments	RCP Support Assessment
	<ul style="list-style-type: none"> <li>Shorter meetings followed by out of session presentations for those interested would help.</li> </ul>	<p>PUO/Minister is unlikely to want to hand authority for market development/evolution to an independent entity.</p> <ul style="list-style-type: none"> <li>MAC meetings have traditionally been long (4+ hours), and the first few MAC meetings in 2017/18 were this lengthy. However, RCP Support has been working to keep more recent meeting times down to a maximum of 3 hours.</li> <li>The lengthiness of meetings is largely related to discussions about the WEM Reform Program. Given the nature of the PUO and AEMO consultation processes, RCP Support is of the view that it is appropriate to allow MAC members as much time as they would like at MAC meetings to discuss the WEM Reform Program with the PUO and AEMO.</li> <li>RCP Support has made use of out-of-session workshops to address detailed matters on the outage-related Rule Change Proposals, and will use a similar process for any future complex/detailed discussions.</li> <li>MAC Working Groups have been established (the MDOWG and PSOWG) to allow for detailed discussions on the WEM Reform Program.</li> </ul>
8. Quality of Panel Administration of GAB Meetings	No comments were received.	

## Agenda Item 10: GAB Meeting Schedule

GAB Meeting 2018\_09\_27

### Background

Meetings for the Rule Change Panel (**Panel**) and its two advisory bodies – the Market Advisory Committee (**MAC**) and Gas Advisory Board (**GAB**) – are scheduled as follows:

- Panel
  - Meetings are currently scheduled for the third Thursday of every month, except that no meetings are held in January each year (effectively a 4-week cycle).
  - However, the Panel will be asked at its meeting on 20 September 2018 to move to a 6-week cycle for its meetings (i.e. to continue to hold meetings on the Thursday in the week after MAC meetings).
  
- MAC
  - Up to September 2018, meetings were scheduled for the second Wednesday of every month, except that no meeting are held in January each year (effectively a 4-week cycle).
  - However, on 13 September 2018, the MAC agreed to move to a 6-week cycle for its meetings, with meetings continuing to be held on Tuesdays.
  
- GAB
  - Currently, two meetings are scheduled per year, on the last Thursday of the month in March and September, with additional meetings called to address Rule Change Proposals if/when necessary.

### Discussion

RCP Support suggests that there is no need to change the current arrangements for scheduling GAB meetings. Therefore, RCP Support proposes the following dates for the 2019 GAB meetings:

- 28 March 2019; and
- 19 September 2019.