

Meeting Agenda

Meeting Title: Gas Advisory Board

Meeting Number: 2019_03_28 (**Meeting Cancelled**)

Date: Thursday 28 March 2019

Time: N/A

Location: N/A

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	15 min
5	Overview of Rule Change Proposals	Chair	5 min
6	2019 GAB Composition Review	RCP Support	10 min
7	General Business	Chair	5 min

Next Meeting: 26 September 2019

Please note this meeting will be recorded.

Minutes

Meeting Title:	Gas Advisory Board (GAB)
Date:	27 September 2018
Time:	2:00 PM – 3:50 PM
Location:	Training Room 2, Albert Facey House 469 Wellington Street, Perth

Attendees	Class	Comment
Stephen Eliot	Chair	
Matthew Martin	Small-Use Consumer Representative	Minister's Appointee
Martin Maticka	AEMO	
Matt Shahnazari	Economic Regulation Authority (ERA)	Proxy, Observer
Dave Rafferty	Gas Producers	
Pete di Bona	Gas Producers	
Greg Lunt	Pipeline Owners and Operators	Proxy
Rachael Smith	Pipeline Owners and Operators	
Hans Niklasson	Gas Users	
Chris Campbell	Gas Shippers	
Mike Lauer	Gas Shippers	

Apologies	Class	Comment
Zaen Khan	Coordinator of Energy	No proxy
John Jamieson	Pipeline Owners and Operators	Proxy attended
Natalie Robins	ERA	Observer, proxy attended

Also in attendance	From	Comment
Neetika Kapani	AEMO	Presenter
Rebecca Petchey	AEMO	Presenter
Jenny O'Donoghue	Synergy	Observer

Also in attendance	From	Comment
Richard Cheng	RCP Support	Presenter, Minutes
Emma Gray	RCP Support	Presenter
Greta Khan	RCP Support	Observer

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 2:00 PM and welcomed members and observers to the 27 September 2018 GAB meeting.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted apologies, attendees, proxies and observers as listed above.</p>	
3	<p>Review of Minutes from previous meeting</p> <p>The GAB accepted the tabled minutes of the GAB meeting on 7 May 2018 as a true and accurate record of the meeting.</p>	
4	<p>Actions Arising</p> <p>The Chair noted that there were no outstanding action items and that the only GAB Action Item, Action 75, was closed.</p>	
5	<p>Framework for Rule Change Proposal Prioritisation and Scheduling</p> <p>The GAB discussed the Framework for Rule Change Proposal Prioritisation and Scheduling (Framework), which the Market Advisory Committee (MAC) and the Rule Change Panel (Panel) use to prioritise and schedule Rule Change Proposals (Proposals) for the Wholesale Electricity Market Rules (Market Rules). The Chair noted that the Panel also intends for the GAB and Panel to adopt the Framework to prioritise and schedule Proposals for the Gas Services Information Rules (GSI Rules). The following was discussed:</p> <ul style="list-style-type: none"> The Chair indicated that the Panel intends to undertake a review of the Framework in 2018/19 in consultation with the MAC and GAB. Mr Lauer commented that the descriptions of the urgency ratings in Table 1 of the Framework use electricity terminology and asked whether this could be made more suitable for the gas market. The Chair agreed that this should be done as part of the review of the Framework. Mr Lauer noted that this paper appeared to discuss the contest for RCP Support resources to process Proposals for the 	<p>RCP Support (2018/19)</p>

	<p>Market Rules vs. GSI Rules. Mr Lauer suggested that the Framework should provide for re-evaluation of the urgency ratings of Proposals if the timelines in Table 1 are not reached. Consequently the Panel and GAB should be asked what they would like to do with the Proposals that reach the end of their timeline.</p> <ul style="list-style-type: none"> • Mr Rafferty agreed with Mr Lauer’s suggestion, and noted that the current timelines as stated were excessively long. • Mr di Bona asked if there was a possibility for Proposals with level 4 and 5 urgency ratings to be deferred indefinitely. The Chair noted that this is possible if Proposals are continually made with higher urgency ratings that leapfrog the queue, but that this situation is unlikely. • Mr Martin commented that a two queue approach is appropriate to ensure that resources are allocated to progressing Proposals for the GSI Rules, as it would be unreasonable to continually delay Proposals for the GSI Rules due to larger numbers of high urgency Proposals for the Market Rules. • Mr Campbell noted that prioritisation is not currently required in a two queue approach, as there is only one Proposal for the GSI Rules. Mr Campbell also raised the issue of paying fees for little service from the Panel if there is a single queue and Proposals for the GSI Rules are constantly reprioritised due to more urgent Proposals for the Market Rules. • Mr Niklasson noted that there should be a distinction between urgency and importance – i.e. <u>that a Proposal with a level 4 (low) urgency may become more important if it is delayed for too long, that there should be a limit of time before a lesser important proposal is addressed. The focus is on important proposal but with time, lesser important proposals may be addressed as they become more urgent.</u> • Some GAB members voiced a preference for a two queue approach, whilst others supported Mr Lauer’s proposed approach for a re-evaluation process for Proposals that are not progressed within the stated time frames. • Mr Martin added that Proposals for the GSI Rules should be encouraged, so the Panel may need to quarantine some resources to meet its gas market obligations. • Mr Maticka commented that the large number of Proposals for the Market Rules should not detract from progressing Proposals for the GSI Rules. 	
6	<p>GRC_2018_01 – Prioritisation</p> <p>The Chair gave a brief background and description of GRC_2018_01: GBB Zones, and asked the GAB for their urgency</p>	

	rating recommendation. Mr Maticka stated that GRC_2018_01 should have a low urgency rating and the GAB agreed.	
7	<p>GAB Composition Review</p> <p>The GAB noted the paper regarding the GAB composition review and the question of whether to run a process prior to the next annual review to find a replacement for Ms Julie-Anne Simmons. Mr Cheng provided further context about the GAB composition review process and that the next annual GAB Composition Review was not due to commence until May 2019.</p> <p>GAB members indicated a preference to not run an interim appointment process given that there was only one GAB meeting scheduled between now and the annual GAB Composition Review 2019.</p> <p>Several GAB members expressed surprise at the low number of nominations and suggested that informing a wider audience may bring more nominees forward.</p>	
8	<p>RCP Support KPIs</p> <p>The GAB noted the paper presenting the Key Performance Indicators of RCP Support.</p> <p>Mr Lauer asked about the reported potential minor breach. Mr Cheng provided the explanation that this was a potential administrative breach that was self-reported to the ERA regarding whether an email notifying AEMO of the publication of the Rule Change Proposal Notice also qualified as notification to the proponent of the decision to progress with the Rule Change Proposal, as AEMO was the proponent.</p> <p>Mr di Bona asked if the time spent on overheads was expected to decrease. The Chair replied that overheads are likely to fall given that the Panel and RCP Support have made significant progress in finalising their internal procedures. The Chair noted that the KPI targeting the time spent on processing Proposals is intended as an efficiency measure on use of RCP Support resources.</p> <p>Mr di Bona asked for a breakdown between the amounts of time used to progress Proposals for the Market Rules vs GSI Rules.</p>	RCP Support (Oct 2018)
9	<p>Development of the 2018 GSOO – Presentation</p> <p>Ms Kapani and Ms Petchey from AEMO gave a presentation on the Development of the 2018 GSOO (the presentation is available on the GAB website). The following points were raised during the presentation:</p> <ul style="list-style-type: none"> • Mr Rafferty asked whether the gas reserve forecasts were being presented on a 1P or 2P basis, and Ms Petchey indicated that the forecasts were 2P. Mr Rafferty suggested that the analysis should also be presented on a 1P basis, and 	

	<p>that the basis for the forecasts should always be made clear. AEMO agreed to look into this.</p> <ul style="list-style-type: none"> • Ms Smith asked whether the gas demand modelling considers intra-day peak usage, which is being significantly impacted by penetration of solar PV in WA. The concern is about the skewing of the GBB data given the recent rapid ramp up of PV, so historic GBB data is not necessarily reflective of the current situation. • Ms Smith and Mr Rafferty questioned the development of peak demand analysis assuming full use of all gas facilities plus maximum demand on all distribution networks, as this scenario would not represent reality and may cause undue concern for non-gas industry experienced persons. • Mr Campbell and Mr di Bona asked about the assumptions made in relation to the Domestic Market Obligation (DMO) volume calculations, and suggested that the assumptions will need to be very clearly stated so that people can understand how the figures were derived. • Mr Lauer indicated that, while domestic gas prices may currently be low, a large number of gas users are on long-term contracts at higher prices. • Mr Lauer indicated that PV is not leading to large reductions in primary fuels usage, and is only likely to occur if batteries are also installed. AEMO asked to meet with Mr Lauer to discuss this further. • Mr Martin asked how AEMO was proposing to account for meeting the 26% renewables target and whether that was across the State, or confining the renewables generation mainly to the South West interconnected system. AEMO took this question on notice. • Mr di Bona asked whether stakeholders would be able to review the GSOO model outputs, particularly if there is a 'surprise' figure or outlier in the results or analysis. Mr Campbell, Mr Rafferty and Mr Lauer supported a stakeholder review of the model outputs, even if this results in a delay to publication of the GSOO, as the GSOO has a significant impact on investment decisions and on Government policy. AEMO indicated that it will consider whether a review can be fit into the GSOO schedule. 	<p>AEMO (Oct 2018)</p> <p>AEMO (Oct 2018)</p> <p>AEMO (Oct 2018)</p>
<p>10</p>	<p>GAB Meeting Schedule</p> <p>The Chair presented the proposed GAB Meeting Schedule for 2019. The GAB endorsed the new meeting dates with the next meeting scheduled for 28 March 2019.</p>	

<p>11</p>	<p>General Business</p> <p>The Chair noted that AEMO is conducting a Gas Bulletin Board (GBB) Scoping Study, which was being run by external consultants.</p> <ul style="list-style-type: none"> Mr Rafferty encouraged AEMO to use their own staff and expertise vs. that of external resources when undertaking stakeholder consultation, and the GAB should have been used as the starting point for discussions in WA on the GBB Scoping Study. Mr Campbell noted that there are no problems with the WA GBB that needed to be fixed. Mr Rafferty suggested that, if Government wants a more transparent spot market, then work should be done now while the market is quiet, rather than trying to put in place reactionary arrangements when the market is not working smoothly. This view was supported by Ms Smith and Mr di Bona. Mr di Bona asked whether AEMO is doing any work on the potential for a gas spot trading market in the WA. Mr Maticka indicated that AEMO is not currently working on this. The Chair agreed to investigate whether the GAB can form a Working Group to scope out a WA Gas Trading Market. Mr Rafferty agreed to assist with the scoping the terms of reference for such a Working Group. <p>The Chair noted that Woodside gave a presentation at the Energy in WA Conference about trucking of LNG in WA's Pilbara region.</p> <ul style="list-style-type: none"> Various GAB members expressed the view that this should be incorporated into the GBB. Mr Lauer stated that the trucking amount of LNG would be a relatively small amount relative to the pipeline distributions. Mr Martin indicated that the Public Utilities Office (PUO) is assessing the legislation to see whether capturing LNG trucking in the GBB is within the scope of the legislation. Regardless, it is a policy question as to whether the LNG trucking should be captured by the GBB, and the PUO will discuss this with RCP Support once it had investigated the issues further. 	<p>RCP Support (Oct 2018)</p> <p>PUO (Oct 2018)</p>
------------------	---	---

The meeting closed at 3:50 PM.

Agenda Item 4: GAB Action Items

Meeting 2019_03_28

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
83	Rule Change Panel (Panel) to undertake a review of the Framework for Rule Change Proposal Prioritisation and Scheduling	RCP Support	September 2018	Open Review to be undertaken in 2018/19 in consultation with MAC and GAB.
84	Provide a breakdown between the amount of time used to progress Rule Change Proposals for the Market Rules vs. GSI Rules	RCP Support	September 2018	Closed The GAB was given the requested information on 4 October 2018, along with the draft minutes for the 27 September 2018 GAB meeting.
85	AEMO to look into presenting gas reserve forecasts on a 1P basis in addition to 2P forecasts in the development of the 2018 GSOO	AEMO	September 2018	Closed AEMO carried out the analysis, however the outcome did not necessarily reflect AEMO's independent view of the WA domestic gas supply situation.

Item	Action	Responsibility	Meeting Arising	Status/Progress
86	AEMO to clarify how it proposed to account for the 26% renewables target and whether it was across the State or confined to the SWIS.	AEMO	September 2018	Open AEMO has confirmed that the scenario in the GSOO considers a SWIS target, not a WA target. The GAB was advised of this on 4 October 2018, along with the draft minutes for the 27 September 2018 GAB meeting.
87	AEMO to consider reviewing the GSOO model outputs with the GAB prior to publication of the GSOO.	AEMO	September 2018	Open AEMO can deliver a presentation on the demand and the supply model to the GAB in Q3 2019.
88	RCP Support to investigate whether the GAB can form a Working Group to scope out a WA gas trading market.	RCP Support	September 2018	Open RCP Support advised the GAB by email on 25 October 2018 that it is beyond the power of the Rule Change Panel or the GAB to form a working group to scope out a WA gas trading market. The Public Utilities Office (PUO) subsequently held a workshop on 5 December 2018 to discuss this matter, and agreed to consider changes to the <i>Gas Services Information Regulations 2012</i> and/or the GSI Rules to empower the GAB to advise the Panel and the PUO on gas market developments. Such a regulation/rule change would empower the GAB to conduct a review of the need for, and if necessary, the form of a WA gas trading platform.

Item	Action	Responsibility	Meeting Arising	Status/Progress
				<p>The PUO has received advice that the scope of the <i>Gas Services Information Act 2012</i>, and associated rules and subsidiary legislation, is not sufficiently broad to accommodate a change to the GSI Rules enable the Panel or its Secretariat to undertake investigatory work on gas market development, including the level of industry support for a voluntary gas trading platform.</p> <p>Additionally, having the Panel (or its Secretariat) undertake work for the purpose of advising the GAB would be contrary to the existing governance arrangements, requiring that the GAB provides advice to the Panel.</p> <p>Given this situation the PUO is investigating alternative arrangements to action the proposal raised at the GAB meeting.</p>
89	PUO to assess legislation to ascertain if capturing LNG trucking in the GBB is within scope, and advise on Government policy on whether LNG trucking should be captured by the GBB.	PUO	September 2018	<p>Open</p> <p>Clause 89(1)(c) of the GSI Rules requires AEMO to publish on the GBB “other consumption that is neither GBB Large User Facility consumption or distribution network connected consumption”. Therefore, it appears from the GSI Rules that the GBB should capture trucked LNG.</p> <p>The PUO has indicated that, from a policy perspective, the GBB should capture information on LNG trucking volumes; but that the process to capture this information needs to be simple, so</p>

Item	Action	Responsibility	Meeting Arising	Status/Progress
				<p>that the cost of providing the additional information does not outweigh the benefits.</p> <p>Clause 83(1) of the GSI Rules requires AEMO to publish network representation information for each zone, which generally includes pipelines and points that are connected to pipelines; and the definitions of Delivery Point and Receipt Point are tied to where gas is withdrawn from or injected into a GBB Pipeline, respectively.</p> <p>Since LNG trucks do not utilise pipelines, Delivery Points or Receipt Points for pick up or delivery; information on trucked LNG is not currently captured by the GBB. Therefore, changes will need to be made to the GSI Rules to capture LNG trucking volumes on the GBB, as per the policy intent, and AEMO will need to develop systems to receive and publish information on LNG trucking volumes.</p> <p>AEMO has indicated that it can provide a presentation or discussion paper at the next GAB meeting.</p>

Agenda Item 5: Overview of Rule Change Proposals (as at 13 March 2019)

Meeting 2019_03_28

- Changes to the report provided at the previous GAB meeting are shown in **red font**.
- The next steps and the timing for the next steps are provided for Rule Change Proposals that are currently being actively progressed by the Rule Change Panel.

Rule Change Proposals Commenced since the last GAB Meeting

Reference	Submitted	Proponent	Title	Commenced
GRC_2018_01	06/07/2018	AEMO	GBB Zones	01/03/019

Approved Rule Change Proposals Awaiting Commencement

Reference	Submitted	Proponent	Title	Commencement
None				

Rule Change Proposals Rejected since the last GAB Meeting

Reference	Submitted	Proponent	Title	Rejected
None				

Rule Change Proposals Awaiting Approval by the Minister

Reference	Submitted	Proponent	Title	Approval Due Date
None				

Formally Submitted Rule Change Proposals

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
Fast Track Rule Change Proposals with Consultation Period Closed						
None						
Fast Track Rule Change Proposals with Consultation Period Open						
None						
Standard Rule Change Proposals with Second Submission Period Closed						
None						
Standard Rule Change Proposals with Second Submission Period Open						
None						
Standard Rule Change Proposals with First Submission Period Closed						
None						
Standard Rule Change Proposals with the First Submission Period Open						
None						
Pre-Rule Change Proposals						
Reference	Proponent	Description	Next Step	Submitted		
None						

Agenda Item 6: 2019 GAB Composition Review

Meeting 2019_03_28

As part of the 2019 composition review of the Gas Advisory Board (**GAB**), the following terms are expiring in July 2019:

Member	Class
John Jamieson	Pipeline Owners and Operators
Chris Campbell	Gas Shippers
Julie-Anne Simmons	Gas Users
Pete DiBona	Gas Producers

The process to replace GAB members whose terms are expiring in July 2019 will be similar to the 2018 GAB Composition Review process.¹

The term of appointment for GAB members is two years (GAB Constitution – clause 4.5) and GAB members whose terms are expiring in July 2019 are eligible to renominate.

A call for nominations for the GAB will occur in May/June 2019, with a due date for nominations by late June 2019. Successful nominees will be notified in July 2019.

An individual may be nominated for more than one GAB membership class but can only be appointed to represent one class (GAB Constitution – clause 4.3). Each organisation can only have one individual on the GAB at any one time (GAB Constitution – clause 4.7).

¹ Available at <https://www.erawa.com.au/rule-change-panel/gas-advisory-board/annual-gas-advisory-board-composition-reviews>.