

## Meeting Agenda

**Meeting Title:** Gas Advisory Board

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**Meeting Number:** 2019\_09\_26

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**Date:** Thursday 26 September 2019

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**Time:** 13:00 to 14:45

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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	5 min
5	Overview of Rule Change Proposals	Chair	5 min
6	Displaying Trucked LNG on the GBB	AEMO	20 min
7	GSI Rules Compliance Monitoring and Investigation	ERA	15 min
8	Panel and RCP Support KPIs for 2018/19	Chair	20 min
9	Review of the Framework for Rule Change Proposal Prioritisation and Scheduling	Chair	20 min
10	GAB Schedule for 2020	Chair	5 min
11	General Business	Chair	5 min

Next Meeting: 12 March 2020

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Please note this meeting will be recorded.

## Minutes

<b>Meeting Title:</b>	Gas Advisory Board ( <b>GAB</b> )
<b>Date:</b>	27 September 2018
<b>Time:</b>	2:00 PM – 3:50 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	
Matt Shahnazari	Economic Regulation Authority ( <b>ERA</b> )	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	

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

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

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

<b>Item</b>	<b>Subject</b>	<b>Action</b>
<b>1</b>	<p><b>Welcome</b></p> <p>The Chair opened the meeting at 2:00 PM and welcomed members and observers to the 27 September 2018 GAB meeting.</p>	
<b>2</b>	<p><b>Meeting Apologies/Attendance</b></p> <p>The Chair noted apologies, attendees, proxies and observers as listed above.</p>	
<b>3</b>	<p><b>Review of Minutes from previous meeting</b></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>	
<b>4</b>	<p><b>Actions Arising</b></p> <p>The Chair noted that there were no outstanding action items and that the only GAB Action Item, Action 75, was closed.</p>	
<b>5</b>	<p><b>Framework for Rule Change Proposal Prioritisation and Scheduling</b></p> <p>The GAB discussed the Framework for Rule Change Proposal Prioritisation and Scheduling (<b>Framework</b>), which the Market Advisory Committee (<b>MAC</b>) and the Rule Change Panel (<b>Panel</b>) use to prioritise and schedule Rule Change Proposals (<b>Proposals</b>) for the Wholesale Electricity Market Rules (<b>Market Rules</b>). 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 (<b>GSI Rules</b>). The following was discussed:</p> <ul style="list-style-type: none"> <li>The Chair indicated that the Panel intends to undertake a review of the Framework in 2018/19 in consultation with the MAC and GAB.</li> <li>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.</li> <li>Mr Lauer noted that this paper appeared to discuss the contest for RCP Support resources to process Proposals for the</li> </ul>	<b>RCP Support (2018/19)</b>

	<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"> <li>• Mr Rafferty agreed with Mr Lauer’s suggestion, and noted that the current timelines as stated were excessively long.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Mr Niklasson noted that there should be a distinction between urgency and importance – i.e. <del>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.</del></li> <li>• 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.</li> <li>• 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.</li> <li>• Mr Maticka commented that the large number of Proposals for the Market Rules should not detract from progressing Proposals for the GSI Rules.</li> </ul>	
6	<p><b>GRC_2018_01 – Prioritisation</b></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.	
<b>7</b>	<p><b>GAB Composition Review</b></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>	
<b>8</b>	<p><b>RCP Support KPIs</b></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>	<b>RCP Support (Oct 2018)</b>
<b>9</b>	<p><b>Development of the 2018 GSOO – Presentation</b></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"> <li>• 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</li> </ul>	

	<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"> <li>• 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.</li> <li>• 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.</li> <li>• Mr Campbell and Mr di Bona asked about the assumptions made in relation to the Domestic Market Obligation (<b>DMO</b>) volume calculations, and suggested that the assumptions will need to be very clearly stated so that people can understand how the figures were derived.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>AEMO (Oct 2018)</b></p> <p><b>AEMO (Oct 2018)</b></p> <p><b>AEMO (Oct 2018)</b></p>
<p><b>10</b></p>	<p><b>GAB Meeting Schedule</b></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>	

11	<p><b>General Business</b></p> <p>The Chair noted that AEMO is conducting a Gas Bulletin Board (<b>GBB</b>) Scoping Study, which was being run by external consultants.</p> <ul style="list-style-type: none"> <li>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.</li> <li>Mr Campbell noted that there are no problems with the WA GBB that needed to be fixed.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul> <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"> <li>Various GAB members expressed the view that this should be incorporated into the GBB.</li> <li>Mr Lauer stated that the trucking amount of LNG would be a relatively small amount relative to the pipeline distributions.</li> <li>Mr Martin indicated that the Public Utilities Office (<b>PUO</b>) 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.</li> </ul>	<p><b>RCP Support (Oct 2018)</b></p> <p><b>PUO (Oct 2018)</b></p>
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**The meeting closed at 3:50 PM.**

## Agenda Item 4: GAB Action Items

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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 ( <b>Panel</b> ) to undertake a review of the Framework for Rule Change Proposal Prioritisation and Scheduling ( <b>Framework</b> ).	RCP Support	September 2018	<b>Closed</b> RCP Support has reviewed the Framework. A paper with proposed changes to the Framework is provided for consideration by the GAB under Agenda Item 9.
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	<b>Closed</b> 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	<b>Closed</b> 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	<b>Closed</b> 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	<b>Open</b> AEMO will share its draft forecasts for the 2019 GSOO at the WA Gas Consultative Forum ( <b>WAGCF</b> ) meeting on 12 November 2019. GAB members are asked whether they would also like a briefing on the draft forecasts. If so, then RCP Support and AEMO will schedule a briefing session once AEMO is ready to provide the information.
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	<b>Closed</b> 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 ( <b>PUO</b> ) 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

Item	Action	Responsibility	Meeting Arising	Status/Progress
				<p>the need for, and if necessary, the form of a WA gas trading platform.</p> <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 broad enough to accommodate a change to the GSI Rules to 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 has worked with the DomGas Alliance and APPEA to seek feedback from industry stakeholders, via responses to a short consultation paper/survey, as to the level of support for the development of a new gas trading platform or similar arrangement for the trading of gas commodity and pipeline capacity. Three responses were received to this request.</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><b>Closed</b></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 nor distribution network connected consumption”.</p>

Item	Action	Responsibility	Meeting Arising	Status/Progress
				<p>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 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 developed a presentation for the GAB to aid discussion of this matter – see Agenda Item 6.</p>

## Agenda Item 5: Overview of Rule Change Proposals (as at 19 September 2019)

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- 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
<b>Fast Track Rule Change Proposals with Consultation Period Closed</b>						
None						
<b>Fast Track Rule Change Proposals with Consultation Period Open</b>						
None						
<b>Standard Rule Change Proposals with Second Submission Period Closed</b>						
None						
<b>Standard Rule Change Proposals with Second Submission Period Open</b>						
None						
<b>Standard Rule Change Proposals with First Submission Period Closed</b>						
None						
<b>Standard Rule Change Proposals with the First Submission Period Open</b>						
None						
<b>Pre-Rule Change Proposals</b>						
Reference	Proponent	Description	Next Step	Submitted		
None						

## Agenda Item 6: Displaying Trucked LNG on the GBB

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### GSI Rules and Government Policy

Clause 89(1)(c) of the GSI Rules requires AEMO to publish on the GBB any 'other consumption that is neither GBB Large User Facility consumption or distribution network connected consumption', which would include trucked LNG. Similarly, the Government's policy is that the GBB should capture trucked LNG volumes in the State if the costs of providing the information are not too great relative to the benefits.

### Issue

Trucked LNG is drawn from Woodside's Pluto production facilities, so it does not enter the gas pipeline network and is not tracked on the GBB.

AEMO has proposed the following options for tracking trucked LNG information on the GBB (see Attachment 1):

- (1) virtual pipeline;
- (2) require end-users to register as GBB Large User Facilities;
- (3) expand the definition of Registered Shippers;
- (4) put on a new framework for Truck Load-Out Facilities; or
- (5) expand reporting by Production Facility Operators.

### Discussion Points

To give effect to the Government's policy to capture trucked LNG on the GBB, the Rule Change Panel seeks the GAB's advice on their preferred option, as any option may require a Rule Change Proposal.

The Rule Change Panel requests the GAB's advice on:

- (a) What are the likely costs and benefits to displaying trucked LNG on the GBB?
- (b) What is the GAB members' preferred option, including:
  - (i) how Trucked LNG information should be displayed on the GBB for the preferred option; and
  - (ii) if further information is required to make this assessment, what further information is required?
- (c) which parties will be responsible for putting up a rule change to give effect to the preferred option (as the Rule Change Panel does not have a head of power to develop such a rule change)?

A workshop or further session for interested parties can be held should it be deemed necessary by the GAB.

Agenda Item 6



# Displaying information for Trucked LNG on the Gas Bulletin Board - Discussion

Presented to the GAB

By Martin Maticka, Group Manager, WA Markets

26 September 2019

# Background and context

The GAB requested AEMO to undertake a preliminary investigation into trucked LNG and how it fits in with the GSI Rules.

A similar presentation was presented to the WAGCF on 18 June 2019.

## Context

- **GSI:** Under the current GSI there is no defined requirement to capture trucked LNG.
- **Woodside's LNG Truck Load-Out Facility:** Loads trucks with LNG at its Pluto Facility
- **AEMO understands:** LNG is drawn directly from Pluto's production and storage facilities and loaded onto specialist tanker trucks for distribution to end-users
- **Primary policy question:** should information relating to Trucked LNG be captured under the GSI Rules and/or displayed on the GBB?
- **Potential options:** changes to the GSI Rules to capture information relating to Trucked LNG and/or for display on the GBB






# Option 1: Virtual pipeline

The 'distribution' of the Trucked LNG could be classified as a virtual pipeline (i.e. the regular flow of gas from a pipeline is replicated by road, rail, waterways or oceanic transport)

- Flexible and adaptable
- May require many amendments to the GSI Rules
- Difficult to display on GBB "Virtual"

# Option 2: Require end-users to register as GBB Large User Facilities

Amend GSI Rules to expand the definition of GBB Large User Facilities to notionally include large users of Trucked LNG in WA.

-  Flexible and adaptable
-  Use of the information
-  Potential administrative burden on smaller participants




# Option 3: Expand the definition of Registered Shippers

Amend GSI Rules to expand the definition of Registered Shippers to notionally include the trucking companies that transport the LNG. The relevant GBB Production Facility could be a notional Delivery Point

- Registered Shippers: A notional Delivery Point
- Depends on how and what information is captured
- GSI Fees will need to be considered

# Option 4: New framework for Truck Load-Out Facilities


May require many changes to the GSI Rules depending on who is required to provide the relevant information to AEMO, and if the information is to be displayed on the GBB.

-  May be a preferred option to create a new framework for Trucked LNG
-  Require most changes in the GSI Rules but can mirror existing frameworks
-  Use of info collected

# Option 5: Expand reporting by Production Facility Operators

Expand reporting obligations of Production Facility Operators to report volumes of Trucked LNG from GBB Production Facilities for consumption by end-users in WA. Depends on participant's willingness to provide information.

 Capture quantities produced and being transported

 Expand reporting obligations of Production Facility

 MPs to provide discrete data

# Considerations: Responsible participant, exemptions and Zones

- GMPs be primarily responsible under the GSI Rules to provide Trucked LNG information
- An exemption may be available where a Gas Market Participant (GMP) is obliged to provide data that is already provided by another GMP
- Whether Trucked LNG information will be required to be displayed or published by Zone will need to be decided
- Should it be published in the Zone where the notional Delivery Point is located, or in the Zone in which it is consumed, or both?

# Other considerations

Potential policy matters include ....

- What Trucked LNG information is paramount?
- How should Trucked LNG information be displayed? Should it be displayed on the GBB or be required to be published as a form of 'information' on the GSI Website?
- What exemptions should be introduced (or replicated from those under the GSI Rules) from providing the relevant information?
- What are the benefits of capturing and/or displaying Trucked LNG information versus the costs of providing, obtaining and managing it?

# GAB Discussion



# GSI Compliance

Monitoring and Investigations

26 September 2019

Agenda Item 7



Economic Regulation Authority

WESTERN AUSTRALIA

# Introduction

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## Purpose:

The purpose of this presentation is to describe how the ERA undertakes its GSI monitoring, compliance and enforcement activities under the GSI Rules.

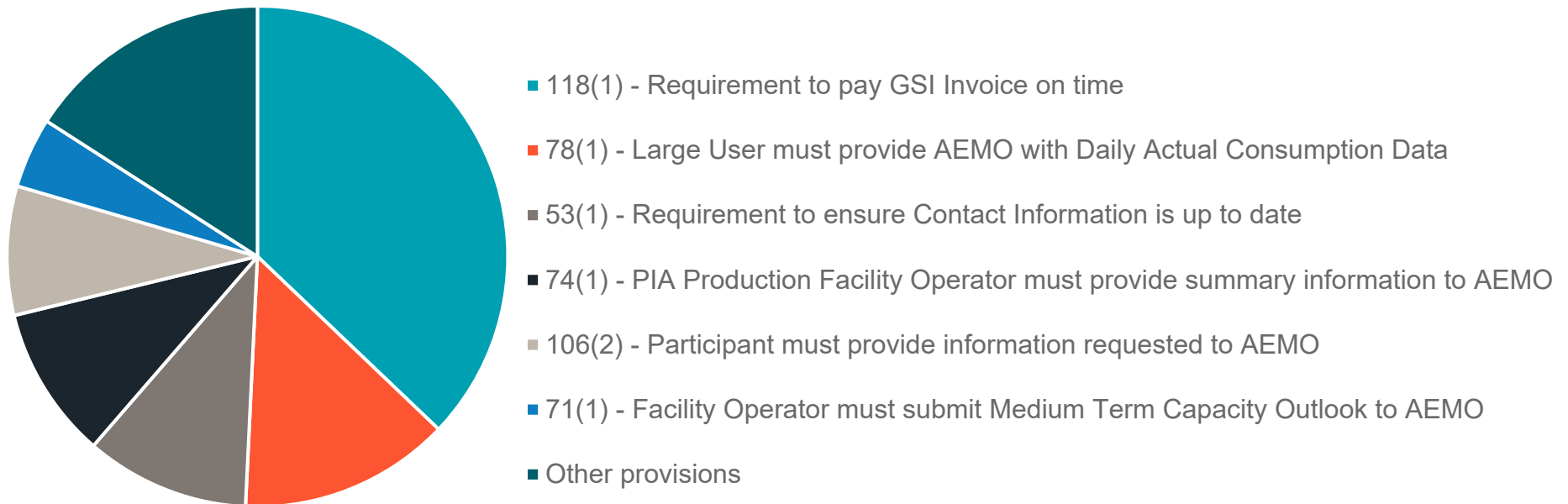
## GSI Rules require that:

- 165(1)**      **The ERA must monitor the compliance of Gas Market Participants**
- 168(2)**      **If the ERA becomes aware of an alleged breach, it must investigate.**

# Trends in compliance investigations

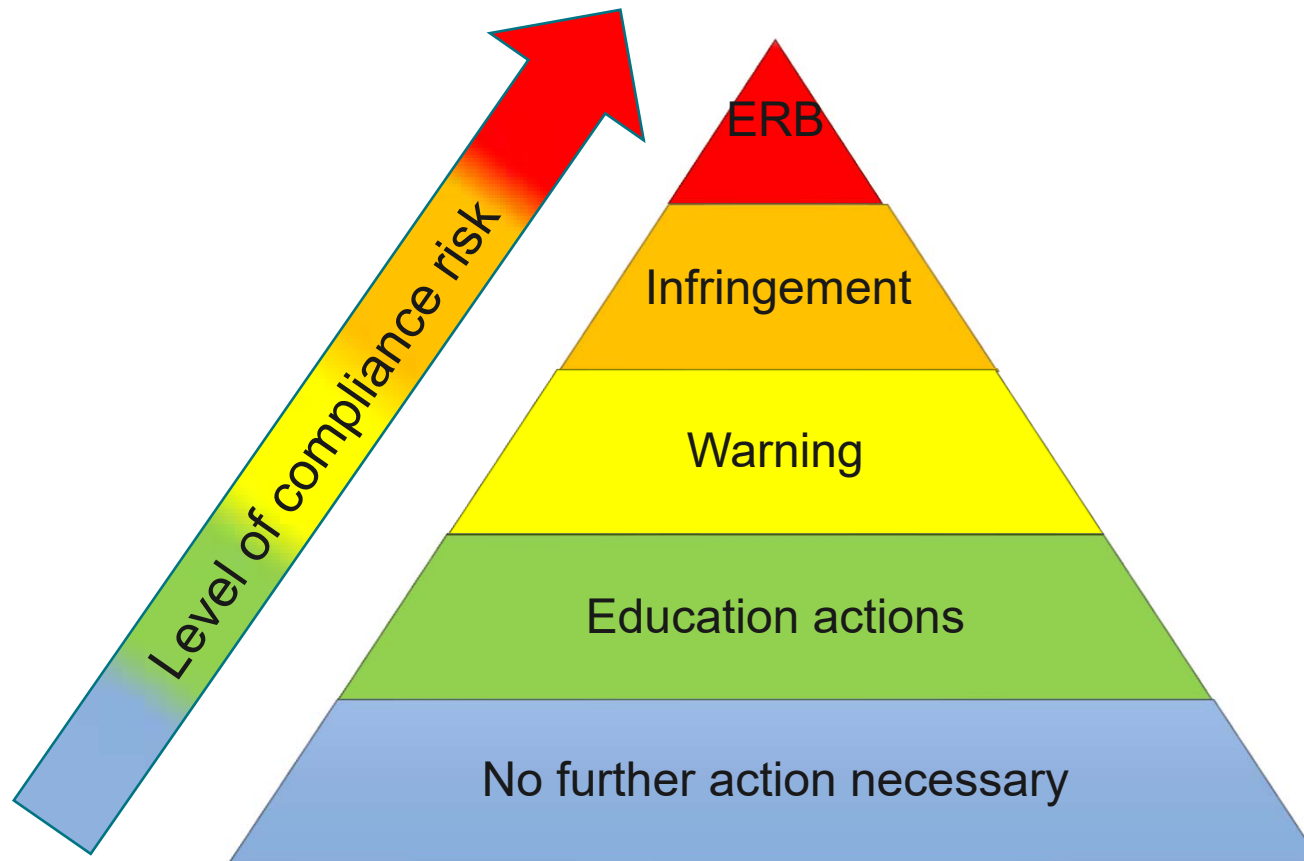
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## What types of breaches are being reported to the ERA?



# Compliance outcomes

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# Relevant documents

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## ERA Compliance Strategy and Framework:

<https://www.erawa.com.au/electricity/wholesale-electricity-market/compliance-framework-and-strategy>

## Six monthly compliance reports:

<https://www.erawa.com.au/gas/gas-markets/compliance-reports/gsi-rules-compliance-reports>

# Compliance monitoring

Compliance Test	Responsible Party	GSI Rules
Linepack Capacity	Pipeline Operator	58(1), 58(2), 66
Medium Term Capacity Outlook	Pipeline Operator Storage Facility Production Facility	56(1), 56(2) and 56(3) 64(1), 64(2) and 64(3) 71(1), 71(2) and 71(3)
Nominated and Forecast Flow Data	Pipeline Operator Storage Facility	59(1), 59(2) and 59(3) 67(1) and 67(2)
Short Term Daily Actual Flow Data	Pipeline Operator Storage Facility Production Facility	60 68(1) 73(1)
Submission Timeliness	Multiple	Multiple

# Trends in compliance monitoring

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Monitoring Test	Fail Rate	Pass Rate
Short Term Forecast Flow (Receipt & Delivery)	74 %	26 %
Short Term Forecast Flow (Accuracy)	53 %	47%
Short Term Actual Flow Accuracy	38 %	62 %
Medium Term Capacity Outlook	18 %	82 %
Linepack Capacity Adequacy	1 %	99 %
Submission Timeliness	1 %	99 %

## Next steps (indicative dates)

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**1. 31 December 2019**

Completion of monitoring checks

**2. 31 January 2020**

Assess fail rates to determine the need for further investigation into relevant Gas Market Participants

**3. 31 March 2020**

Liaise with Gas Market Participants at point two and gather additional information

**4. 30 June 2020**

Finalisation of monitoring and determinations



# Thank you and questions

## Contact Information:

[Market.Compliance@erawa.com.au](mailto:Market.Compliance@erawa.com.au)



## Agenda Item 8: Rule Change Panel and RCP Support KPIs for 2018/19

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### 1. Background

The Rule Change Panel's (**Panel**) governing legislation and regulations do not require it to establish or report on key performance indicators (**KPIs**). However, the Panel has established KPIs for the Panel and 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 2018/19;<sup>1</sup> and
- RCP Support's and the Panel's KPIs, including the results of the related stakeholder satisfaction survey, to the Gas Advisory Board (**GAB**), Market Advisory Committee (**MAC**) and Economic Regulation Authority (**ERA**).

The Panel and RCP Support each have eight KPIs focusing on rule change efficiency, effective governance and stakeholder management; with the KPIs on stakeholder management based on the Panel's annual stakeholder satisfaction survey.

### 2. Recommendation

It is recommended that the GAB:

- review and consider the report titled 'Rule Change Panel and RCP Support KPIs for 2018/19' (attachment 1); and
- advise on the questions raised in section 6 (in the text boxes) of the attached report.<sup>2</sup>

### Attachments

1. Rule Change Panel and RCP Support KPIs for 2018/19

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<sup>1</sup> Regulation 28(1) of the *Energy Industry (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.

The Activities Report for 2018/19 was tabled in Parliament on 5 September 2019 and has been published on the Panel's website.

<sup>2</sup> For issue (2) under section 6 of the attached report (The length and complexity of rule change reports), GAB members may not have seen the revised structure for the Rule Change Reports. An example is the Final Rule Change Report for Wholesale Electricity Market Rule Change RC\_2018\_06, which can be found at [https://www.erawa.com.au/rule-change-panel/market-rule-changes/rule-change-rc\\_2018\\_06](https://www.erawa.com.au/rule-change-panel/market-rule-changes/rule-change-rc_2018_06).

The logo for the Rule Change Panel (RCP) is located in the top left corner. It features the letters 'RCP' in a large, light blue, sans-serif font. To the right of 'RCP' is a vertical line, followed by the words 'Rule Change Panel' stacked vertically in a smaller, white, sans-serif font. The background of the slide is dark grey with several large, curved, overlapping bands in light blue and grey, creating a dynamic, abstract design.

**RCP** | Rule  
Change  
Panel

## Rule Change Panel and RCP Support KPIs for 2018/19

27 August 2019

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## 1. Background

The Rule Change Panel's (**Panel**) governing legislation and regulations do not require it to establish or report on key performance indicators (**KPIs**). However, the Panel has established KPIs for the Panel and 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 2018/19;<sup>1</sup> and
- RCP Support's and the Panel'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**).

This report presents:

- the results of the Panel's and RCP Support's KPIs for 2018/19 (section 2);
- the results of the stakeholder satisfaction survey for 2018/19 (section 3);
- an assessment of the Panel's and RCP Support's KPIs for 2018/19 (section 4);
- an assessment of the stakeholder satisfaction survey for 2018/19 (section 5); and
- some points for further discussion with the MAC, GAB and ERA (section 6).

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<sup>1</sup> Regulation 28(1) of the *Energy Industry (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.

## 2. KPI Results

The Panel established eight KPIs to measure its performance and RCP Support's performance on an annual basis.<sup>2</sup> Table 1 presents the Panel's and RCP Support's performance against the eight KPIs for 2018/19.

Table 1 – KPI Results for 2018/19			
Category	KPI	Result for the Panel	Result for RCP Support
Rule change efficiency	1. Manage rule changes in accordance with the <i>Framework for Rule Change Proposal Prioritisation and Scheduling (Prioritisation Framework)</i> .	<p>✓ All Rule Change Proposals (<b>Proposals</b>) for the Market Rules and GSI Rules were prioritised in accordance with the Prioritisation Framework.</p> <p>✗ However, the timelines for progressing Proposals that are set out in the Prioritisation Framework were not achieved for all Proposals.</p>	
	2. No breaches of any of the legislation, regulations, or rules that govern the Panel.	<p>✓ No breaches of the Panel's governing legislation or regulations have been identified in 2018/19.</p> <p>✓ No breaches of the Market Rules by the Panel have been identified in 2018/19.</p> <p>✗ One minor breach of the GSI Rules by the Panel was identified in 2018/19.<sup>3</sup></p>	

<sup>2</sup> The KPIs for the Panel and RCP directly overlap, except for KPI number 5, where the Panel has an additional KPI regarding effective governance and RCP Support has an additional KPI regarding rule change efficiency.

<sup>3</sup> On 16 July 2018, RCP Support published a Rule Change Notice on behalf of the Panel for GRC\_2018\_01 (GGB Zones). AEMO had submitted GRC\_2018\_01 on 6 July 2018 and the Proposal was progressed under the Standard Rule Change Process.

Subrule 135(1) of the GSI Rules requires the Panel to, within one Business Day after publication of a Rule Change Notice being progressed using the Standard Rule Change Process, notify GAB members whether the Panel considers that a GAB meeting should be convened to discuss the Proposal, and the reasons why. For GRC\_2018\_01, this notice should have been sent to the GAB by the end of 17 July 2018 but was not sent until 23 July 2018 (four business days late) due to flooding at the RCP Support's offices and the consequential closure of the offices.

RCP Support reported this breach to the ERA on 23 July 2018 and the ERA determined on 20 August 2019 that the Panel breached subrule 135(1). The ERA confirmed that the RCP Support has internal procedures in place to comply with subrule 135(1) and recommended that consideration be given to internal education on these procedures to mitigate the risk of process failures if similar circumstances arise in the future.

Table 1 – KPI Results for 2018/19																		
Category	KPI	Result for the Panel	Result for RCP Support															
	3. No rule change processes to correct for errors in previous rule changes approved by the Panel.	✓ There was no need to propose any rule changes to correct for errors made by the Panel in 2018/19.																
	4. No procedural or legal reviews requested of the Panel's decisions upheld. <sup>4</sup>	✓ No legal reviews were sought of the Panel's decisions in 2018/19.																
	5. The percentage of RCP Support time spent on rule changes is not to materially decline from year-to-year.	N/A	✓ RCP Support's time in 2017/18 and 2018/19 was spent as follows: <sup>5</sup> <table border="1"> <thead> <tr> <th></th> <th>2017/18</th> <th>2018/19</th> </tr> </thead> <tbody> <tr> <td>Rule changes</td> <td>55.7%</td> <td>51.0%</td> </tr> <tr> <td>Overheads</td> <td>28.9%</td> <td>34.1%</td> </tr> <tr> <td>Leave and training</td> <td>15.4%</td> <td>9.0%</td> </tr> <tr> <td>Market Reform</td> <td>0.0%</td> <td>5.9%</td> </tr> </tbody> </table>		2017/18	2018/19	Rule changes	55.7%	51.0%	Overheads	28.9%	34.1%	Leave and training	15.4%	9.0%	Market Reform	0.0%	5.9%
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<sup>4</sup> The Panel's rule change process is based on its best interpretation of its requirements for approving rule changes under the governing legislation, regulations and rules; and is informed by legal review by qualified legal practitioners. However, the Panel's decision in respect of any rule change may be subject to review by the Electricity Review Board or may be challenged in the courts. Therefore, there is a need to recognise that despite the Panel's best endeavours, a successful procedural or legal review is possible and that this should not necessarily be considered a negative outcome.

<sup>5</sup> RCP Support staff log the time that they spend on various activities in the ERA's TimeFiler database and this data was the basis of the results for KPI 5 for RCP Support. Note that time for maternity leave for two staff members was excluded from this analysis as it was skewing the results by inflating the time allocated to leave. Caution should be taken in comparing the data on staff time between 2017/18 and 2018/19 because 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. Appropriate codes and guidelines on how RCP Support staff code their time were implemented on 6 July 2018, so data on RCP Support time will be more reliable from 2018/19 forward.

Table 1 – KPI Results for 2018/19			
Category	KPI	Result for the Panel	Result for RCP Support
			<p>RCP Support has spent a lower percentage of its time on rule changes in 2018/19 than in 2017/18, but this is not considered material because:</p> <ul style="list-style-type: none"> <li>○ even though the percentage of time spent on rule changes decreased from 2017/18 to 2018/19, the total amount of time spent on rule changes has increased;</li> <li>○ some of RCP Support's time was diverted from processing Proposals to work on the WA Government's electricity market reform programs; and</li> <li>○ some of RCP Support's time was spent on finalising internal procedures that is unlikely to be repeated in the future.</li> </ul>
<b>Effective Governance</b>	<p>5. Fully comply with the Panel's governance structure, including the:</p> <ul style="list-style-type: none"> <li>• Governance Manual;</li> <li>• Code of Conduct; and</li> <li>• Meeting Rules.</li> </ul>	<p>✓ The Panel has not identified any breaches of its governance arrangements in 2018/19.</p>	N/A



Table 1 – KPI Results for 2018/19

Category	KPI	Result for the Panel	Result for RCP Support
	6. Review and update the Risk Register every 12 months, including taking any steps identified in the register to mitigate the Panel's risks.	✓ The Panel finalised the first version of its Risk Register in August 2018, and reviewed the register in November 2018 and August 2019.	
Stakeholder management <sup>6</sup>	7. Over 60% of respondents to the annual stakeholder satisfaction survey are satisfied with the level of service being provided by the Panel. <sup>7</sup>	<p>✓ The Panel received satisfactory ratings from over 60% of survey respondents on six of the eight aspects of its services.</p> <p>✗ The Panel received a satisfactory rating from less than 60% of survey respondents for two of the eight aspects of its services.</p>	
	8. The trend in stakeholder satisfaction with the level of service being provided by the Panel is not negative.	<p>There was no substantive change in stakeholder satisfaction from 2017/18 to 2018/19 in most aspects of the Rule Change Panel's services. However:</p> <p>✓ There was an improving trend in stakeholder satisfaction with timeliness of rule change processes.</p> <p>✗ There was a declining trend in stakeholder satisfaction with the quality of administration of MAC meetings.</p>	

<sup>6</sup> Individual stakeholders' responses to surveys will likely be significantly influenced by the impact of rule changes on the individual stakeholders. A rule change that has a positive overall effect on the market, but a negative effect on a particular segment of the market will likely negatively skew survey results (the level of satisfaction and the trend) if there are a large number of participants in the segment that has been negatively impacted (e.g. intermittent generators).

<sup>7</sup> A 'satisfactory' response from the stakeholder satisfaction survey is defined as a response of 'meets expectations', 'above expectations' or 'excellent'.

### 3. Stakeholder Satisfaction Survey Results

The Panel distributed its stakeholder satisfaction survey for 2018/19 on 28 June 2019 and sought responses by 12 July 2019. The survey was an anonymous, online survey that asked eight questions; and sought ratings for stakeholder satisfaction on a scale of:

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

The eight questions in the survey were:

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 Proposals;
6. please rate the quality of the Panel's communications;
7. please rate the quality of the Panel's administration of MAC meetings; and
8. please rate the quality of the Panel's administration of GAB meetings.

The survey was sent to 214 people that are on the RulesWatch, MAC and GAB distribution lists. The Panel received 17 responses to the survey, which represents an 8% response rate.

The results from the survey are provided in Table 2 and Figures 1 to 8.<sup>8</sup>

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<sup>8</sup> The stakeholder satisfaction survey allowed respondents to provide a N/A response because WEM participants would not necessarily have an interest in the gas market, and gas market participants would not necessarily have an interest in the WEM. However, the N/A responses obscure the survey results to some extent, so the results in Table 2 and Figures 1 to 8 exclude the N/A responses.

Table 2 – Comparison of Results of the 2017/18 and 2018/19 Stakeholder Satisfaction Surveys

Question	Poor		Below Expectations		Meets Expectations		Above Expectations		Excellent		Total	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
<b>Number of responses</b>												
Quality of decisions	1	1	3	2	10	11	2	0	1	0	17	14
Quality of reports	0	0	1	4	13	8	2	3	1	0	17	15
Timeliness of rule change processes	3	4	7	4	7	6	1	0	1	2	19	16
Timeliness of consultation processes	0	0	3	3	13	8	0	2	2	2	18	15
Setting of priorities	1	1	4	2	10	8	2	3	1	2	18	16
Quality of communications	0	0	1	2	13	8	4	1	1	4	19	15
Quality of administration of MAC meetings	0	1	2	4	6	4	4	1	2	0	14	10
Quality of administration of GAB meetings	0	0	1	3	4	3	1	2	1	0	7	8
<b>Percentage of Responses</b>												
Quality of decisions	6%	7%	18%	14%	59%	79%	12%	0%	6%	0%	100%	100%
Quality of reports	0%	0%	6%	27%	76%	53%	12%	20%	6%	0%	100%	100%
Timeliness of rule change processes	16%	25%	37%	25%	37%	37%	5%	0%	5%	13%	100%	100%
Timeliness of consultation processes	0%	0%	17%	20%	72%	54%	0%	13%	11%	13%	100%	100%
Setting of priorities	6%	6%	22%	12%	56%	50%	11%	19%	6%	13%	100%	100%
Quality of communications	0%	0%	5%	13%	68%	53%	21%	7%	5%	27%	100%	100%
Quality of administration of MAC meetings	0%	10%	14%	40%	43%	40%	29%	10%	14%	0%	100%	100%
Quality of administration of GAB meetings	0%	0%	14%	37%	57%	38%	14%	25%	14%	0%	100%	100%

Figure 1: Quality of Decisions

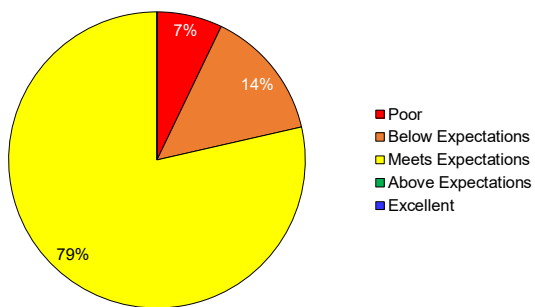


Figure 2: Quality of Reports

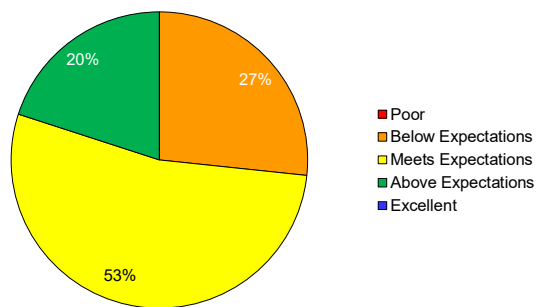


Figure 3: Timeliness of Rule Change Processes

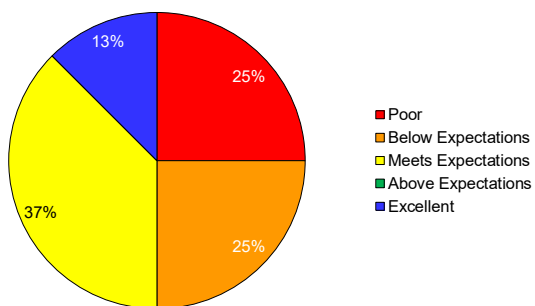


Figure 4: Timeliness of Consultation Processes

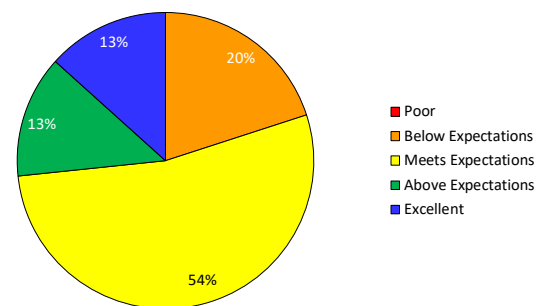


Figure 5: Setting of Priorities

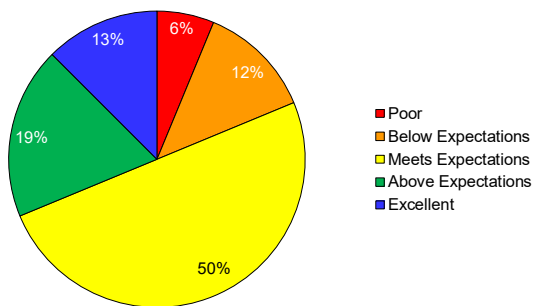


Figure 6: Quality of Communications

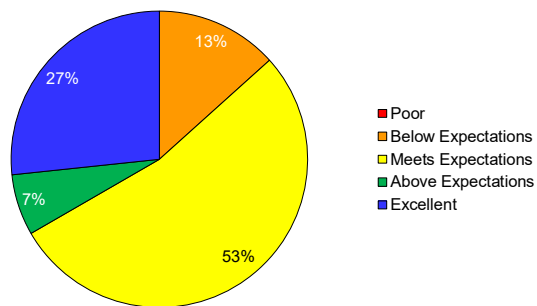


Figure 7: Quality of Administration of MAC Meetings

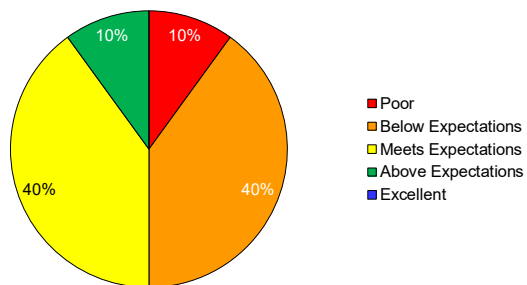
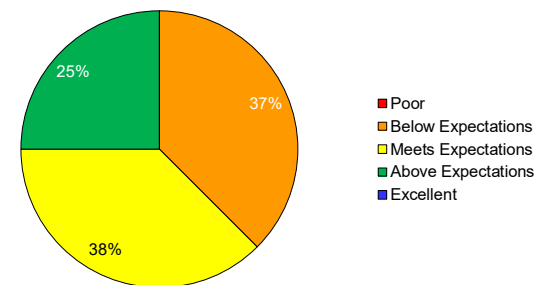


Figure 8: Quality of Administration of GAB Meetings



## 4. Assessment of the KPIs

The results of KPIs 1 to 6 are relatively straightforward. However, some further observations can be made about KPIs 7 and 8.

Regarding KPI 7, the stakeholder satisfaction survey indicates that the Panel is generally meeting or exceeding stakeholder expectations in terms of the:

- quality of decisions;
- quality of reports;
- timeliness of consultation processes;
- setting of priorities of Proposals;
- quality of communications; and
- quality of administration of GAB meetings.

However, stakeholders expressed concern with the timeliness of rule change processes and with the administration of MAC meetings.

The Panel acknowledges stakeholders' concerns with timeliness of its rule change processes and is working to further improve timeliness of its processes as follows:

- the ERA has commenced procuring additional resources for RCP Support;
- the Panel is looking to streamline how it handles the complex legacy Proposals;<sup>9</sup> and
- the Panel has worked with AEMO to facilitate timelier support for Proposals, in line with priorities agreed with the MAC and GAB, noting that AEMO now has clarity on cost recovery for this support.

Despite this, the Panel also notes that the more recent Proposals, such as those submitted in 2018, have been processed in a much timelier manner.<sup>10</sup>

Based on comments provided in the stakeholder survey, concerns with the administration of MAC meetings appear to relate to:

- digression of MAC discussions; and
- lack of accountability for delivery in response to MAC decisions.

The Chair of the MAC will discuss with the MAC about how meetings can be better managed to keep discussions concise and on topic (see section 6 of this report).

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<sup>9</sup> The legacy Proposals are those submitted to the Independent Market Operator prior to establishment of the Panel (i.e. prior to RC\_2017\_01). The legacy Proposals have taken up a significant amount of RCP Support resources because:

- some of the legacy Proposals are large and very complex;
- the Minister for Energy has made numerous changes to the Market Rules since the legacy Proposals were submitted, leading to significant challenges in processing Proposals that are no longer consistent with the rules that were in place at the time the Proposal was submitted; and
- a significant amount of time has elapsed since the legacy Proposals were submitted, which has driven the need for additional consultation.

<sup>10</sup> In 2018/19, the Panel approved Proposals GRC\_2018\_01, RC\_2018\_01, RC\_2018\_04, RC\_2018\_05, RC\_2018\_06 and RC\_2018\_07.

Regarding KPI 8, the stakeholder satisfaction survey indicates that there was no substantive change in stakeholder satisfaction from 2017/18 to 2018/19 in most aspects of the Panel's services. Of note was:

- an improving trend in stakeholder satisfaction with the timeliness of rule change processes; and
- a declining trend in stakeholder satisfaction with the quality of administration of MAC meetings.

The Panel determined the trend for each of the eight aspects of its services based on the median score (out of five) for each survey question in 2017/18 and 2018/19, as indicated in Table 3.

	2017/18	2018/19	Trend
Quality of decisions	3.0	3.0	Same
Quality of reports	3.0	3.0	Same
Timeliness of rule change processes	2.0	2.5	Improving
Timeliness of consultation processes	3.0	3.0	Same
Setting of priorities	3.0	3.0	Same
Quality of communications	3.0	3.0	Same
Quality of administration of MAC meetings	3.0	2.5	Declining
Quality of administration of GAB meetings	3.0	3.0	Same

However, the Panel cautions reliance on the above results given that:

- there are issues with survey response numbers – the response rate was 15% in 2017/18 and 8% in 2018/19, so it is unclear whether the survey results accurately assess the views of Market Participants; and
- there is a small number of data points – the survey has only been in use for two years, so it is questionable whether the survey results accurately present the trend in RCP Support and Panel performance.

## 5. Assessment of the Stakeholder Satisfaction Survey

### (1) Quality of Decisions:

Stakeholders were generally satisfied with the quality of Panel decisions in 2018/19. Almost 80% of survey respondents indicated that the Panel's decisions meet expectations.

However, about 20% of the respondents were dissatisfied with decisions. It is not surprising that there were some 'poor' and 'below expectations' responses given that some of the decisions may have a negative impact on particular Market Participants or members of their class, such as the decision on RC\_2018\_07 (Removal of constrained off compensation for Outages of network equipment).

## (2) Quality of the Reports:

Stakeholders were generally satisfied with the quality of Panel reports in 2018/19, with 73% of the respondents providing a response of 'meets expectations' or better. There were no 'poor' responses, but 27% of the responses were 'below expectations'.

The Panel introduced a new structure to its decision reports in 2018/19, as discussed in section 6 of this report. This change may have resulted in some of the comments about the reports. There was also some stakeholder criticism that reports have too much detail.

## (3) Timeliness of Rule Change Processes:

There was continued dissatisfaction in 2018/19 with timeliness of the rule change processes, with 50% of the respondents indicating satisfaction of 'poor' or 'below expectations'.

The Panel expected concerns to be raised about timeliness of rule change processes due to frustration expressed by Market Participants with the continued existence of the backlog of Proposals and that significant benefits to the market can be obtained by quickly processing the backlog. The continued existence of the backlog of Proposals is tied to:

- under-resourcing of RCP Support;
- continued difficulties with addressing the complex legacy Proposals;
- timeliness of support from AEMO; and
- prioritisation of some newer Proposals (such as RC\_2018\_05, RC\_2018\_06 and RC\_2018\_07).

## (4) Timeliness of Consultation Processes:

Stakeholders seem to be generally satisfied with the timeliness of the Panel's consultation process, with 80% of the respondents providing a response of 'meets expectations' or better. Market participants appear to recognise the need for robust consultation on Proposals and accept that the Panel's processes meet this need.

## (5) Setting of Priorities:

Stakeholders appear to be generally satisfied with how the Panel sets priorities for Proposals, with 82% of the respondents providing a response of 'meets expectations' or better. Nevertheless, 18% of the respondents 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 its priorities for Proposals. That is, the Panel cannot progress all Proposals concurrently, and proponents of a Proposal will always want their Proposal to take precedence over others (e.g. the Panel is aware that Perth Energy is dissatisfied with the delays in consideration of RC\_2017\_02).

## (6) Quality of Communications:

It appears that stakeholders are generally satisfied with the quality of Panel communications, as only 13% of the respondents to this question provided a rating lower than 'meets expectations', and 87% of respondents rated this as meeting expectations or better.

## (7) Quality of Administration of MAC Meetings:

There has been a decline in the MAC participants' satisfaction with the administration of MAC meetings. Based on stakeholder comments, it appears that this dissatisfaction stems from:

- digression of MAC discussions; and
- lack of accountability for delivery in response to MAC decisions.

Comments relating to the digression of MAC discussions are not unexpected, as some MAC members tend to provide commentary that sometimes strays off topic. The Chair of the MAC will discuss with the MAC how meetings can be better managed to keep discussions concise and on topic without limiting the need for debate (see section 6 of this report).

Regarding the purported lack of accountability for delivery in response to MAC decisions, it is noted that the MAC is an advisory body, not a decision-making body; and that the Panel and the Chair of the MAC do not have any authority to require Market Participants, AEMO or the Government and its entities to take any action to develop/submit Proposals in response to MAC discussions. The frustration of MAC members appears to be more tied to the legislative and governance structure for the Panel and the MAC, which limits the power of the Panel and the MAC to drive change.

## (8) Quality of Administration of GAB Meetings:

It appears that respondents are generally satisfied with the administration of GAB meetings. Despite this satisfaction, as with the MAC, there appears to be some frustration amongst GAB members with the legislative and governance structure for the Panel and the GAB, which limits the power of the Panel and the GAB to drive change.

# 6. Points for Further Discussion

Stakeholders raised several concerns in the stakeholder satisfaction survey for 2018/19 and the Panel is providing/seeking additional feedback on these concerns to/from the MAC and GAB.

## (1) Under-developed Proposals:

Concerns were raised that the Panel is progressing under-developed Proposals, and that this is causing inefficiencies and increased costs to the market. The term 'under-developed Proposals' appears to mean ones that:

- do not consider all of the relevant related issues; and/or
- do not include proposed drafting for Amending Rules.

The relevant rules on what constitutes a valid Proposal include:

- any person may make a Proposal by submitting a form to the Panel;<sup>11</sup>
- the form must request information on a number of things, including:
  - the issues to be addressed;<sup>12</sup> and
  - any proposed specific changes to particular rules.<sup>13</sup>

<sup>11</sup> See clause 2.5.1 of the Market Rules or clause 129(1) of the GSI Rules.

<sup>12</sup> See clause 2.4.4(b)ii of the Market Rules or clause 130(b)(ii) of the GSI Rules.

<sup>13</sup> See clause 2.4.4.(b)iv of the Market Rules or clause 130(b)(iv) of the GSI Rules.



The Panel must decide within five Business Days whether to progress the Proposal.<sup>14</sup>

Neither the Market Rules nor GSI Rules provide guidance for the Panel's decision on whether to progress a Proposal; and the Panel's policy is that all Proposals should be progressed unless they are:

- incomplete;
- manifestly inconsistent with the Wholesale Market Objectives or GSI Objectives; or
- materially the same as another Proposal that the Panel has recently considered.

This policy means that the Panel will only decide to not progress a Proposal if parts of the form are missing or unclear (and cannot be clarified as per the process in the rules). The Panel will decide to progress a Proposal that raises a valid issue but does not consider all possible related issues.

As an example, consider RC\_2017\_02 (Implementation of 30-minute Balancing Gate Closure), in which Perth Energy proposed to change the Balancing Gate Closure for independent power producers. The Panel decided to progress RC\_2017\_02 on the basis of its preliminary assessment that the Proposal is consistent with the Wholesale Market Objectives.

However, Synergy argued in its first period submission that there was insufficient information in the Proposal to justify the Panel's decision to progress the Proposal, and that Perth Energy should have been required to formulate and re-submit a more credible and coherent Proposal.

The Panel considers that its decision to progress RC\_2017\_02 was appropriate because it is the role of the Panel, not the proponents of Proposals, to:

- conduct the necessary consultation regarding a Proposal;
- gather the relevant information and undertake the necessary analysis regarding a Proposal; and
- determine whether there is sufficient justification to approve a Proposal.

It would be unreasonable to expect the proponent of a Proposal to conduct all necessary consultation and analysis prior to even submitting a Proposal,<sup>15</sup> or to consider the implications of the Proposal on other Market Participants (particularly its competitors).<sup>16</sup>

It would also be unreasonable for the Panel to decide whether to progress a Proposal on the merits of the Proposal, within 5 Business Days, without having conducted any consultation or analysis.

Instead, the test on whether the Panel should progress a Proposal is based on whether the Proposal raises a reasonable issue.

A second example is RC\_2019\_01 (the Relevant Demand calculation), in which Enel X proposed to implement a dynamic baseline methodology for Demand Side Programmes.

<sup>14</sup> See clause 2.5.6(c) of the Market Rules or clause 131(b) of the GSI Rules.

<sup>15</sup> Perth Energy does not have the authority to require AEMO to provide it with the necessary data to fully analyse the issue covered by RC\_2017\_02, and some of the necessary data may be confidential, so it may be inappropriate for AEMO to voluntarily provide the data to Perth Energy.

<sup>16</sup> Synergy raised the issue of its Balancing Gate Closure in the first period submission for RC\_2017\_02. It would have been unreasonable for the Panel to require Perth Energy to consider Synergy's Gate Closure before the Panel agreed to progress RC\_2017\_02, but the Panel can consider Synergy's Balancing Gate Closure as part of RC\_2017\_02 because this is directly relevant to the central issue raised in the Proposal.

The Panel decided to progress RC\_2019\_01 on the basis that stakeholders should be given an opportunity to consider the Proposal and provide submissions through the rule change process, even though the Proposal does not contain specific drafting for the Amending Rules. The Panel considers that Enel X has raised a valid issue, and that it would be unreasonable to not progress RC\_2019\_01 because Enel X has not developed specific drafting for the Amending Rules. It may be a barrier to lodging Proposals to require proponents to provide Amending Rules in all cases, because the proponents may not have the necessary expertise.

If the proponent for a Proposal elects to submit their Proposal without considering all related issues and/or without drafting for the Amending Rules, then the Panel may need to extend the timeline for progressing such Proposals. These extensions may be for a considerable length of time. Therefore, the Panel strongly recommends use of the pre-rule change process to help proponents better define the scope of their Proposals and the potential solutions.

The views of the MAC and GAB are sought on:

- (a) Are there any concerns with the Panel's approach to deciding whether to progress Proposals?
- (b) If there are concerns with how the Panel decides whether to progress Proposals, then on what basis should the Panel make these decisions?

## (2) The length and complexity of rule change reports:

Concerns were raised that Draft Rule Change Reports and Final Rule Change Reports are too long and complex.

The Panel notes that it does not have authority to constrain the scope of Proposals – it must consider all issues raised in Proposals and in submissions to Proposals; and must document this in the rule change reports; or it will be subject to procedural review.

The Panel also notes that there is an additional layer of complexity in considering legacy Proposals, as these Proposals must be brought up to date before they can be appropriately addressed. This is taking considerable time and effort; and is adding significant length and complexity to reports. This problem should reduce as the legacy Proposals are completed.

Further, the Panel is likely to continue to receive large and complex Proposals, and the rule change reports for such Proposals are likely to be accordingly long and complex.

The Panel introduced a new structure for its rule change reports in 2018/19. The rule change reports now state the Panel's decision and provide a high-level summary of the reasons for the decision upfront in section 2 of the reports, with a detailed explanation of the reasons for the decision that addresses all issues raised in the Proposal and in submissions to the Proposal in subsequent sections. This structure is intended to inform readers of the decision and give a brief indication of the reasons for the decision, and to allow parties that are interested in the details to find them in the subsequent sections.

The views of the MAC and GAB are sought on:

- (c) Are there any concerns with the structure of Panel's decision reports? Are there any suggestions for improvement?

### (3) Responses to stakeholder feedback:

A comment was made that the Panel's responses to stakeholder concerns are often weak in Draft Rule Change Reports and Final Rule Change Reports.

The views of the MAC and GAB are sought on:

- (d) Can specific examples be provided where the Panel has provided a weak response to stakeholder concerns?

### (4) Splitting Up Proposals:

A comment was made that it does not seem possible to progress a Proposal that combines numerous matters in a reasonable time frame; and it was suggested that the Panel should investigate the possibility of splitting up Rule Changes

The Panel notes that it does not have authority to spit up a Proposal once it has been submitted. This stresses the importance of the pre-rule change process to make sure that the scope of Proposals is appropriate.

The Panel also notes that it may be more efficient and cost effective to consider interrelated issues in a single Proposal if AEMO can develop, test and implement the resulting IT and procedural changes using a single process. It should be manageable to run such rule changes processes so long as RCP Support has sufficient resources to process the Proposals and receives the necessary support from external sources, such as AEMO, and once the backlog of Proposals has been addressed.

### (5) Effectiveness of the MAC and GAB:

Some commentary was provided on the effectiveness of the MAC and GAB, including:

- MAC meetings often lack a sense of purpose and direction;
- the MAC should be used to drive decisions and action, but the Chair of the MAC often takes no accountability to ensure that conversations are valuable and that someone is accountable for delivering in response to a decision;
- the MAC is a bit of a pointless talk-fest most of the time;
- meetings have constant late papers or agenda items with no papers, so MAC members cannot adequately prepare for meetings;
- the Chair of the MAC could be more forceful in keeping comments/discussions on point; and
- fewer critical issues go to GAB, and one strategic item of WA gas market considerations does not seem to be progressing quickly.

The Panel notes that neither the Panel nor the Chair of the MAC/GAB have any authority to require Market Participants, AEMO or the Government and its entities to take any action to develop/submit Proposals in response to MAC/GAB discussions. Further, the Panel only has authority to develop a Proposal in response to MAC or GAB discussions in the limited circumstances specified in clause 2.5.4 of the Market Rules or clause 129(5) of the GSI Rules (i.e. to correct a manifest error). The legislated roles of the MAC and GAB are not analogous to that of the Australian Energy Market Commission in the National Energy Market.

Given the Panel's current regulatory and governance structure, the MAC and GAB participants will need to take on a larger role in driving changes to the market than has historically been the case.

Regarding the MAC and GAB being talk-fests, since the MAC and GAB are advisory bodies, the Chair of the MAC/GAB has been reluctant to cut off discussion unless it veers substantially off topic because discussion that is of little interest to some MAC/GAB members may be of significant interest to others. Nevertheless, steps can be taken to keep MAC/GAB discussions more on point.

The views of the MAC and GAB are sought on:

- (e) Should the Chair of the MAC/GAB take steps to cut-off discussions at meetings, perhaps setting a time limit for each speaker?

Regarding MAC papers, it is recognised that some agenda items have been discussed with late papers or no papers, particularly when the agenda item is lodged by a MAC member or an update is provided by an external agency. The Chair of the MAC has been tabling all papers at the MAC that are submitted to RCP Support, irrespective of whether they are late, and allowing the MAC to decide whether to discuss the paper or defer it to the following meeting.

The views of the MAC and GAB are sought on:

- (f) Should tabling of any late papers for discussion at the MAC/GAB be automatically deferred to the next MAC/GAB meeting, or should the current practice for the treatment of late papers continue?
- (g) Should papers be required for all agenda items?

Regarding MAC agendas, it is acknowledged that there is a preference to simplify the agendas, and that not all parties are interested in all topics before the MAC. As a result, RCP Support has commenced the practice of holding workshops to deal with the details of specific Proposals.

## **(6) Prioritisation of Proposals:**

A comment was made that there is a lack of clarity of the Panel's priorities at any given time.

RCP Support tables an 'Overview of Proposals' at each MAC and GAB meeting that includes information on the priority of Proposals. These reports are published on the Panel website.

The views of the MAC and GAB are sought on:

- (h) Would it be useful to receive additional reporting on the Panel's priorities? If so, what additional reporting would the participants like to see?

## Agenda Item 9: Rule Change Proposal Prioritisation and Scheduling Framework

Meeting 2019\_09\_26

### 1. Background

The Rule Change Panel (**Panel**) approved the current Rule Change Proposal Prioritisation and Scheduling Framework (**Framework**) on 21 July 2017. The Framework was designed to allow the Panel and the Market Advisory Committee (**MAC**) to prioritise and schedule Rule Change Proposals (**Proposals**) for the Wholesale Electricity Market Rules (**Market Rules**).

The Gas Advisory Board (**GAB**) discussed the Framework at its meeting on 27 September 2018, where the GAB was advised that the Panel also intends:

- for the GAB and Panel to use the Framework to prioritise and schedule Proposals for the Gas Services Information Rules (**GSI Rules**); and
- to undertake a review of the Framework in 2018/19 in consultation with the MAC and GAB (note that the Panel subsequently deferred this review until 2019/20).

### 2. Review of the Framework

The Framework is intended to provide a means for the Panel to efficiently manage its workload to produce the best outcomes for the energy markets and consumers. This Framework establishes the processes to:

- prioritise each Proposal in a way that offers the greatest benefits in terms of the Wholesale Market Objectives and GSI Objectives; and
- manage the Panel's work program based on its resource availability and priorities, including deciding when additional resources are required to support the Panel.

RCP Support has commenced a review of the Framework to ensure consistency with the Market Rules and GSI Rules, and to clarify the factors that influence the urgency rating and prioritisation of Proposals.

In undertaking this review, RCP Support has acknowledged the views expressed by the GAB in its discussion on 27 September 2018 that the Framework:

- uses electricity terminology and should be made more suitable for the gas market; and
- should provide for re-evaluation of the urgency ratings of Proposals if the timelines in the Framework are not reached.

RCP Support has developed changes to the Framework to address the concerns identified by the GAB and to:

- include referencing to relevant Market Rules and GSI Rules;
- clarify the factors that the Panel must have regard to in developing amendments to the Market Rules and GSI Rules;

- update the Framework to reflect the Panel’s current resource allocation;
- re-affirm the questions that should be considered when assigning an urgency rating to Proposals;
- re-affirm the factors that influence the prioritisation and scheduling of Proposals;
- adjust the descriptions of the urgency rating scale to be applicable to gas Proposals; and
- make typographical changes for consistent grammar and clarity.

### 3. Recommendation

It is recommended that the GAB:

- review and consider the Prioritisation and Scheduling Framework – January 2020 (attachment 1); and
- discuss on any concerns with or any other factor to add to the Framework.

### 4. Next Steps

The next steps for the review of the Framework are:

- (1) RCP Support will update the proposed changes to the Framework following the GAB’s discussion on 26 September 2019;
- (2) RCP Support will table the proposed changes to the Framework at the Panel meeting on 10 October 2019 and seek Panel endorsement for the direction of the proposed changes;
- (3) the MAC will be asked to discuss the proposed changes to the Framework at its meeting on 19 October 2019;
- (4) RCP Support will publish the proposed changes to the Framework and seek submissions from electricity and gas market participants;
- (5) RCP Support will update the proposed changes to the Framework based on the submissions; and
- (6) RCP Support will seek approval for the revised Framework from the Panel at its meeting on 5 December 2019, with the revised Framework to take effect from 1 January 2020.

### Attachments

1. Rule Change Proposal Prioritisation and Scheduling Framework – January 2020
2. Rule Change Proposal Prioritisation and Scheduling Framework – January 2020 (tracked changes) (reference only)

# Framework for Rule Change Proposal Prioritisation and Scheduling

1 January 2020

## 1. Background

On 23 November 2016, the Rule Change Panel (**Panel**) was established to undertake the administration of, and decision-making for changes to the Wholesale Electricity Market Rules (**Market Rules**) and the Gas Services Information Rules (**GSI Rules**). The Panel commenced its rule-making functions on 3 April 2017.

The Panel is responsible for the development of amendments and replacement of the Market Rules and GSI Rules.<sup>1</sup> The Panel must:

- be satisfied that the Amending Rules as proposed to be amended or replaced are consistent with the Wholesale Market Objectives or GSI Objectives;<sup>2</sup>
- have regard to:<sup>3</sup>
  - any applicable statement of policy principles given to the Panel by the Minister;
  - the practicality and cost of implementing the Rule Change Proposal (**Proposal**);
  - the views expressed in submissions on the Proposal;
  - the views expressed by the Market Advisory Committee (**MAC**) or Gas Advisory Board (**GAB**); and
  - any technical studies that the Panel considers necessary.

Any person may make a Proposal.<sup>4</sup> The Panel must publish a Rule Change Notice for a Proposal within seven Business Days of receiving it (or any clarification requested by the Panel).<sup>5</sup> The Market Rules and GSI Rules do not allow the Panel to extend this deadline.

Proposals can then be progressed under the Standard Rule Change Process or 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;<sup>6</sup>

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<sup>1</sup> See clause 2.2B.2 of the Market Rules and subrule 125(1) of the GSI Rules.

<sup>2</sup> See clause 2.4.2 of the Market Rules and subrule 127 of the GSI Rules. The Wholesale Market Objectives and GSI Objectives are reproduced in the Appendix to this paper.

<sup>3</sup> See clause 2.4.3 of the Market Rules and subrule 128(1) of the GSI Rules.

<sup>4</sup> See clause 2.5.1 of the Market Rules and subrule 129 of the GSI Rules.

<sup>5</sup> See clause 2.5.7 of the Market Rules and subrule 132(2)(b) of the GSI Rules.

<sup>6</sup> See clause 2.5.7 of the Market Rules and subrule 132(6) of the GSI Rules.

- no more than 20 Business Days from the closure of the first submission period until publication of the Draft Rule Change Report;<sup>7</sup>
- at least 20 Business Days from the publication of the Draft Rule Change Report until the end of the second submission period;<sup>8</sup> and
- no more than 20 Business Days from the closure of the second submission period until publication of the Final Rule Change Report.<sup>9</sup>
- 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;<sup>10</sup> and
  - no more than 20 Business Days from the publication of the Rule Change Notice until publication of the Final Rule Change Report.<sup>11</sup>

The Panel may decide to extend these timeframes, but is required to publish a notice of extension explaining the reasons for the delay.<sup>12</sup>

## 2. Overview of the Framework

The purpose of this framework is to manage the Panel's workload in an efficient manner to produce the best outcomes for the market and consumers. This framework establishes the processes to:

- allocate resources to the Panel, including the options to acquire additional resources on a short- or long-term basis if the available resources are insufficient to progress a Proposal within the default timeframes (see section 3); and
- prioritise each Proposal in a way that offers the greatest benefits in terms of the Wholesale Market Objectives and GSI Objectives (see section 4); and
- manage the Panel's work program based on its resource availability and priorities, including deciding when additional resources are required to support the Panel.

## 3. Resources

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

The default timelines cannot be guaranteed because the workload of the Panel, the Executive Officer and RCP Support<sup>13</sup> 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.

<sup>7</sup> See clause 2.7.6 of the Market Rules and subrule 136(1) of the GSI Rules.

<sup>8</sup> See clause 2.7.6(b) of the Market Rules and subrule 136(1)(b) of the GSI Rules.

<sup>9</sup> See clause 2.7.7A of the Market Rules and subrule 137(1) of the GSI Rules.

<sup>10</sup> See Clause 2.6.3 of the Market Rules and subrule 133(3) of the GSI Rules.

<sup>11</sup> See clause 2.6.3A of the Market Rules and subrule 134(1) of the GSI Rules.

<sup>12</sup> See clauses 2.5.10 and 2.5.12 of the Market Rules and rule 141 of the GSI Rules.

<sup>13</sup> The Economic Regulation Authority (**ERA**) provides the Executive Officer, RCP Support and other resources to support the Panel, in accordance with the subregulation 23(2) of the *Energy Industry (Rule Change Panel) Regulations 2016*.



Due to the complexity of the Market Rules and GSI Rules, the speed at which Proposals are progressed is dependent on the availability of skilled and experienced resources. It would be inefficient for the ERA to permanently employ the necessary experienced analysts to manage any conceivable workload peaks within the default timeframes. On the other hand, there are risks to the Western Australian energy markets if RCP Support is significantly under-resourced.

The budget for rule change activities is addressed in the Government budget estimates for the ERA.

The ERA provides the Executive Officer to the Panel, along with a mixture of dedicated and shared resources to provide the necessary services. The resources allocated to support the Panel as at 31 July 2019 include:

- four full-time staff members;<sup>14</sup>
- a variable share (depending on requirements) of a Principal Analyst; and
- an annual consultancy budget.<sup>15</sup>

If the Panel needs to urgently progress a Proposal, then the ERA may be able to provide additional resources to the Panel, subject to its overall budget limitations, either through the reallocation of internal resources or by procuring external resources with the required skills and experience from consultants or legal firms. However, the costs of such external resources would likely be high and would need to be balanced against the benefits of progressing a Proposal without delay.

The ERA may also, in exceptional circumstances, seek an increase to its budget from Treasury outside of the normal annual budget cycle.

## 4. Prioritising Proposals

The Panel will undertake an assessment process to prioritise each Proposal.

RCP Support will undertake the assessment as soon as possible in the lifecycle of a Proposal, ideally at the Pre-Rule Change Proposal stage. However, the initial priority assessment for a Proposal may need to be revised over time as circumstances change. For example:

- a change in market activity may increase/decrease the financial effects of a design flaw in the Market Rules or GSI Rules, potentially increasing/decreasing the urgency 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 that depends on the same IT systems, if concurrent processing of the Proposals would result in material cost savings for the market; and
- the assessment of some Proposals is likely to be significantly impacted by Government reform programs (e.g. the Energy Transformation Strategy) or ERA reviews.

<sup>14</sup> The full-time staff include the Executive Officer, an Assistant Director, a Principal Analyst and an Assistant Analyst. The ERA had also commenced procuring an additional full-time staff member as of 31 July 2019.

<sup>15</sup> The consultancy budget covers legal advice on Proposals (particularly on drafting of Amending Rules) and for any consultants to deal with specific Proposals (e.g. a part-time staff member was employed in 2018/19).

## 4.1 Factors Impacting the Priority of a Proposal

The following factors will impact the priority of a Proposal:

- the urgency rating of the Proposal (see section 4.2);
- the submission date of the Proposal;
- the estimated resource requirements (by resource type and working days) to process the Proposal, including:
  - internal resources (e.g. analyst, the Executive Officer);
  - specialist consultancy requirements (e.g. legal support, consultants);
  - external assistance (e.g. support from AEMO, support from the ERA, MAC or GAB workshops or working groups);
- other factors, including:
  - any specific timing considerations (e.g. the need to align commencement of Amending Rules with the Reserve Capacity Cycle, ERA reviews);
  - IT and process implementation cycles for AEMO and Market Participants; and
  - interdependencies with any Government-led reforms (e.g. the Energy Transformation Strategy).

## 4.2 Urgency Ratings

Each Proposal is assigned an urgency rating to help prioritise the Proposals and to determine the appropriate level of response if available resources are insufficient to progress a Proposal within the default timeframes.

### 4.2.1 Questions to Consider in Assigning an Urgency Rating

The urgency ratings are determined by considering the following questions:

- (1) Are the proposed amendments necessitated by external events (e.g. legislative or regulatory changes)?
- (2) Is the Proposal seeking to address a market failure or a market improvement (e.g. imperfect competition or information asymmetries)?
- (3) How bad, in terms of the Wholesale Market Objectives or GSI Objectives, might the outcomes be if the Proposal is delayed?
- (4) How good, in terms of the Wholesale Market Objectives or GSI Objectives, might the outcomes be if the Proposal is progressed promptly?
- (5) What are the likely implementation and ongoing operational costs?
- (6) What are the likely cost-benefit outcomes from the Proposal?

The Panel will not have started its formal assessment of a Proposal when the Proposal is assessed for its urgency rating. Therefore, consideration of the above questions will be based on rough initial estimates and judgement calls. Assigning a higher urgency rating to a Proposal will not impact the outcome of the Proposal.

### 4.2.2 The Urgency Rating Scale

The urgency rating of a Proposal is a major input to the prioritisation process but is not the only factor considered (see section 4.1). The urgency ratings are specified as follows.

Urgency	Description	Resourcing Implications
1	<p><b>Essential</b></p> <p>The Proposal:</p> <ul style="list-style-type: none"> <li>• is a legal necessity;</li> <li>• addresses unacceptable outcomes for the Wholesale Electricity Market or the gas market; or</li> <li>• addresses a serious threat to: <ul style="list-style-type: none"> <li>○ power system security and reliability; or</li> <li>○ security, reliability or availability of the supply of natural gas in the State.</li> </ul> </li> </ul>	Do not delay – acquire additional resources, and request an increase to the ERA budget from Treasury if necessary.
2	<p><b>High</b></p> <p>The Proposal is compelling and is:</p> <ul style="list-style-type: none"> <li>• likely to have a large net benefit; and/or</li> <li>• necessary to avoid serious perverse market outcomes.</li> </ul>	Do not delay – acquire additional resources if available, subject to overall ERA budget limitations.
3	<p><b>Medium</b></p> <p>The net benefit of the Proposal:</p> <ul style="list-style-type: none"> <li>• may be large but needs more analysis to determine; or</li> <li>• is material but not large enough to warrant a High rating.</li> </ul>	Delay up to 3 months if budgeted resources are unavailable.
4	<p><b>Low</b></p> <p>The Proposal has minor net benefit (e.g. reduced administration costs).</p>	Delay up to 6 months if budgeted resources are unavailable.
5	<p><b>Housekeeping</b></p> <p>The Proposal has negligible market benefit (e.g. it improves the readability of the Market Rules or GSI Rules).</p>	Delay up to 12 months if budgeted resources are unavailable.

### 4.2.3 The Process to Assign an Urgency Rating

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

- (1) the proponent is to suggest an urgency rating for their Proposal, usually at the Pre-Rule Change Proposal stage;
- (2) RCP Support is to seek the advice of the MAC or GAB on the urgency rating for the Pre-Proposal or Rule Change Proposal, and in doing so, is to provide the MAC or GAB with the questions listed in section 4.2.1 and the rating scale in section 4.2.2;
- (3) the MAC or GAB is to form a consensus view on the urgency rating for the Proposal, usually during discussion of the Pre-Rule Change Proposal at a MAC or GAB meeting, and is to consider the importance of each question listed in section 4.2.1 relative to the Proposal;

- (4) RCP Support is to form an independent view of the urgency rating for the Proposal, which may differ from what was suggested by the proponent and/or the MAC or GAB;
- (5) RCP Support is to provide the Panel with its recommended urgency rating for the Proposal, the reasons for its recommendation, and the views of the proponent and the MAC or GAB (particularly where these views differ from RCP Support's recommendation); and
- the Panel is to decide on the urgency rating for the Proposal, which RCP Support will then use to prioritise and schedule the Proposal.

RCP Support or the proponent of a Proposal may propose to revise the urgency rating for a Proposal if the timelines indicated in the table above are not met or if circumstances change at any stage during the rule change process. RCP Support will consult with the MAC or GAB before proposing a new urgency rating to the Panel.

### 4.3 Special Cases

Some Proposals need to be treated as 'special cases' because they are or will be affected by interdependencies with Government-led reform programs (such as the Energy Transformation Strategy) or an ERA review:

- Amending Rules made by the Minister may supersede a Proposal, either by implementing the proposed amendments or by rendering them irrelevant. In these cases, the Panel will need to reject the Proposal using the normal rule change process. Although the rejection is effectively only a housekeeping task, it should be processed promptly to avoid any unnecessary confusion.
- Uncertainty about the future of Government reforms may make 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 it will be difficult to determine what benefits of the Proposal will accrue and for how long, and therefore whether the Proposal will have a positive net benefit. In these cases, it may be appropriate to put the Proposal on hold 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.
- Some Proposals 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 prior to the Government Reform and reject the remaining components, to avoid any unnecessary delay to the former for the sake of the latter. A new Proposal can then be made for the rejected components following the Government reforms, if necessary.

## 5. Scheduling

The Executive Officer is responsible for managing the RCP Support work plan and for any associated reporting to the Panel, MAC and GAB. The work plan will 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, ERA reviews or other relevant external events.

## 5.1 Prioritisation of 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 sometimes be necessary to progress lower priority Proposals over higher priority Proposals 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;
- Panel availability;
- AEMO availability;
- MAC or GAB availability;
- timing for IT and process development and testing by AEMO and Market Participants;
- the need to coordinate with any Government-led reforms or ERA reviews; and
- special timing considerations (e.g. a small delay to a High rated Proposal may be acceptable provided the Amending Rules can be commenced before the relevant Reserve Capacity Cycle deadline).

The Panel may ask the Executive Officer to change the prioritisation and scheduling of Proposals if it considers that the changes are likely to better achieve the Wholesale Market Objectives or GSI Objectives.

## 5.2 Monitoring and Reporting

The Executive Officer is responsible for:

- six weekly reporting to the Panel on the RCP Support work plan via the 'Workflow Summary' and the 'Summary of Rule Change Proposals';
- regular reporting to the MAC and GAB on the RCP Support work plan via the 'Overview of Rule Change Proposals';
- 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
- coordinating any remedial actions under this framework to address resourcing shortfalls.

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

- liaising with the ERA to increase the use of shared resources or to 'borrow' other ERA resources;
- engaging consultants to perform specialist tasks, where appropriate;
- procuring additional resources through short-term contracts;
- deferring consideration of some Proposals; and
- if the scale of the problem is large enough (e.g. due to submission of a very large Essential or High urgency Proposal, or a severe and ongoing resource shortage) and it cannot be addressed within the ERA's overall budget limitations, liaising with the Panel and the ERA to prepare a Treasury submission to procure additional resources.

### 5.3 Interaction with Annual Budgeting Cycle

The ERA commences preparing its annual budget in February each year so that it can seek changes to its budget as part of the Government's annual budget estimates process, which occurs in April each year.

The ERA's annual budget process includes an assessment of whether sufficient resources are allocated to the Panel to meet its likely workload. The Panel and the ERA use the outcomes of this assessment to determine if any changes are needed to the resourcing levels for the next financial year.

## Appendix: The Wholesale Market Objectives and the GSI Objectives

### Wholesale Market Objectives

The Wholesale Market Objectives are specified in clause 1.2.1 of the Market Rules as follows:

The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

### GSI Objectives

The GSI Objectives are specified in subrule 2(1) of the GSI Rules as follows:

In accordance with section 6 of the GSI Act, the objectives of the Gas Bulletin Board (the GBB) and the Gas Statement of Opportunities (the GSOO) (the GSI Objectives) are to promote the long term interests of consumers of natural gas in relation to:

- (a) the security, reliability and availability of the supply of natural gas in the State;
- (b) the efficient operation and use of natural gas services in the State;
- (c) the efficient investment in natural gas services in the State; and
- (d) the facilitation of competition in the use of natural gas services in the State.

# Framework for Rule Change Proposal Prioritisation and Scheduling

~~21 July 2017~~

1 January 2020

## 1. Background

~~The~~ On 23 November 2016, the Rule Change Panel (**Panel**) was established to undertake the administration of, and decision-making for changes to the Wholesale Electricity Market Rules (**Market Rules**) and the Gas Services Information Rules (~~Market/~~**GSI Rules**) specify default timeframes). The Panel commenced its rule-making functions on 3 April 2017.

The Panel is responsible for the progression~~and~~ development of amendments and replacement of the Market Rules and GSI Rules.<sup>1</sup> The Panel must:

- be satisfied that the Amending Rules as proposed to be amended or replaced are consistent with the Wholesale Market Objectives or GSI Objectives;<sup>2</sup>
- have regard to:<sup>3</sup>
  - any applicable statement of policy principles given to the Panel by the Minister;
  - the practicality and cost of implementing the Rule Change Proposal (**Proposal**);
  - the views expressed in submissions on the Proposal;
  - the views expressed by the Market Advisory Committee (**MAC**) or Gas Advisory Board (**GAB**); and
  - any technical studies that the Panel considers necessary.

Any person may make a Proposal.<sup>4</sup> The Panel must publish a Rule Change Notice for a Proposal within seven Business Days of receiving it (or any clarification requested by the Panel).<sup>5</sup> The Market Rules and GSI Rules do not allow the Panel to extend this deadline.

Proposals (~~Proposals~~) can then be progressed under the Standard Rule Change Process and/or Fast Track Rule Change Process. The default timeframes are:

- ~~for~~For the Standard Rule Change Process:

<sup>1</sup> See clause 2.2B.2 of the Market Rules and subrule 125(1) of the GSI Rules.

<sup>2</sup> See clause 2.4.2 of the Market Rules and subrule 127 of the GSI Rules. The Wholesale Market Objectives and GSI Objectives are reproduced in the Appendix to this paper.

<sup>3</sup> See clause 2.4.3 of the Market Rules and subrule 128(1) of the GSI Rules.

<sup>4</sup> See clause 2.5.1 of the Market Rules and subrule 129 of the GSI Rules.

<sup>5</sup> See clause 2.5.7 of the Market Rules and subrule 132(2)(b) of the GSI Rules.



- at least 30 Business Days from the publication of the Rule Change Notice until the end of the first submission period;<sup>6</sup>
- no more than 20 Business Days from the closure of the first submission period until ~~the~~ publication of the Draft Rule Change Report;<sup>7</sup>
- at least 20 Business Days from the publication of the Draft Rule Change Report until the end of the second submission period;<sup>8</sup> 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~~.<sup>9</sup>
- ~~for~~**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;<sup>10</sup> and
  - no more than 20 Business Days from the publication of the Rule Change Notice until ~~the~~ publication of the Final Rule Change Report.<sup>11</sup>

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.<sup>12</sup>

## 2. ~~Regardless~~ **Overview** of the ~~rule change process~~ used **Framework**

The purpose of this framework is to manage the Panel's workload in an efficient manner to produce the best outcomes for the market and consumers. This framework establishes the processes to:

- allocate resources to the Panel ~~must publish the Rule Change Notice for~~, including the options to acquire additional resources on a short- or long-term basis if the available resources are insufficient to progress a Proposal within 7 Business Days of receiving the ~~the default timeframes (see section 3); and~~
- prioritise each Proposal ~~(or any clarification of the Proposal requested by the Panel). The in a way that offers the greatest benefits in terms of the Wholesale Market Objectives and GSI Rules do not allow the Panel to extend this deadline.~~ Objectives (see section 4); and
- manage the Panel's work program based on its resource availability and priorities, including deciding when additional resources are required to support the Panel.

## 3. **Resources**

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

<sup>6</sup> See clause 2.5.7 of the Market Rules and subrule 132(6) of the GSI Rules.

<sup>7</sup> See clause 2.7.6 of the Market Rules and subrule 136(1) of the GSI Rules.

<sup>8</sup> See clause 2.7.6(b) of the Market Rules and subrule 136(1)(b) of the GSI Rules.

<sup>9</sup> See clause 2.7.7A of the Market Rules and subrule 137(1) of the GSI Rules.

<sup>10</sup> See Clause 2.6.3 of the Market Rules and subrule 133(3) of the GSI Rules.

<sup>11</sup> See clause 2.6.3A of the Market Rules and subrule 134(1) of the GSI Rules.

<sup>12</sup> See clauses 2.5.10 and 2.5.12 of the Market Rules and rule 141 of the GSI Rules.

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), The default timelines cannot be guaranteed because the workload of the Panel, the Executive Officer and RCP Support<sup>13</sup> 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/ Rules and GSI Rules, the rapid processing of many speed at which Proposals are progressed is dependent on the availability of skilled and experienced resources. It would not be efficient/inefficient for the ERA to permanently employ enough the necessary experienced analysts to manage any conceivable work load/workload 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) On 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 other hand, there are risks to the Western Australian energy markets if RCP Support work plan, based on the scheduling assessment factors and the available resources; is significantly under-resourced.

- ongoing monitoring, reporting and adjustment of the work plan to reflect progress against targets and account for internal and external changes;

<sup>13</sup> The Economic Regulation Authority (ERA) provides the Executive Officer, RCP Support and other resources to support the Panel, in accordance with the subregulation 23(2) of the Energy Industry (Rule Change Panel) Regulations 2016.

- ~~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.~~

### ~~3.1. Resources~~

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

~~In addition The ERA provides the Executive Officer to the executive officer, the ERA allocates Panel, along with~~ a mixture of dedicated and shared resources to provide the ~~secretariat support necessary services needed by the Panel. For example, the . The~~ resources allocated to support the Panel as at ~~2131 July 2017~~2019 include:

- ~~three full-time analysts (including a Principal Analyst, Senior Analyst and Assistant Analyst);~~
- four full-time staff members;<sup>14</sup>
- 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).~~<sup>15</sup>

~~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~~the Panel needs to urgently progress a Proposal, then the ERA may be able to provide additional resources to the Panel, 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. by~~ procuring external resources with the required skills and experience from consultants or legal firms. However, the costs of such external resources would likely be high and would need to be balanced against the benefits of progressing a Proposal without delay.

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~~Prioritising Proposals

~~Each Proposal submitted to the The Panel will undergo a scheduling~~undertake an assessment process. ~~This process determines the factors that inform the prioritisation and scheduling of a Proposal. to prioritise each Proposal.~~

RCP Support will ~~commence~~undertake 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~~priority assessment for a Proposal may need to be revised over time as ~~new information becomes available. circumstances change.~~ For example:

<sup>14</sup> ~~The full-time staff include the Executive Officer, an Assistant Director, a Principal Analyst and an Assistant Analyst. The ERA had also commenced procuring an additional full-time staff member as of 31 July 2019.~~

<sup>15</sup> ~~The consultancy budget covers legal advice on Proposals (particularly on drafting of Amending Rules) and for any consultants to deal with specific Proposals (e.g. a part-time staff member was employed in 2018/19).~~

- a change in market activity may ~~either increase or/~~decrease the financial effects of a design flaw in the Market Rules or GSI 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 that depends on~~ the same IT ~~systems~~systems, if concurrent processing of the Proposals would result in material ~~IT development~~ cost savings for the market; and
- the assessment of some Proposals is likely to ~~change as more information becomes available about~~ be significantly impacted by Government reform programs (e.g. the status and timeframes of related Electricity Market Review reforms Energy Transformation Strategy) or ERA reviews.

#### 4.1 — Factors Considered in a Scheduling Assessment

##### 4.1 The scheduling assessment impacting the Priority of a Proposal comprises the

The following ~~input~~ factors will impact the priority of a Proposal:

- the urgency rating, ~~determined in accordance with~~ of the Proposal (see section 4.2 below; 4.2);
- the submission date of the Proposal;
- the estimated resource requirements (by resource type and working days) to process the Proposal, including:
  - internal resources, ~~(e.g. analyst, legal support; the Executive Officer)~~;
  - specialist consultancy requirements; ~~and~~ (e.g. legal support, consultants);
  - external assistance, ~~(e.g. support from AEMO; support from the ERA, MAC or GAB workshops or working groups)~~;
- ~~qualifying~~ other factors, including:
  - any specific timing considerations, ~~(e.g. the need to align the commencement of Amending Rules with the Reserve Capacity Cycle; ERA reviews)~~;
  - IT and process implementation cycles for AEMO and Market Participants; and
  - interdependencies with any Government-led reforms ~~of which the Panel is aware,~~ (e.g. the Electricity Market Review reforms Energy Transformation Strategy).

#### 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 help~~ prioritise the Proposals and to determine the appropriate level of response ~~when insufficient budgeted if available~~ resources are ~~available~~ insufficient to progress a Proposal ~~in~~ within the default timeframes.

##### 4.2.1 Questions to Consider in Assigning an Urgency Rating

The urgency ratings are determined by considering the following questions:

- (1) Are the proposed amendments necessitated by external events, ~~(e.g. legislative or regulatory changes to GST laws or the merger of Synergy and Verve Energy?)~~?

- (2) Is the Proposal seeking to address a market failure, or a market improvement (e.g. imperfect competition or information asymmetries?)?
- (3) How bad, in terms of the Wholesale Market Objectives or GSI Objectives, might the outcomes be if the Proposal is delayed?
- (4) How good, in terms of the Wholesale Market Objectives or GSI Objectives, might the outcomes be if the Proposal is progressed promptly?
- (5) What are the likely implementation and ongoing operational costs?
- ~~(6) It should be noted that these questions may require~~ What are the use of initial ballpark estimates and judgement calls, as in many cases the likely cost-benefit outcomes from the Proposal?

~~The Panel will not have started its formal assessment of a Proposal when the Proposal. This means, is assessed 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~~ . Therefore, consideration of the above questions will be based on rough initial estimates and judgement calls. Assigning a higher urgency rating to a Proposal will not impact the outcome of the Proposal.

#### 4.2.2 The Urgency Rating Scale

The urgency rating of a Proposal is a major input to the prioritisation process ~~it~~ but is not the only factor considered (see section 1.1). The urgency ratings are specified as follows.

~~The urgency ratings are listed in Table 4.1 below.~~

Table 4.1: Urgency ratings

Urgency	Description	Resourcing Implications
1	<p><b>Essential:</b> <del>e.g.</del>  <b>The Proposal:</b></p> <ul style="list-style-type: none"> <li><u>is a legal necessity;</u></li> <li><u>addresses unacceptable market outcomes for the Wholesale Electricity Market or the gas market;</u> or</li> <li><u>addresses a serious threat to:</u> <ul style="list-style-type: none"> <li><u>power system security and reliability;</u> or</li> <li><u>security, reliability or availability of the supply of natural gas in the State.</u></li> </ul> </li> </ul>	Do not delay – acquire additional resources, <u>and</u> request <u>an</u> increase to the ERA budget from Treasury if necessary.
2	<p><b>High:</b> <del>Compelling proposal, and either</del>  <b>The Proposal is compelling and is:</b></p> <ul style="list-style-type: none"> <li><u>likely to have a large net benefit; and/or else</u></li> <li><u>necessary to avoid serious perverse market outcomes.</u></li> </ul>	Do not delay – acquire additional resources if available, subject to overall ERA budget limitations.
3	<p><b>Medium:</b> <del>Net</del>  <b>The net benefit either of the Proposal:</b></p> <ul style="list-style-type: none"> <li>may be large but needs more analysis to determine; or</li> <li><u>is material but not large enough to warrant a High rating.</u></li> </ul>	<del>May delay</del> <u>Delay</u> up to 3 months if budgeted resources <u>are</u> unavailable.
4	<p><b>Low:</b> <del>Minor</del>  <b>The Proposal has minor</b> net benefit, <del>(e.g. reduced administration costs).</del></p>	<del>May delay</del> <u>Delay</u> up to 6 months if budgeted resources <u>are</u> unavailable.
5	<p><b>Housekeeping:</b> <del>Negligible</del>  <b>The Proposal has negligible</b> market benefit, <del>(e.g. just improves the readability of the Market Rules or GSI Rules).</del></p>	<del>May delay</del> <u>Delay</u> up to 12 months if budgeted resources <u>are</u> unavailable.

### 4.2.3 The Process to Assign an Urgency Rating

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

- (1) ~~The~~ the proponent is to suggest an urgency rating for their Proposal, usually at the Pre-Rule Change Proposal stage;
- (2) RCP Support is to seek the advice of the MAC or GAB on the urgency rating for the Pre-Proposal or Rule Change Proposal, and in doing so, is to provide the MAC or GAB with the questions listed in section 4.2.1 and the rating scale in section 4.2.2;
- (3) the MAC or GAB provides its to form a consensus views on the urgency rating for the Proposal, usually during discussion of the Pre-Rule Change Proposal at a MAC or GAB meeting, and is to consider the importance of each question listed in section 4.2.1 relative to the Proposal;

(4) RCP Support is to form an independent view of the urgency rating for the Proposal, which may differ from what was suggested by the proponent and/or the MAC or GAB;

~~(2)~~(5) RCP Support is to provide the Panel with its (potentially modified) recommended urgency rating, along with for the Proposal, the reasons for its recommendation, and details of any dissenting views from of the proponent or the MAC/GAB, to the Panel for review and approval and the MAC or GAB (particularly where these views differ from RCP Support's recommendation); and

- ~~The~~the Panel is to decide on the urgency rating for the Proposal, which ~~is then used by~~ RCP Support will then use to prioritise and schedule the Proposal.

RCP Support or the proponent of a Proposal may propose ~~a new~~to revise the urgency rating for a Proposal, if at any stage there is a change to the relevant the timelines indicated in the table above are not met or if circumstances ~~change at any stage during the rule change process~~. RCP Support will consult with the MAC ~~or~~ 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~~”cases’ because they are or ~~have been~~will be affected by interdependencies with Government-led reform programs (such as the ~~Electricity Market Review. Some examples are provided below.~~Energy Transformation Strategy) or an ERA review:

- ~~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 Panel will need to reject the Proposal ~~needs to be rejected by the Panel~~ using the normal rule change process. Although the rejection is effectively only a housekeeping ~~task~~function it should ~~still~~ be processed promptly to avoid any unnecessary confusion.
- ~~In some cases~~ uncertainty about the future of Government reforms ~~makes~~may make 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. it will be difficult to determine what benefits of the Proposal will accrue and for how long, and therefore whether the Proposal will have a positive net benefit.~~ In these cases ~~the Proposal should, it may~~ be placedappropriate to put the Proposal 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~~Some Proposals 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 prior to the Government Reform and reject the remaining components, to avoid any unnecessary delay to the former for the sake of the latter. A new Proposal can then be made for the rejected components following the Government reforms, if necessary.

## ~~5. Work Plan Management~~

### 5. Scheduling

The ~~executive officer~~Executive Officer is responsible for managing the RCP Support work plan and for any associated reporting to the Panel, MAC and ~~the MAC/GAB~~. ~~It is expected that the~~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, ERA reviews or other relevant external events.

#### 5.1 Prioritisation of Rule Change Proposals

In developing the work plan, the ~~executive officer~~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 sometimes be necessary to ~~amend the default~~progress lower priority ~~order~~Proposals over higher priority Proposals 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;

• Panel availability;

• AEMO availability;

• MAC or GAB availability;

• timing for IT and process development and testing by AEMO and Market Participants;

• the need to coordinate with any Government-led reforms or ERA reviews; and

• 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 ~~can be commenced~~ before the relevant Reserve Capacity Cycle deadline);

~~• The 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~~ ask the Executive Officer to change the prioritisation and scheduling of Proposals if it considers that the changes are likely to better achieve the Wholesale Market Objectives or GSI Objectives.

#### 5.2 Monitoring and Reporting

The ~~executive officer~~Executive Officer is responsible for:



- ~~monthly~~six weekly reporting to the Panel on the RCP Support work plan via the ~~'Workflow Summary'~~Summary and ~~the 'Summary of Rule Change Proposals standing agenda items'~~Proposals;
- regular reporting to the MAC ~~and~~ GAB on the RCP Support work plan via the ~~'Overview of Rule Change Proposals standing agenda item'~~Proposals;
- 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~~actions 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"~~borrow other ERA resources;
- engaging consultants to perform specialist tasks, where appropriate;
- ~~liaising with the relevant ERA managers to procure~~procuring additional resources through short-term contracts;
- deferring consideration of some Proposals; and
- if the scale of the problem is large enough (e.g. due to ~~the~~ submission of a very large Essential or High ~~rated~~urgency Proposal, or a severe and ongoing resource shortage) and it 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~~procure additional ~~resource requirement~~resources.

### 5.3 Interaction with Annual Budgeting Cycle

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

The ERA's annual budget ~~preparation~~ process ~~will include~~includes an assessment of whether ~~the budgeted~~sufficient resources are allocated to the Panel ~~have been sufficient~~ to meet ~~the actual~~its likely 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~~if any ~~required~~ changes are needed to the resourcing levels for the next financial year.

## **Appendix: The Wholesale Market Objectives and the GSI Objectives**

### **Wholesale Market Objectives**

The Wholesale Market Objectives are specified in clause 1.2.1 of the Market Rules as follows:

The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

### **GSI Objectives**

The GSI Objectives are specified in subrule 2(1) of the GSI Rules as follows:

In accordance with section 6 of the GSI Act, the objectives of the Gas Bulletin Board (the GBB) and the Gas Statement of Opportunities (the GSOO) (the GSI Objectives) are to promote the long term interests of consumers of natural gas in relation to:

- (a) the security, reliability and availability of the supply of natural gas in the State;
- (b) the efficient operation and use of natural gas services in the State;
- (c) the efficient investment in natural gas services in the State; and
- (d) the facilitation of competition in the use of natural gas services in the State.

## Agenda Item 10: GAB Schedule for 2020

Meeting 2019\_09\_26

The Gas Advisory Board (**GAB**) is asked to consider and agree to the proposed schedule for GAB meetings for 2020.

The GAB currently meets twice per year – in March and September – and meets on Thursday afternoons to fit in with meetings of the Rule Change Panel (**Panel**) and Market Advisory Committee (**MAC**).

RCP Support is proposing meeting dates for 2020 consistent with the current arrangement, as indicated in the table below. The GAB is asked to

- consider and accept the proposed schedule for GAB meetings for 2020; and
- consider whether additional meetings should be scheduled for 2020, noting that the GAB can call for additional meetings if needed, as issues arise.

The Panel and the MAC have already set their schedule meetings for 2020 – these meeting dates are provided in the table below for information purposes.

Month	Proposed GAB Meetings	Panel Meetings	MAC Meetings
January 2020			
February 2020		27 February 2020	11 February 2020
March 2020	12 March 2020		24 March 2020
April 2020		9 April 2020	
May 2020		21 May 2020	5 May 2020
June 2020		25 June 2020	16 June 2020
July 2020			28 July 2020
August 2020		13 August 2020	
September 2020	17 September 2020	24 September 2020	8 September 2020
October 2020			20 October 2020
November 2020		5 November 2020	
December 2020		10 December 2020	1 December 2020