

Meeting Agenda

Meeting Title: Gas Advisory Board

Meeting Number: 2020_09_17

Date: Thursday 17 September 2020

Time: 13:00 to 14:00

Location: Virtual – Microsoft Teams

Item	Item	Responsibility	Duration
1	Welcome	Chair	2 min
2	Meeting Apologies/Attendance	Chair	3 min
3	Minutes of Meeting 2020_03_12	Chair	5 min
4	Actions Arising	Chair	15 min
5	Overview of Rule Change Proposals	Chair	5 min
6	RCP Support and Rule Change Panel KPIs for 2019/20	Chair	5 min
7	Gas Advisory Board Review and Appointment Process	Chair	15 min
8	GAB Meeting Schedule for 2021	Chair	5 min
9	General Business	Chair	5 min

Next Meeting: 25 March 2021 (proposed)

Please note this meeting will be recorded.

Minutes

Meeting Title:	Gas Advisory Board (GAB)
Date:	12 March 2020
Time:	1:00 PM – 2:00 PM
Location:	Training Room 2, Albert Facey House 469 Wellington Street, Perth

Attendees	Class	Comment
Stephen Eliot	Chair	
Matthew Martin	Small-Use Consumer Representative	Minister's Appointee
Martin Maticka	AEMO	
Lipakshi Dhar	Economic Regulation Authority (ERA)	Observer
Alexandra Willis	Gas Producers	
Claire Quinn	Gas Producers	
John Jamieson	Pipeline Owners and Operators	
Rachael Smith	Pipeline Owners and Operators	
Hans Niklasson	Gas Users	
Richard Beverley	Gas Users	Proxy
Allan McDougall	Gas Shippers	Proxy

Apologies	Class	Comment
Chris Campbell	Gas Users	Proxy attended
Kathryn Sydney-Smith	Gas Shippers	
Michael Lauer	Gas Shippers	Proxy attended
Kate Ryan	Energy Policy WA (EPWA)	Proxy attended

Also in attendance	From	Comment
Natalie Robins	RCP Support	Minutes
Bryon McLaughlin	Energy Policy WA	Observer
Karan Sharma	APPEA	Observer

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 1:00 PM and welcomed members and observers to the 12 March 2020 GAB meeting.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted proxies and observers, as listed above.</p>	
3	<p>Review of Minutes from previous meeting</p> <p>The GAB accepted the tabled minutes of the GAB meeting on 26 September 2019 as a true and accurate record of the meeting.</p>	
4	<p>Actions Arising</p> <p>The Chair noted that the following three items were closed:</p> <ul style="list-style-type: none"> • Item 90 – AEMO provided a cost estimate for it to modify the Gas Bulletin Board (GBB) to receive and publish Liquefied Natural Gas (LNG) trucking data on 12 November 2019. • Item 91 – Woodside provided a cost estimate for it to provide LNG trucking data to AEMO on 31 January 2020. • Item 92 – RCP Support circulated the cost estimates provided under Actions 90 and 91 to the GAB, which were discussed under Agenda Item 6. 	
5	<p>Overview of Rule Change Proposals</p> <p>The Chair noted that there were no open Rule Change Proposals.</p>	
6	<p>Displaying Trucked LNG Volumes on the GBB</p> <p>The GAB noted the paper summarising the issue and the actions undertaken to date. Cost estimates had been provided for Woodside to provide LNG trucking data to AEMO and for AEMO to modify the GBB to receive and publish LNG trucking data. The Chair asked the GAB to consider whether there is any value in capturing this information on the GBB, given these costs estimates; and if so, who is going to develop a Rule Change Proposal.</p> <ul style="list-style-type: none"> • Mr Alan McDougall noted AEMO’s \$65,000 cost estimate and that Woodside had indicated that they are not geared up to provide daily trucked LNG volume data, given how they currently track the trucked LNG volumes. • Mr McDougall questioned whether trucked LNG counts toward Woodside’s domestic gas obligations and requirements. Ms Alexandra Willis confirmed that the Pluto trucked LNG volumes are considered domestic gas for the purposes of its <u>State Agreement reporting to the State</u>. 	

- Mr McDougall suggested that, given the practicalities of how Woodside manages trucked LNG, the information could be provided in a monthly report because Woodside probably already undertakes monthly reporting of its trucked LNG volumes for invoicing purposes, which can be provided in a standard report that does not cost \$65,000 to implement. Mr Maticka agreed that the cost of a standard monthly report published on the AEMO website would be trivial because AEMO would only need to put the information into a standard template and upload it onto the website. Mr McDougall considered that this option is quite feasible.
- Ms Willis explained how Woodside measures its trucked LNG volumes and why it cannot report these volumes on a daily basis and indicated that volume data is downloaded monthly for invoicing purposes.
- Mr McDougall and Mr Richard Beverley considered that it becomes like a basic meter in the distribution network that is read once a month, and you can just divide by the number of days to produce the daily number.
- Ms Willis noted that some of the trucked LNG volumes may go into storage, so the daily volume is not going to be an accurate reflection of what is actually being delivered to the market, although it would provide an estimate.
- Mr McDougall considered that this is similar to pipeline imbalances and noted that it can take four days for gas to get from Karratha to the South West, that positive and negative imbalances occur for long periods of time, and that there are different storage positions and unaccounted for gas. Given the number of different scenarios, Mr McDougall considered that the process should be made as simple as possible for all concerned. For example, Woodside could determine how many tonnes of LNG it trucks from the facility, convert this volume to gigajoules or terajoules for the month, and then put the average into a simple template using basic data entry. This process would not be costly or onerous. Mr McDougall reasoned that the whole purpose of the GBB and the Gas Statement of Opportunities (**GSOO**) is to make the market more transparent and this proposal would help achieve that purpose.
- Mr Hans Niklasson agreed with Mr McDougall's suggested approach and that the original intent of the GBB and the GSOO needed consideration. Mr Niklasson considered that the intent was to capture the gigajoules that enter the WA market and that the tonnes per day of trucked LNG could be converted to gigajoules using a Higher Heating Value (**HHV**). Ms Willis noted that conversion from volume to gigajoules was

	<p>not really the issue but that the challenge is measuring the daily volume that comes out of the facility.</p> <ul style="list-style-type: none"> Mr McDougall considered that on the Midwest pipeline, they adjust the HHV for the calculations every 1-3 weeks, and the pipeline balance swings according to the updated HHV number. Mr McDougall considered there are plenty of examples where things are not accurate (such as the accountability for nominations). Several attendees agreed with Mr McDougall. The Chair summarised that there appeared to be agreement from the GAB that a monthly report may have merit and questioned whether it was achievable from Woodside's perspective. Ms Willis indicated that Woodside would need to consider this further but noted that a daily report was not feasible at this point in time. Mr Niklasson questioned whether this was because the volumes do not get captured on the main tank daily. Ms Willis responded that, <u>from her understanding, trucked products require weighbridge dockets to come back from the transporter before being uploaded into a back office system and that this does not occur on a daily basis. the delay was because they had to wait for the dockets to come back from the trucking team, and that the data gets uploaded into their system and then comes across to the Woodside system, so Woodside does not collate the information daily.</u> The Chair questioned whether AEMO and Woodside could provide feedback on a monthly report. Mr Maticka advised that a monthly report would simply be absorbed as 'business as usual' by AEMO, as it's as simple as updating a couple of procedures and uploading a PDF file to its website. Ms Willis indicated that Woodside would provide feedback in a month on the possibility of a monthly report. The Chair indicated that RCP Support would circulate the information from Woodside to the GAB via email and, if there was support for the proposal, a discussion could take place about who would develop the Rule Change Proposal. <p>Actions:</p> <ul style="list-style-type: none"> Woodside to provide feedback on the feasibility and cost of providing a monthly report on its trucked LNG volumes for the GBB. RCP Support to circulate Woodside's feedback to the GAB via email. GAB members to provide RCP Support with their views of the costs and benefits of a monthly report on trucked LNG volumes. 	<p>Woodside (30/04/2020)</p> <p>RCP Support (07/05/2020)</p> <p>GAB (21/05/2020)</p>
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7 Recent Linepack Adequacy Events

Mr Maticka gave a presentation regarding several linepack adequacy events that had occurred this year. Mr Maticka explained that the purpose of the presentation was not to imply that anyone has breached the GSI Rules, which does not appear to be the case, but to discuss to highlight breaches of the GSI Rules or compliance issues but to have a discussion on whether the GBB and the Emergency Management Facility (EMF) is-are meeting industry needs.

- **Slide 1:** provided a recap of the general capacity obligations, including for the Medium-Term Capacity, Capacity Outlook and Linepack Capacity Adequacy (LCA).
- **Slide 2:** showed gas days with amber (likely curtailment of interruptible flows) and red (likely curtailment of firm flows) linepack capacity adequacy. Mr Maticka explained that there have been a few more recent events than have occurred historically, with about 18 days of amber or red status on linepack capacity. Mr Maticka considered that this may be an isolated seasonal occurrence but it was probably still worth discussing it at the GAB.
- **Slide 3:** Mr Maticka noted that the first event occurred when there was flooding in an area, and a couple of the compressors tripped on the Goldfields Gas Pipeline (GGP). This led to a change to an amber status on 16 and 17 January 2020 and then it went to a red status on the 18 and 19 January 2020. Mr Maticka's understanding of the situation was that some gas was curtailed, AEMO was updated regularly and knew what was going on, and EPWA was advised of the situation through Mr Bryon McLaughlin. Mr Maticka explained that Parkeston Power station bid higher prices so they would not be dispatched but had gas in case they needed to be dispatched. Mr Maticka noted that there was no compliance issue under the Wholesale Electricity Market Rules and that the EMF was not activated.
- **Slide 4:** Mr Maticka explained that in the second event, Cyclone Damien had made landfall and Karratha Gas Plant was shut down on 8 February 2020 and Devil Creek on 9 February 2020. Mr Maticka noted that the LCA turned amber and the Capacity Outlook was changed to zero, and then the LCA reverted to green status (normal operation) for one day, before reverting to amber status for a couple of days until it was resolved.
- Ms Rachael Smith considered that the GBB may have been updated with Devil Creeks nameplate on 9 February 2020 but noted that both the Karratha and Devil Creek plants were actually shut down within 5-minutes of each other, on

8 February 2020, by 4:00 PM. Mr Maticka considered that this made more sense.

- **Slides 5 and 6:** Mr Maticka presented two slides on the production output that was seen on the pipelines during the two events, noting that the orange columns in the slide showed that the pipeline had an amber status and that production flowed for a couple of days before it built up again. Mr Maticka considered that, from a generation point of view, the only real variation occurred due to wind, and AEMO was not aware that any gas plant was curtailed because of the reduction in gas coming in at the other end of the pipeline.
- Mr Beverley asked Ms Smith whether the amber event on 12 February 2020 was related to production or demand. Ms Smith considered that it was related to production and noted that the day before the event they had determined that North West Shelf had no redundancy and had only one platform operational. Ms Smith explained that, with no redundancy in gas supply coming through they decided to go to amber and to contact Mr McLaughlin. Ms Smith considered that the Dampier to Bunbury Pipeline (**DBP**) was not satisfied that there was redundancy in the system until the Angel and Goodwin Platforms were back, and so the LCA remained at amber.
- **Slide 7:** Mr Maticka presented a slide showing that injections into storage were reduced and Mondarra was injecting gas into the pipeline during the two events and then it reversed back after the situation was restored.
- Mr Beverley noted that Mondarra used to be slow in switching between injection and withdrawal from one day to the next and asked whether this was still the case. Mr Jamieson considered that it was no longer the case and that it takes about four hours to switch from injection to withdrawal.
- Mr Maticka noted that, as the operator, AEMO felt informed enough during the events but questioned the GAB as to whether:
 - the EMF should have been activated and, if it had been activated, would it have helped;
 - any more information could have been provided to the general industry in relation to these events;
 - the obligations on production facilities were sufficient; and
 - people should have responded or been notified in a broader way because there were issues with production.
- Mr Jamieson provided more background on the GGP situation, noting that:

- Currently, GGP is fully contracted. There have been significant extensions since 2016 on the Eastern Goldfields pipeline where a number of new mine sites have connected to the GGP.
- In contrast to the DBP, the GGP is a long skinny pipeline so, with increased load at the Southern end of the pipeline, the survival times are greatly reduced from two or three years ago if there is an incident at one of the compressor sites on the GGP.
- The first thing that the GGP does when it has an incident is to cut off or curtail the interruptible customers, which triggers an amber status. The incidence of amber linepack status on the GGP is likely to increase going forward due to the increased load and the fact that it is fully contracted.
- The GGP is looking at what it can do to extend its capacity, but it is going to take time for this to happen.
- Ms Willis questioned whether the GGP cut off customers in the amber status events. Mr Jamieson responded that the GGP curtailed interruptible customers. Mr Jamieson considered that the GGP had historically relied fairly heavily on its long-term services to get by, which worked fine when the GGP had capacity, but now that it is fully contracted. Mr Jamieson noted that he was not sure that the EMF would help in this situation because the GGP had operational issues that were resolved onsite, and the GGP kept in regular contact with the affected Shippers and customers by email, which produced reasonably prompt responses.
- It was further suggested that the contractual obligations on notification of these events address most of the issues, and that the EMF probably could not respond more quickly, as the issue has usually been dealt with by the time a meeting could be arranged.
- Ms Smith considered that the situation is different for the DBP because it is beholden upon production facilities. Ms Smith noted that one of the DBP's issue is the rigour with which production facilities updated their information on the GBB. Ms Smith considered that production facilities never update their nameplate capacity on the GBB in a timely fashion, and that they often do not update their nameplate capacity when they have reduced down to different trains. Ms Smith considered that, from a market perspective, this creates an issue if people still think there's 1,200 TJ available when there is not, and DBP end up bearing the brunt.
- Ms Smith further considered that the definition of 'linepack' under the GSI Rules is not right. Ms Smith explained that DBP's circumstance during the event was that it had lots of

'capacity' but it had a linepack issue on that particular day, as 45% of the gas dropped off and linepack dived quickly.

Ms Smith noted that gas was still being injected into the DBP and it could deliver 1,100 to 1,200 TJ/day, with all its services available, but there was not enough gas being injected.

Ms Smith considered that the Varanus Island explosion is a classic example because DBP still had all of its capacity but there just was no gas being injected. Ms Smith noted that linepack is a commodity issue, whereas curtailing is more of a capacity issue.

- Ms Smith noted that the GGP's issue was different again, as it was more about deliverability. Mr Jamieson agreed and considered that linepack adequacy is probably not the right term, as its really about pipeline health and whether it is able to deliver.
- Ms Smith considered that adding to this issue, communication by production facilities has been quite poor. Ms Smith explained that the production facilities do not respond unless the DBP goes to amber status, but something is done within half an hour if the DBP goes to amber status. Ms Smith considered that it would be beneficial for everyone if there was more rigour around posting on the [DGGBB](#) because otherwise the [GBP-DBP](#) will need to text Market Participants to let them know that the production facilities are off.
- Mr Beverley agreed with Ms Smith, noting that Alinta often does not know that there is an issue until they get a text message to tell them that a production plant is out, and then they do not know how long that plant has been down or when it is expected to be back. Mr Beverley considered that it is difficult when you have thousands of customers and power stations that need gas, and because of the contractual arrangements, it is not clear whether you have gas until after the gas day is done, which is too late. Mr Beverley noted that Alinta needs to address pressure issues on pipelines by bringing gas from storage and procuring gas from other producers. Knowing that there is a major production plant out in real time, and the expected timeframes as to when it will come back online and at what rates the production plants are producing, would help retailers.
- In response to a question, Mr Maticka noted that electricity generators in the Wholesale Electricity Market have an obligation to update their status immediately or as soon as practicable, and that once logged, the information is published within half an hour. However, Mr Maticka noted that supply and demand have to be balanced in real time in the electricity market and questioned whether a one to two-hour limit might be more acceptable for production facilities. Ms Smith considered that a three- to six-hour limit would be fine and

reiterated that the DBP had found that production facilities do not provide updates at all, and if they do, it is two days later. Mr Maticka agreed that this was too long.

- Ms Smith considered that the DBP are managing events immediately but that they do this behind the scenes by sending texts to Market Participants to advise them to contact their producers. Mr Maticka considered that this is probably not the most effective way to get the information to the market and that it could be automated. Ms Smith noted that the DBP were looking at ways to automate it internally because they need to get Market Participants to respond.
- Mr Beverley noted that Alinta responds immediately if it gets a text message from the DBP, but they get a number of amber alerts from the GBB and the seriousness of the issue behind the amber alert is not always clear (i.e. whether Alinta is going to be impacted, if the issue is going to be corrected straight away, and whether it is a linepack issue or a pressure issue). Mr Maticka considered that notification by text in this instance appeared substandard.
- GAB members acknowledged that they need something more robust than notification by text message. Mr Niklasson considered that operators are too busy addressing issues with their plant, which is understandable, and noted that part of the issue may be a reluctance to make a call in the short timeframe, determining who is best placed to make that call given that we do not have perfect information, and being able to make a call or 'estimate' without being held to it.
- Mr Martin observed that there is a requirement in the GSI Rules for estimates to be made in "good faith", which is all that you can really ask for.
- A discussion followed about whether:
 - some form of outage notification is required; or
 - a Rule Change is needed to enforce production facilities to update their status on the GBB as soon as reasonably practicable but no later than three hours.
- It was suggested that the information that is required for users to determine the impact of a plant trip and what they should do about it includes:
 - the rate of production;
 - when the trip occurred;
 - when the facility will start up again; and
 - what the ramp up will be.
- Ms Willis agreed that the information needs to be more readily available to everyone in the market rather than being sent by

text messages, as you cannot be sure that all the necessary people are on the text message list. However, Ms Willis considered that care should be taken around how much information is provided because some producers have portfolios that they can use (such as transportation) to manage their supply commitments under their contracts, and you do not want to alert customers that they need to source their own gas if the producer or operator can sort it out.

- Ms Smith considered that when multiple production facilities and 45% of gas supply is lost, as occurred when Devil Creek and KGP were shut down within ten minutes of one another, the DBP needed everyone in the market to know so that they could recalibrate and buy gas from somewhere else. However, in this instance, nobody was reacting 48 hours later, and it is situations like this when the DBP ends up at EPWA. Ms Willis agreed, noting that a market notification would trigger those conversations immediately, rather than having a time lapse and things getting out of hand. Ms Smith added that if pipelines are beholden to providing nameplate capacity, linepack capacity and LCA flags, then producers should be as well.
- Mr McLaughlin agreed that this is an issue and noted that it makes it hard for the Coordinator of Energy to assess risk under the State Hazard arrangements. With early advice and good quality information, the relevant stakeholders can be bought together, and the market can do what it needs to do. Mr McLaughlin considered that the lack of activation of the EMF was an oversight and that issues are sometimes over by the time the EMF can be activated. Mr McLaughlin noted that EPWA is cognizant of its responsibilities and the criteria for activating the EMF, and that there will be more focus on this going forward.
- Mr Maticka indicated that AEMO can investigate the need for a Rule Change Proposal and that GAB members can email him directly regarding the information that may be useful for an outage notification, and what it is that they are trying to address. Mr Maticka would accept that information received would be considered confidential unless otherwise directed and would produce a discussion paper ~~accept that information confidentially and produce a discussion paper~~ for the GAB before going out to the industry or having an industry workshop.
- Ms Willis considered that in addition to the information that should be contained in the potential outage notification, consideration should be given to the timeframe around it.
- Mr Maticka clarified that, as an industry, you want information available straight away and that some time should be allowed

	<p>to resolve critical aspects of the issue. Extra information can then be provided as it becomes available but would need to be finalised after a set time, such as after three hours after the event occurs. Mr Maticka further considered that you do not want people to be distracted from resolving the issue by filling out lots of forms, and there are lots of ways the notice could be constructed so that it could take two minutes to capture initially. Mr Maticka clarified that you want information to be sent out straight away and then resolve the issue, and then send out extra information as it becomes available, and again after three hours. Mr Maticka further considered that you do not want people to be distracted from resolving the issue by filling out lots of forms, so there are lots of ways the notice could be constructed so that it could take two minutes.</p> <p>Ms Willis noted, however, that you do not want to unnecessarily panic the market as trips do occur, and they also have production facilities that change compressors that are back up within four hours.</p> <ul style="list-style-type: none"> Ms Smith offered to send Mr Maticka the DBP's pipeline thresholds for when DBP considers that it needs to alert the market. However, Mr Jamieson noted that he is cautious about linepack thresholds because the usefulness of the threshold depends on the pipeline. Mr Jamieson considered that this is why flags have traditionally been used, rather than getting into reporting linepack numbers that can be easily misconstrued (i.e. reporting a high linepack number is not useful if the linepack cannot be used). Ms Smith agreed with not reporting specific linepack volumes, as what the DBP considers is good vs. what is an issue depends on the time of year. Mr Jamieson noted that thresholds are given to AEMO every 6 months under the Short Term Trading Market rules to update the linepack capacity for a particular pipeline, as it affects particular points. Mr Jamieson noted, however, that this information is not published and is only used to provide AEMO with linepack capacity for a contingency event. <p>Actions:</p> <ul style="list-style-type: none"> GAB members to email Mr Maticka regarding the information that would be useful for outage notifications, and what it is that they are trying to address. AEMO to develop a discussion paper regarding information reporting for outage notification, for consideration at the next GAB meeting. 	<p>GAB (17//04/2020)</p> <p>AEMO (10/09/2020)</p>
11	<p>General Business</p> <p>Potential to Move to Teleconferencing or Video Conferencing for GAB Meetings</p>	

- The Chair noted that because of the COVID-19 pandemic, the Market Advisory Committee (**MAC**) are looking at giving everyone the option to attend MAC Meetings by teleconference or by videoconference going forward. The Chair noted that he is looking to do the same for the GAB, using 'TEAMS', which has an online portal for those that don't have access to it.

Energy Policy WA 'Directions Paper' regarding the Rule Change Panel's (Panel) appointment process

- The Chair noted that the Panel had asked him to make sure that GAB members are aware of the EPWA's Directions Paper as it will result in some changes to how the Panel works. The Chair invited Mr Martin to provide an overview of the paper.
- Mr Martin noted that:
 - With the previous IMO arrangement, strict criteria were put in place around appointment of Panel members to manage potential conflicts of interest. Some of the main criteria were that Panel members could not work for Market Participants or the ERA and could not be Public Servants.
 - As part of the Electricity Market Reform, responsibility for Rule Making was transferred from the IMO to the Panel. Mr Peter Kolf was made the Chair of the Panel and two other Panel members were appointed who were previously IMO Directors. The Chair was appointed for four years and the others were appointed for shorter terms.
 - Since that time, there have been attempts to find new Panel members to replace old members, but the criteria are so strict that no-one can be found that meets the criteria within Western Australia.
 - Accordingly, EPWA is looking to make some changes to the criteria in the Energy Regulations to allow people who have suitable skills to be Panel members. This includes Public Servants outside of EPWA and the ERA, and persons employed in any industry, including Market Participants, consultants of Market Participants, and Customers. Staff from AEMO will continue to be excluded. The main people who are employed in the energy industry who do not have any conflicts of interest are employable for the Gas Industry.
 - EPWA will aim to employ people with as few conflicts as possible and to put processes in place for the Panel to manage any issues that may arise. The Panel will also need to have measures in place to manage its own

	<p>conflicts of interest, as would any other Panel, such as the Takeover Panel.</p> <ul style="list-style-type: none"> ○ EPWA is proposing an expansion of the Panel from three to five members, whilst keeping the quorum at three Panel members, so that any particular matter will be heard by three, four or five Panel members, depending on the presence of conflicts of interest. ○ The paper has been endorsed by the Minister for Energy and EPWA, and draft changes have been made to the <i>Energy Industry (Rule Change Panel) Regulations 2016</i>, which are out for comment for any unforeseen consequences or drafting errors. ○ The Panel Chair's term expires in January and he does not wish to continue, and a process is needed to get new Panel members with the right skills and experience to assess Rule Change Proposals, particularly with the changes to the electricity market that are occurring. <ul style="list-style-type: none"> ● Mr Maticka questioned whether being a director of AEMO was considered employment at AEMO. Mr Martin confirmed that this was the case. ● Mr Maticka questioned whether there was any intention to have an ERA style Chair that is a full-time employee? Mr Martin indicated that EPWA had tried not to change the nature of the Panel and its operations in terms of the payment rate, as it did not want to create an undue impost on the market. ● Mr Martin noted that the paper is open for comment until the 26 March 2020 on the EPWA website and the Chair recommended that the GAB have a look at the paper and direct any comments to EPWA. <p>GAB Appointment Process and GAB Structure</p> <ul style="list-style-type: none"> ● The Chair explained that: <ul style="list-style-type: none"> ○ Currently the GAB is structured with 14 members: <ul style="list-style-type: none"> ▪ a Chairman; ▪ the Coordinator of Energy; ▪ an AEMO representative; ▪ a small use customer representative; ▪ two members appointed by each of the Producers, Pipeline Operators, Shippers and Users; and ▪ two observers, one from the ERA and one from the Minister. 	
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	<ul style="list-style-type: none"> ○ Each year, half of the GAB members representing Producers, Pipeline Operators, Shippers and Users step down. The positions are open for nominations and the Panel then reappoints members. This appointment process is an administrative burden to manage for a body that meets twice a year. ○ Four GAB members (Claire Quinn, Rachel Smith, Mike Lauer, and Hans Niklasson) are due to step down in July this year. These members can renominate but RCP Support is required to run the nomination process again, because a change to the structure cannot be implemented before then. ○ The GAB is operated in such a way that any observers that request to attend the GAB are usually allowed to attend and everybody's comments are minuted, irrespective of whether they are an official member. ○ The GAB is not a voting body. The only decision that the GAB makes is about recommending the urgency rating of Rule Change Proposals to the Rule Change Panel. ● The Chair questioned whether this structure is still fit for purpose or whether, for example, GAB meetings should be open to all gas Market Participants to attend, as they see fit, or if there is something in between that may be more suitable? The Chair noted that Market Participants pay for this process and offered that if the GAB wants to continue with the same structure it can. ● Ms Smith questioned whether, considering that the GAB only meets twice a year, the appointment term could be lengthened, so that instead of it being two years, it could be four years. The Chair noted that this is an option. ● A suggestion that everyone is rolled off the Board at the same time every second year and then reapplies was put forward, but it was considered that this still seemed too onerous. ● Mr Martin offered that the purpose of the current structure was to ensure that the membership is balanced and representative of the industry. ● Mr Maticka considered that the GAB should have defined members, which ensures that members acknowledge their obligation as representatives in the forum. Mr Maticka liked the fact that observers' comments are currently minuted, as its good practice, but noted that this is not a mandated requirement and there is always a risk that, with a change in the Chair, this approach may change. Mr Maticka considered that, in terms of the regularity of the nomination process, it is 	
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	<p>too short given the workload that the GAB has and that the administrative load to even submit a nomination is too high. Accordingly, Mr Maticka was supportive of a longer term, noting that people can stand down if they are not available, and their circumstances change.</p> <ul style="list-style-type: none"> • The Chair noted that it would certainly be a much simpler change to extend the timelines. There was some question around whether changes would be required to the Market Rules and/or Regulations to amend the term of the nomination process. Mr Martin considered that it was a change to the Market Rules. • Mr Maticka and Mr Martin highlighted the difference in the volumes of material dealt with by the GAB and the MAC, which meets much more frequently. Mr Maticka considered that the frequency with which the nominations are refreshed through the MAC is quite valuable, because of the volume of material that it goes through. • The Chair questioned whether a 4-year structure, with staggered reappointments every two years would be suitable and there was agreement in the room that this sounded reasonable. Mr Martin questioned whether the Chair would need someone to propose this. The Chair confirmed that this was the case and suggested that he would take a look at how the structure might work first. The Chair and Mr Martin agreed to take the conversation offline. 	
	<p>The Chair noted that next meeting is scheduled for the 17 September 2020.</p>	

The meeting was closed at 2:00 PM.

Agenda Item 4: GAB Action Items

Meeting 2020_09_17

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
93	Woodside to provide feedback on the feasibility and cost of providing a monthly report on its trucked LNG volumes for the GBB.	Woodside (30/04/2020)	12/03/2020	Closed Woodside provided a response on 21 August 2020 indicating that: For the purposes of reporting on the GBB (Gas Bulletin Board), it is feasible for Woodside to supply historical trucked LNG volumes on a monthly basis, on the basis that it is grouped together with other trucked LNG supplies in the State.
94	RCP Support to circulate Woodside's feedback to the GAB via email.	RCP Support (07/05/2020)	12/03/2020	Closed RCP Support distributed Woodside's response to the GAB on 24 August 2020.

Item	Action	Responsibility	Meeting Arising	Status/Progress
95	GAB members to provide RCP Support with their views of the costs and benefits of a monthly report on trucked LNG volumes.	GAB members (21/05/2020)	12/03/2020	Open GAB members were asked to be ready to discuss this Action Item at the GAB meeting on 17 September 2020.
96	GAB members to email Mr Martin Maticka (AEMO) regarding the information that would be useful for outage notifications, and what it is that they are trying to address.	GAB members (17/04/2020)	12/03/2020	Open AEMO received one submission from GAB members. GAB members are requested to consider whether they are still interested in discussing outage notifications on the GBB, and if so, to provide responses to action item 96 as soon as possible.
97	AEMO to develop a discussion paper regarding information reporting for outage notification, for consideration at the next GAB meeting.	AEMO 10/09/2020	12/03/2020	Open AEMO has not yet prepared a discussion paper for discussion by the GAB due to the lack of responses on Action Item 96 and due to resource constraints at AEMO.

Agenda Item 5: Overview of Rule Change Proposals (as at 10 September 2020)

Meeting 2020_09_17

- 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
None				

Approved Rule Change Proposals Awaiting Commencement

Reference	Submitted	Proponent	Title	Commencement
None				

Rule Change Proposals Rejected since the last GAB Meeting

Reference	Submitted	Proponent	Title	Rejected
None				

Rule Change Proposals Awaiting Approval by the Minister

Reference	Submitted	Proponent	Title	Approval Due Date
None				

Formally Submitted Rule Change Proposals

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

Agenda Item 6: RCP Support and Rule Change Panel KPIs for 2019/20

Meeting 2020_09_17

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 2019/20;¹ 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 'RCP Support and Rule Change Panel KPIs for 2019/20' (**Attachment 1**); and
- advise on the questions raised in section 6 (in the text boxes) of the attached report.

Attachments

1. RCP Support and Rule Change Panel KPIs for 2019/20

¹ 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 2019/20 was submitted to the Minister on 31 August 2020 and is to be tabled in Parliament by 21 September 2020.

RCP Support and Rule Change Panel KPIs for 2019/20

25 August 2020

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4. Stakeholder Satisfaction Survey Results	9
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6. Points for Further Discussion.....	15

1. Background

The Rule Change Panel's (**Panel**) governing legislation and regulations do not require the Panel to establish or report on key performance indicators (**KPIs**). However, the Panel has established KPIs for RCP Support and for the Panel 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 2019/20;¹ 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 RCP Support's KPIs for 2019/20 (section 2);
- the results of the Panel's KPIs for 2019/20 (section 3);
- the results of the stakeholder satisfaction survey for 2019/20 (section 4);
- an assessment of RCP Support's and the Panel's KPIs for 2019/20, including the stakeholder satisfaction survey for 2019/20 (section 5); and
- some points for further discussion with the MAC, GAB and ERA (section 6).

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

2. RCP Support KPIs

The Panel established eight KPIs to measure RCP Support's performance on an annual basis. Table 1 presents RCP Support's performance against its eight KPIs for 2019/20.

Table 1 – KPIs for RCP Support 2019/20

Category	KPI	Result
Rule change efficiency	1. RCP Support is to manage rule changes in accordance with the <i>Framework for Rule Change Proposal Prioritisation and Scheduling (Prioritisation Framework)</i> .	<p>✓ RCP Support managed the prioritisation and scheduling of all Rule Change Proposals (Proposals) for the Market Rules and GSI Rules in accordance with the Prioritisation Framework.</p> <p>✓ RCP Support achieved the timelines set out in the Prioritisation Framework for all Proposals that were submitted in 2019/20.</p> <p>✗ RCP Support did not achieve the timelines set out in the Prioritisation Framework for some older Proposals, including some legacy Proposals that were inherited from the Independent Market Operator (see section 5 of this report for further information).</p>
	2. No breaches of any of the legislation, regulations, or rules that govern the Panel.	<p>✓ RCP Support has not identified any breaches of the Panel's governing legislation or regulations in 2019/20.</p> <p>✓ RCP Support has not identified any breaches of the Market Rules in 2019/20.</p> <p>✓ RCP Support has not identified any breaches of the GSI Rules in 2019/20.</p>
	3. No rule change processes to correct for errors in previous rule changes made by the Panel.	<p>✓ There was no need to run any rule change processes in 2019/20 to correct for errors made by the Panel.</p>

Table 1 – KPIs for RCP Support 2019/20

Category	KPI	Result																				
	4. No procedural or legal reviews requested of the Panel's decisions upheld. ²	✓ No legal reviews were sought of the Panel's decisions in 2019/20.																				
	5. The percentage of RCP Support time spent on rule changes is not to materially decline from year to year.	✓ RCP Support's time has been spent as follows since 2017/18: ³ <table border="1" data-bbox="1070 603 1839 933"> <thead> <tr> <th></th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Rule changes</td> <td>55.7%</td> <td>52.7%</td> <td>58.8%</td> </tr> <tr> <td>Overheads</td> <td>28.9%</td> <td>33.5%</td> <td>24.8%</td> </tr> <tr> <td>Leave and training</td> <td>15.4%</td> <td>8.0%</td> <td>11.7%</td> </tr> <tr> <td>Market Reform</td> <td>0.0%</td> <td>5.8%</td> <td>4.7%</td> </tr> </tbody> </table> <p>The data indicate that RCP Support has spent more time on rule changes and on leave and training in 2019/20 than in 2018/19; and less time on overheads.</p>		2017/18	2018/19	2019/20	Rule changes	55.7%	52.7%	58.8%	Overheads	28.9%	33.5%	24.8%	Leave and training	15.4%	8.0%	11.7%	Market Reform	0.0%	5.8%	4.7%
	2017/18	2018/19	2019/20																			
Rule changes	55.7%	52.7%	58.8%																			
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Leave and training	15.4%	8.0%	11.7%																			
Market Reform	0.0%	5.8%	4.7%																			

² 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 decisions 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 seen as a negative outcome.

³ RCP Support staff log the time that they spend on various activities in the ERA's TimeFiler database. Data were extracted from this database to calculate the time that RCP Support spent on various activities in 2019/20.

Caution should be taken in considering the data on staff time for 2017/18 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 that year. More appropriate codes and guidelines on how RCP Support staff should code their time were implemented in July 2018, so data on RCP Support time are more reliable from 2018/19 forward.

Table 1 – KPIs for RCP Support 2019/20

Category	KPI	Result
Effective Governance	6. RCP Support is to annually review and update the Panel Risk Register, including taking any steps identified in the register to mitigate the Panel's risks.	✓ The Panel finalised its first version of its Risk Register in August 2018 and reviewed the register in November 2018 and August 2019.
Stakeholder management ⁴	7. Over 60% of respondents are satisfied with the level of service being provided by the Panel.	✓ The Panel received satisfactory ratings from over 67% of survey respondents on all eight aspects of its services.
	8. The trend in stakeholder satisfaction with the level of service being provided by the Panel is not negative.	<p>✓ There was a positive trend in stakeholder satisfaction in six of the eight aspects of the Panel's services over the three years from 2017/18 to 2019/20.</p> <p>✗ There was a negative trend in stakeholder satisfaction in two of the eight aspects of the Panel's services over the three years from 2017/18 to 2019/20, including:</p> <ul style="list-style-type: none"> ○ the quality of administration of MAC meetings; and ○ the quality of administration of GAB meetings.

⁴ Stakeholder satisfaction with RCP Support is measured annually using a simple, anonymous, on-line survey. The Panel defines a 'satisfactory' response from the stakeholder satisfaction survey as a response of 'meets expectations', 'above expectations' or 'excellent'. A summary and discussion of the results of the stakeholder satisfaction survey for 2019/20 is presented below.

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 is a large number of participants in the segment that have been negatively impacted.

3. Panel KPIs

The Panel established eight KPIs to measure its performance on an annual basis. Table 2 presents the Panel's performance against its eight KPIs for 2019/20.

Table 2 – Panel KPIs for 2019/20		
Category	KPI	Results
Rule change efficiency	1. The Panel is to manage rule changes in accordance with the Prioritisation Framework.	See the results for KPI 1 from Table 1.
	2. No breaches of any of the legislation, regulations, or rules that govern the Panel.	See the results for KPI 2 from Table 1.
	3. No rule change processes to correct for errors in previous rule changes made by the Panel.	See the results for KPI 3 from Table 1.
	4. No procedural or legal reviews requested of the Panel's decisions upheld.	See the results for KPI 4 from Table 1.
Effective Governance	5. The Panel is to review its Risk Register every 12 months.	See the results for KPI 6 from Table 1.
	6. Fully comply with the Panel's governance structure, including the: <ul style="list-style-type: none"> • Governance Manual; • Code of Conduct; and • Meeting Rules. 	✓ The Panel has not identified any breaches of its governance arrangements in 2019/20.
Stakeholder management	7. Over 60% of respondents are satisfied with the level of service being provided by the Panel.	See the results for KPI 7 from Table 1.

Table 2 – Panel KPIs for 2019/20

Category	KPI	Results
	8. The trend in stakeholder satisfaction with the level of service being provided by the Panel is not negative.	See the results for KPI 8 from Table 1.

4. Stakeholder Satisfaction Survey Results

The Panel distributed its stakeholder satisfaction survey for 2019/20 on 28 June 2020 and sought responses by 12 July 2020. 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 results from the survey are provided in Table 3 and Figures 1 to 16.⁵

⁵ The survey was sent to 212 people that are on the RulesWatch, MAC and GAB distribution lists. The Panel received 15 responses to the survey, which represents an 7% response rate. For comparison purposes, the response rate for the survey was 7% in 2018/19 (the survey was sent to 214 people and 17 responded) and 15% in 2017/18 (the survey was sent to 124 people and 19 responded).

Table 3 – Results of the 2019/20 Stakeholder Satisfaction Survey⁶

Question	Poor	Below Expectations	Meets Expectations	Above Expectations	Excellent	Total
Quality of decisions	0 (0%)	2 (14%)	9 (60%)	2 (13%)	2 (13%)	15 (100%)
Quality of reports	0 (0%)	0 (0%)	7 (50%)	4 (29%)	3 (21%)	14 (100%)
Timeliness of rule change processes	0 (0%)	5 (33%)	8 (53%)	1 (7%)	1 (7%)	15 (100%)
Timeliness of consultation processes	0 (0%)	1 (7%)	11 (73%)	2 (13%)	1 (7%)	15 (100%)
Setting of priorities	0 (0%)	3 (22%)	8 (57%)	3 (21%)	0 (0%)	14 (100%)
Quality of communications	0 (0%)	1 (7%)	4 (28%)	4 (29%)	5 (36%)	14 (100%)
Quality of administration of MAC meetings	0 (0%)	2 (16%)	7 (54%)	2 (15%)	2 (15%)	13 (100%)
Quality of administration of GAB meetings	0 (0%)	0 (0%)	5 (83%)	1 (17%)	0 (0%)	6 (100%)

⁶ The 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 3 and Figures 1 to 16 exclude the N/A responses.

Figures 1-8 provide a graphical representation of the results of the stakeholder satisfaction survey for 2019/20.

Figure 1: Quality of Decisions

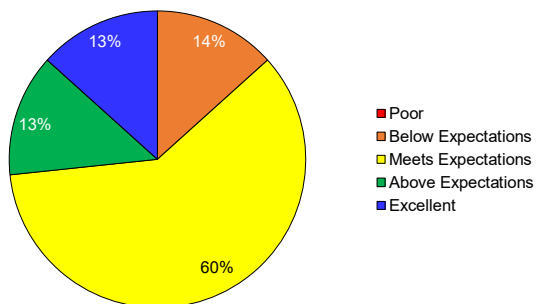


Figure 2: Quality of Reports

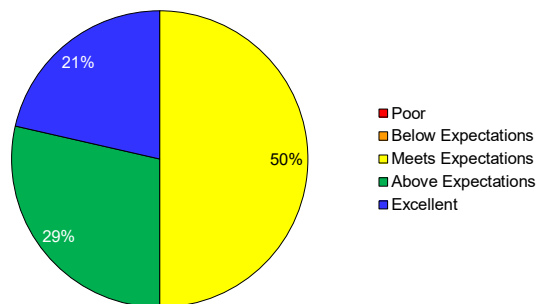


Figure 3: Timeliness of Rule Change Processes

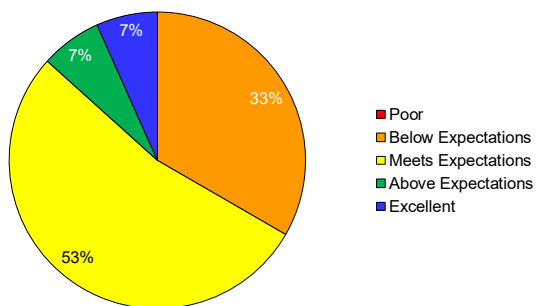


Figure 4: Timeliness of Consultation Processes

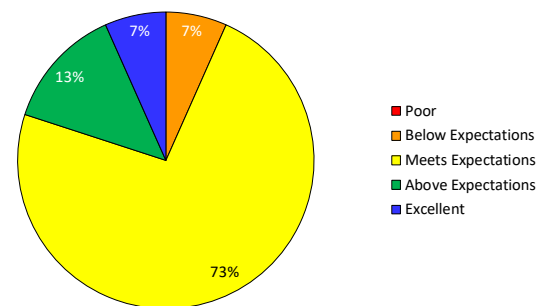


Figure 5: Setting of Priorities

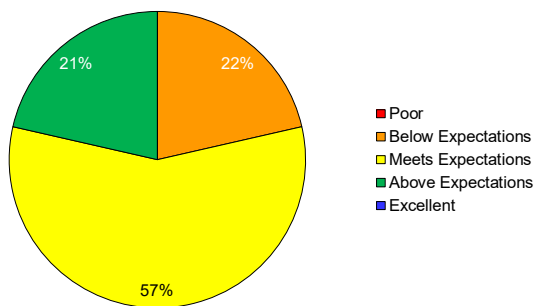


Figure 6: Quality of Communications

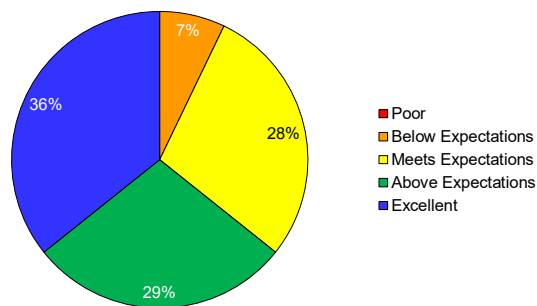


Figure 7: Quality of Administration of MAC Meetings

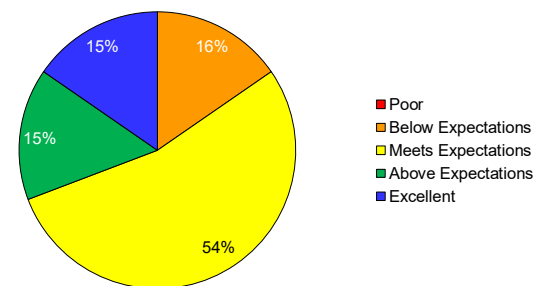
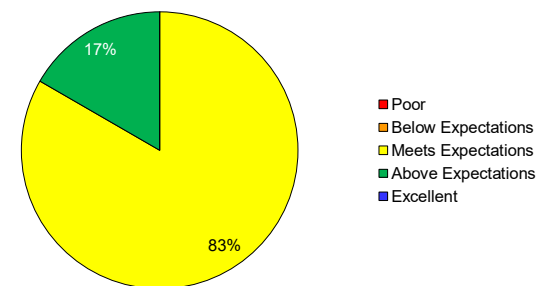
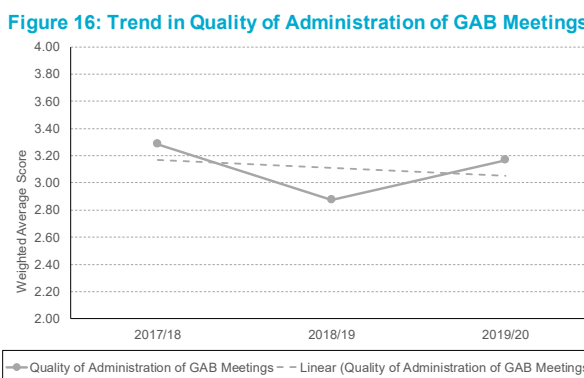
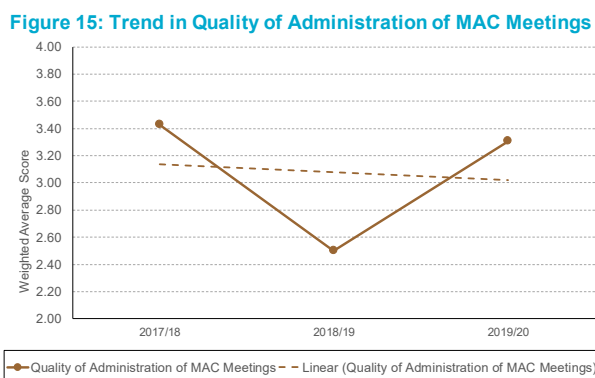
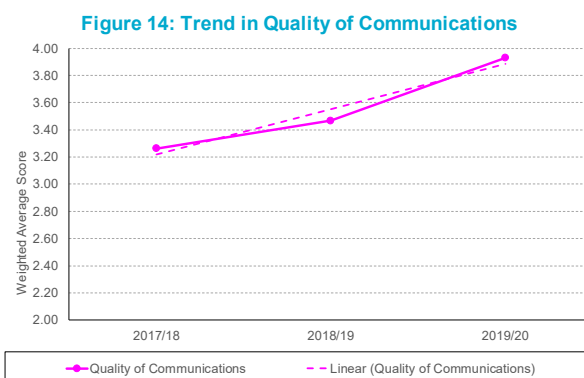
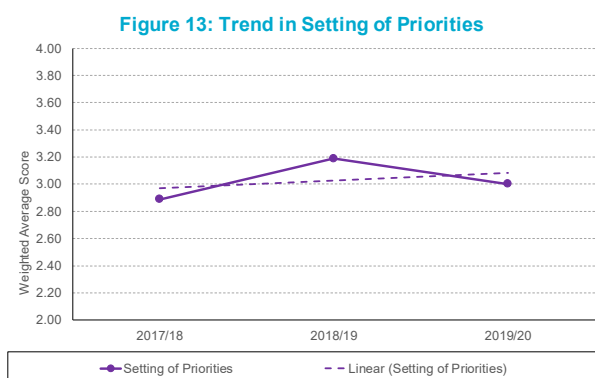
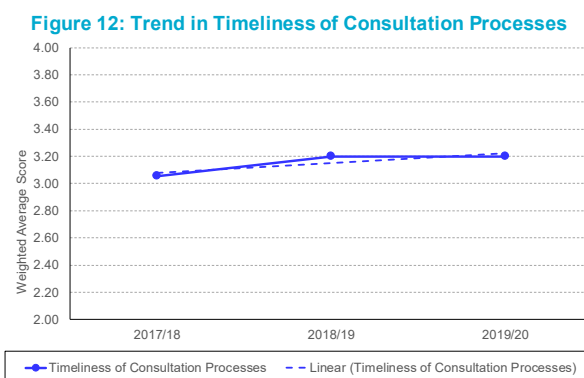
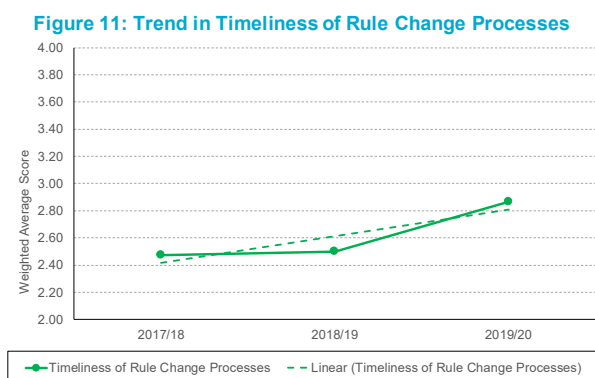
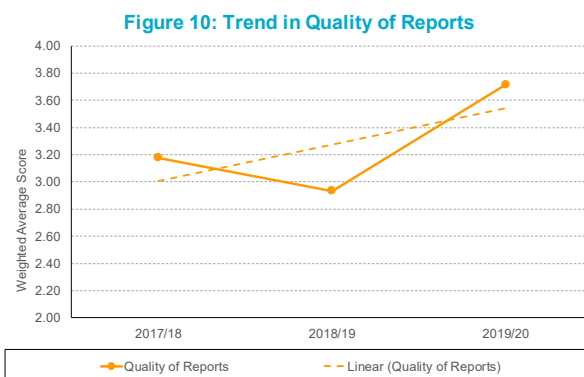
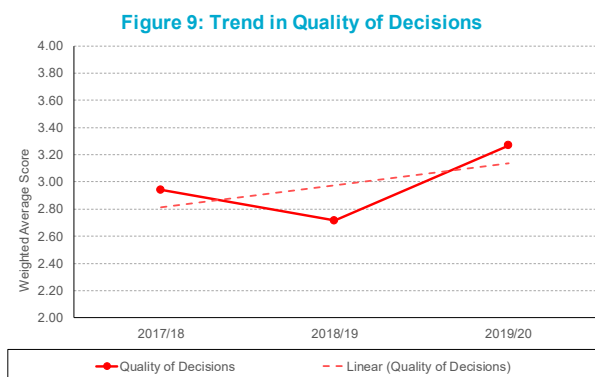


Figure 8: Quality of Administration of GAB Meetings



Figures 9 to 16 show the trend in the weighted average score for each of the aspects of the Panel’s performance from the stakeholder satisfaction surveys from 2017/18 to 2019/20. The dashed line on each chart shows the trend in the Panel’s performance.



5. Assessment of the KPIs and Stakeholder Satisfaction Survey

RCP Support and the Panel performed well in 2019/20:

- RCP Support and the Panel both met all of their KPIs in 2019/20, except:
 - while the timelines set out in the Prioritisation Framework were met for the Proposals submitted in 2019/20, the timelines were not met for some older Proposals, including some legacy Proposals that were inherited from the Independent Market Operator; and
 - while there was a positive trend in most aspects of the Panel's performance over the last three years, the 2019/20 performance ratings for the quality of administration of MAC and GAB meetings, while better than the 2018/19 ratings, were still below the 2017/19 ratings.
- The Panel generally met or exceeded stakeholder expectations in all aspects of its performance in 2019/20.
- Stakeholder ratings improved from 2018/19 to 2019/20 for all aspects of the Panel's performance except for setting priorities. The largest improvements in performance from 2018/19 to 2019/20 were in:
 - quality of administration of MAC meetings;
 - quality of the Panel's reports; and
 - quality of the Panel's decisions.

However, despite these positive results, stakeholder comments indicate that there are still some concerns with some aspects of the Panel's services:

(1) Quality of Decisions

Two of fifteen of stakeholders (14%) indicated that the quality of the Panel's decisions was below expectations. Comments regarding the quality of the Panel's decisions suggested that:

- decisions seem to have been held up by minutiae that do not need to be specified in the Market Rules; and
- decisions are supported by thorough analysis and assessment, but it is questionable whether this level of effort is necessary for all Proposals.

The Panel notes that it tries to tailor the level of effort and detail that goes into its decisions to the materiality of the associated Proposals. That is, the Panel tries to put more effort and analysis into Proposals that will have a material impact on the markets. While the Panel is required to respond to all issues raised by stakeholders during consultation on Proposals, which can lead to the Panel putting more effort into analysing less material proposals and paying more attention to minutiae, the Rule Change Panel will look to further improve its decision-making processes.

(2) Quality of Reports

Stakeholder ratings of the quality of the Panel's reports were very positive, but there were several comments to the effect that, while the reports are well reasoned and thorough, they are too long and it can be difficult to identify key points in the reports.

Some comments suggested that detail can be provided in hyperlinked documents, while others suggested that use of hyperlinked documents made reports difficult to follow. The Panel will continue to refine the structure of its reports to make them more reader friendly while still meeting the requirements for reports as specified in the Market Rules and GSI Rules.

(3) Timeliness of Rule Change Processes

There was a significant improvement in stakeholders' satisfaction with the timeliness of the rule change processes from previous years, but five of fifteen stakeholders (33%) still indicated that timeliness of the rule change process was below expectations.

Stakeholder comments suggested that the timeliness of the processes seems to have been impacted by a focus on minutiae and by delays in AEMO providing input into the rule change processes.

As indicated above, the Panel is required to respond to all issues raised by stakeholders during consultation on Proposals, which can lead the Panel to put more effort into analysing less material proposals and to pay more attention to minutiae.

The Panel has faced challenges with the timeliness of its rule change processes for older Proposals for the Market Rules (submitted prior to 2019/20), but has generally met the timelines in the Prioritisation Framework for newer proposals for the Market Rules (2019/20) and for proposals for the GSI Rules.

The Panel agrees with stakeholders that delays in AEMO providing input on some rule change processes have contributed to delays in progressing some Proposals. AEMO appears to have found some older and more complex Proposals challenging, such as RC_2014_03 (Administrative Improvements to the Outage Process) and RC_2017_02 (Implementation of 30-Minute Balancing Gate Closure).

AEMO has also faced significant resource constraints in the second half of 2019/20 due to its requirement to support the Energy Transformation Strategy (ETS) and the impacts from the COVID-19 pandemic. The MAC discussed AEMO's resourcing constraints at its meetings on 5 May 2020 and 16 June 2020, where the MAC indicated that it did not want to defer any Proposals but acknowledged that AEMO may have different priorities for its resources and that AEMO's resourcing constraints may impact the timing of some Proposals.

The Panel notes that AEMO and RCP Support are cooperating to refine the process for AEMO to provide support to the Panel so that AEMO has better clarity about the timing and resource requirements for each Proposal. This process has worked well for newer proposals submitted in 2019/20 which, as indicated above, have progressed in a timely manner.

(4) Timeliness of the Consultation Processes

One of fifteen stakeholders (7%) indicated that the timeliness of the Panel's consultation processes was below expectations. Comments suggested that the timeliness of the consultation processes was impacted by delays in waiting for input from AEMO. The Panel's comments in point (3) above regarding the impact of AEMO resourcing constraints on the rule change processes are relevant to the timeliness of the consultation process.

(5) Setting of Priorities

Three of fourteen stakeholders (22%) indicated that the setting of priorities was below expectations. Comments acknowledged that there were challenges in prioritising Proposals in the context of the ETS.

As indicated under point (3) above, the MAC has discussed the impact of resourcing constraints on AEMO due to its requirement to support the ETS and impacts from the COVID-19 pandemic. The MAC indicated that it did not want to defer any Proposals but acknowledged AEMO may have different priorities for its resources and that AEMO's resourcing constraints may impact the timeliness of the rule change process.

The Panel will continue to liaise with Energy Policy WA regarding any overlap between the ETS and any existing or new Proposals. RCP Support will also continue to discuss with AEMO, the MAC and the GAB the impact of any resource constraints on AEMO or Market Participants on their ability to support Proposals.

(6) Quality of Communications

Stakeholder feedback on the quality of Panel communications was positive and has been improving over time, but one of fourteen stakeholders (7%) still indicated that the quality of communications was below expectations. However, no specific feedback was provided on what aspects of the Panel's communications require improvement.

(7) Quality of Administration of MAC meetings

Two of thirteen stakeholders (16%) indicated that the quality of administration of MAC meetings was below expectations. Comments suggested that the move to online MAC meetings in response to the COVID-19 pandemic was helpful, as meetings are now more orderly and participants have greater opportunity to be heard.

The main criticism of the administration of the MAC was that the MAC sometimes struggles to resolve issues, such as the handling of the North Country Spinning Reserve issue.

(8) Quality of Administration of GAB meetings

No concerns were raised with the administration of GAB meetings.

6. Points for Further Discussion

Stakeholders raised several additional concerns in the stakeholder satisfaction survey for 2019/20. The Panel is providing additional feedback on these concerns to the MAC, GAB and ERA. The Panel is also seeking further feedback from the MAC, GAB and ERA on several matters.

(1) Length and Complexity of Panel Reports

Stakeholders have commented that Panel reports (i.e. Draft Rule Change Reports and Final Rule Change Reports) can be lengthy and difficult to navigate.

The Panel notes that Market Rules specify several things must be included in Panel reports⁷ and that it is these requirements that often drive the length and complexity of the reports.

The Panel has historically met the requirements for the content of Panel reports by reproducing drafting from previous documents.

However, the Panel has recognised that this approach leads to lengthy and complex Panel reports, and has drafted more recent reports by assuming that the reader has read all previous documentation and providing references to the previous documents, which are available on the Panel's website.

Some comments from the stakeholder satisfaction survey have supported this approach, while others have suggested that the references and hyperlinks make the Panel reports more difficult to follow.

The views of the MAC and GAB are sought on:

- (a) Do you support the current approach to drafting Panel reports based on the assumption that previous documents have been read and by referring to those documents where needed, rather than reproducing text from those documents in the reports?
- (b) Are there any concerns with the structure of Panel reports?
- (c) Are there any suggestions for improvements to the structure of Panel reports?

(2) Effectiveness of the MAC

A stakeholder commented that the MAC often does not reach a resolution on matters discussed or identify clear 'next steps', and cited examples of:

- the prioritisation of AEMO resourcing of its support of Proposals; and
- handling of the North Country Spinning Reserve issue.

The Panel notes 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 Energy Policy WA to take any action to develop/submit Proposals in response to MAC discussions. Further, the Panel only has authority to develop a Proposal in response to MAC discussions in the limited circumstances specified in clause 2.5.4 of the Market Rules (i.e. to correct a manifest error). The

⁷ The Market Rules specify that:

- Draft Rule Change Reports must include:
 - all submissions received on the Rule Change Proposal, a summary of those submissions and the Panel's responses to issues raised in those submissions [clause 2.7.7(b)];
 - summary of any public forums or workshops [clause 2.7.7(c)]; and
 - a summary of views expressed by MAC members, where the MAC has met to discuss the Rule Change Proposal [clause 2.7.7(d)]
- Final Rule Change Reports (for Proposals progressed using the Standard Rule Change Process) must include:
 - all information in the Draft Rule Change Report [clause 2.7.8(a)]; and
 - all submissions received on the Draft Rule Change Report, a summary of those submissions and the Panel's response to issues raised in those submissions [clause 2.7.8(b)].

On the other hand, the GSI Rules have fewer requirements on the content of Draft Rule Change Reports and Final Rule Change Reports [rules 136 and 137], and therefore can be more concise.

legislated role of the Panel is not analogous to that of the Australian Energy Market Commission (**AEMC**) in the National Energy Market.⁸

Nevertheless, the Panel acknowledges that the MAC can be better used to provide leadership on resolution of issues in the Wholesale Electricity Market, for the issues that are not already covered by the ETS.

Regarding the specific examples cited by the stakeholder, the Panel notes that:

- prioritisation of Proposals is discussed above under section 5, item (3); and
- the Chair of the MAC made RCP Support's views on the North Country Spinning Reserve Issue clear to the MAC and Energy Policy WA has taken responsibility for developing a rule change to address this issue.

⁸ The AEMC is an independent statutory body with two key roles:

- (1) Making and amending the National Electricity Rules (**NER**), National Gas Rules (**NGR**) and National Energy Retail Rules (**NERR**).

The AEMC's role in making and amending the NER, NGR and NERR is roughly analogous to the Rule Change Panel's role to make and amend the Market Rules and GSI Rules.

- (2) Providing strategic and operational advice to the Council of Australian Governments (**COAG**) Energy Council.

The AEMC's reviews and advice take a long-term view of what needs to be done to deliver reliable, secure energy at the best price for consumers. The AEMC usually undertakes reviews and provides advice in accordance with terms of reference provided by the by the COAG Energy Council, but the AEMC can also formally initiate its own reviews on matters related to the NER, NGR and NERR.

The Rule Change Panel does not have an analogous advisory role to the Western Australian Government.

Note that on 12 June 2020, Prime Minister Morrison announced that COAG will cease and a new National Federation Reform Council (**NFRC**) will be formed, with a National Cabinet at the centre of the NFRC. The COAG Energy Council has been replaced with the Resource Ministers Roundtable.

Agenda Item 7: Gas Advisory Board Review and Appointment Process

Meeting 2020_09_17

Background

The Gas Advisory Board (**GAB**) discussed the GAB appointment process and GAB structure at its meeting on 12 March 2020.

The GAB is comprised of 14 members and observers, including:

- Compulsory Class members:
 - a Chairman appointed by the Rule Change Panel (**Panel**);
 - the Coordinator of Energy;
 - a representative appointed by AEMO; and
 - a small use customer representative appointed by the Minister.
- Discretionary Class members:

Eight members nominated to represent the interests of Gas Market Participants, with two members to represent each of:

 - Gas Producers;
 - Pipeline Operators and Owners;
 - Gas Shippers; and
 - Gas Users.
- Observers:

Two observers – one appointed by the Economic Regulation Authority (**ERA**) and one by the Minister.

The current GAB review and appointment process is:

- GAB members are appointed for two-year terms and half of the GAB members' terms expire each year;
- the Panel must review the GAB annually and appoint GAB members to fill any vacancies created each year;
- where a vacancy is for a Compulsory Class member, the Panel will ask the relevant party to appoint someone to fill the vacancy for a two-year term (retiring members may be reappointed); and
- where a vacancy is for a Discretionary Class member, the Panel will seek nominations for the position from any company or individual, and if practicable, will choose members from the persons nominated (retiring members may be renominated).

The GAB considered that the current arrangements may not be fit for purpose given:

- the administrative burden of managing the review and appointment process for a body that meets twice per year and is not a voting body;¹ and
- that Registered Shippers and Registered Production Facility Operators pay for this process via their annual fees.

The GAB considered an alternative structure for the GAB where GAB meetings are open to all Gas Market Participants to attend as they see fit (i.e. no permanent appointments),² but agreed that:

- the current GAB structure ensures balanced representation of the views of industry to the Panel; and
- GAB membership ensures that members acknowledge their obligations as representatives in the forum.

Therefore, the GAB agreed to consider lengthening the term of the GAB review and appointment process to reduce the administrative burden of the process. The GAB noted that a balance needs to be struck between the need to refresh the GAB and the volume of material that the GAB considers. The GAB agreed to consider doubling the term of GAB membership so that:

- GAB members are appointed for four-year terms and half of the GAB members' terms expire every second year; and
- the Panel must review the GAB every two years and appoint GAB members to the vacancies created every second year.

It was agreed that RCP Support and Energy Policy WA (**EPWA**) would consider how this change could be accomplished and provide advice to the GAB. This paper provides the advice from RCP Support and EPWA.

The GAB's Current Governance Arrangements

The *Gas Services Information Act 2012* (**GSI Act**) deals with establishment of the Gas Statement of Opportunities (**GSOO**) and the Gas Bulletin Board (**GBB**).³ The GSI Act sets out general heads of power for regulations and rules relating to the GSOO and GBB, but not to the level of specificity of the operation of the GAB.⁴

¹ The GAB makes recommendations to the Panel based on a consensus of the views expressed by the members, excluding the observers. For example, the GAB can advise the Panel on the merits of a Rule Change Proposal and can recommend the urgency rating to the Panel for a Rule Change Proposal.

² The GAB is currently operated in such a way that any observers that request to attend the GAB are usually allowed to attend and everybody's comments are minuted, irrespective of whether they are an official member. However, this approach is not a mandated requirement and there is a risk that it may change with a change in the Chair.

³ The GSI Act is available at: https://www.legislation.wa.gov.au/legislation/statutes.nsf/main_mrtitle_12910_homepage.html.

⁴ In particular:

- clause 7 of the GSI Act provides a head of power for regulations that may confer functions relating to the GBB and GSOO on a number of parties, including the Panel; and
- clause 8 of the GSI Act provides a head of power for regulations to create rules for the GBB and GSOO; and
- clause 8(2) of the GSI Act allows the regulations to specify the matters that the rules can deal with, including amendment of the rules.

Two relevant sets of regulations are established under the GSI Act, including:

- the *Energy Industry (Rule Change Panel) Regulations 2016 (Panel Regulations)*;⁵ and
- the *Gas Services Information Regulations 2012 (GSI Regulations)*.⁶

The Gas Services Information Rules (**GSI Rules**) deal with amending the GSI Rules, and Division 6 of the GSI Rules deals with the GAB.⁷ In particular:

- Clause 11 establishes the GAB and sets out the role of the GAB (amongst other things).
- Clause 12 deals with the composition of the GAB.
- Clause 13 deals with appointment of the GAB as follows:
 - clause 13(1) allows the Panel is to appoint/remove GAB members in accordance with the GSI Rules and the Constitution for the Gas Advisory Board (**Constitution**);
 - clause 13(2) requires the Panel to consult with, and take nominations from Gas Market Participants when appointing GAB members;
 - clause 13(3) requires the Panel to annually review the composition of the GAB and remove/appoint members following the review;
 - clause 13(4) specifies the conditions under which the Panel can remove GAB members;
 - clause 13(5) allows GAB members to resign at any time by notice to the Panel; and
 - clause 13(6) requires the Panel to use reasonable endeavours to fill any vacancies on the GAB that may arise at any time.
- Clause 14 deals with the Constitution as follows:
 - clause 14(1) requires the Panel to develop and publish the Constitution;
 - clause 14(2) specifies that the Constitution must provide for:
 - the process for appointing, replacing or removing members of the GAB by the Panel;
 - the terms of reference for the GAB;
 - the terms and conditions for GAB members;
 - the process for convening the GAB;
 - the conduct of GAB meetings; and
 - any governance matters where the GAB convenes a working group.

⁵ The Panel Regulations are available at:
https://www.legislation.wa.gov.au/legislation/statutes.nsf/main_mrtitle_13834_homepage.html.

These regulations establish the Panel but do not specify establishment of advisory bodies to the Panel (i.e. the regulations do not address the GAB).

⁶ The GSI Regulations are available at:
https://www.legislation.wa.gov.au/legislation/statutes.nsf/main_mrtitle_12931_homepage.html.

These regulations establish the GSI Rules. In particular, clause 6 deals with making the GSI Rules, and clause 7 deals with amending the GSI Rules and gives the GSI Rules the head of power to provide for amending the GSI Rules. However, the GSI Regulations do not specify establishment of advisory bodies to the Panel (i.e. the regulations do not address the GAB).

⁷ The GSI Rules are available at:
<https://www.erawa.com.au/rule-change-panel/gas-services-information-rules>.

The Constitution⁸ deals with administration of the GAB, including all of the aspects of the GAB required by clause 14 of the GSI Rules. In particular, section 4 of the Constitution deals with appointing and removing GAB members, as follows:

- clause 4.1 allows the Panel to appoint and terminate GAB members that are not Compulsory Class members in accordance with the GSI Rules, section 4 of the Constitution, and the Gas Advisory Board Appointment Guidelines (**Appointment Guidelines**);
- clause 4.2 specifies how the GAB will advertise for nominations to the GAB;
- clause 4.3 allows individuals to be nominated to the GAB in more than one category of membership, but only to be appointed to one category;
- clause 4.4 specifies that each member is appointed for a two-year term, subject to any earlier termination or resignation;
- clause 4.5 specifies that there are no restrictions on the number of times a member can be appointed to the GAB;
- clause 4.6 specifies that, except for the employing organisation for the Coordinator of Energy, not more than one individual from the same employing organisation can hold membership on the GAB at any one time;
- clause 4.7 specifies how the Panel must seek nominations for GAB membership;
- clause 4.8 specifies that the Panel must review GAB performance each year, and following the review, may terminate membership and may appoint replacement members;
- clause 4.9 specifies other reasons for which the Panel may remove GAB members;
- clause 4.10 allows GAB members to resign in writing; and
- clause 4.11 specifies that the Panel will attempt to fill any vacancies on the GAB that may arise and that the GAB may continue to operate despite any vacancy.

The Appointment Guidelines specify the process that the Panel is to use to appoint GAB members.⁹ In particular:

- Section 6 of the Appointment Guidelines deals with the term of appointment for GAB members as follows:
 - clause 6.1 specifies that the term of appointment of Discretionary Class members is two years;
 - clause 6.2 specifies that Compulsory Class membership is for a two-year term;
 - clause 6.3 allows the Panel to appoint a new member when a member resigns or is removed from the GAB; and
 - clause 6.4 specifies that there are no restrictions on the number of times that a member can be reappointed to the GAB.

⁸ The Constitution is available at: <https://www.erawa.com.au/cproot/20552/2/GAB-Constitution---July-2019---clean.pdf>.

⁹ The Appointment Guidelines are available at: <https://www.erawa.com.au/cproot/20551/2/GAB-Appointment-Guidelines--July-2019-clean.pdf>.

- Section 7 of the Appointment Guidelines specifies the nomination and appointment process for GAB members as follows:
 - clause 7.1 specifies that the Panel will annually review the performance and attendance of GAB members;
 - clause 7.2 specifies that, following the annual review, the Panel will seek nominations for Discretionary Class members and appointments of Compulsory Class members;
 - clause 7.3 specifies how the Panel will advertise for nominations;
 - clause 7.4 specifies the requirements for nominations;
 - clause 7.5 specifies that nominations are confidential;
 - clause 7.6 allows that an individual can be nominated for more than one category but can only be appointed to one category;
 - clause 7.7 specifies that the Panel can only appoint one individual to the GAB from any one industry organisation at one time;
 - clause 7.8 specifies the timing for the GAB appointment process; and
 - clause 7.9 specifies that Panel communications will be by email and will be published on the Panel's website.

Potential Changes

To give effect to the changes to the GAB review and appointment process discussed by the GAB at its meeting on 12 March 2020, RCP Support and EPWA are of the view that:

- no changes are required to the GSI Act, Panel Regulations or GSI Regulations;
- changes are required to:
 - clause 13(3) of the GSI Rules;
 - clauses 4.4 and 4.8 of the Constitution; and
 - clauses 5.4, 6.1, 6.2, 7.1 and 7.2 of the Appointment Guidelines.

Preliminary draft changes to the GSI Rules, Constitution and Appointment Guidelines are provided in the Appendix to this paper.

To make a change to clause 13(3) of the GSI Rules, a party will be required to develop and submit a Rule Change Proposal to the Panel and the Panel to run a Standard Rule Change Process to approve the changes. The Panel does not have authority to develop and submit such a Rule Change Proposal.

The Panel has authority to amend the Constitution in accordance with the GSI Consultation Procedure and to amend the Appointment Guidelines without running a formal consultation process. However, the Panel will consult on any changes to the Appointment Guidelines as a matter of good practice. The Panel could develop and consult on the changes to the Constitution and Appointment Guidelines with the aim for the changes to commence concurrent with the changes to the GSI Rules.

RCP Support and EPWA note that clause 7.8 of the Appointment Guidelines sets out the timing for the GAB appointment process but that this process only specifies the month for each step¹⁰ and should continue to work with a change from an annual review process to a review process that occurs every two years. Therefore, it is not expected that clause 7.8 of the Appointment Guidelines needs to be changed to give effect to the new GAB review and appointment process.

Discussion

The GAB is asked to discuss:

- (1) Does the GAB support amending the GAB review and appointment process so that:
- GAB members are appointed for four-year terms and half of the GAB members' terms expire every second year; and
 - the Panel must review the GAB every second year and appoint GAB members to the vacancies created every second year.

This will reduce the administrative burden and the cost to Market Participants of running this process annually. Given that the GAB currently only meets twice a year, the four-year term of appointment will ensure that all sections of the industry are adequately represented as the market evolves, and consistency in advice across the terms of appointment.

- (2) Are there any other options that should be considered to streamline the GAB review and appointment process (including leaving the arrangements as they are)?
- (3) If the GAB would like to pursue the changes to the GAB review and appointment process, does the GAB support EPWA developing and submitting a Rule Change Proposal for the change to clause 13(3) of the GSI Rules?

¹⁰ Clause 7.8 of the Appointment Guidelines is as follows:

7.8. The Rule Change Panel will consider nominations received, determine the appropriate composition of the GAB, and finalise appointment arrangements according to the following timetable.

Step	Event	Date
1	Rule Change Panel calls for nominations for membership	May/June
2	Nominations for membership due to Rule Change Panel	June
3	Successful nominee advised of outcome of appointment process	July
4	GAB meeting – both new and old members invited	August

The Rule Change Panel may deviate from this timeline, but if so, must notify GAB members.

Appendix: Preliminary Draft Changes to the GSI Rules, Constitution and Appointment Guidelines

Draft Amendments to the GSI Rules

13. Appointment matters for the Gas Advisory Board

...

- (3) The Rule Change Panel must ~~annually~~ review the composition of the Gas Advisory Board every two years and may remove and appoint members following the review.

Draft Amendments to the Constitution

- 4.4. Each member is appointed for a ~~two-four~~-year term, subject to any earlier termination or resignation.

...

- 4.8. ~~The Each-year the~~ Rule Change Panel will review the performance and attendance of all Gas Advisory Board members every two years. Following the review, the Rule Change Panel may terminate membership of, or decide to not reappoint, members that it considers have not met the requirements of members as set out in the Constitution or the Gas Advisory Board Appointment Guidelines, and may appoint replacement members.

Draft Amendments to the Appointment Guidelines

- 5.4. Compulsory Class positions will not be open for nomination. The Rule Change Panel will seek confirmation from the relevant parties on the member they wish to appoint to the GAB once the ~~two four~~-year term expires for their current appointments. Compulsory Class members include:

- (a) the GAB Chairperson (appointed by the chair of the Rule Change Panel);
- (b) the Coordinator of Energy;
- (c) a small end use customer representative (appointed by the Minister); and
- (d) an AEMO Representative.

...

- 6.1. The term of appointment of Discretionary Class members is ~~two-four~~ years. This is to ensure consistency in decision making and that all sections of the industry are adequately represented as the market matures.
- 6.2. Compulsory Class membership is for a ~~two four~~-year term. At the lapse of tenure Compulsory Class members are to reconfirm their nominated representative to serve on the GAB.

...

- 7.1. ~~The Each-year the~~ Rule Change Panel will review the performance and attendance of GAB members every two years. If any changes are required, these will be addressed

at the same time the Rule Change Panel commences the ~~annual~~ appointment process for Discretionary and Compulsory Class members whose tenure has lapsed.

- 7.2. On completion of the ~~annual~~each review the Rule Change Panel will:
- (a) for Discretionary Class members whose tenure has lapsed, seek nominations from gas market stakeholders with respect to the position; and
 - (b) for Compulsory Class members whose tenure has lapsed, seek reconfirmation from a senior executive of the applicable entity whether the member will continue to represent that entity. Where no response is received from the applicable entity, it will be assumed that the compulsory class member is renominated for their position. An updated resume must be provided where the individual's skills, knowledge or experience have changed since the last review. Reconfirmation may be provided to the Rule Change Panel via email to the address specified on the Rule Change Panel's website.

Agenda Item 8: GAB Meeting Schedule for 2021

Meeting 2020_09_17

The Gas Advisory Board (**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**).

The MAC and the Panel both currently meet on a six-weekly cycle, commencing in February each year, with the MAC scheduled to meet two weeks before the Panel meeting each month.

RCP Support is proposing GAB meeting dates for 2021 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 2021 (highlighted in yellow); and
- consider whether additional meetings should be scheduled for 2021, noting that the GAB can call for additional meetings if needed, as issues arise.

The Panel and the MAC have already agreed to their schedule meetings for 2021 – these meeting dates are provided in the table below for information purposes.

	Proposed GAB Meetings	MAC Meetings	Panel Meetings
January 2021			
February 2021		Tuesday 2 February 2021	Thursday 18 February 2021
March 2021	Thursday 25 March 2021	Tuesday 16 March 2021	
April 2021		Tuesday 27 April 2021	Thursday 1 April 2021
May 2021			Thursday 13 May 2021
June 2021		Tuesday 8 June 2021	Thursday 24 June 2021
July 2021		Tuesday 20 July 2021	
August 2021		Tuesday 31 August 2021	Thursday 5 August 2021
September 2021	Thursday 23 September 2021		Thursday 16 September 2021
October 2021		Tuesday 12 October 2021	Thursday 28 October 2021
November 2021		Tuesday 23 November 2021	
December 2021			Thursday 9 December 2021