

Independent Market Operator Gas Advisory Board

Minutes

Meeting No.	6
Location:	IMO Board Room
Date:	9 October 2012
Time:	1:00 PM – 2:45 PM

Attendees	Class	Comment
Allan Dawson	Chair	
Ben Coetzer	Producer	
Pete Ryan	Producer	
Stephen Livens	Pipeline	
Gordon Rule	Major User	
Jacinda Papps	Major User	Proxy for Mike Shaw
Suzanne Frame	Independent Market Operator (IMO)	
David Murphy	Small End Users (Public Utilities Office (PUO))	
Geoff Gaston	Shipper	
Paul Hynch	Observer, PUO	
Apologies	Class	Comment
Mike Shaw	Major User	Proxy sent
Wana Yang	Observer, Economic Regulation Authority (ERA)	
Nenad Ninkov	Shipper	
Also attended	From	Comment
Kate Ryan	IMO	Presenter
Natalia Kostecki	PUO	Observer
John Jamieson	APA Group	Observer
Jessica Shaw	Dampier Bunbury Pipeline (DBP)	Observer
Piero Cabrera	Apache	Observer
Jenny Laidlaw	IMO	Observer
Joachim Tan	IMO	Observer
Rebecca Denton	IMO	Minute-taker

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 1:00 PM and welcomed members to the sixth Gas Advisory Board (GAB) meeting.</p>	
2.	<p>APOLOGIES</p> <p>Wana Yang (ERA) and Nenad Ninkov sent their apologies.</p> <p>Jacinda Papps attended the meeting as a proxy for Mike Shaw (Major User).</p> <p>The Chair advised the GAB that Steve Lewis has resigned from the GAB, and that the IMO would be proceeding with finding a replacement shortly.</p>	

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3	<p>MINUTES OF PREVIOUS MEETINGS</p> <p>The Chair asked the GAB for any comments on the previous meetings minutes. There were no comments or disagreements raised and the minutes were accepted.</p>	
4	<p>ACTIONS ARISING</p> <p>Ms Ryan provided an update on the outstanding action points from the previous GAB meetings:</p> <p>The gap analysis between the Gas Bulletin Board (GBB) and National Gas Bulletin Board (NBB) has been deferred until the IMO has developed a detailed design for the GBB.</p> <p>The evaluation of the life cycle costs of the Gas Bulletin Board (GBB) is currently underway, and the IMO expects to be able to share details of this with the GAB in November.</p> <p>During drafting of the Gas Information Services (GIS) Rules the IMO will, if possible, note in the draft GIS Rules the source of certain provisions (e.g. Wholesale Electricity Market Rules or National Gas Law), where applicable.</p> <p>As proposed in the previous meeting, the IMO will investigate whether outage information for electricity generators is publicly available and whether it could be used to reflect large user outages in the GBB.</p>	
5	<p>GAS INFORMATION SERVICES PROJECT – UPDATE</p> <p>Ms Ryan provided a brief update on the Gas Information Services Project (GISP):</p> <p>The consultation period for the GBB and GSOO design document from Market Design has concluded, and Market Reform has submitted their final design document, which was released on the IMO website on 8 October 2012. This document will inform the IMO in their design of the GBB and GSOO and the first draft of the GIS Rules.</p> <p>There will be two rounds of industry consultation in the drafting GIS Rules, the first of which is planned for late October. This consultation period will be open for 4 weeks, followed by a second round of consultation before the Christmas period. The timelines for the rules development are constrained but the Christmas break period, followed shortly after by the 2013 State Election period.</p> <p>Throughout consultation on the draft GIS design, a number of industry stakeholders requested a cost-benefit analysis be carried out and the IMO requested the view of the GAB on undertaking such a study. The GAB discussed their views on having a cost-benefit analysis carried out. It was generally agreed that whilst there was support for the GIS as a whole, a cost-benefit analysis should be carried out on the types of information required to be submitted by participants, particularly information which is additional to that required by the Emergency Management Facility (EMF). Ms. Ryan added that the draft design of the EMF was due to be finalised shortly for consultation, and a cost-benefit study could be carried out after</p>	

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	<p>this. The study was likely to be carried out in parallel with the next round of consultation on the GIS design and draft GIS Rules to enable any findings to be incorporated in later drafts of the Rules. The IMO indicated the likely total cost of the cost-benefit analysis would likely be in the range of \$60,000 to \$100,000. The GAB agreed that a cost-benefit study be carried out at that point. It was requested that the organisation appointed to carry out the cost benefit study be a neutral party, without a vested interest in the outcome of the study or GIS design, which was agreed by the IMO.</p> <p>The scoping work for the development and build of the GBB system has just concluded and the build is due to commence in the coming week. Scoping work was accompanied by a visit from a member of the AEMO IT team in order to give a breakdown of the AEMO NBB system.</p> <p>Mr. Ryan questioned the finality of the GIS design, given that Market Reform had submitted their final design report. Ms. Ryan clarified that whilst Market Reform’s advice to the IMO on the GIS design was final, the design of the GIS would not be finalised until there is a final set of GIS Rules approved. Two further rounds of public consultation will be undertaken on the draft design and draft GIS Rules before they will be finalised for approval.</p> <p><i>Action Item: The IMO to commission a cost-benefit study on the information requirements from GIS participants, focusing on information which is additional to that required for the EMF.</i></p>	<p>IMO</p>
<p>6</p>	<p>GAS INFORMATION SERVICES RULES – DRAFT GOVERNANCE RULES</p> <p>Ms. Ryan walked the GAB through the initial draft GIS governance rules. Ms. Ryan pointed out that the governance rules and the Gas Services Information (GSI) Regulations were closely linked and the governance rules had been drafted early to ensure that these did not contradict each other. The Chair added that the drafted governance rules had been prepared to enable them to be shared with the Parliamentary Council and the PUO to assist with the drafting of the GSI Regulations.</p> <p>Ms. Papps noted that there was no requirement in the draft for the IMO to conduct consultation in good faith, as there was in the Wholesale Electricity market (WEM) Rules. Ms. Ryan acknowledged that this was the case and explained that that the IMO was required to conduct all of their business in good faith. The specific provision in the WEM Rules does not add to this existing obligation.</p> <p>Ms. Ryan clarified that the EMF was not specifically mentioned in the governance Rules because it was a part of the GBB and that the current drafting allowed for both the GAB and the IMO to set up working groups, reflecting a combination of the current arrangements in the Wholesale Electricity Market (WEM) and the National Gas Rules.</p> <p>Mr. Murphy questioned whether the Minister had been given the right to administer policy direction with respect to the development of the GIS only in its implementation, or ongoing. The Chair clarified that this was the same as the governance of the Wholesale Electricity Market Rules, which meant the Minister administered policy direction for the development of the WEM, both in the initial development, and the ongoing development or evolution.</p> <p>The Chair clarified that compliance monitoring by the IMO in the WEM focused on education and cooperation with market participants, as opposed</p>	

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	<p>to policing the market and issuing civil penalties. He added that a similar approach would be used for monitoring GIS compliance. Ms. Ryan added that the IMO will have an annual audit of their internal processes to ensure that they are compliant with the GIS Rules, and the results of this audit will be made public.</p> <p>Ms. Ryan highlighted that matters relating to approval of the IMO budget had not been included in the draft of the governance rules because it was linked to the fee regime and other design considerations that are still under development. Ms. Ryan noted that the proposed arrangements for approval of the IMO's budget for the GIS have not changed – the ERA will review GIS allowable revenue every three years and annual budgets will be subject to further approval by the Minister for Energy, which is the practice for the IMO's Wholesale Electricity Market allowable revenue and budget.</p>	
<p>7</p>	<p>GIS DESIGN DRAFT – DISCUSSION</p> <p>Ms. Ryan outlined a number of outstanding issues related to the GIS design and sought GAB input on how they may be resolved:</p> <p>a) Large Users – the definition of large gas users.</p> <p>The GAB discussed several different methods of defining which facilities exceeded the proposed 10TJ/day threshold for large gas users. Maximum contracted amounts, annual averages, maximum plant capability and annual peak usage were all suggested as determinations of gas usage. The Chair suggested that a combination of these could be used to define a large user.</p> <p>The issue of confidentiality in publishing the usage of large users was raised, and whether the gas usage of a facility was actually commercially sensitive. It was noted that it may be for very large gas users who may be in competition with each other for gas supply contracts. It was also noted that there was already a large amount of data publicly available on gas/energy usage.</p> <p>Mr. Rule questioned whether 10TJ/day was an appropriate threshold for large gas users. It was questioned what proportion of the total gas usage was captured in large users. Ms. Ryan stated that the IMO would investigate this further to determine if 10TJ/day is an appropriate threshold in order to illustrate gas usage across the state.</p> <p><i>Action Item: The IMO to investigate what portion of gas usage is captured across the state by large users, and to assess whether this threshold is appropriate.</i></p> <p>b) Gathering and Publishing Gas Usage Data – Forecast and ex-post usage data and maintenance schedules.</p> <p>Ms. Ryan pointed out that the gathering and publishing of forecast usage, and maintenance information for large users had been raised in consultation on the Market Reform report. The GAB was asked to discuss whether this was useful for the market.</p> <p>Mr. Rule commented that the requirement to provide a large quantity of data was potentially onerous on the large user. The Chair replied that</p>	<p>IMO</p>

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	<p>this would be captured in the cost-benefit analysis.</p> <p>GAB members also noted concerns with the accuracy and benefit of providing a 7 day-ahead forecast. It was suggested that a 2-3 day ahead outlook was more useful and likely to be more accurate.</p> <p>However, in general the discussion did not indicate that market participants would find it particularly useful to be able to see forecast or maintenance information from large users at this point.</p> <p>c) Pipeline Segments – definition</p> <p>Ms. Ryan circulated a working draft of the proposed zones for the GBB to provide GAB members with an indication of how many pipeline segments would need to be reported on.</p> <p>The issue of reporting of maintenance and pipeline capacity reduction was discussed by the GAB. The Chair mentioned that the Market Reform report was revised in this regard, with the final report recommending a transitional arrangement enabling pipelines to submit their maintenance notices to the IMO in the same format as they currently inform their shippers, in order to reduce data provision burden on their business.</p> <p>The Chair and Ms. Ryan explained that purpose of defining and requiring pipelines operators to report on the capacity of pipeline segments is to show any changes in the capacity or ‘health’ of a pipeline between zones. Ms. Ryan requested feedback from the GAB on how information about a pipeline should be illustrated on the GBB to show potential constraints. She noted that some pipelines may be contained in one region, but other longer pipelines may cross a number of regions. It was generally agreed by the GAB that the definition of a pipeline segment should be consistent across all pipelines.</p> <p>The GAB discussed the usefulness of collecting and publishing linepack adequacy and available capacity. It was pointed out that linepack is sometimes a commercial decision as opposed to an operational or maintenance constraints. It was proposed that the capacity adequacy flags for the pipeline would be nominated by the pipeline owners based on their own assessment of their pipeline capabilities.</p> <p>The Chair thanked the GAB members for their input and insight into the GBB design issues.</p>	
8	<p>GENERAL BUSINESS</p> <p>No further issues were raised.</p>	
9	<p>NEXT MEETING</p> <p>Tuesday, 8 November 2012.</p>	
<p>CLOSED</p> <p>The Chair declared the meeting closed at 2:45 PM</p>		