



## Meeting Agenda

|                        |   |
|------------------------|---|
| <b>Meeting Title:</b>  | Gas Advisory Board  |
| <b>Meeting Number:</b> | 2021_09_23  |
| <b>Date:</b>           | Thursday 23 September 2021  |
| <b>Time:</b>           | 1:00 PM to 3:00 PM  |
| <b>Location:</b>       | <p>Level 1, 66 St. Georges Terrace<br/>(GAB members, statutory observers and presenters only)</p> <p>Observers who would like to attend the meeting are to seek approval from the Chair by noon on Tuesday 21 September 2021 by email to <a href="mailto:energymarkets@energy.wa.gov.au">energymarkets@energy.wa.gov.au</a>.</p> <p>Approved observers will be sent an invitation to attend the meeting online by COB on Wednesday 22 September 2021.</p> |

| Item | Item  | Responsibility | Type       | Duration |
|------|---|----------------|------------|----------|
| 1    | Welcome   | Chair          | Noting     | 5 min    |
| 2    | Meeting Apologies/Attendance  | Chair          | Noting     | 2 min    |
| 3    | Minutes of Meeting 2020_11_17   | Chair          | Discussion | 3 min    |
| 4    | Actions Arising   | Chair          | Discussion | 5 min    |
| 5    | Welcome from the Coordinator of Energy (no paper)   | EPWA           | Discussion | 5 min    |
| 6    | Rule Changes  |                |            |          |
|      | (a) Overview of Rule Change Proposals   | Chair          | Noting     | 5 min    |
|      | (b) LNG Trucking  | AEMO           | Discussion | 30 min   |
|      | (c) Gas Trading Mechanism   | AEMO           | Discussion | 35 min   |
|      | (d) Review of market response to outages and the access and utilisation of "Nameplate Capacity" | Kleenheat      | Discussion | 10 min   |
| 7    | Changes to the GAB Constitution   | Chair          | Discussion | 10 min   |
| 8    | GAB Meeting Schedule for 2022   | Chair          | Decision   | 5 min    |

|          |  |       |            |       |
|----------|--|-------|------------|-------|
| <b>9</b> | General Business                       | Chair | Discussion | 5 min |
|          | Next Meeting: 24 March 2022 (proposed) |       |            |       |

Please note this meeting will be recorded.

## Minutes

|                       |                                   |
|-----------------------|-----------------------------------|
| <b>Meeting Title:</b> | Gas Advisory Board ( <b>GAB</b> ) |
| <b>Date:</b>          | 17 November 2020                  |
| <b>Time:</b>          | 2:30 PM – 3:00 PM                 |
| <b>Location:</b>      | Virtual – Microsoft Teams         |

| <b>Attendees</b> | <b>Class</b>                                 | <b>Comment</b>               |
|------------------|--|------------------------------|
| Stephen Eliot    | Chair  |                              |
| Martin Maticka   | AEMO   |                              |
| Matthew Martin   | Small-Use Consumer Representative            | Minister's Appointee         |
| Kate Ryan        | Energy Policy WA ( <b>EPWA</b> )             |                              |
| Alexandra Willis | Gas Producers                                |                              |
| Peter Ryan       | Gas Producers                                |                              |
| John Jamieson    | Pipeline Owners and Operators                |                              |
| Rachael Smith    | Pipeline Owners and Operators                |                              |
| Michael Lauer    | Gas Shippers                                 |                              |
| Debra Rizzi      | Gas Shippers                                 | Proxy for<br>Ms Sydney-Smith |
| Jana O'Kane      | Gas Users                                    |                              |
| Chris Campbell   | Gas Users                                    |                              |
| Lipakshi Dhar    | Economic Regulation Authority ( <b>ERA</b> ) | Observer                     |

| <b>Apologies</b>     | <b>Class</b> | <b>Comment</b> |
|----------------------|--------------|----------------|
| Kathryn Sydney-Smith | Gas Shippers | Proxy attended |

| <b>Also in attendance</b> | <b>From</b>                   | <b>Comment</b> |
|---------------------------|-------------------------------|----------------|
| Adnan Hayat               | RCP Support                   | Minutes        |
| Allan McDougall           | Gas Trading Australia Pty Ltd | Observer       |
| Dora Guzeleva             | EPWA                          | Observer       |
| Karan Sharma              | APPEA                         | Observer       |

| <b>Also in attendance</b> | <b>From</b> | <b>Comment</b> |
|---------------------------|-------------|----------------|
| Laura Koziol              | RCP Support | Observer       |
| Mark Katsikandarakis      | AEMO        | Observer       |

| <b>Item</b> | <b>Subject</b>  | <b>Action</b> |
|-------------|---|---------------|
| <b>1</b>    | <p><b>Welcome</b></p> <p>The Chair opened the meeting at 2:30 PM and welcomed members and observers to the 17 November 2020 GAB meeting.</p>  |               |
| <b>2</b>    | <p><b>Meeting Apologies/Attendance</b></p> <p>The Chair noted proxies and observers, as listed above.</p>   |               |
| <b>3</b>    | <p><b>Review of Minutes from previous meeting</b></p> <p>The GAB accepted the tabled minutes of the GAB meeting on 17 September 2020 as a true and accurate record of the meeting.</p>  |               |
| <b>4</b>    | <p><b>Actions Arising</b></p> <p>The GAB agreed to close the following three Action Items:</p> <ul style="list-style-type: none"> <li>• Item 96 – GAB members to email Mr Martin Maticka (AEMO) regarding the information that would be useful for outage notifications, and what it is they are trying to address. <ul style="list-style-type: none"> <li>○ AEMO received only one email and GAB members did not indicate any particular information that they were seeking, so the GAB agreed to close Action Item 96.</li> </ul> </li> <li>• Item 97 – AEMO to develop a discussion paper regarding information reporting for outage notification, for consideration at the next GAB meeting. <ul style="list-style-type: none"> <li>○ The GAB agreed to close this Action Item because it is related to Action Item 96.</li> </ul> </li> <li>• Item 100 – RCP Support and EPWA to develop and submit a Rule Change Proposal to extend the timing of the GAB review and appointment process. <ul style="list-style-type: none"> <li>○ The Chair indicated that this issue directly overlaps with the proposed changes to the energy market governance arrangements, so EPWA has addressed this issue in the draft changes to the GSI Rules by changing the timing for GAB composition reviews to every two years instead of annually. Therefore, the GAB agreed to close Action Item 100.</li> </ul> </li> </ul> |               |

| Item | Subject  | Action |
|------|--|--------|
|      | <p>Regarding Action Items 98 and 99 (the LNG Trucking Issue):</p> <ul style="list-style-type: none"> <li>• The Chair noted that, on 28 October 2020, Woodside indicated it will need until 30 November 2020 to develop its response on Action Item 98. As a result, Action Items 98 and 99 remain open.</li> <li>• Given the forthcoming changes to the energy market governance arrangements, the Chair asked whether the GAB members would like to address the LNG trucking issue before or after the transition to the new governance arrangements. <ul style="list-style-type: none"> <li>○ Mr Michael Lauer asked how the LNG trucking issue will be processed and whether it could be dealt with via the governance rule changes. The Chair indicated that there are some issues that still need to be addressed in considering a rule change for the LNG trucking issue, such as how trucked LNG volumes will be published and how to distinguish these volumes from the trucking volumes that are already captured on the Gas Bulletin Board (<b>GBB</b>). The Chair also noted that the rule-change process will continue under the new governance arrangements, but the Coordinator of Energy (<b>Coordinator</b>) will be the decision-maker rather than the Rule Change Panel (<b>Panel</b>), so the intent is for the Panel to run rule change process under business as usual. Therefore, it would be inappropriate to bypass all of the consultation steps from a standard rule change process and deal with the LNG Trucking issue via the governance rule changes.</li> <li>○ Mr Lauer suggested that he would prefer to see this issue processed as soon as possible. Mr Chris Campbell considered that, while the LNG trucking volumes are currently not material, publishing this information is important for completeness, so a rule change should be processed as soon as possible.</li> <li>○ Mr Martin Maticka indicated that AEMO has significant current resource commitments, so if this issue is to be expedited, AEMO would want simple publication requirements. The Chair agreed that this makes sense from a cost and practicality perspective.</li> <li>○ The Chair summarised that AEMO and RCP Support will continue to progress the LNG trucking issue once Woodside provides a response to Action Item 98, which is expected by 30 November 2020.</li> </ul> </li> </ul> |        |
| 5    | <p><b>Overview of Rule Change Proposals</b></p> <p>The Chair noted that there were no open Rule Change Proposals.</p>  |        |
| 6    | <p><b>Rule Change Governance – Consultation on Change to the GSI Rules and Regulations</b></p> <ul style="list-style-type: none"> <li>• Ms Kate Ryan indicated that, on 12 October 2020, the Minister announced some changes to the energy market governance</li> </ul>  |        |

| Item | Subject   | Action |
|------|---|--------|
|      | <p>arrangements in WA. These changes are mostly in electricity sector, but they have some consequences for the Gas Services Information (GSI) framework as well.</p> <ul style="list-style-type: none"> <li>• The rationale behind the changes is that government is looking to allocate the functions to the Coordinator so that we have a clear body to undertake energy policy, coordination and market development. The ERA will deal with licencing, compliance and economic regulatory matters; and the AEMO will be the operator of the GBB and the Gas Statement of Opportunities (GSOO). These three entities are working through the changes to regulations and rules to give effect to the new governance arrangements. As a result of these changes, responsibility for the rule change process is being transferred from the Panel to the Coordinator.</li> <li>• Ms Ryan indicated that the changes are more material in the electricity sector, but the Government's aim is to harmonise the arrangements across the energy sector to get efficiencies and to minimise costs for the gas sector.</li> <li>• Ms Ryan indicated that the proposed changes seek to address the gaps and reduce overlaps in current governance arrangements, to improve their effectiveness and ease pressure on the cost of market administration.</li> <li>• Ms Ryan indicated that the changes seek to: <ul style="list-style-type: none"> <li>○ allocate clear responsibility for ongoing GSI development to a single governance body;</li> <li>○ make some changes to the processes and the role of the GAB to make it work in the context of the new decision-maker; and</li> <li>○ explicitly acknowledge that Government has an ongoing role in leading the evolution of WA's energy sector.</li> </ul> </li> <li>• Ms Ryan indicated that the Consultation Paper includes four appendices to deal with different elements of the proposed changes to rules and regulations. Appendices B and D are relevant in the context of the GSI framework – Appendix B proposes draft changes to the GSI Rules and Appendix D deals with regulation changes.</li> <li>• Ms Ryan further explained that Appendix B proposes that all of the Panel's functions are being transferred to the Coordinator, including decision-making on Rule Change Proposals, administration of the rule change process, administration of GAB and recovery of costs via fees from GSI participants using the existing processes.</li> <li>• Ms Ryan indicated that the following changes to the GSI Rules have been proposed to support the new governance arrangements: <ul style="list-style-type: none"> <li>○ the tenure of GAB membership will be modified;</li> </ul> </li> </ul> |        |

| Item | Subject  | Action |
|------|--|--------|
|      | <ul style="list-style-type: none"> <li>○ the Chair of GAB is to be independent of market participants and the rule change body.</li> <li>○ the GAB is to advise the Coordinator on rule change proposals and evolution of the GSI framework;</li> <li>○ the GAB is to try to achieve consensus but dissenting views are to be noted;</li> <li>○ the Coordinator and Chair of the GAB will be permitted to propose rule changes, and in both cases will be supported by EPWA, which will include RCP Support staff, who will move to EPWA;</li> <li>○ the Minister will approve any Rule Change Proposals commenced by the Coordinator;</li> <li>○ the GAB will have additional consumer representatives; and</li> <li>○ the market information arrangements will be expanded to include the Coordinator, <del>ensuring and will be changed to</del> adequately protect<del>ion of</del> information <del>continues</del>.</li> </ul> <ul style="list-style-type: none"> <li>● Ms Ryan indicated the following changes to the GSI Regulations have been proposed to support the new governance arrangements: <ul style="list-style-type: none"> <li>○ a head of power will be inserted to enable functions to be placed on the Coordinator and for recovery of fees by the Coordinator;</li> <li>○ there will be consequential amendments to support the wind-up of the Rule Change Panel; and</li> <li>○ the Minister will be given temporary rule making power to make rules to give effect to the changes to the governance arrangements.</li> </ul> </li> <li>● Ms Ryan indicated that Panel will continue to progress rule changes in business as usual manner and that a proposal to address the LNG trucking issue can be submitted if Market Participants consider this is appropriate given the urgency of the proposal.</li> <li>● Ms Ryan explained that consultation on draft changes to the regulations and rules will close on 11 December 2020. EPWA expects to submit the rule and regulation changes to the Minister in December 2020 and to finalise them in January 2021, ahead of the Government moving into the caretaker period ahead of election. The governance changes will then take effect on 1 July 2021.</li> <li>● Mr Campbell noted that Coordinator will be responsible for the Whole of System Plan, which will impact the Electricity Statement of Opportunities (<b>ESOO</b>) and the GSOO and are AEMO's responsibility, which makes AEMO's role more administrative in nature, so Mr Campbell asked whether the ESOO and GSOO are also likely to move to the Coordinator?</li> </ul> |        |

| Item | Subject   | Action |
|------|---|--------|
|      | <ul style="list-style-type: none"> <li>○ Ms Ryan indicated that there will be a two stage work program to consider broader improvements to the governance of the energy sector, including clarifying roles and responsibilities, and removing duplication and overlaps, to make the sector work as efficiently as possible. This may include exploring changes to the GSOO and the role of AEMO.</li> <li>● Mr Lauer asked about funding for the administration of the WEM and the GSI rules and whether this will remain with AEMO or move to the Coordinator? <ul style="list-style-type: none"> <li>○ Ms Ryan confirmed that the funding arrangements for administration of the WEM Rules and GSI Rules will remain with AEMO and the Coordinator will recover their cost via AEMO, similar to how the ERA currently recovers its costs.</li> <li>○ Mr Maticka indicated that this will be a small change for how AEMO processes fees and Market Participants should not notice the change.</li> </ul> </li> <li>● Mr Campbell indicated that he agrees that the customer needs to be represented well, but questioned the rationale of the extra customer representation in the gas sector since the gas sector is working with just the GBB and GSOO. <ul style="list-style-type: none"> <li>○ Ms- Ryan replied that the intent is to strengthen customer representation across the energy sector and that <u>EPWA Gas Market Participants</u> would <u>not</u> bear any costs for the consumer advocates, <u>noting that EPWA has other means available to financially support customer participation if required and appropriate.</u></li> </ul> </li> <li>● Ms Ryan indicated that EPWA is keen for feedback on the proposed governance changes in the context of GSI, particularly on: <ul style="list-style-type: none"> <li>○ whether the proposed changes make sense and work in context of GSI framework;</li> <li>○ whether the role of industry in the GAB has been sufficiently strengthened; and</li> <li>○ is there more that can be done to ensure the accountability and transparency in the decision-making process and on the Coordinator?</li> </ul> </li> </ul> |        |
| 7    | <p><b>General Business</b></p> <p>None.</p>   |        |
|      | <p><b>The Chair noted that next meeting is scheduled for 25 March 2021.</b></p>   |        |

**The meeting was closed at 3:00 PM.**



## Agenda Item 4: Gas Advisory Board (GAB) Action Items

Meeting 2021\_09\_23

|          |  |
|----------|--|
| 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   |
|------|--|-----------------------------|-----------------|---|
| 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<br>(17/04/2020) | 12/03/2020      | <b>Closed</b><br>AEMO received only one email and GAB members did not indicate any particular information that they were seeking, so the GAB agreed at its meeting on 17/11/2020 to close Action Item 96. |
| 97   | AEMO to develop a discussion paper regarding information reporting for outage notification, for consideration at the next GAB meeting.                                 | AEMO<br>10/09/2020          | 12/03/2020      | <b>Closed</b><br>Action Item 97 is related to Action Item 96, which has been closed, so the GAB agreed at its meeting on 17/11/2020 to close Action Item 97.  |
| 98   | Woodside to respond to the GAB on the GAB's views regarding reporting trucked  | Woodside<br>30/10/2020      | 17/09/2020      | <b>Closed</b><br>Woodside indicated that, for the purposes of reporting on the GBB, Woodside agree that   |

| Item | Action  | Responsibility                   | Meeting Arising | Status/Progress  |
|------|---|----------------------------------|-----------------|--|
|      | LNG data on the GBB on an aggregated basis.   |                                  |                 | trucked LNG data should be provided on a disaggregated basis, however it should be considered whether the same reporting rules apply to all trucked LNG volumes.   |
| 99   | RCP Support and AEMO to develop a discussion paper regarding reporting of trucked LNG volumes on the GBB.   | RCP Support / AEMO<br>30/10/2020 | 17/09/2020      | <b>Open</b><br>AEMO has developed a proposal on how to address reporting of LNG trucking volumes on the GBB for discussion by the GAB – see Agenda Item 6(b).  |
| 100  | RCP Support and Energy Policy WA ( <b>EPWA</b> ) to develop and submit a Rule Change Proposal to extend the timing of the GAB review and appointment process. | RCP Support / EPWA<br>30/10/2020 | 17/09/2020      | <b>Closed</b><br>EPWA indicated that it was planning to extend the timing of the GAB review and appointment process, consistent with GAB discussions, as part of EPWA's Amending Rules to implement the new energy market governance arrangements. Therefore, the GAB agreed at its meeting on 17/11/2020 to close Action Item 100.<br><br>Note – the changes to the GSI Rules to extend the timing of the GAB review and appointment process were implemented in the Amending Rules that commenced on 01/07/2021 and are reflected in the draft changes to the GAB Constitution at Agenda Item 7. |



## Agenda Item 6(a): Overview of Rule Change Proposals (as at 16 September 2021)

Gas Advisory Board (**GAB**) Meeting 2021\_09\_23

- 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 Coordinator.

### 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(b): Trucked LNG on the GBB

Gas Advisory Board (**GAB**) Meeting 2021\_09\_23

AEMO has developed a slide pack (attached) with a low-cost proposal for how it could report trucked liquid natural gas (**LNG**) volumes on the Gas Bulletin Board (**GBB**). Under this proposal:

- LNG volumes that are trucked into Western Australia instead of being injected into the pipeline network would be reported on the GBB, as these volumes would otherwise not be reported; and
- LNG volumes that are withdrawn from a pipeline and then trucked to customers would not be reported on the GBB, because these volumes are already captured by the GBB.

Government policy is that the GBB should cover all gas volumes used in Western Australia. However, the trucked LNG volumes that are not transported on the pipeline network are currently not reported. They are relatively small, in the order of 25 TJ/day, and the GAB is requested to confirm that the benefits of reporting these volumes on the GBB would outweigh the implementation costs.

### Recommendation

The GAB is requested to advise whether a net benefit is expected to result from developing and implementing a Rule Change Proposal, based on AEMO's low-cost option, to report the trucked LNG volumes on the GBB.



# Displaying information for Trucked LNG on the Gas Bulletin Board

# Background and context

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

## Issue

- **Woodside's LNG Truck Load-Out Facility:** to load trucks with LNG at its Pluto Facility
- **AEMO understands:** LNG is drawn directly from Pluto's production and storage facilities and loaded onto specialist tanker trucks for distribution to end-users
- **Primary policy question:** should information relating to Trucked LNG be captured under the GSI Rules and/or displayed on the GBB?

# Summary of Options

A number of options was presented to the GAB in September 2019

|          |  |
|----------|--|
| Option 1 | Virtual Pipeline   |
| Option 2 | Require end-users to register as GBB Large User Facilities |
| Option 3 | Expand definition of Registered Shippers                   |
| Option 4 | New framework for Truck Load-out Facilities                |
| Option 5 | Expand reporting by Production Facility Operators          |

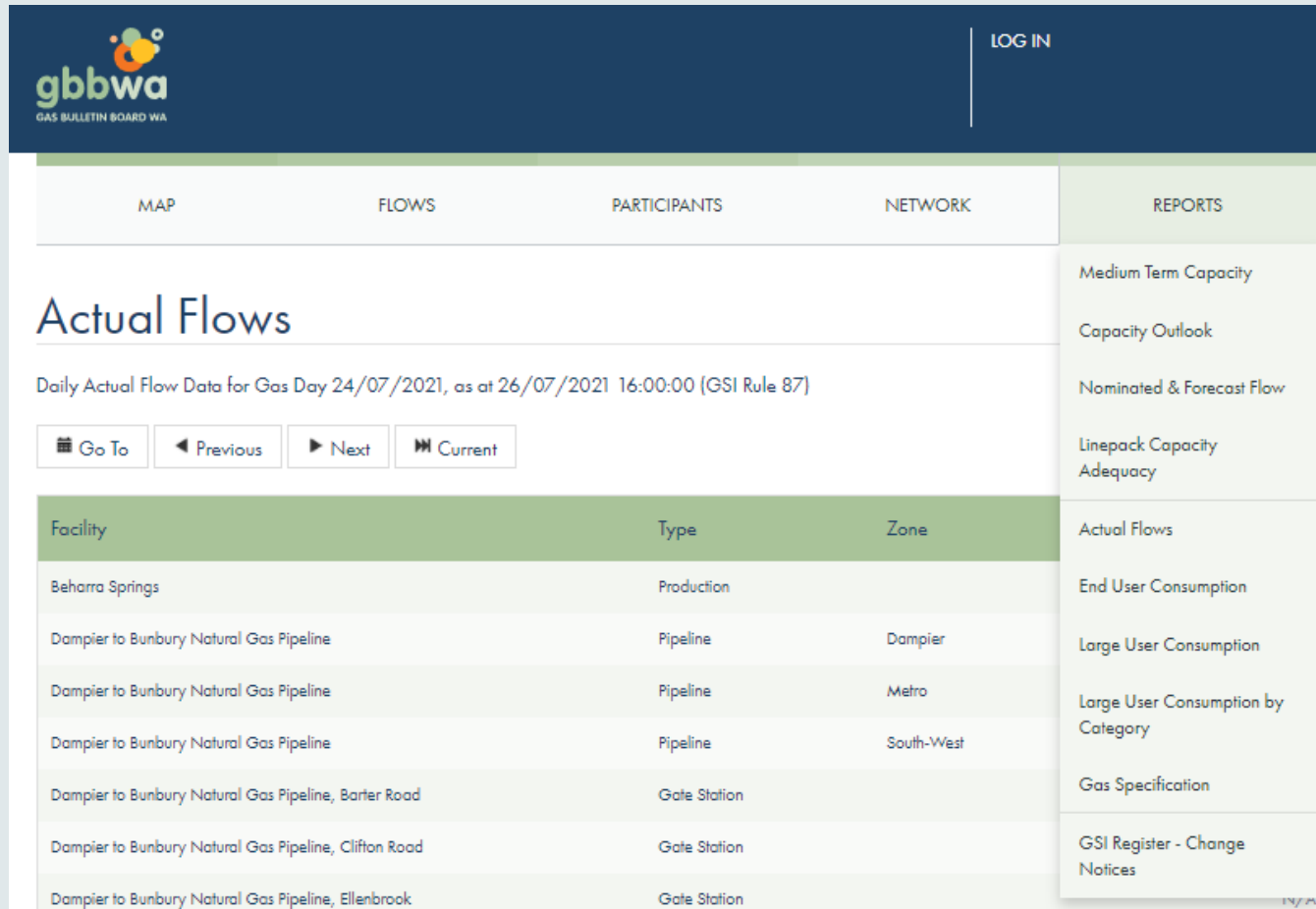


# GAB Discussion

Summary of decisions or issues to date

- Publishing **monthly** trucked LNG data is a feasible solution
- Participants to determine volume of trucked LNG **from the facility** and provide data in simple template
- Woodside indicated that it is feasible for monthly data to be reported but on an aggregate basis
- Some GAB members were not supportive of data aggregation
- **How do we address double-counting? (flag in template?)**

# Potential Location of Monthly Report



**gbbwa**  
GAS BULLETIN BOARD WA

LOG IN

MAP      FLOWS      PARTICIPANTS      NETWORK      **REPORTS**

## Actual Flows

Daily Actual Flow Data for Gas Day 24/07/2021, as at 26/07/2021 16:00:00 (GSI Rule 87)

Go To   Previous   Next   Current

| Facility  | Type         | Zone       |
|---|--------------|------------|
| Beharra Springs                                       | Production   |            |
| Dampier to Bunbury Natural Gas Pipeline               | Pipeline     | Dampier    |
| Dampier to Bunbury Natural Gas Pipeline               | Pipeline     | Metro      |
| Dampier to Bunbury Natural Gas Pipeline               | Pipeline     | South-West |
| Dampier to Bunbury Natural Gas Pipeline, Barter Road  | Gate Station |            |
| Dampier to Bunbury Natural Gas Pipeline, Clifton Road | Gate Station |            |
| Dampier to Bunbury Natural Gas Pipeline, Ellenbrook   | Gate Station |            |

- Medium Term Capacity
- Capacity Outlook
- Nominated & Forecast Flow
- Linepack Capacity Adequacy
- Actual Flows**
- End User Consumption
- Large User Consumption
- Large User Consumption by Category
- Gas Specification
- GSI Register - Change Notices

Monthly Volume of Trucked LNG to be inserted in Reports section of GBB

# Mock-up of Report

## Actual Monthly Volume of Trucked LNG

Monthly volume of Gas from 1/1/2021 to 31/1/2021

| Facility              | Volume of Gas (TJ) |
|-----------------------|--------------------|
| Production Facility 1 | XXX                |
| Production Facility 2 | YYY                |
| Production Facility 3 | ZZZ                |

Requirements:

- Minimum level > 3 TJ per month
- Production Facility must submit data 2 weeks after the end of the month
- AEMO must publish report 3 weeks after the end of the month

# Proposed Rule Amendments (i)

To enable AEMO to add monthly trucked data information to the GBB, amend:

## Part 4 – The Gas Bulletin Board

### Division 2 - AEMO to publish certain information on GBB

87 - Publication of actual flow information on GBB

(2) AEMO may publish on the GBB the following information

[Add]

(c) Where gas is transported by LNG trucks, the actual monthly volume of gas

*[terminology and wording to be developed in detail]*

# Proposed Rule Amendments (ii)

To expand reporting obligations of Production Facility Operators, amend:

Part 3 – Provision of Information for Gas Bulletin Board

Division 4 Information requirements for Production Facility Operators

[Add]

## 73 (a) Registered Production Facility Operators to provide Monthly Actual Flow Data

(1) Subject to subrule (2), a Registered Production Facility Operator must, for each of its GBB Production Facilities, provide AEMO with monthly Actual Flow Data by XXXX

(2) AEMO may grant an exemption to a Registered Production Facility Operator from the requirement to provide AEMO with Monthly Actual Flow Data

(3) AEMO may revoke an exemption where AEMO is no longer satisfied that the requirements of subrule (2) are being met

*[terminology and wording to be developed in detail]*

# Discussion



## Agenda Item 6(c): Gas Trading Mechanism

Gas Advisory Board (**GAB**) Meeting 2021\_09\_23

Several gas market participants have approached Energy Policy WA in recent months expressing the view that the gas market in Western Australia may not be operating efficiently and may benefit from development and implementation of a gas trading mechanism.

There is currently no heads of power in the relevant Western Australian legislation to establish a gas trading mechanism. Energy Policy WA is currently developing some separate changes to the primary legislation governing the electricity industry. If there is interest in establishing a gas trading mechanism under Western Australian legislation, regulations, and rules, then discussion regarding this should commence as soon as possible.

Several gas trading mechanisms have been developed in Western Australia on a commercial basis. In addition, AEMO operates a gas trading mechanism at the Wallumbilla and Moomba Gas Supply Hub in eastern Australia. AEMO has provided a slide pack explaining how this gas trading mechanism works (attached) and will provide an overview of the mechanism at the GAB meeting. There may also be other options for the establishment of a simple gas trading mechanism in Western Australia, should the GAB wish to explore this.

### Recommendation

The GAB is requested to explore whether there is sufficient interest from gas market participants to commence discussions on the establishment of a gas trading mechanism under Western Australian legislation, regulations and rules.

If sufficient interest is present, the GAB is asked to consider whether a GAB Working Group should be established to discuss this matter or whether this requires a wider consultation. In either case, the GAB would be consulted on the Terms of Reference for the Working Group or the wider review, which would need to include (among other things):

- what are the objectives and the needs to be met by a new gas trading mechanism in Western Australia;
- why the existing gas trading mechanisms cannot meet these needs, and could they be modified to meet these needs;
- what are the high level costs and benefits for establishing a new gas trading mechanism; and
- if there is a net benefit to establishing a new gas trading mechanism, what is the most efficient option for its establishment (something like the Wallumbilla and Moomba Gas Supply Hub or something else) and who would operate it.



# Gas Supply Hub Overview Wallumbilla and Moomba

September 2021 GAB



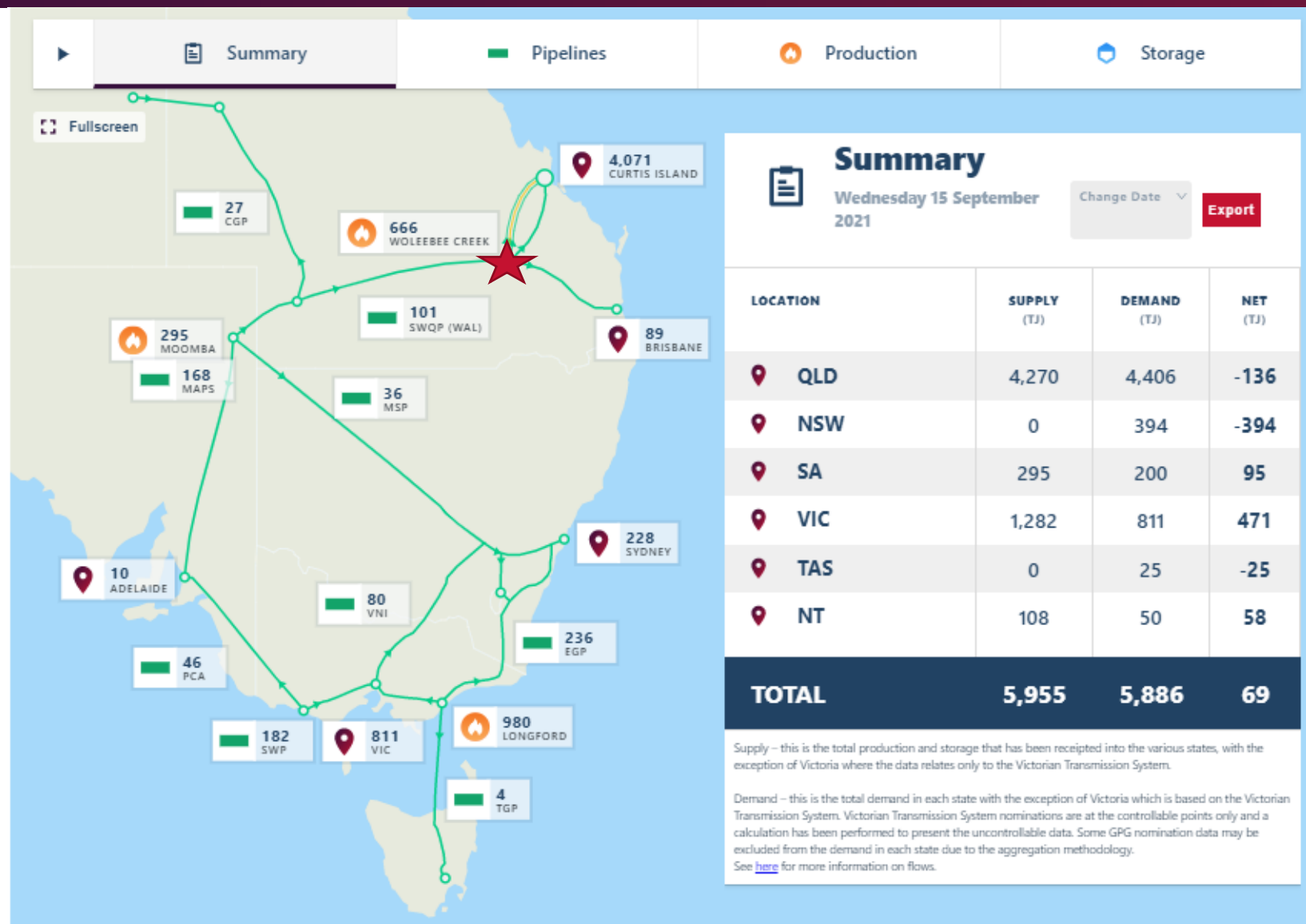
# AGENDA

## Purpose

To provide an overview of the operation of the Wallumbilla & Moomba Gas Supply Hub in eastern Australia

1. Where is Wallumbilla?
2. Key Points
3. Legal Framework
4. Trading Locations
5. GSH Trade Example
6. Gas Trading Exchange
7. Off-market Trades
8. Spread Products
9. Benchmark Price
10. GSH Development
11. GSH Trading Stats

# Natural Gas Services Bulletin Board



# East Coast Gas Markets

Sydney

**\$8.10**

284TJ  
Quantity

Last updated: Wed, 15-09-2021

Brisbane

**\$8.18**

101TJ  
Quantity

Last updated: Wed, 15-09-2021

Adelaide

**\$8.25**

68TJ  
Quantity

Last updated: Wed, 15-09-2021

Vic Gas

**\$7.35**

\$7.20 BOD price    \$10.57 AVG Qtr BOD    809TJ Quantity

Last updated: Wed, 15-09-2021 14:00

GSH

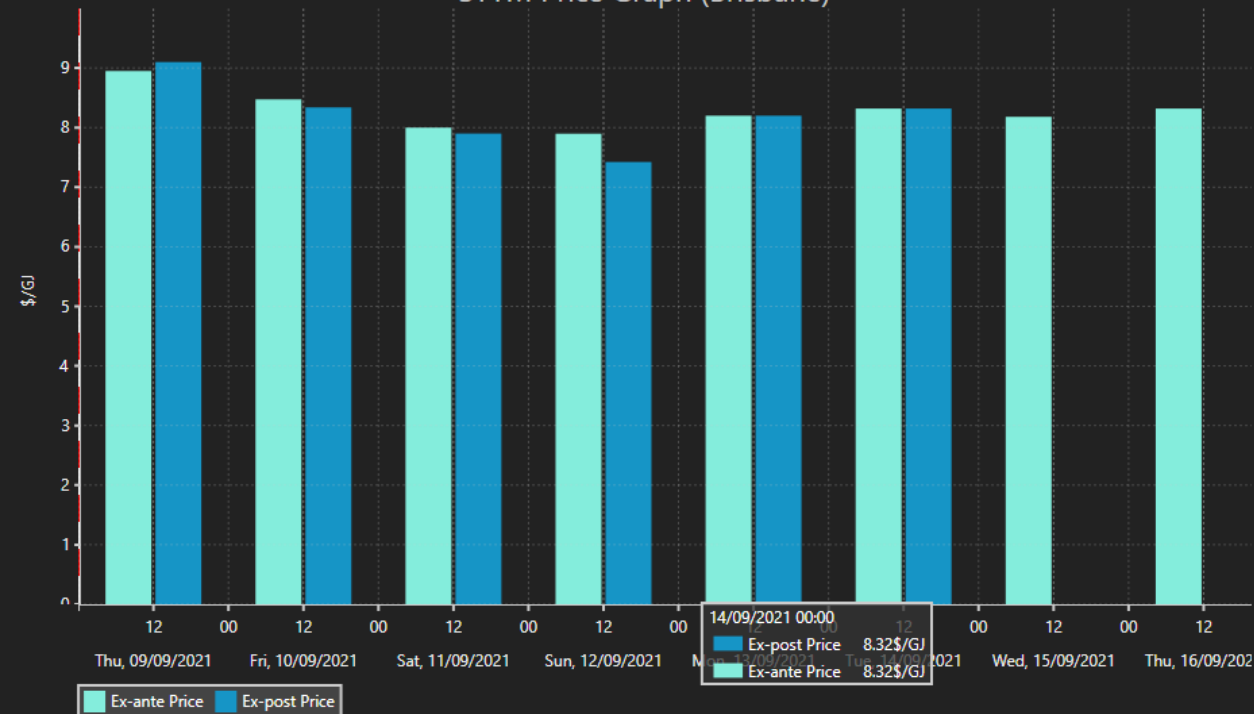
**\$8.38**

17TJ  
Quantity

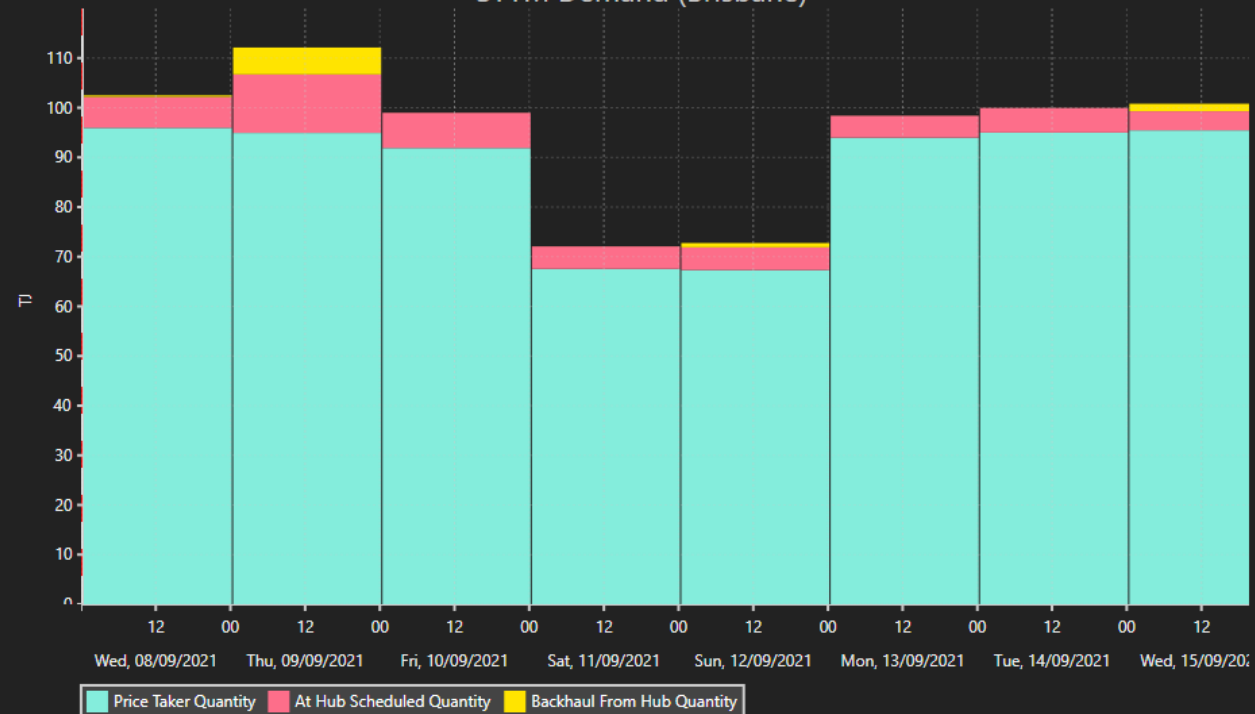
Last updated: Tue, 14-09-2021

Sydney Brisbane Adelaide VicGas All reports

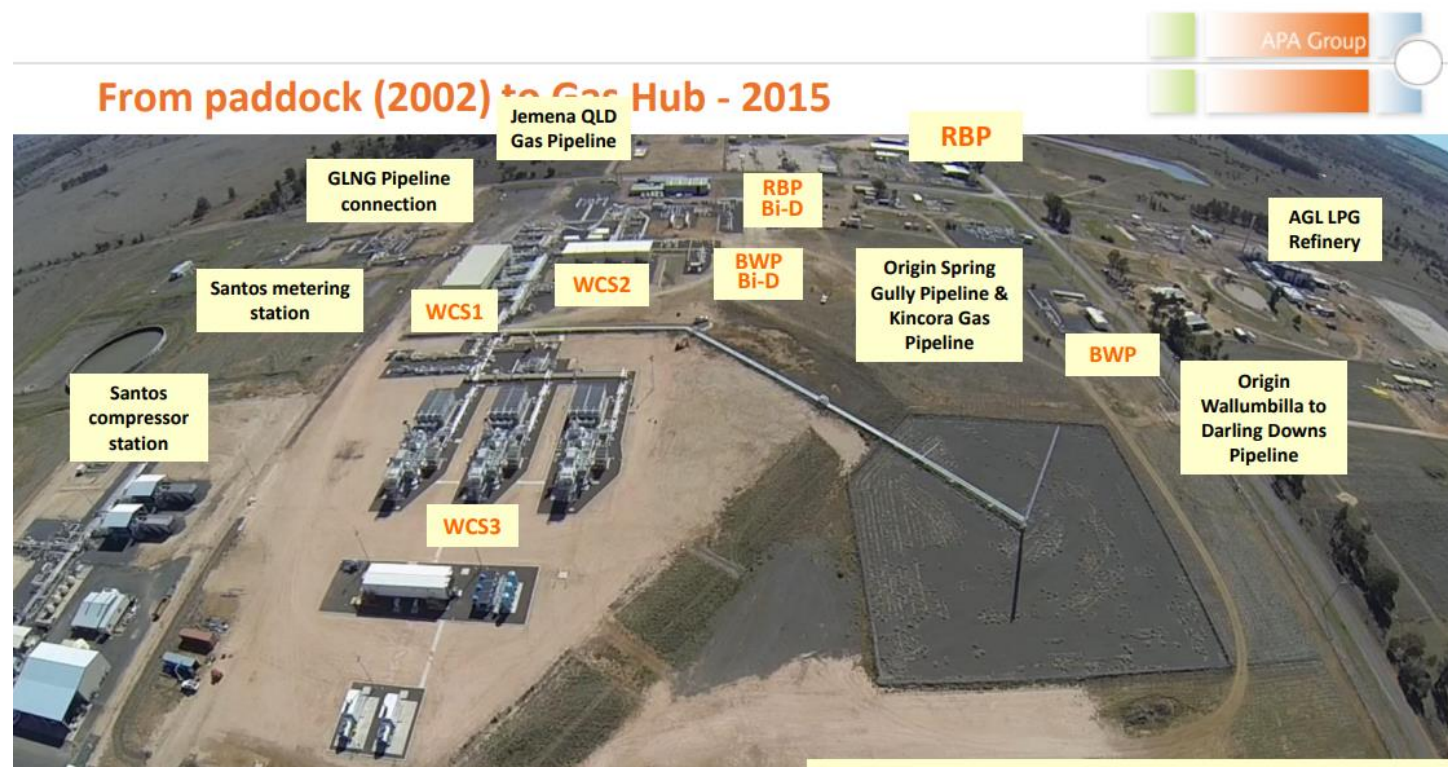
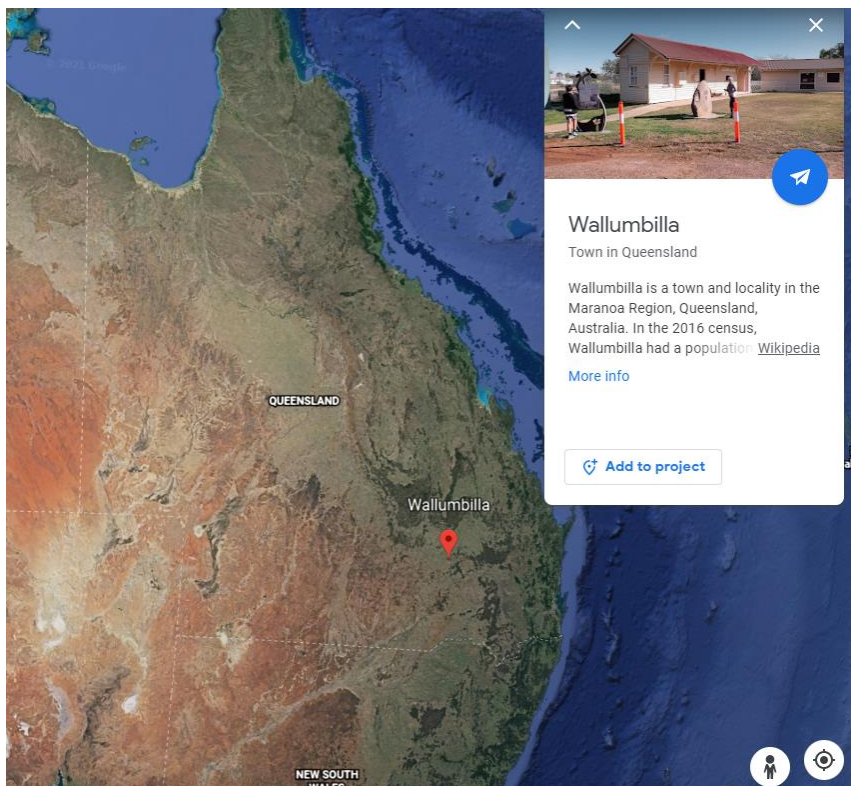
STTM Price Graph (Brisbane)



STTM Demand (Brisbane)

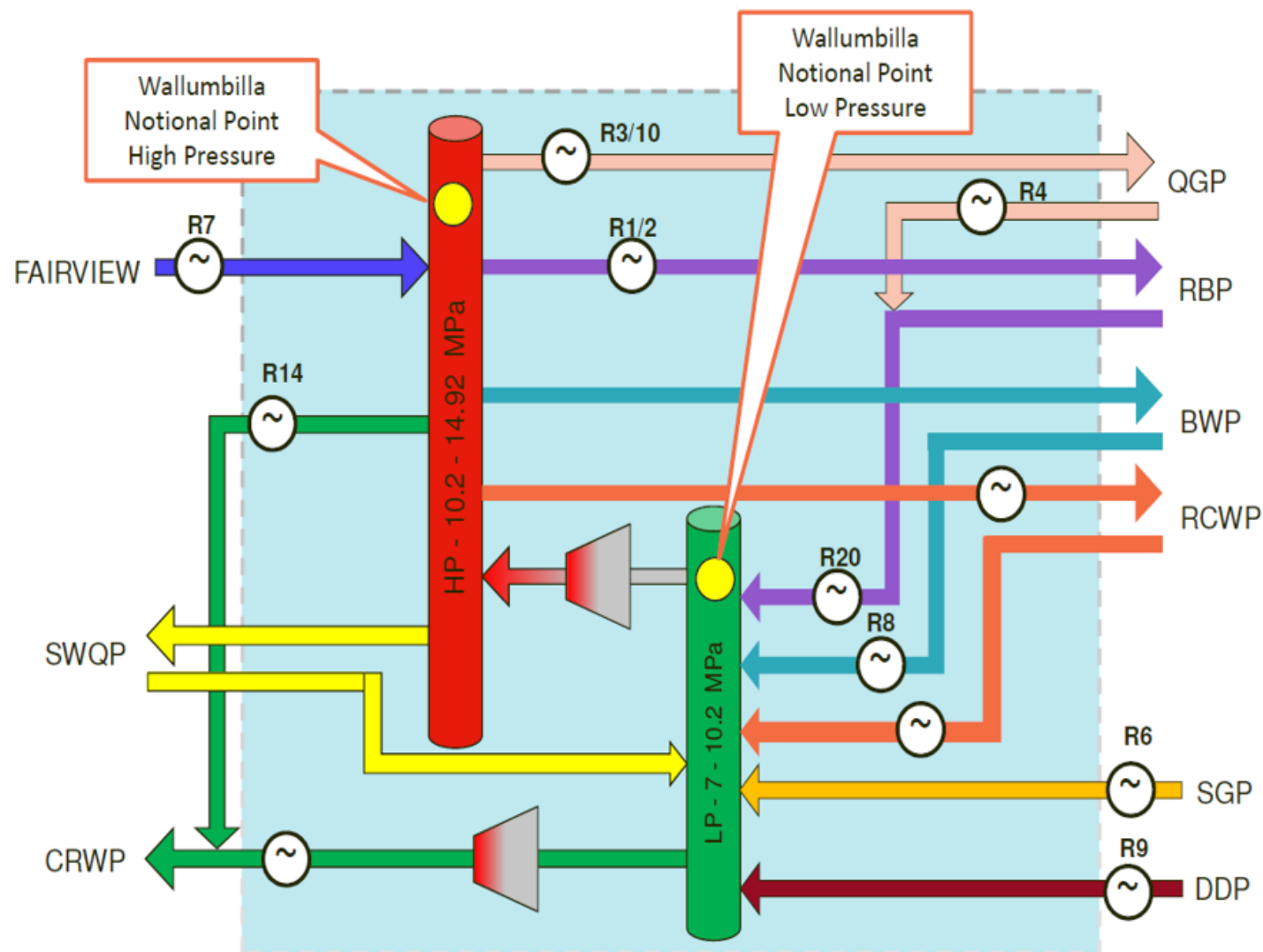


# Wallumbilla - Where is it???



WCS - Wallumbilla Compressor Station  
GLNG – Gladstone Liquefied Natural Gas project  
RBP – Roma to Brisbane Pipeline  
BWP – Berwyndale to Wallumbilla pipeline

# “Simplified” Wallumbilla Hub Diagram

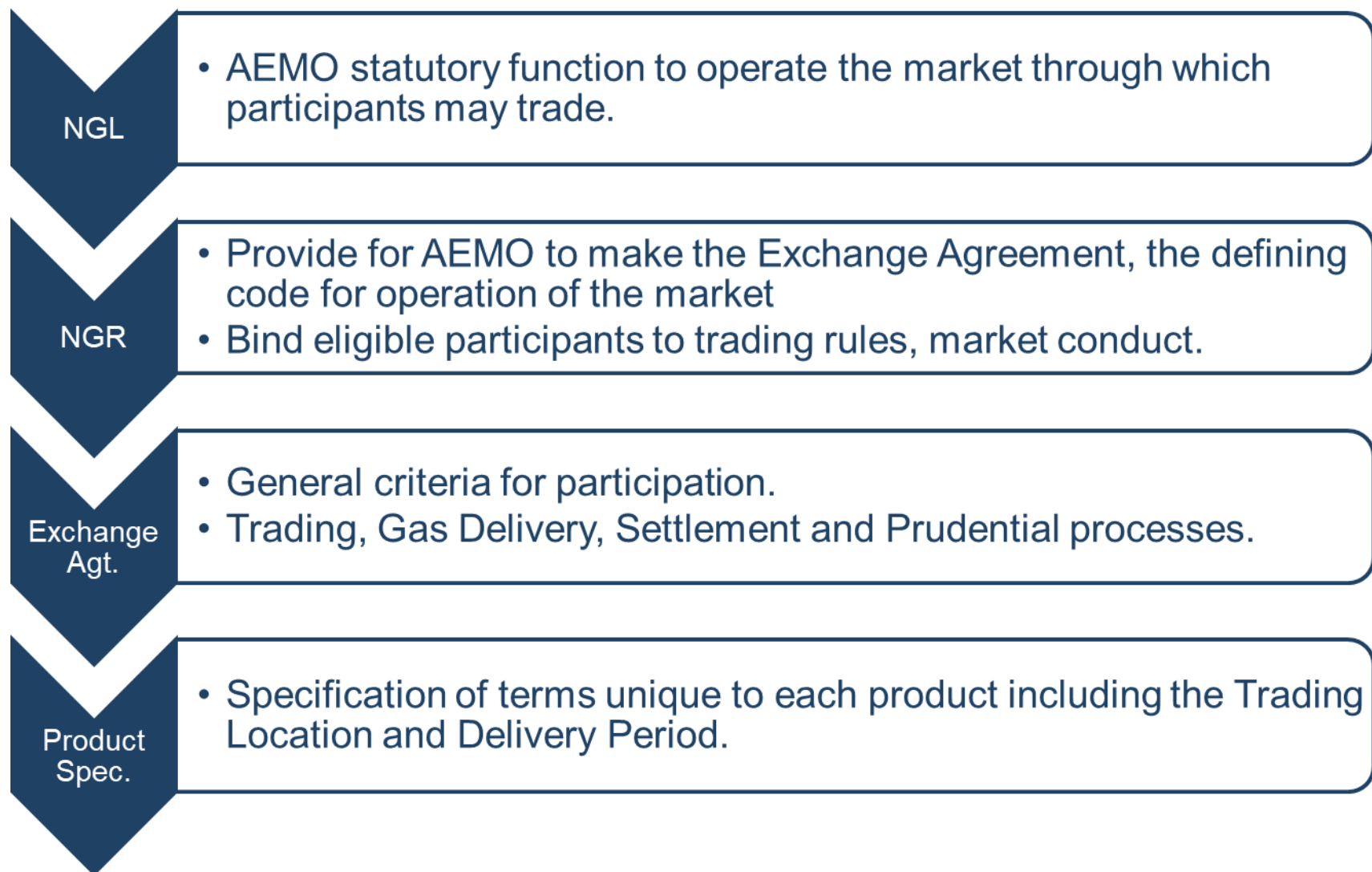


# Gas Supply Hub Key Points

- Established in March 2014. Voluntary participation
- Trading is conducted on the Exchange Trading System (ETS), using third party software developed by Trayport
- Trades are for physical delivery of gas. Financial contracts are not permitted under the Exchange Agreement
  - Trading locations at Wallumbilla and Moomba
  - Anonymous order submission
  - Standardised contracts
  - Trades matched on price
  - Traders warrant ability to deliver and receipt gas. AEMO does not validate contracts
- Gas Delivery
  - Participants are responsible for gas delivery
  - Gas delivery is between buyer, seller and relevant pipeline operator
  - AEMO does not play a role in the delivery of gas
- AEMO is the market operator and manages settlement functions
  - Participants lodge security with AEMO

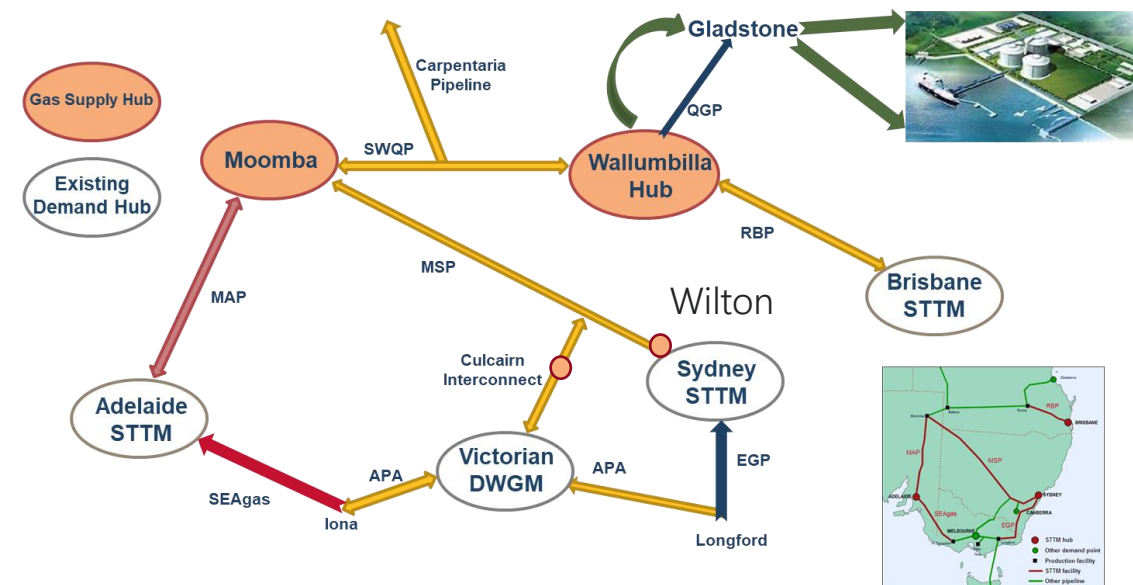


# Legal Framework



# Trading Locations

- Wallumbilla trading locations include:
  - Wallumbilla product (WAL);
  - South East Queensland product (SEQ); and
- Moomba trading locations are:
  - Moomba to Adelaide Pipeline (MAP)
  - Moomba to Sydney Pipeline (MSP) at Moomba
  - Culcairn (CUL)
  - Wilton (WIL)

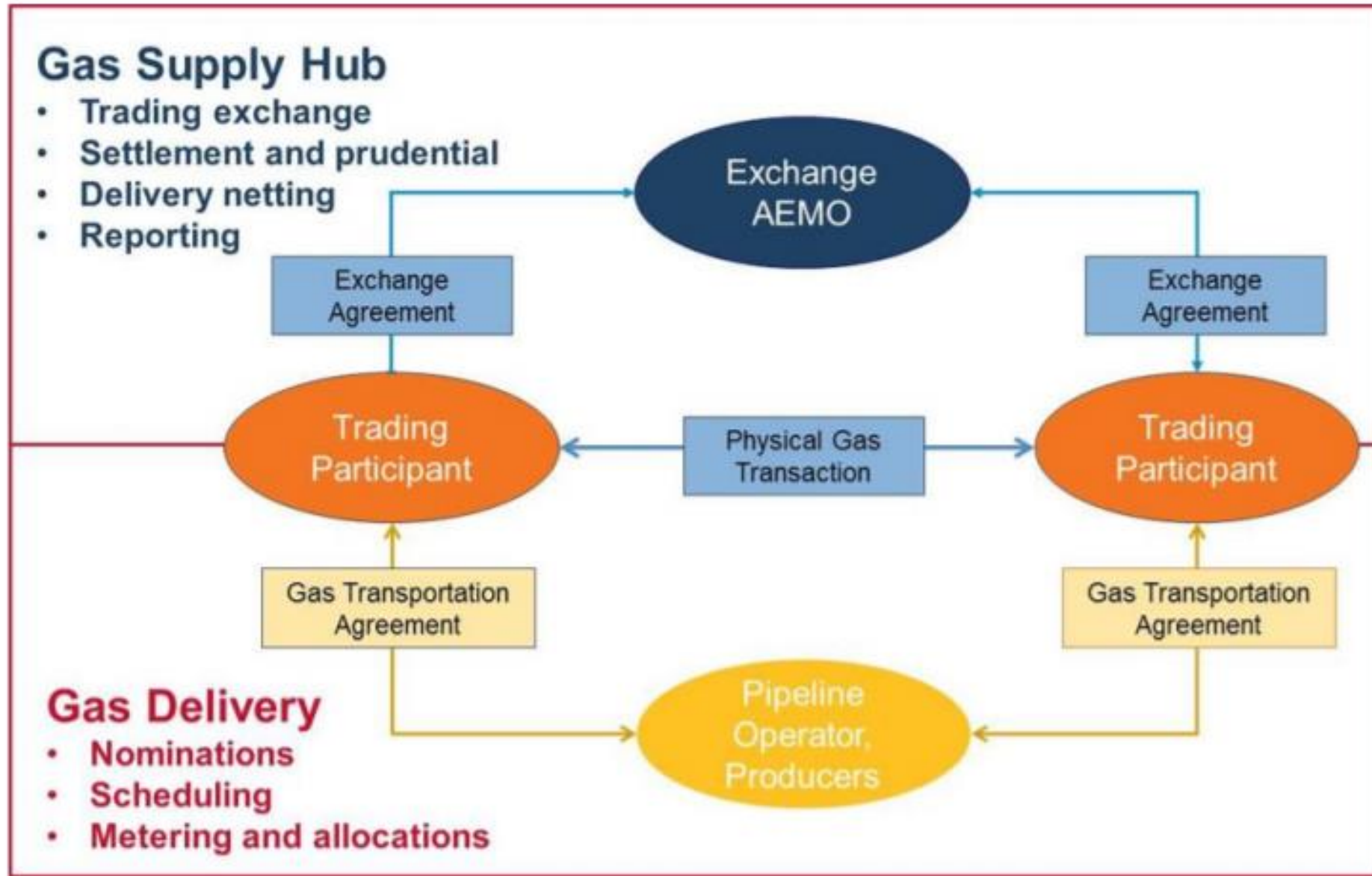


Buyers and sellers are matched on the exchange based on price and quantity to form transactions

- If traders have a physical delivery obligation for the next gas day they will receive a Gas Delivery Obligation Report specifying counterparty and location for gas delivery
  - The report is generated by AEMO's systems and sent to participants after the netting run at 1pm (AEST) the day prior (D-1)
  - Participants use this information to make nominations to pipeline operators



Figure 3 Market framework



# GSH Trade Example



### 1. Trade

### 2. Netting Run

### 3. Delivery

### 4. Settlement

Buyer

Bid on GSH Trayport

Order with price, volume, location, and date entered  
Trade executes

Delivery Obligation Report (D-1)

- Delivery Obligation Report received
- Nomination made to pipeline

Transfer of Gas and Title of Gas

- Trade scheduled by pipeline
- Gas transferred from seller to buyer

AEMO

Transaction displayed on screen and executed

Prudential's Checked  
Trade Execution Report created

Netting Run

- Trades are netted
- Delivery Obligation Report Published

Settlement

- Settlement amounts calculated daily
- Settlement amounts billed Monthly

Seller

Offer on GSH Trayport

Order with price volume location and date entered  
Trade executes

Delivery Obligation Report

- Delivery Obligation Report received
- Nomination made to pipeline

Transfer of Gas and Title of Gas

- Trade scheduled by pipeline
- Gas transfer from delivering participant to receiving participant

# Gas Trading Exchange

The screenshot displays the Gas Trading Exchange interface. At the top, a 'GSH Activity Ticker' shows recent trading activity with callouts for 'Ticker' and 'Trading Locations'. Below this is a table of trading products with callouts for 'Delivery Periods' and 'Orders for Trading Products'.

**GSH Activity Ticker**

|                      |   |              |
|----------------------|---|--------------|
| 14:14:13 - [DEAL]    | [ WAL Tue 28/04/20 Non-Netted ]               | 1,000 @ 4.30 |
| 14:04:45 - Cancelled | [ SEQ Mth 01/05/20 - 31/05/20 Offer (\$/GJ) ] | 3,000 @ 4.60 |
| 14:04:44 - Cancelled | [ WAL Mth 01/05/20 - 31/05/20 Offer (\$/GJ) ] | 2,000 @ 5.00 |
| 13:31:03 - Cancelled | [ WAL Fri 01/05/20 Bid (\$/GJ) ]              | 5,000 @ 3.50 |
| 13:31:02 - Cancelled | [ WAL Thu 30/04/20 Bid (\$/GJ) ]              | 3,000 @ 3.50 |
| 13:17:57 - Cancelled | [ WAL DA Wed 29/04/20 Bid (\$/GJ) ]           | 3,000 @ 3.50 |

**Trading Table**

|                              | WAL<br>Min Price -\$100/GJ |      |       | SEQ->WAL<br>Min Price -\$100/GJ |     |     | SEQ<br>Min Price -\$100/GJ |       |     | Market Status |       |       |               |
|------------------------------|----------------------------|------|-------|---------------------------------|-----|-----|----------------------------|-------|-----|---------------|-------|-------|---------------|
|                              | Qty                        | Bid  | Offer | Qty                             | Qty | Bid | Offer                      | Qty   | Qty | Bid           | Offer | Qty   | Market Status |
| ⊕ Tue 28/04/20 Non-Netted    | 5,000                      | 3.80 |       |                                 |     |     |                            |       |     |               |       |       | Market Open   |
| ⊕ DA Wed 29/04/20 Non-Netted |                            |      |       |                                 |     |     |                            |       |     |               |       |       | Market Open   |
| ⊕ DA Wed 29/04/20            | 5,000                      | 3.80 |       |                                 |     |     |                            |       |     |               | 4.50  | 2,000 | Closed        |
| ⊕ Thu 30/04/20               | 5,000                      | 3.75 |       |                                 |     |     | 0.35                       | 5,000 |     |               |       |       | Market Open   |
| ⊕ Fri 01/05/20               | 5,000                      | 3.75 |       |                                 |     |     |                            |       |     |               |       |       | Market Open   |
| ⊕ Sat 02/05/20               | 5,000                      | 3.55 |       |                                 |     |     |                            |       |     |               |       |       | Market Open   |
| ⊕ Sun 03/05/20               | 5,000                      | 3.55 |       |                                 |     |     |                            |       |     |               |       |       | Market Open   |

- Trading participants submit orders directly onto the exchange
- All orders are anonymous on screen
- Orders are validated on submission; participants must have sufficient credit
- Once validated, an order confirmation report is issued to the participant

# Key Order Components

## Bid / Offer

- Bids to buy, offers to sell

## Price

- Price increments of 0.01 \$ / GJ
- Maximum price of 999 \$ / GJ
- Minimum price of -100 \$ / GJ

## Quantity

- Minimum quantity and parcel size of 1,000 GJ on all products except On-the-day and WAL Non-netted

## Hidden Quantity

- Allows a participant to enter an order with a portion of the order quantity not visible to other participants on the exchange
- As order quantity is matched, additional quantity is released for trade

All-or-none = no partial acceptance of order, highlighted on trading screen (\*)

WAL Fri 01/05/20

**TRAYPORT**

Bid (\$/GJ)  
 Offer (\$/GJ)

Quantity (GJ) 1000

Price Status Firm

All or None

Expiry Type Good Till Cancelled

Expiry 29/04/2020 00:00:00

Additional terms

Delivery Point .

Save As Defaults

Hidden Quantity

Hidden Quantity 1000

Hidden Qty Delta 0.00

Company: [Dropdown]  
 Trader: [Dropdown]

Favourites:  
 ORRE, orre\_trader1  
 ARRO, arro\_trader1  
 <Other >

Add Cancel

# Risk Check On Order Submission

## Real-time Prudential Assessments

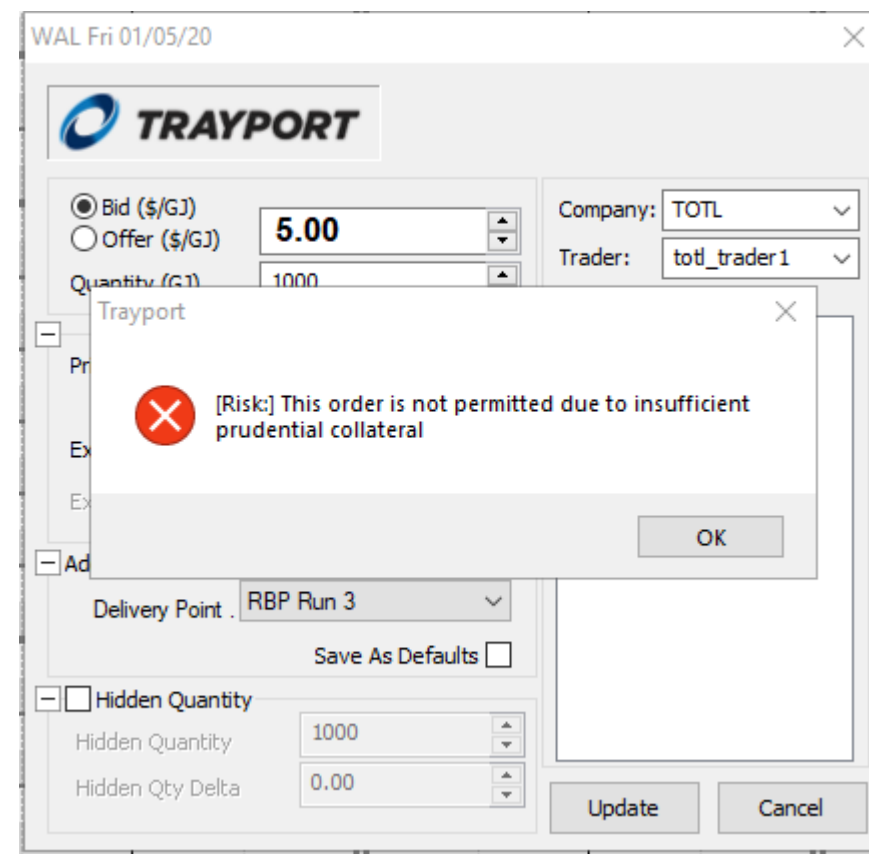
- Each time a buy order is submitted the impact on the participant's Trading Margin is assessed

## Prudential Assessments

- Performed regularly every day to assess the Trading Margin of each Trading Participant
- Trading Margin includes active buy orders on the exchange

## Breach of Trading Limit

- Trading Participant will not be able to submit new orders



# Off-Market Trades

- Exchange provides a mechanism for participants to bring a bilateral trade to the market for settlement
- All gas delivery and settlement obligations are in accordance with the Trading Product for which the trade is registered against
- The facility can be used by parties:
  - That do not have bilateral trading arrangements,
  - Prefer the centralised settlement and credit support of the exchange, and/or
  - For the netting of gas delivery obligations against other exchange transactions
- Also known as 'Manual' or 'Pre-matched' trades

Add Deal ✕

Please enter deal information

Instrument: WAL Sat 02/05/20 ...

Deal Date: 28-Apr -2020 16:23:52

Price:

Quantity: 1000

Common Deal Attributes

Manual Trade: Yes

Initiator Details:

Broker Company: AEMO

Broker Name: Darryl White

Trader Company:

Trader Name:

Trading Account: <None>

Buy / Sell: SELLER

Crossing:

Initiator Attributes:

Delivery Point:

Aggressor Details:

Broker Company: AEMO

Broker Name: Darryl White

Trader Company:

Trader Name:

Trading Account: <None>

Aggressor Attributes:

Delivery Point:

Advanced Options:

# Spread Products

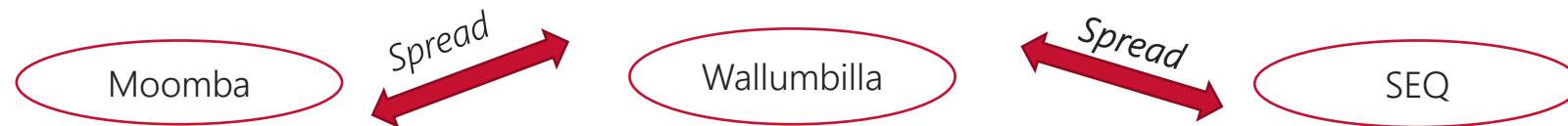
A spread product represents the price differential between two products at different trading locations.

**For example:** if the price of gas at Wallumbilla is \$8/GJ and the price at SEQ is \$7/GJ the price differential is \$1/GJ (and this is the implied cost of transport).

Who could use a spread product?

- Participants selling spare pipeline capacity or have the flexibility to swap gas within their portfolio
- Participants without pipeline capacity looking to ship between two points

Spread products were introduced in 2017 as a way to help facilitate trading between different trading locations





# Capacity Trading Screens



**AEMO**  
AUSTRALIAN ENERGY MARKET OPERATOR

Server: act-gsh-trayport.gasprod.aem  
Time: 11:41:03

GSH Activity Ticker

|  |
|--|
|  |
|  |
|  |
|  |
|  |

| <None><br>▼                 | RBP Park<br>Max Price \$999/GJ |     |       |     | SWQP Park-WAL<br>Max Price \$999/GJ |     |       |     | SWQP Park-MOO<br>Max Price \$999/GJ |     |       |     | MAPS Park<br>Max Price \$999/GJ |     |       |     |
|-----------------------------|--------------------------------|-----|-------|-----|-------------------------------------|-----|-------|-----|-------------------------------------|-----|-------|-----|---------------------------------|-----|-------|-----|
|                             | Qty                            | Bid | Offer | Qty | Qty                                 | Bid | Offer | Qty | Qty                                 | Bid | Offer | Qty | Qty                             | Bid | Offer | Qty |
| + Fri 01/05/20              |                                |     |       |     |                                     |     |       |     |                                     |     |       |     |                                 |     |       |     |
| + Sat 02/05/20              |                                |     |       |     |                                     |     |       |     |                                     |     |       |     |                                 |     |       |     |
| ∨ + Sun 03/05/20            |                                |     |       |     |                                     |     |       |     |                                     |     |       |     |                                 |     |       |     |
| + Wk 03/05 - 09/05          |                                |     |       |     |                                     |     |       |     |                                     |     |       |     |                                 |     |       |     |
| ∨ + Wk 10/05 - 16/05        |                                |     |       |     |                                     |     |       |     |                                     |     |       |     |                                 |     |       |     |
| ∨ + Mth 01/05/20 - 31/05/20 |                                |     |       |     |                                     |     |       |     |                                     |     |       |     |                                 |     |       |     |

# GSH Prudential

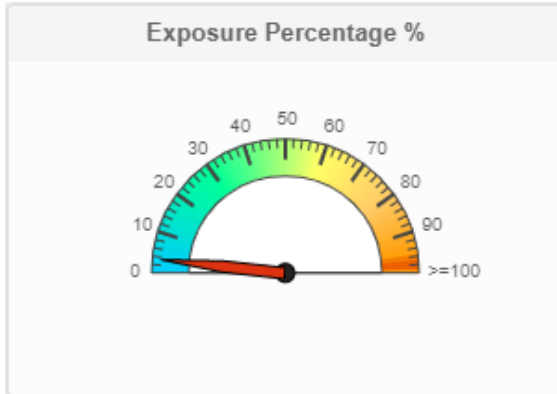
From the GSH Industry Guide

**Table 16 Approach to exposure calculation**

|                   |                                      | Buyer / Receiving Participant               | Seller / Delivering Participant   | Prudential Estimate Calculation                 |
|-------------------|--------------------------------------|---|---|---|
| Settlement Period | Unconfirmed gas delivery obligations | Not applicable                              | Delivery Settlement Adjustment based on 20% of the value of the seller's gas delivery obligation.<br><br>The charge is for the purpose of prudential monitoring only. | <b>Outstanding Amount</b>                       |
|                   | All other transactions               | Calculated settlement charges and payments. |   |   |
| Delivery Period   |                                      | 100% of the face value of transactions      | 80% of the face value of transactions payable to the seller   | <b>Forward Trading Exposure</b>                 |
| Forward Period    |                                      | 25% of the face value of transactions       | 25% of the face value of transactions payable by the seller   | (Forward Reallocation Amount for reallocations) |

Table 16 outlines the approach to estimating the prudential exposure for buyers and sellers for Physical Gas transactions across the different exposure periods.

# Prudential Dashboard

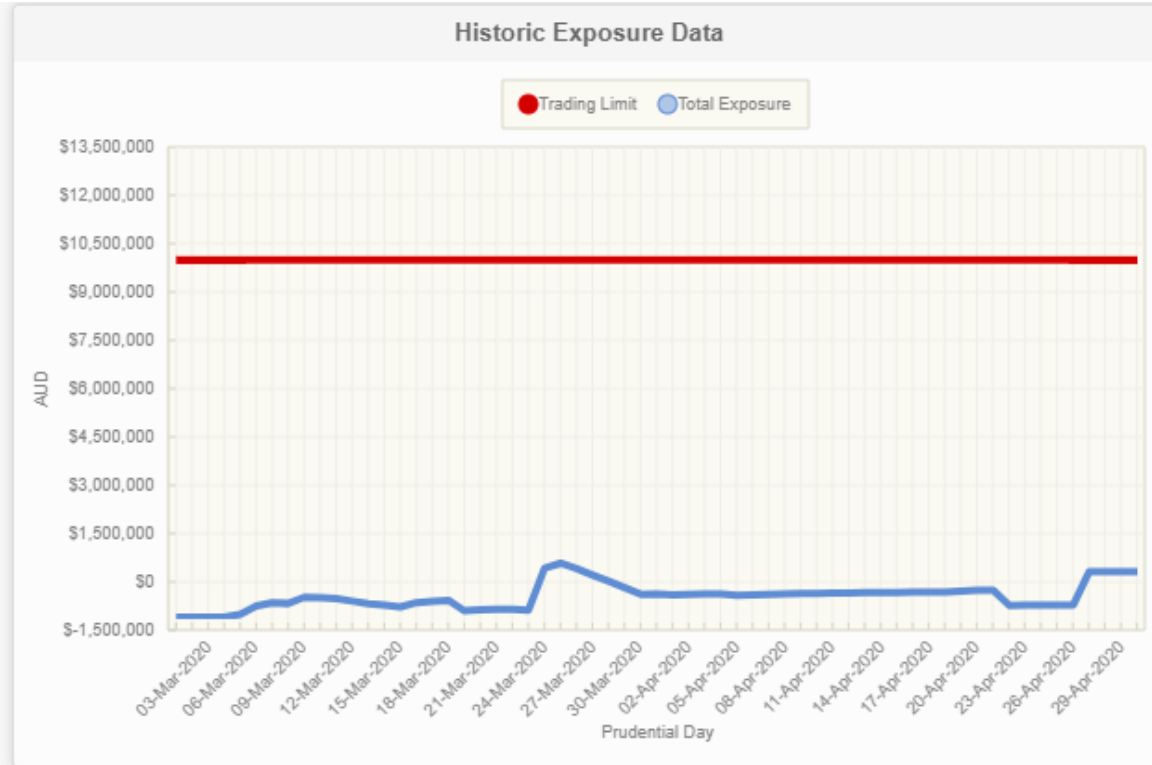


### Estimated Market Exposure

|                             |                 |
|-----------------------------|-----------------|
| Trading Limit               | \$10,000,000.00 |
| Trading Margin              | \$9,654,805.00  |
| Outstandings Amount         | \$338,265.00    |
| Settlements Exposure Amount | \$338,265.00    |
| Forward Exposure Amount     | \$6,930.00      |
| Security Deposits           | \$0.00          |
| Prudential Exposure         | \$345,195.00    |
| Exposure Percentage         | 3%              |

### Bank Guarantees

| Expiry Date                 | Amount                 |
|-----------------------------|------------------------|
| 31-Dec-2999                 | \$10,000,000.00        |
| <b>SUB TOTAL</b>            |                        |
|                             | <b>\$10,000,000.00</b> |
| <b>Bank guarantee ratio</b> | <b>100%</b>            |



### Calendar

| Billing Period | Type     | Publication Date | Payment Date |
|----------------|----------|------------------|--------------|
| Dec-19         | Revision | 02-Apr-2020      | 27-Apr-2020  |
| Mar-20         | Final    | 23-Apr-2020      | 27-Apr-2020  |
| Jan-20         | Revision | 04-May-2020      | 25-May-2020  |
| Apr-20         | Final    | 21-May-2020      | 25-May-2020  |

# Participants

|                     |  |
|---------------------|--|
| <b>Broker</b>       | CQP Capital Pty Ltd<br>ICAP Australia Pty Limited<br>Vivienne Court Trading Pty Ltd<br>BGC Partners (Australia) Pty Limited  |
| <b>GPG</b>          | Braemar Power Project Pty Ltd<br>Arrow Energy Trading Pty Ltd<br>CleanCo Queensland Limited  |
| <b>Large User</b>   | Incitec Pivot Limited<br>Orica Australia Pty Ltd   |
| <b>LNG Exporter</b> | Australia Pacific LNG Marketing Pty Limited<br>Walloons Coal Seam Gas Company Pty Limited<br>GLNG Operations Pty Ltd<br>Santos GLNG Pty Ltd<br>PAPL (Downstream) Pty Limited<br>Total GLNG Australia<br>KGLNG Liquefaction Pty Ltd |
| <b>Retail + GPG</b> | Origin Energy Retail Ltd<br>AGL Wholesale Gas Limited<br>EnergyAustralia Pty Ltd<br>International Power (Energy) Pty Ltd<br>ERM Power Retail Pty Ltd<br>Alinta Energy Retail Sales Pty Ltd<br>Santos QNT Pty Ltd                   |

# Traders

**Trader**

Esso Australia Resources Pty Ltd

BHP Billiton Petroleum (Bass Strait) Pty Ltd

Macquarie Bank Ltd

Strategic Gas Market Trading Pty Ltd

Westside Corporation Limited

Westside CSG A Pty Ltd

Westside CSG D Pty Ltd

Mitsui E&amp;P Australia Pty Ltd

Armour Energy (Surat Basin) Pty Limited

Santos Direct Pty Ltd

PetroChina International (Australia) Pty Ltd

Senex Assets Pty Ltd

# Drivers for Trade on the GSH

- GPG
- Retail Demand
- Industrial Demand
- LNG
- Imbalance Management



# Linkage to Other Markets

- Price on the GSH often moves with other markets especially the Brisbane STTM but also the other STTM's and DWGM
- International Oil and Gas Prices can have influence on the price on the GSH given many GSA's are Brent or JKM linked
- NEM prices
- On the Day trading linkage to Day Ahead Auction – pipeline capacity auction (DAA)

# Recent GSH Developments

- Ability to trade pre matched trades up to one year out
- Custom Delivery periods (Strip Trades)
- NSW Delivery points (Wilton and Culcairn)
- Trading Restrictions Between Related Entities



# ASX Wallumbilla Futures



- ASX Wallumbilla Futures changes
  - Move from a **cash settled** futures product off the GSH Benchmark Price

To...

- **Physically delivered** product delivered through the GSH (transferred as a Monthly product on the GSH)

Why??

- Basis risk: the price used to settle the futures product may not match the price a participant transacts at in the GSH - non convergence.
- Potential market power of some participants to suddenly move reference prices at GSH.
- The GSH is voluntary market, so from time to time there may be limited trades used in the determination of the index.

# Evolution of the GSH

- There are now multiple brokers active in the GSH space, this has resulted in more deals on the GSH being off market (pre matched)
- As liquidity of the GSH futures develops there is potential for this to be the base traded product with other markets eg STTM trading.

# Future GSH Developments

- SWAPS implementation – this process is underway and will allow Members to SWAP Gas from QLD to NSW or SA (as well as the other way)
- Looking at changing how Brokers work in the market
- Potential for end to end anonymity.
- Commonwealth is currently doing a review into Wallumbilla trading as part of the Gas Led Recovery.

# Gas Supply Hub Stats

# GSH trading rebounded in 2021 after a quieter 2020

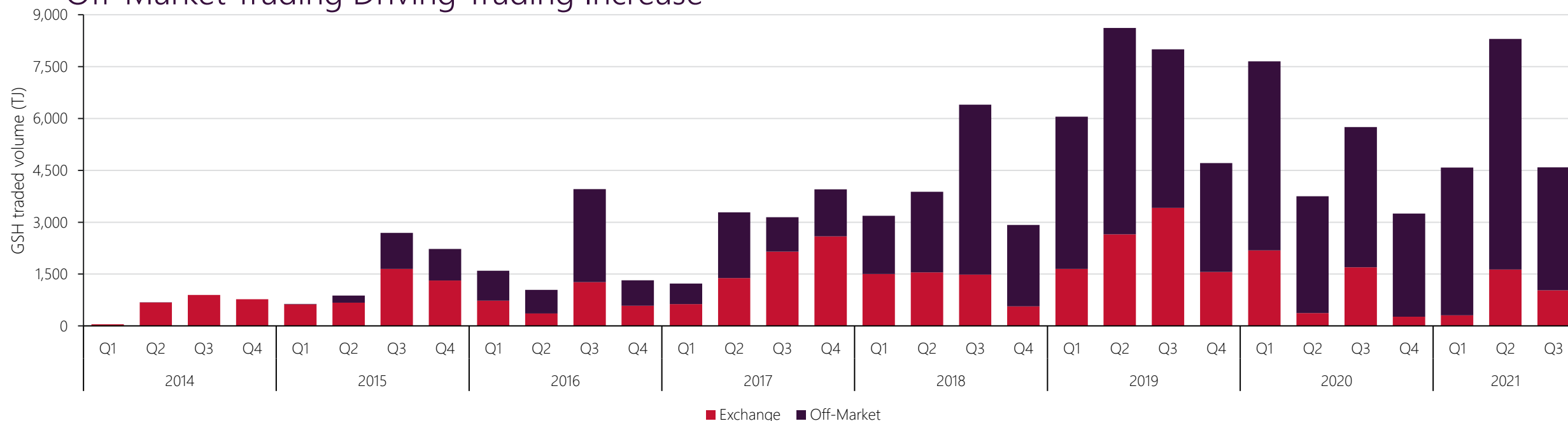


## Summary

- A 2019 was a record year for GSH trading. 2020 was impacted by lower domestic demand and record QLD LNG volumes. 2021 began slowly but rebounded to 2019 levels in Q2
- B Despite a reduction from 2019, 2020 was still the second highest trading year on record. 2021 is on track to eclipse 2020.
- C ACCC Gas Inquiry Interim report published in April 2019 stated that 96% of all short term trades in Queensland in 2018 were conducted through the GSH. However, 70% of the volume was traded outside of the GSH

# Exchange vs Off-Market Trading

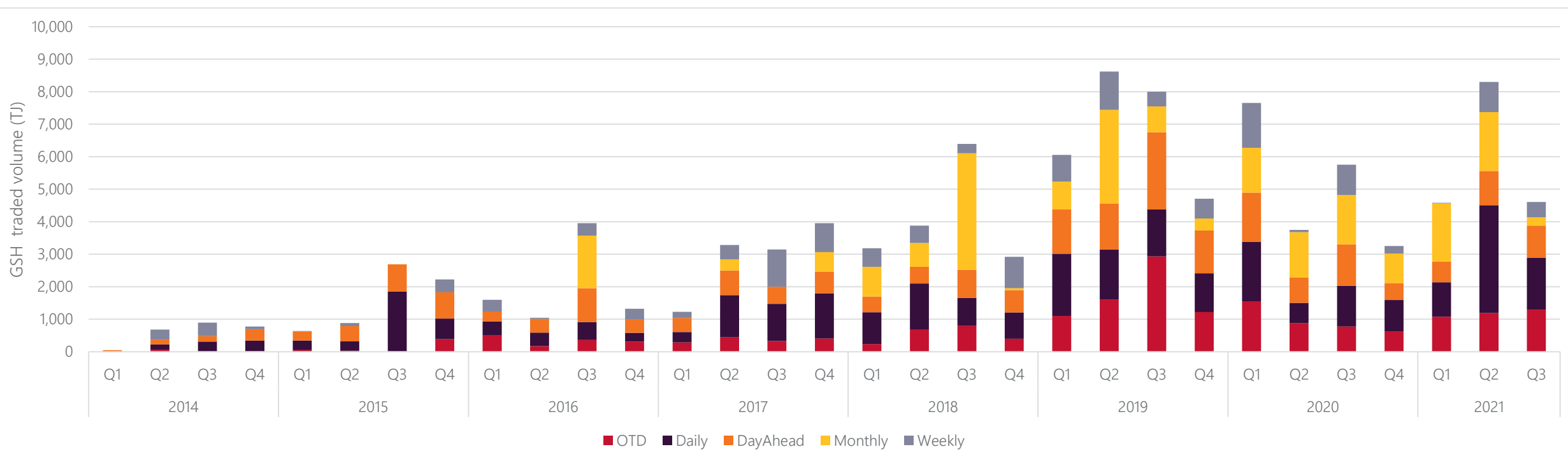
## Off-Market Trading Driving Trading Increase



## Summary

- A The major factor for volume increase since 2019 is off-market trading
- B Exchange trading in 2020 was the lowest since 2016. 2021 has continued this trend
- C In 2017 off-market trades accounted for 42% of trading volume. In 2021 it increased to 83%

# Trades by Product



## Summary

- A Since 2018 monthly products have become more frequently traded, but apart from Q3 2018 do not account for most of the trading
- B Short term trading (on-the-day and day ahead) accounted for ~40% of all trades in 2020 and 2021
- C Daily is the most frequently traded product in 2021, followed by monthly

# GSH Fast Facts

|                         | Trades | Trade Volume (TJ) | Trade Value (\$m) | Vol Weighted(\$ /GJ) | Highest Trade (GJ) | Low Price (\$/GJ) | High Price (\$/GJ) |
|-------------------------|--------|-------------------|-------------------|----------------------|--------------------|-------------------|--------------------|
| 2014<br>(from 20 March) | 481    | 2,401             | 4.82              | 2.01                 | 70,000             | 0.18              | 4.30               |
| 2015                    | 875    | 6,434             | 23.56             | 3.66                 | 70,000             | 0.50              | 8.50               |
| 2016                    | 798    | 7,918             | 56.98             | 7.20                 | 840,000            | 1.50              | 15.00              |
| 2017                    | 1,637  | 11,605            | 89.18             | 8.18                 | 105,000            | 5.00              | 16.50              |
| 2018                    | 1,917  | 16,351            | 147.62            | 8.96                 | 155,000            | 5.90              | 12.40              |
| 2019                    | 3,622  | 27,334            | 218.26            | 7.98                 | 217,000            | 5.84              | 10.85              |
| 2020                    | 2,662  | 21,158            | 98.86             | 4.66                 | 279,000            | 2.70              | 7.65               |
| 2021*<br>As of 14 Sept  | 1,644  | 17,486            | 148.3             | 8.08                 | 310,000            | 4.75              | 27.49              |



# Questions?



## **Agenda Item 6(d): Review of market response to outages and the access and utilisation of “Nameplate Capacity”**

Gas Advisory Board (**GAB**) Meeting 2021\_09\_23

Kleenheat has requested that the GAB reviews recent major supply disruption events, including:

- 13 September 2020 – Varanus Island reduced production from 310 TJ to 82 TJ; and
- 22 June 2021 – Wheatstone reduced production from 196 TJ to 77 TJ.

### **Recommendation**

The GAB is asked to discuss:

- (a) What was the response of suppliers and pipeline operators?
- (b) Are there concerns from the pipeline, suppliers, and buyers during recent supply disruption events?
- (c) Was additional nameplate capacity offered to the market/accessed during short-term disruption events?
- (d) Did gas users have to curtail gas use to manage imbalance notices and lack of access to gas?



## Agenda Item 7: Changes to the GAB Constitution

Gas Advisory Board (**GAB**) Meeting 2021\_09\_23

Under subrule 14(1) of the Gas Services Information (**GSI**) Rules, the Coordinator is required to develop and publish a Constitution for the GAB in accordance with the GSI Consultation Procedure.

The current Constitution was developed by the former Rule Change Panel and needs to be amended to reflect the changes to the GSI governance arrangements that commenced on 1 July 2021 under the *Gas Services Information Amendment (Governance) Rules 2021*.

The proposed amendments to the Constitution are presented in Attachment 1 of this paper.

### Recommendation

The GAB Secretariat recommends that the GAB:

- discusses the proposed amendments to the Constitution; and
- notes that the Coordinator intends to publish an invitation for submissions on the proposed amendments to the Constitution in the near future.



# Constitution of the Gas Advisory Board

~~dd month 2021~~ July 2019

## 1. Introduction

- 1.1. The Gas Services Information Rules (**GSI Rules**) are made under the *Gas Services Information Regulations 2012* and in accordance with section 8 of the *Gas Services Information Act 2012* (**GSI Act**).
- 1.2. The GSI Objectives are specified in section 6 of the GSI Act and subrule 2(1) of the GSI Rules, and are repeated in Appendix 1 of this Constitution.
- 1.3. For the purpose of the GSI Objectives:
  - (a) the primary purpose of the Gas Bulletin Board (**GBB**) is to include information relating to ~~short and near term~~ short and near term natural gas supply and demand and natural gas transmission and storage capacity in the State, and
  - (b) the primary purpose of the Gas Statement of Opportunities (**GSOO**) is to include information and assessments relating to ~~medium and long term~~ medium and long term natural gas supply and demand and natural gas transmission and storage capacity in the State.
- 1.4. In accordance with subrule 125(1), the ~~Rule Change Panel~~ Coordinator of Energy (**Coordinator**):
  - (a) is responsible for maintaining the GSI Rules;
  - (b) is responsible for ensuring the development of amendments of, and replacements for, the GSI Rules; and
  - (c) may make Amending Rules in accordance with ~~its~~ her or his rule making powers under Part 8 of the GSI Rules.
- 1.5. The ~~Coordinator~~ Rule Change Panel, Australian Energy Market Operator (**AEMO**) and the Economic Regulation Authority (**ERA**) may make GSI Procedures to the extent to which the GSI Procedures relate to their respective functions under the GSI Rules.
- 1.6. In accordance with subrule 11(1) of the GSI Rules, the ~~Rule Change Panel~~ Coordinator must establish a non-voting Gas Advisory Board.
- 1.7. This document sets out the Constitution of the Gas Advisory Board in accordance with subrule 14(2) of the GSI Rules.
- 1.8. Terms used in this Constitution have the same meaning as defined in the GSI Rules.
- 1.9. This Constitution has been issued under the GSI Rules, and as such, if a provision of this Constitution is inconsistent with a provision of the GSI Rules, the provision in the GSI Rules prevails to the extent of the inconsistency.

## 2. Terms of Reference

- 2.1. The Gas Advisory Board is a committee comprised of representatives of gas market stakeholders, convened by the ~~Rule Change Panel through the RCP Secretariat Coordinator~~, to advise:
- (a) the ~~Rule Change Panel Coordinator~~ in relation to Rule Change Proposals;
  - (b) the ~~Coordinator Rule Change Panel~~, AEMO and the ERA in relation to Procedure Change Proposals;
  - (c) the ~~Rule Change Panel Coordinator~~ in relation to matters concerning the development of the GSI Rules; and
  - (d) the ~~Rule Change Panel Coordinator~~, AEMO and the ERA in relation to matters concerning the development of GSI Procedures.
- 2.2. In carrying out its functions, the Gas Advisory Board must have regard to the GSI Objectives as set out in subrule 2(1) of the GSI Rules, and any recommendations made by the Gas Advisory Board must be consistent with the GSI Objectives.
- 2.3. Gas Advisory Board members or their proxies are required to act in the best interests of the gas industry as a whole.
- 2.4. Gas Advisory Board members do not vote on issues and must endeavour to reach a consensus on any issue before the board. If, after allowing a reasonable time for discussion, the independent Chair of the Gas Advisory Board determines that a consensus position either will not be achieved, or is unlikely to be achieved within a time which is reasonable in the circumstances, then the independent Chair must provide advice to the Coordinator which reflects any majority view and which includes or is accompanied by the dissenting views. Any recommendations of the Gas Advisory Board are based on a consensus of the views expressed by the members, excluding the observers.
- 2.5. The Gas Advisory Board may establish working groups comprised of representatives of gas market stakeholders to assist the Gas Advisory Board in advising the ~~Rule Change Panel Coordinator~~, AEMO or the ERA on any of the matters arising in the performance of their respective roles under the GSI Rules.

## 3. Membership Rules

- 3.1. The Gas Advisory Board will comprise:
- (a) ~~a Chairperson~~ an independent Chair, who must be a person appointed by the ~~chairperson of the Rule Change Panel~~ Minister in accordance with subrule 12(3) of the GSI Rules;
  - (b) one person from AEMO;
  - (c) up to two independent persons nominated by the Minister representing small end use customers;
  - (d) a representative of the Coordinator in the capacity of Hazard Management Agency under the Emergency Management Regulations 2006; and
  - (e) persons appointed by the Coordinator, including:

(i) two persons representing pipeline operators and owners;

(ii) two persons representing gas producers;

(iii) two persons representing gas shippers; and

(iv) two persons representing gas users.

~~(b) two members representing gas producers;~~

~~(c) two members representing pipeline operators and owners;~~

~~(d) two members representing gas shippers;~~

~~(e) two members representing gas users;~~

~~(f) the Coordinator of Energy in the capacity of Hazard Management Agency under the *Emergency Management Regulations 2006*;~~

~~(g) one member representing small end use customers, appointed by the Minister; and~~

~~(h) one member from AEMO.~~

3.2. The Minister may appoint a representative to attend Gas Advisory Board meetings as an observer.

3.3. The ERA may appoint a representative to attend Gas Advisory Board meetings as an observer.

~~3.4. Observers are entitled to speak at meetings of the Gas Advisory Board but are not members and do not formally participate in making any recommendations.~~

3.4. The Coordinator or the independent Chair may invite a person to attend Gas Advisory Board meetings as an observer, either for a specified meeting or meetings or until further notice.

### Classes of Members

~~3.5. Members who are unable to attend meetings can request that a proxy attend in their place. The proxy must come from an organisation that belongs to the same class as the member, and must have similar skills and experience as the member. Members cannot send a proxy by right. Permission to attend is at the Chairperson's discretion.~~

3.6.5. Compulsory class members are the members appointed under clauses 3.1(a) to 3.1(d) of this Constitution, being the independent Chair, the AEMO representative, the Coordinator of Energy, the GAB Chairperson and the member(s) nominated by the Minister to represent small end use consumers customers, and the representative of the Coordinator.

3.6. Discretionary class members are members appointed under clause 3.1(e) of this Constitution, being persons representing pipeline owners and operators, gas producers, gas shippers and gas users.

### Proxies

~~3.7. Discretionary class members are members who are not compulsory class members (i.e. Gas Producers, Pipeline Operators and Owners, Gas Shippers and Gas Users).~~

- 3.7. Compulsory class members who are unable to attend a meeting can send an appropriate proxy with similar skills and experience to attend meetings in their place.
- 3.8. Discretionary class members who are unable to attend meetings can request that a proxy attend in their place. The proxy must come from an organisation that belongs to the same class as the member, and must have similar skills and experience as the member. Discretionary class members cannot send a proxy by right. Permission for proxies to attend Gas Advisory Board meetings is at the independent Chair's discretion.
- ~~3.98.~~ Observers appointed by the Minister or the ERA can send proxies to attend meetings in their place.

### Meeting Attendance

- ~~3.910.~~ The Gas Advisory Board may continue to perform its functions despite any vacancy, provided that the quorum noted in clause 6.3 of this Constitution is met.
- ~~3.101.~~ Each member is required to attend all meetings. Members who have not attended all meetings may be removed by the Rule Change Panel Coordinator under clause ~~4.9~~ 4.11 of this Constitution. Attendance by a proxy is considered to be attendance by the member.
- ~~3.142.~~ Each member or observer is required to:
- (a) be prepared for all Gas Advisory Board meetings, to read the papers and to actively contribute to the discussions; and
  - (b) not use their position or information gained as a member or observer improperly to gain an advantage for themselves or anyone else, or cause detriment to the Rule Change Panel Coordinator, AEMO or the gas industry.
- ~~3.123.~~ Each member and observer must pay their own expenses associated with participating in the Gas Advisory Board.
- ~~3.13. At the discretion of the Chairperson, other persons may be allowed to attend Gas Advisory Board meetings as observers from time to time.~~

## **4. Appointing and removing members**

- ~~4.1.~~ The Rule Change Panel Coordinator may appoint and terminate membership of the Gas Advisory Board; ~~other than members appointed under clauses 3.1(a), (f), (g) or (h);~~ in accordance with the GSI Rules, this section 4 of this Constitution, and the any applicable Gas Advisory Board Appointment Guidelines (if guidelines are published by the Rule Change Panel Coordinator).
- 4.2. Compulsory class members who represent AEMO must be nominated to the Coordinator by AEMO.
- ~~4.23.~~ The Rule Change Panel Coordinator will advertise for nominations ~~to the Gas Advisory Board on its public website for discretionary members on the Coordinator's Website,~~ by email ~~via the gas advisory distribution list to recipients of Energy Policy WA's weekly RulesWatch newsletter,~~ and via direct contact with appropriate industry groups and by any other means the Coordinator considers appropriate. Any company or individual can make nominations.

- 4.34. An individual may be nominated as a member of the Gas Advisory Board in more than one category, but may only be appointed to one category of membership.
- 4.45. Each member is typically appointed for a ~~two-year~~ four-year term, subject to any earlier termination or resignation.
- ~~4.6. The Coordinator may appoint members following a composition review for a term shorter or longer than four years to ensure that the terms of half of the members in each class of discretionary members expire concurrently with each composition review.~~
- ~~4.57. There are no restrictions on the number of times a member can be reappointed to the Gas Advisory Board~~ A member may be reappointed to the Gas Advisory Board, but from 1 January 2022 may not serve more than two four-year terms consecutively.
- ~~4.68. With the exception of the employing organisation of the Coordinator of Energy, n~~ Not more than one individual from the same employing organisation can hold membership of the Gas Advisory Board at any one time.
- 4.79. When appointing members of the Gas Advisory Board, the ~~Rule Change Panel Coordinator~~ must consult with the independent Chair, and take nominations from Gas Market Participants and gas industry groups that it considers to have an interest in the GBB and the GSOO. If practicable, the ~~Rule Change Panel Coordinator~~ must choose members from the persons nominated, taking into account the requirements of the GSI Rules regarding the Gas Advisory Board composition. Further details of the nomination process are provided in the Gas Advisory Board Appointment Guidelines, published on the Rule Change Panel's website.
- 4.810. ~~The~~ Each year the Rule Change Panel Coordinator will review the performance and attendance of all Gas Advisory Board members every two years in consultation with the independent Chair. Following the review, the ~~Rule Change Panel Coordinator~~ 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 this Constitution or the Gas Advisory Board Appointment Guidelines (if guidelines are published by the Coordinator), and may appoint replacement members.
- 4.911. The ~~Rule Change Panel Coordinator~~ may remove a member of the Gas Advisory Board; other than those appointed under clause 3.1(f), (g) or (h); at any time in the circumstances described in subrule 13(4) of the GSI Rules, or if: The Coordinator may also remove a discretionary class member if:
- (a) in the ~~Rule Change Panel Coordinator's~~ Reasonable opinion, the person is not actively participating in the Gas Advisory Board;
  - (b) the person acts in a manner inconsistent with this Constitution ~~of the Gas Advisory Board~~; or
  - (c) the member is absent from, and has not provided a proxy for, three consecutive meetings.
- 4.102. A member of the Gas Advisory Board may resign by giving notice to the ~~Rule Change Panel Coordinator~~ in writing or by email.
- 4.143. If a position on the Gas Advisory Board becomes vacant, the ~~Rule Change Panel Coordinator~~ will attempt to appoint a suitably qualified person to fill the vacancy. The



~~Rule Change Panel Coordinator~~ will appoint a replacement member for the duration of the previous member's remaining length of tenure. The Gas Advisory Board will continue to perform its functions under the GSI Rules despite any vacancy.

## 5. Convening the Gas Advisory Board

- 5.1. The ~~RCP Secretariat (as the secretariat of the Gas Advisory Board)~~ will independent Chair must convene the Gas Advisory Board ~~on behalf of the Rule Change Panel~~:
- (a) in relation to a Rule Change Proposal or a Procedure Change Proposal, where the GSI Rules require a meeting to be held or the ~~Rule Change Panel Coordinator~~ considers that advice is required from the Gas Advisory Board, in which case the ~~Rule Change Panel, through the RCP Secretariat, Coordinator~~ will use reasonable endeavours to convene the meeting before the due date for submissions on the proposed changes;
  - (b) at the request of AEMO or the ERA, in relation to a Procedure Change Proposal relating to their respective functions under the GSI Rules;
  - (c) on any occasion when two or more members of the Gas Advisory Board inform the ~~RCP Secretariat independent Chair~~ in writing that they wish to bring a matter before the Gas Advisory Board for discussion, including consulting on a Rule Change Proposal, Procedure Change Proposal, the development of the GSI Rules or the development of the GSI Procedures; ~~and~~
  - (d) on any occasion when the independent Chair or the Coordinator wishes to bring a matter regarding the evolution or the development of the GSI Rules before the Gas Advisory Board for discussion; and
  - (ed) where practicable possible, consistent with the provisional schedule of the Gas Advisory Board meetings, issued annually by the ~~Rule Change Panel GAB Secretariat.~~

## 6. Conduct of Meetings

- 6.1. The ~~Chairperson independent Chair~~ may determine procedures for meetings of the Gas Advisory Board.
- 6.2. The Gas Advisory Board may provide advice or make recommendations to the Coordinator on an issue if consensus is achieved. Any advice or recommendations made by the Gas Advisory Board must be based on the consensus achieved by members, excluding the opinion of observers. Where consensus cannot be achieved after allowing reasonable time for discussion, the independent Chair must provide advice to the Coordinator that reflects any majority view, and that includes or is accompanied by the dissenting views.
- 6.3. The Gas Advisory Board can only make recommendations if a quorum of members is present at the time relevant discussion. A quorum requires:
- (a) at least ~~fifty percent~~ 50% of total current members ~~to be present at the meeting;~~ and
  - (b) at least one gas user, gas shipper, pipeline owner and operator, ~~and~~ gas producer and small end use customer representative.

to be present at the meeting.

- ~~6.4. The Chairperson may, in relation to any matter under consideration by the Gas Advisory Board, require all members and observers to treat a matter as confidential until advised otherwise. All members and observers must comply with that requirement.~~
- 6.54. Meetings of the Gas Advisory Board may be called or held using any technology determined by the Chairperson independent Chair and at a location nominated by the Chairperson independent Chair.
- 6.65. Meetings of the Gas Advisory Board are recorded for the purpose of ensuring the accuracy of meeting minutes. These recordings are considered temporary and will be periodically deleted ~~by the RCP Secretariat~~ once the minutes of a meeting are confirmed.
- 6.76. The Chairperson independent Chair may approve late papers for discussion at a Gas Advisory Board meeting at her or his discretion.

## **7. Role of the Gas Advisory Board GAB Secretariat and independent Chair**

- 7.1. ~~RCP Support, which includes the RCP Secretariat,~~ The GAB Secretariat will provide secretariat ~~and other~~ services to the Gas Advisory Board and support the independent Chair, including in performing the functions in clauses 7.2 and 7.3 of this Constitution.
- 7.2. ~~RCP Support~~ The GAB Secretariat will:
- (a) schedule meetings (under the direction of the independent Chair) and maintain the diary of the Gas Advisory Board;
  - (b) compile the meeting papers, send them by email to all members and observers of the Gas Advisory Board and publish the papers on the ~~Rule Change Panel's website~~ Coordinator's Website. ~~RCP Support~~ The GAB Secretariat will endeavour to send papers to all members and observers at least five Business Days before each meeting, and publish all papers on the Coordinator's Website, ~~at least five~~ four business days Business Days before each meeting ~~(subject to any approved late papers in accordance with clause 6.7), except for any late papers approved by the independent Chair;~~
  - (c) prepare the minutes of each Gas Advisory Board meeting and send them by email to all members and observers of the Gas Advisory Board as soon as practicable, after the meeting; and
  - (d) ~~subject to the confidentiality of the matters in meeting minutes,~~ publish the minutes on the ~~Rule Change Panel's website~~ Coordinator's Website.
- 7.3. The independent Chair may develop and submit Rule Change Proposals based on advice received from the Gas Advisory Board regarding the evolution or development of the GSI Rules.

## 8. **Interaction between the Gas Advisory Board and the Rule Change Panel and RCP Secretariat, the Coordinator and the independent Chair**

- 8.1. All written communications related to the activities of the Gas Advisory Board from the members and observers of the Gas Advisory Board to the ~~Rule Change Panel Coordinator~~ will be sent ~~via RCP Support to the GAB Secretariat~~.
- 8.2. Communications between the members and observers of the Gas Advisory Board and ~~RCP Support the GAB Secretariat~~ will be via email ~~wherever practical~~, to the email address published on the ~~Rule Change Panel's website~~ Coordinator's Website.
- 8.3. The ~~Rule Change Panel Coordinator~~ will provide the independent Chair, members and observers of the Gas Advisory Board with information in ~~its her or his~~ possession that is directly relevant to the issues being addressed by the Gas Advisory Board (subject to rule 10 of the GSI Rules).
- 8.4. In accordance with subrule 135(1) of the GSI Rules, within one Business Day after the publication of a notice of a Rule Change Proposal, the ~~Rule Change Panel Coordinator~~ will notify the independent Chair and members and observers of the Gas Advisory Board, via email, as to whether the ~~Rule Change Panel Coordinator~~ considers that the Rule Change Proposal requires convening of a meeting of the Gas Advisory Board and the reasons why.
- 8.5. The ~~Rule Change Panel Coordinator~~ will include in ~~its her or his~~ Rule Change Reports a summary of the views expressed by the members of the Gas Advisory Board (or working group), where the Gas Advisory Board (or working group) has met to consider a Rule Change Proposal.
- 8.6. The ~~Rule Change Panel Coordinator~~, AEMO and the ERA will include in their Procedure Change Reports a summary of the views expressed by the members of the Gas Advisory Board (or working group), where the Gas Advisory Board (or working group) has met to consider a Procedure Change Proposal.

## 9. **Governance Arrangements between the Gas Advisory Board and working groups**

- 9.1. The Gas Advisory Board, as per rule 16 of the GSI Rules, may establish working groups made up of representatives from member groups to assist the Gas Advisory Board in dealing with any matter arising in the performance of their respective roles under the GSI Rules. The Gas Advisory Board may establish or disband any working group at any time.
- 9.2. The Gas Advisory Board must determine the scope of work and Terms of Reference for each working group. The Gas Advisory Board may amend the Terms of Reference or membership of any working group at any time.
- 9.3. The Terms of Reference for a working group, will be tailored to the specific requirements of each working group and would typically include the:
- (a) background (reason for the establishment of the working group);
  - (b) purpose and scope of the working group;

- (c) roles and responsibilities of members of the working group;
  - (d) membership of the working group;
  - (e) administration, ~~Secretariat~~secretariat and meeting arrangements for the working group; and
  - (f) arrangements for reporting to the Gas Advisory Board.
- 9.4. Working groups must report back to the Gas Advisory Board at least once every two months, or as specified in the Terms of Reference for the working group. Reporting will be via the working group secretariat. The working group will report to the Gas Advisory Board at other times requested by the Gas Advisory Board. Day-to-day interaction between the Gas Advisory Board and the working group will be via ~~RCP~~Support the GAB Secretariat.
- 9.5. Working groups must refer issues outside the scope of the working group's Terms of Reference back to the Gas Advisory Board for consideration.
- 9.6. Once a ~~Working Group~~working group has been established, the Gas Advisory Board delegates to the ~~Working Group~~working group the ability to discuss the matters within the scope of the ~~Working Group's~~working group's Terms of Reference. The ~~Working Group~~working group must report its recommendations to the Gas Advisory Board.
- 9.7. The ~~Gas Advisory Board independent Chair~~ must inform the ~~Rule Change Panel Coordinator~~ if ~~it the Gas Advisory Board~~ establishes a ~~Working Group~~working group, and must provide the ~~Rule Change Panel Coordinator~~ with a copy of the Terms of Reference for each ~~Working Group~~working group and any recommendations from each ~~Working Group~~working group.

## **Appendix 1: GSI Objectives**

In accordance with section 6 of the GSI Act, the GSI Objectives are to promote the long-term interests of consumers of natural gas in relation to:

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

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## Agenda Item 8: GAB Meeting Schedule for 2022

Gas Advisory Board (**GAB**) Meeting 2021\_09\_23

The independent Chair, in consultation with the Coordinator, has decided that the GAB will continue to meet twice per year, and will hold additional meetings as necessary to consider specific issues as they arise.

The proposed meeting dates for 2022 are:

- Thursday 24 March 2022; and
- Thursday 22 September 2022.

### Recommendation

The independent Chair recommends that the GAB considers and agrees with the proposed GAB meeting dates for 2022.