



Government of **Western Australia**
Department of **Mines, Industry Regulation and Safety**
Energy Policy WA

Final Rule Change Report: Publication of Tanker Gas Information on the Gas Bulletin Board (GRC_2022_01)

Standard Rule Change Process

17 August 2022

Working together for a **brighter** energy future.

*An appropriate citation for this paper is: Final Rule Change Report:
Publication of Tanker Gas Information on the Gas Bulletin Board
(GRC_2022_01)*

Energy Policy WA

Level 1, 66 St Georges Terrace
Perth WA 6000

Locked Bag 100, East Perth WA 6892
Telephone: 08 6551 4600

www.energy.wa.gov.au
ABN 84 730 831 715

Enquiries about this report should be directed to:

Telephone: 08 6551 4600
Email: energymarkets@dmirs.wa.gov.au

Contents

1.	The Rule Change Proposal, Process and Timeline	3
2.	The Coordinator's Decision	4
2.1	Reason for the Coordinator's Decision	4
2.2	Commencement	4
3.	Proposed Amendments	5
3.1	The Rule Change Proposal	5
3.2	The Coordinator's Initial Assessment of the Proposal	5
4.	Consultation	6
4.1	Pre-Rule Change Proposal	6
4.2	The Gas Advisory Board	6
4.3	The Coordinator's Response to the Gas Advisory Board	6
4.4	Submissions Received during the First Submission Period	6
4.5	The Coordinator's Response to the Submissions Received during the First Submission Period	6
4.6	Submissions Received during the Second Submission Period	7
4.7	The Coordinator's Response to the Submissions Received during the Second Submission Period	7
4.8	Public Forums and Workshops	8
5.	The Coordinator's Draft Decision	9
6.	The Coordinator's Final Assessment	10
6.1	Assessment of the Rule Change Proposal	11
6.1.1	GSI Fees	11
6.2	Amendments to the Proposed Amending Rules	11
6.2.1	Definition of Production Facility	11
6.3	GSI Objectives	12
6.4	Protected Provisions	12
6.5	Civil Penalty Provisions	12
6.6	Reviewable Decisions	13
6.7	Cost and Practicality of Implementation	13
6.7.1	Cost	13
6.7.2	Practicality	13
6.7.3	Assessment	13
7.	Amending Rules	14

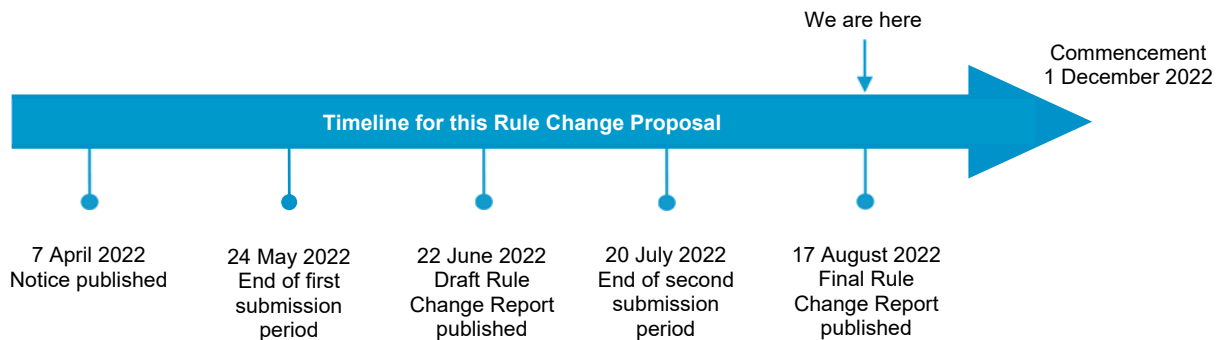
1. The Rule Change Proposal, Process and Timeline

On 29 March 2022, AEMO submitted a Rule Change Proposal titled “Publication of Tanker Gas Information on the Gas Bulletin Board” (GRC_2022_01). This Rule Change Proposal seeks to require:

- Registered Production Facility Operators to provide data to AEMO on the volume of Liquefied Natural Gas (**LNG**) that Production Facility Operators transport from their Registered Production Facilities by road Tankers;
- AEMO to publish these gas volumes on the Gas Bulletin Board (**GBB**); and
- the data to be provided and published on a monthly basis.

This proposal was processed using the Standard Rule Change Process, described in Part 8, Division 4 of the GSI Rules.

The key dates for progressing this Rule Change Proposal are:



This Final Rule Change Report is developed under rule 137 of the GSI Rules on the basis that the reader has read all of the related documents, including the Rule Change Proposal, the first period submissions, the Draft Rule Change Report and the second period submissions.

The Rule Change Proposal and all other documents related to this proposal can be found on the Coordinator’s website at <https://www.wa.gov.au/government/document-collections/rule-change-grc202201>.

2. The Coordinator's Decision

The Coordinator's final decision is to accept the Rule Change Proposal in a modified form. The Amending Rules are set out in section 7 of this report.

2.1 Reason for the Coordinator's Decision

The Coordinator made its final decision on the basis that:

- the GSI Rules, as amended by the final Amending Rules, will better achieve the GSI Objectives and will ensure that the GBB better meets its primary purpose;
- the overall implementation costs are low (\$30,000 to \$45,000) and there are no additional operational costs;
- there are no outstanding practicality concerns with implementing the Amending Rules because:
 - the Amending Rules provide for monthly reporting and publication of the LNG trucking data, which:
 - accounts for how Woodside measures and invoices for trucked LNG;
 - minimises AEMO's costs to receive the data and publish reports, with no substantial changes needed to the IT systems that support the GBB;
 - the Amending Rules provide for data to be submitted to AEMO via the GBB WA website portal but with email submission to be permitted for an interim period;
 - the definition of Production Facility has been amended to avoid the potential for double counting (i.e. to ensure that gas that is reported as Daily Actual Flow Data is not also reported as Monthly Trucked Gas Data);
- the GAB reached consensus that:
 - the trucked LNG volumes should be reported on the GBB because this will provide increased transparency on gas delivery in the State; and
 - the transparency benefits from reporting the trucked LNG will outweigh the costs because the costs are low (as indicated above).

The detailed analysis behind the Coordinator's decision is provided in section 6 of the Draft Rule Change Report and section 6 of this report.

2.2 Commencement

The Amending Rules will commence at **8:00am** on **1 December 2022**.

3. Proposed Amendments

3.1 The Rule Change Proposal

This section provides a summary of Rule Change Proposal GRC_2022_01. The full Rule Change Proposal can be found on the Coordinator's website.

LNG is currently drawn from Woodside's Pluto production facility and loaded onto Tankers for transport to end-users. This gas does not enter the pipeline network and the GSI Rules do not currently require Registered Production Facility Operators to report information to AEMO about gas that is transported from a Facility to end-users by Tankers, so this gas is not currently reported on the GBB.

AEMO submitted GRC_2022_01 on 29 March 2022. This Rule Change Proposal proposed amendments to the GSI Rules to enable publication of trucked LNG information on the GBB. GRC_2022_01 proposed changes to:

- Part 3, Division 4 of the GSI Rules to require a Registered Production Facility Operator to report information to AEMO on the volume of gas that is transported from each of its GBB Production Facilities to end-users by Tankers;
- Part 4, Division 2 of the GSI Rules to require AEMO to publish information on the volume of gas that is transported by Tankers from GBB Production Facilities on the GBB on a monthly basis; and
- the Glossary to:
 - amend the definition of the term 'Production Facility';
 - insert the new term 'Monthly Trucked Gas Data'; and
 - insert the new term 'Tankers'.

3.2 The Coordinator's Initial Assessment of the Proposal

The Coordinator decided to progress the Rule Change Proposal using the Standard Rule Change Process on the basis of its preliminary assessment that the proposal addresses a valid issue, appears to be consistent with the GSI Objectives and, based on preliminary estimates, will have minimal cost imposed on AEMO and Gas Market Participants.

4. Consultation

Section 4 of this Final Rule Change Report provides summaries of:

- the consultation that has been conducted on the Rule Change Proposal with the Gas Advisory Board (**GAB**) and the Coordinator's response to the views of the GAB;
- submissions made in the first and second submission periods and the Coordinator's response to the issues raised in those submissions; and
- the outcomes of any public forums or workshops held.

Although section 4 presents a summary of these consultations, the Coordinator has considered and taken into account each matter raised in making the draft decision on GRC_2022_01.

4.1 Pre-Rule Change Proposal

A summary of the consultation undertaken regarding this Rule Change Proposal prior to submission of the proposal to the Coordinator on 29 March 2022 is provided in section 5.1 of the Draft Rule Change Report.

4.2 The Gas Advisory Board

A summary of the consultation conducted with the GAB regarding this Rule Change Proposal prior to publication of the Draft Rule Change Report can be found in section 5.1 of the Draft Rule Change Report.

The GAB has not provided advice to the Coordinator since the publication of the Draft Rule Change Report regarding the evolution or development of the GSI Rules that is relevant to the issue addressed in GRC_2022_01, or regarding Rule Change Proposal GRC_2022_01.

4.3 The Coordinator's Response to the Gas Advisory Board

Section 5.3 of the Draft Rule Change Report provides the Coordinator's response to the GAB's advice that was provided prior to publication of the Draft Rule Change Report regarding Rule Change Proposal GRC_2022_01.

The GAB has not provided advice to the Coordinator regarding Rule Change Proposal GRC_2022_01 subsequent to publication of the Draft Rule Change Report.

4.4 Submissions Received during the First Submission Period

The first submission period for this Rule Change Proposal was held between 7 April 2022 and 24 May 2022.

The Coordinator received a submission from AEMO to provide an update on its forecast cost and timing to implement the proposal. A summary of this submission is provided in section 5.4 of the Draft Rule Change Report.

4.5 The Coordinator's Response to the Submissions Received during the First Submission Period

The Coordinator's assessment of the issues raised in AEMO's first period submission is presented in sections 5.5 and 6 of the Draft Rule Change Report.

4.6 Submissions Received during the Second Submission Period

The second submission period for this Rule Change Proposal was held between 22 June 2022 and 20 July 2022. The Coordinator received one submission from Wesfarmers Energy (Gas Sales) Limited (**WEGS**).

WEGS noted that the GAB had agreed that the Rule Change Proposal is intended to capture the reporting of LNG from Woodside's Pluto facility, not from other facilities that are already captured by GBB reporting. WEGS raised a concern that proposed changes to the term Production Facility could be interpreted to raise an obligation on all LNG facilities, including WEGS' domestic LNG facility in Kwinana, to report trucked LNG.

AEMO's proposed changes to the definition of Production Facility were:

Production Facility means a facility at which natural gas is produced for injection into one or more GBB Pipelines, or from which liquified natural gas is transported by a Tanker.

WEGS proposed the following alternative amendments to the definition of Production Facility:

Production Facility means a facility at which natural gas is produced, either for injection into one or more GBB Pipelines or for lifting by Tankers in the form of LNG.

A copy of WEGS' second period submission is available on the Coordinator's website.

The Coordinator sought stakeholder views on the following specific issue in the Draft Rule Change Report:

- (1) whether the cross-subsidies resulting from not accounting for the trucked LNG volumes in the GSI Fee allocation methodology in rule 116 are material enough to warrant changes to rule 116 (see section 6.1.2 of the Draft Rule Change Report).

The Coordinator did not receive any responses to this specific question raised in the Draft Rule Change Report.

4.7 The Coordinator's Response to the Submissions Received during the Second Submission Period

The Coordinator agrees with WEGS that the Rule Change Proposal is not intended to capture the reporting of LNG that is already captured by GBB reporting. The Coordinator notes that the GAB discussed this matter as the 'double counting' issue – that gas that is transported on a GBB Pipeline and reported as Daily Actual Flow Data should not also be reported as Monthly Trucked Gas Data (see section 5.1 of the Draft Rule Change Report).

The Coordinator also agrees with WEGS that the proposed definition of Production Facility could be read to capture facilities like the WEGS' facilities, which would lead to the double counting problem. This is because the proposed changes to the drafting of Production Facility could be read as having two limbs, only one of which involves the production of LNG. That is, the definition could be read to describe a facility:

- at which natural gas is produced for injection into one or more GBB Pipelines; or
- from which liquified natural gas is transported by a Tanker.

However, the Coordinator was concerned that WEGS' alternative proposed amendments to the term Production Facility may not adequately address this issue.

To address the concern, the Coordinator has decided to instead amend the definition of Production Facility as follows:

Production Facility means a facility at which natural gas is produced ~~for injection into one or more GBB Pipelines.~~ and either or both of the following occur:

(a) the natural gas is injected into one or more GBB Pipelines; or

(b) the natural gas is processed into liquified natural gas and transported by Tanker.

The Coordinator consulted with WEGS and AEMO on these amendments to the term Monthly Trucked Gas Data via email on 2 August 2022 and both WEGS and AEMO have confirmed that they agree with these amendments.

4.8 Public Forums and Workshops

The Coordinator did not hold a public forum or workshop for this Rule Change Proposal.

5. The Coordinator's Draft Decision

The Coordinator's draft analysis of the Rule Change Proposal and its draft assessment of the proposal against rule 127 and subrule 128(1) of the GSI Rules is presented in section 6 of the Draft Rule Change Report, which is available on the Coordinator's website.

The Coordinator's draft decision was to accept the Rule Change Proposal in the proposed form. The reasons for the Coordinator's draft decision are set out in section 2.1 of the Draft Rule Change Report.

The draft Amending Rules were set out in section 7 of the Draft Rule Change Report.

6. The Coordinator's Final Assessment

Subrule 137(2) indicates that, in preparing its Final Rule Change Report, the Coordinator must assess the Rule Change Proposal having regard to the rule making test in rule 127 and the factors listed for consideration in subrule 128(1).

Rule 127 states that:

The Coordinator must not make Amending Rules unless it is satisfied that the [GSI] Rules, as proposed to be amended or replaced, are consistent with the GSI Objectives.

Subrule 128(1) sets out the matters that the Coordinator must have regard to in deciding whether to make Amending Rules, including:

- (a) any applicable statement of policy principles given to the Coordinator by the Minister under rule 126;
- (aa) any advice by the GAB regarding the evolution or the development of the GSI Rules;
- (b) the practicality and cost of implementing the Rule Change Proposal;
- (c) the relevant views expressed in any submissions received by the Coordinator on the Rule Change Proposal;
- (d) the relevant views expressed at any public forums or workshops, or in other consultation with Gas Market Participants, held by the Coordinator on the Rule Change Proposal;
- (e) the relevant views expressed by the GAB where it met to consider the Rule Change Proposal;
- (ea) whether any advice from the GAB reflects a consensus view or a majority view, and, if the latter, any dissenting views included in or accompanying the advice and how these views have been taken into account by the Coordinator; and
- (f) any information that the Coordinator considers necessary to assess the Rule Change Proposal.

When making its final decision, the Coordinator has had regard to each of the matters identified in rule 127 and subrule 128(1), as follows:

- the Coordinator's overall assessment of the Rule Change Proposal is provided in section 6.1 of this Final Rule Change Report and section 6.1 of the Draft Rule Change Report;
- the Coordinator's assessment of the Rule Change Proposal against the GSI Objectives is provided in section 6.3 of this Final Rule Change Report and section 6.3 of the Draft Rule Change Report;
- the Minister has not provided a statement of policy principles to the Coordinator in respect of this Rule Change Proposal;
- the Coordinator's assessment of the practicality and cost of implementing the Rule Change Proposal is provided in section 6.7 of this Final Rule Change Report and section 6.7 of the Draft Rule Change Report;
- a summary of the views expressed by the GAB is provided in section 4.2 of this Final Rule Change Report and section 5.2 of the Draft Rule Change Report;
- the Coordinator's responses to the views of the GAB are provided in section 4.3 of this Final Rule Change Report, and in sections 5.3 and 6.1 of the Draft Rule Change Report;

- a summary of the first period submissions is provided in section 4.4 of this Final Rule Change Report and in section 5.4 of the Draft Rule Change Report;
- the Coordinator's responses to the first period submissions are provided in section 4.5 of this Final Rule Change Report, and in sections 5.5 and 6.1 of the Draft Rule Change Report;
- a summary of the second period submissions is provided in section 4.6 this Final Rule Change Report; and
- the Coordinator's responses to the second period submissions are provided in section 4.7 of this Final Rule Change Report.

6.1 Assessment of the Rule Change Proposal

6.1.1 GSI Fees

The Coordinator noted in section 6.1.2 of the Draft Rule Change Report that:

- the methodology to allocate GSI Fees in rule 116 and the related defined terms do not account for trucked LNG volumes;
- this would result in a cross-subsidy from Registered Shippers to Registered Production Facility Operators, and from Registered Production Facility Operators that do not truck LNG to those that do; and
- the GAB had advised that it is not worth the effort of amending the GSI Rules to correct for the cross-subsidies because of the low magnitude of the cross-subsidies.

The Coordinator:

- provided some analysis of the potential magnitude of the cross-subsidies in section 6.1.2 of the Draft Rule Change Report;
- indicated how the GSI Rules could be amended to correct for the cross-subsidies; and
- asked stakeholders to confirm whether the cross-subsidies are material enough to warrant changes to rule 116.

As indicated in section 4.6 of this Final Rule Change Report, the Coordinator did not receive any responses to this questions.

Therefore, the Coordinator has decided to not make any amendments to rule 116 to correct for the cross-subsidies.

6.2 Amendments to the Proposed Amending Rules

The Coordinator has made the following changes to the final Amending Rules from the draft Amending Rules in the Draft Rule Change Report following the second submission period.

These changes are reflected in the final Amending Rules included in section 7 of this Final Rule Change Report.

6.2.1 Definition of Production Facility

As indicated in section 4.7 of this Final Rule Change Report, the Coordinator is making the following additional changes to the definition of Production Facility to avoid the double counting issue (changes marked against the draft Amending Rules provided in the Draft Rule Change Report):

Production Facility means a facility at which natural gas is produced ~~for injection into one or more GBB Pipelines, or from which liquified natural gas is transported by a Tanker, and either or both of the following occur:~~

- (a) the natural gas is injected into one or more GBB Pipelines; or
- (b) the natural gas is processed into liquified natural gas and transported by Tanker.

6.3 GSI Objectives

The Coordinator's assessment of the Rule Change Proposal against the GSI Objectives is provided in section 6.3 of the Draft Rule Change Report. The Coordinator has not changed its assessment since the Draft Rule Change Report.

The Coordinator considers that the GSI Rules, as amended by the final Amending Rules in this Final Rule Change Report, will:

- better achieve GSI Objectives (a) and (d);
- be more consistent with the primary purpose of the GBB, as stated in subrule 2.(2)(a); and
- not impact on the ability of the GSI Rules to meet GSI Objectives (b) and (c).

6.4 Protected Provisions

The final Amending Rules do not amend any rules that are Protected Provisions, nor does the Coordinator consider that any of the new rules should be a Protected Provision.

6.5 Civil Penalty Provisions

As indicated in section 6.5 of the Draft Rule Change Report, the Coordinator's draft decision was to commence subrule 73A(1) on 1 December 2022, along with the rest of the Amending Rules, and to make subrule 73A(1) a Class A civil penalty provision at a later date, when changes are next made to the *Gas Services Information Regulations 2012 (GSI Regulations)*.

As indicated in section 6.2 of the Draft Rule Change Report, to provide clarity the GSI Rules regarding this decision, the Coordinator's draft decision was to:

- insert the following note after the new subrule 73A(1):

Note: this subrule is not currently a civil penalty provision, but amendments are being progressed to Schedule 1 of the GSI Regulations to make this subrule a civil penalty provision under regulation 15 of the GSI Regulations.
- change the note to the following once amendments to Schedule 1 of the GSI Regulations have been commenced:

Note: this subrule is a civil penalty provision for the purposes of the GSI Regulations (see the GSI Regulations, regulation 15 and Schedule 1).

The Coordinator did not receive any second period submissions regarding making subrule 73A(1) a civil penalty provision.

On 18 July 2022, the Coordinator published a consultation paper titled *Proposed Changes to the WEM, GSI and Pilbara Regulations – Civil Penalties and Reviewable Decisions* (<https://www.wa.gov.au/government/announcements/consultation-proposed-changes-the-wem-gsi-and-pilbara-regulations>). This paper provides details of the proposed changes civil penalty arrangements and provides instructions for making submissions on the proposed changes.

Energy Policy WA intends to release a draft of the amending regulations for comment in late 2022 and the Coordinator proposes to make subrule 73A(1) a civil penalty provision as part that process.

Therefore, the Coordinator has revised the note that will be inserted under the new subrule 73A(1) as follows:

Note: subrule 73A(1) is not currently a civil penalty provision, but amendments are being progressed to the civil penalty arrangements in the GSI Regulations and GSI Rules, and subrule 73A(1) is expected to be made a civil penalty provision as part of that process.

The note under subrule 73A(1) will be amended to clarify its status as a civil penalty provision as part of the process to amend the civil penalty arrangements for the GSI Rules.

6.6 Reviewable Decisions

The final Amending Rules do not amend any rules that contain Reviewable Decisions, and the Coordinator does not consider that any of the Amending Rules should be made Reviewable Decisions.

6.7 Cost and Practicality of Implementation

6.7.1 Cost

The estimated costs for AEMO to implement the proposed Amending Rules are provided in section 6.7.1 of the Draft Rule Change Report. No updates to these cost estimates have been provided to the Coordinator.

No other Gas Market Participant indicated that it would incur any material costs to implement the Amending Rules.

6.7.2 Practicality

Section 6.7.2 of the Draft Rule Change Report indicates the advice provided by AEMO and Woodside regarding the practicality of implementing the Amending Rules, including the time required to develop and implement changes to IT systems or internal processes. No updates regarding these practicality matters have been provided to the Coordinator.

6.7.3 Assessment

The Coordinator has assessed that there will be a net benefit to approving the Amending Rules because:

- the overall implementation and ongoing costs are low – see section 6.7.1 of this Final Rule Change Report and section 6.7.1 of the Draft Rule Change Report;
- all identified concerns with the practicality of implementing the Amending Rules have been addressed – see sections 4.7 and 6.7.2 of this Final Rule Change Report and section 6.7.2 of the Draft Rule Change Report;
- the GAB has reached consensus that the increased transparency benefits to the gas market from reporting the trucked LNG are worth capturing because the costs to do so are low (in the tens of thousands of dollars) – see section 5.1 of the Draft Rule Change Report; and
- the GSI Rules, as amended by the final Amending Rules, will better achieve the GSI Objectives and will ensure that the GBB better meets its primary purpose – see 6.3 of this Final Rule Change Report and section 6.3 of the Draft Rule Change Report.

7. Amending Rules

The Coordinator has decided to implement the following Amending Rules (~~deleted text~~, added text, rules that are included for context but not amended):

73A Registered Production Facility Operators to provide Monthly Trucked Gas Data

- (1) Subject to subrule (2), a Registered Production Facility Operator must provide AEMO with Monthly Trucked Gas Data for each of its GBB Production Facilities within 10 Business Days after the last day of each calendar month.
Note: subrule 73A(1) is not currently a civil penalty provision, but amendments are being progressed to the civil penalty arrangements in the GSI Regulations and GSI Rules, and subrule 73A(1) is expected to be made a civil penalty provision as part of that process.
- (2) A Registered Production Facility Operator is not required to provide Monthly Trucked Gas Data for a GBB Production Facility for a calendar month if that Monthly Trucked Gas Data is a zero quantity.
- (3) If AEMO does not receive Monthly Trucked Gas Data for a GBB Production Facility for a calendar month within 10 Business Days after the last day of that calendar month, then AEMO must deem the Monthly Trucked Gas Data provided to be a zero quantity.

...

89A Publication of Monthly Trucked Gas Data on GBB

AEMO must publish on the GBB, for each GBB Production Facility and each calendar month, the information provided under rule 73A(1) or deemed to be provided under rule 73A(3).

...

Schedule 1 – Glossary

...

Production Facility means a facility at which natural gas is produced ~~for injection into one or more GBB Pipelines.~~ and either or both of the following occur:

- (a) the natural gas is injected into one or more GBB Pipelines; or
- (b) the natural gas is processed into liquified natural gas and transported by Tanker.

...

Production Facility means a facility at which natural gas is produced for injection into one or more GBB Pipelines, or from which liquified natural gas is transported by a Tanker.

...

Monthly Trucked Gas Data means the total quantity of natural gas that is injected from a GBB Production Facility into Tankers to be transported to end users during a calendar month, determined on the basis of operational metering data where available or otherwise, where such data is not available, estimated by the Registered Production Facility Operator.

...

Tanker means a specialist truck tanker used to transport liquified natural gas.

Energy Policy WA

Level 1, 66 St Georges Terrace, Perth WA 6000

Locked Bag 100, East Perth WA 6892

Telephone: 08 6551 4600

www.energy.wa.gov.au

*We're working for
Western Australia.*

