



Meeting Agenda

Meeting Title:	Gas Advisory Board
Meeting Number:	2022_10_27
Date:	Thursday 27 October 2022
Time:	1:30 to 3:00
Location:	Online, via TEAMS.

Item	Item	Responsibility	Type	Duration
1	Welcome and Agenda <ul style="list-style-type: none"> Competition Law statement 	Chair	Noting	5 min
2	Meeting Apologies/Attendance	Chair	Noting	5 min
3	Actions Arising	Chair	Discussion	5 min
4	Overview of Rule Change Proposals	Chair	Noting	5 min
5	ERA's processes around compliance monitoring and enforcement	ERA	Noting	30min
6	Off Specification Gas	Chair	Discussion	30min
7	GAB Meeting Schedule for 2023	Chair	Decision	5 min
8	General Business	Chair	Discussion	5 min
	Next Meeting: Thursday 23 March 2023 (proposed)			

Please note this meeting will be recorded.

Competition and Consumer Law Obligations

Members of the Gas Advisory Board (**Members**) note their obligations under the *Competition and Consumer Act 2010 (CCA)*.

If a Member has a concern regarding the competition law implications of any issue being discussed at any meeting, please bring the matter to the immediate attention of the Chairperson.

Part IV of the CCA (titled "Restrictive Trade Practices") contains several prohibitions (rules) targeting anti-competitive conduct. These include:

- (a) **cartel conduct**: cartel conduct is an arrangement or understanding between competitors to fix prices; restrict the supply or acquisition of goods or services by parties to the arrangement; allocate customers or territories; and or rig bids.
- (b) **concerted practices**: a concerted practice can be conceived of as involving cooperation between competitors which has the purpose, effect or likely effect of substantially lessening competition, in particular, sharing Competitively Sensitive Information with competitors such as future pricing intentions and this end:
 - a concerted practice, according to the ACCC, involves a lower threshold between parties than a contract arrangement or understanding; and accordingly; and
 - a forum like the GAB is capable being a place where such cooperation could occur.
- (c) **anti-competitive contracts, arrangements understandings**: any contract, arrangement or understanding which has the purpose, effect or likely effect of substantially lessening competition.
- (d) **anti-competitive conduct (market power)**: any conduct by a company with market power which has the purpose, effect or likely effect of substantially lessening competition.
- (e) **collective boycotts**: where a group of competitors agree not to acquire goods or services from, or not to supply goods or services to, a business with whom the group is negotiating, unless the business accepts the terms and conditions offered by the group.

A contravention of the CCA could result in a significant fine (up to \$500,000 for individuals and more than \$10 million for companies). Cartel conduct may also result in criminal sanctions, including gaol terms for individuals.

Sensitive Information means and includes:

- (a) commercially sensitive information belonging to a Member's organisation or business (in this document such bodies are referred to as an Industry Stakeholder); and
- (b) information which, if disclosed, would breach an Industry Stakeholder's obligations of confidence to third parties, be against laws or regulations (including competition laws), would waive legal professional privilege, or cause unreasonable prejudice to the Coordinator of Energy or the State of Western Australia).

Guiding Principle – what not to discuss

In any circumstance in which Industry Stakeholders are or are likely to be in competition with one another a Member must not discuss or exchange with any of the other Members information that is not otherwise in the public domain about commercially sensitive matters, including without limitation the following:

- (a) the rates or prices (including any discounts or rebates) for the goods produced or the services produced by the Industry Stakeholders that are paid by or offered to third parties;
- (b) the confidential details regarding a customer or supplier of an Industry Stakeholder;
- (c) any strategies employed by an Industry Stakeholder to further any business that is or is likely to be in competition with a business of another Industry Stakeholder, (including, without limitation, any strategy related to an Industry Stakeholder's approach to bilateral contracting or bidding in the energy or ancillary/essential system services markets);
- (d) the prices paid or offered to be paid (including any aspects of a transaction) by an Industry Stakeholder to acquire goods or services from third parties; and
- (e) the confidential particulars of a third party supplier of goods or services to an Industry Stakeholder, including any circumstances in which an Industry Stakeholder has refused to or would refuse to acquire goods or services from a third party supplier or class of third party supplier.

Compliance Procedures for Meetings

If any of the matters listed above is raised for discussion, or information is sought to be exchanged in relation to the matter, the relevant Member must object to the matter being discussed. If, despite the objection, discussion of the relevant matter continues, then the relevant Member should advise the Chairperson and cease participation in the meeting/discussion and the relevant events must be recorded in the minutes for the meeting, including the time at which the relevant Member ceased to participate.

Agenda Item 3: Gas Advisory Board (GAB) Action Items

Meeting 2022_10_27

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
107	AEMO to copy the GAB in its response to the question on nameplate capacity asked at the WA Gas Consultative Forum on 27 October 2021.	AEMO	2021_10_28	Closed AEMO sent an email with its response to stakeholders on 1 November 2021.
108	GAB Secretariat to publish the minutes of the 23 September 2021 GAB Meeting on the Coordinator's website as final.	GAB Secretariat	2022_03_24	Closed The minutes were published on the Coordinator's website after the 24 March 2022 GAB meeting.
109	GAB Secretariat to publish the minutes of the 28 October 2021 GAB Meeting on the Coordinator's website as final.	GAB Secretariat	2022_03_24	Closed The minutes were published on the Coordinator's website after the 24 March 2022 GAB meeting.
Note – the GAB approved the minutes from the 24 March 2022 GAB meeting by email and the GAB Secretariat has published these minutes on the Coordinator's website.				

Item	Action	Responsibility	Meeting Arising	Status/Progress
110	Energy Policy WA (EPWA), AEMO and the ERA to meet offline to clarify the processes around compliance monitoring and enforcement and report back at the next GAB meeting	EPWA, AEMO, ERA	2022_03_24	<p>Closed</p> <p>EPWA, AEMO and ERA met on 1 June 2022. As an outcome of that meeting, the ERA will give a presentation to the GAB on the ERA's processes around compliance monitoring and enforcement (see agenda item 4).</p>

Agenda Item 4: Overview of Rule Change Proposals (as at 20 October 2022)

Gas Advisory Board (**GAB**) Meeting 2022_10_27

- 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 and description	Commenced
None				

Approved Rule Change Proposals Awaiting Commencement

Reference	Submitted	Proponent	Title and description	Commencement
GRC_2022_01	29/03/2022	AEMO	<p>Publication of tanker gas information on the Gas Bulletin Board</p> <p>The proposal seeks to require the provision and publication of information about gas that is transported by tankers. This is to increase transparency in the WA Gas Market.</p> <p>Full information on the rule change process for GRC_2022_01 is available at Rule Change GRC 2022 01 (www.wa.gov.au). In summary:</p> <ul style="list-style-type: none"> • at its meeting on March 2022, the GAB supported the formal submission of the rule change and advised the Coordinator that it should be progressed; 	01/12/2022

			<ul style="list-style-type: none"> • AEMO submitted the Rule Change Proposal on 29/03/2022 after amending the proposal to reflect comments from the GAB; • the Coordinator decided to progress the Rule Change Proposal and published notification of the proposal on 07/04/2022; • the Coordinator received one first period submission from AEMO providing updated implementation cost and timing information; • the Coordinator published a Draft Rule Change Report on 22/06/2022; • the Coordinator received one second period submission from Wesfarmers proposing amendments to clarify the defined term 'Production Facility'; • the Coordinator published a Final Rule Change Report on 17/08/2022 accepting the rule change proposal in a modified form to address the concerns raised by Wesfarmers regarding the definition of the term Production Facility; and • the Amending Rules will commence on 01/12/2022 	
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Rule Change Proposals Rejected since the last GAB Meeting

Reference	Submitted	Proponent	Title and description	Rejected
None				

Rule Change Proposals Awaiting Approval by the Minister

Reference	Submitted	Proponent	Title and description	Approval Due Date
None				

Formally Submitted Rule Change Proposals

Reference	Submitted	Proponent	Title and description	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	Title and Description	Status	Next Step
GRC_2022_02	CITIC	<p>Gas Storage, Injection and Withdrawal Data Enhancements</p> <p>The proposal seeks to require:</p> <ul style="list-style-type: none"> the publication of injection and withdrawal volumes for storage facilities; and the publication and visualisation of daily gas balance for storage facilities. <p>This is to increase transparency in the WA Gas Market.</p>	<p>Closed:</p> <p>CITIC submitted the pre-rule change proposal to the GAB 11/3/2022 and the GAB discussed the pre-rule change proposal on 24/03/2022.</p> <p>CITIC advised Energy Policy WA and AEMO by emails on 03/06/2022 and 30/09/2022 that:</p> <ul style="list-style-type: none"> it had subsequently met with AGIG and AEMO to discuss the issues raised in the pre-rule change proposal; Tubridgi is submitting the required information; AEMO was making changes to the Gas Bulletin Board to make that information more readily accessible; and it has decided not to progress the Rule Change Proposal. 	None

Agenda Item 5: The ERA's Compliance Monitoring and Enforcement under the GSI Rules

Gas Advisory Board (**GAB**) Meeting 2022_10_27

1. Purpose

As an outcome of Action Item 110, the Economic Regulation Authority (**ERA**) will present to the GAB the ERA's processes related to compliance monitoring and enforcement under the GSI Rules.

2. Recommendation

That the GAB notes:

- the information provided in this paper; and
- the attached presentation.

3. Background

At its meetings on 24 March 2022, the GAB discussed an Energy Policy WA paper presenting Gap Analysis of Certain Information Provision Requirements under the Gas Services Information (**GSI**) Rules. This paper was developed in response to Action Item 104,.

This paper was provided following discussions at the GAB meetings on 23 September 2021 and 28 October 2021, at which the GAB debated the interpretation of the information provision requirements in Part 3 of the GSI Rules. The GAB noted that there may be a reporting gap related to producer outages, which may not be captured as part of the emergency management system reporting.

At its meeting on 24 March 2022, the GAB concluded that the issue is not caused by the reporting and publishing requirements in the GSI Rules and may instead relate to compliance with the reporting and publishing processes.

The GAB sought clarification on the process for stakeholders to raise compliance concerns. Action Item 110 was recorded for Energy Policy WA, AEMO and the ERA to meet and clarify the processes around compliance monitoring and enforcement and report back at the next GAB meeting.

The EPWA, AEMO and ERA met on 1 June 2022 and agreed that the ERA is to present to the GAB on its compliance and enforcement processes under the GSI Rules.

Agenda Item 5 – Attachment 1



GSI Rules compliance update

22 September 2022

agenda

01
GSI Rules Compliance
Framework

02
GSI Rules Compliance
Investigations

03
GSI Rules Compliance
Monitoring

04
Conclusion

01

GSI Rules Compliance Framework

Legislative framework

Gas Services Information Act 2012

Gas Services Information Regulations 2012

Gas Services Information Rules (GSI Rules)



ERA's compliance functions

ERA
responsible
for GSI
compliance

Compliance monitoring – Rule 165 and Rule 165A (AEMO monitoring)

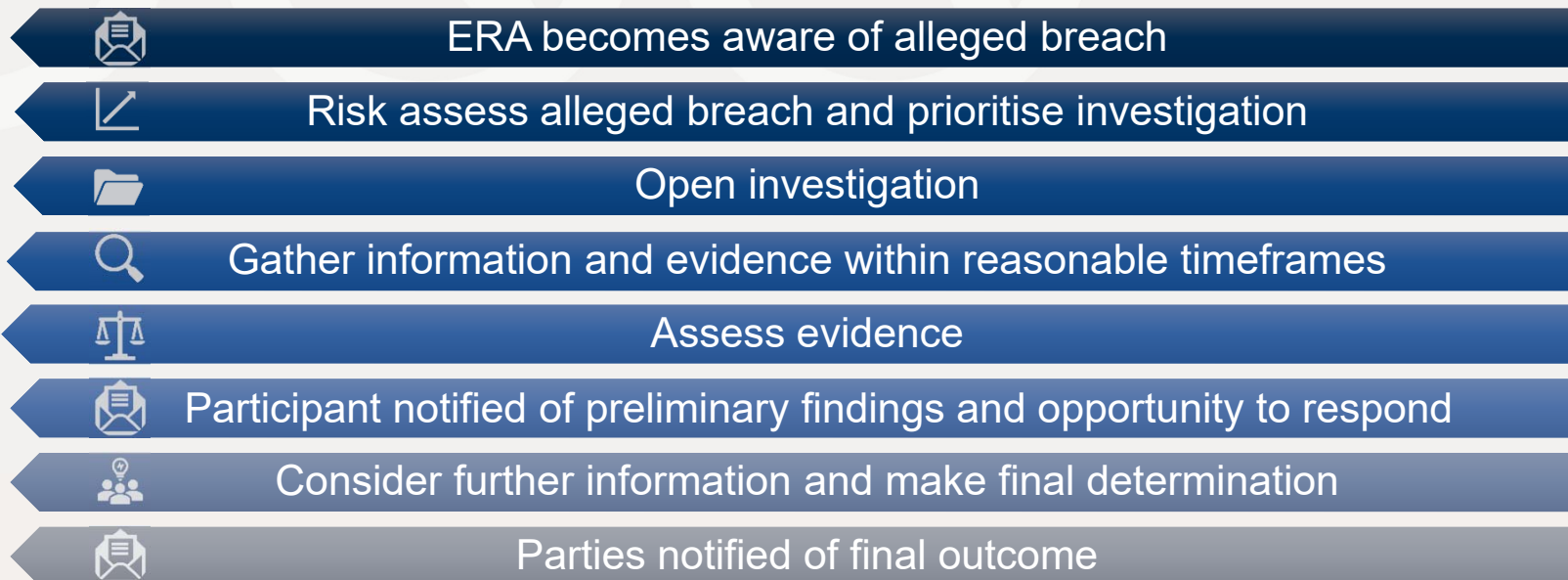
Investigations of alleged breaches – Rule 168

Enforcement – Warnings (Rule 170), Civil Penalties and ERB orders (Rule 171)

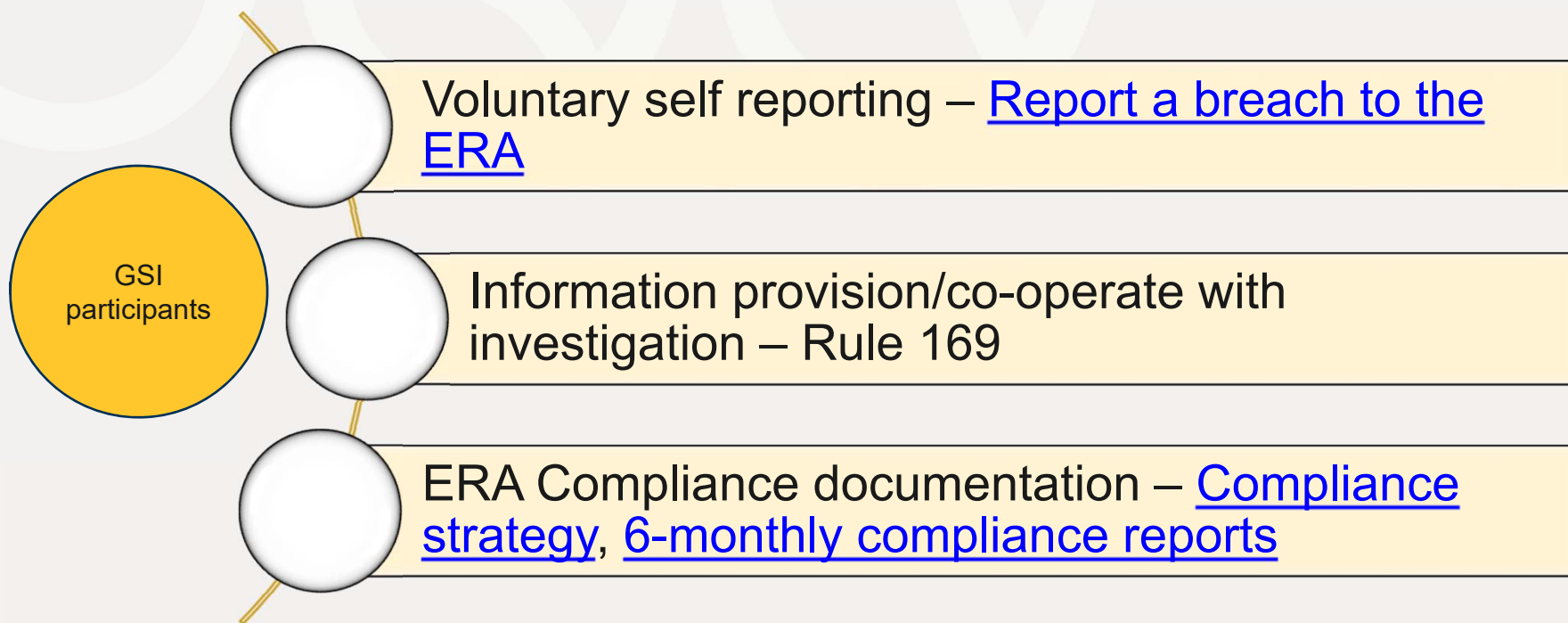
Reporting on compliance activities – Rule 167

Reporting on AEMO's compliance – Rule 174

Investigation process



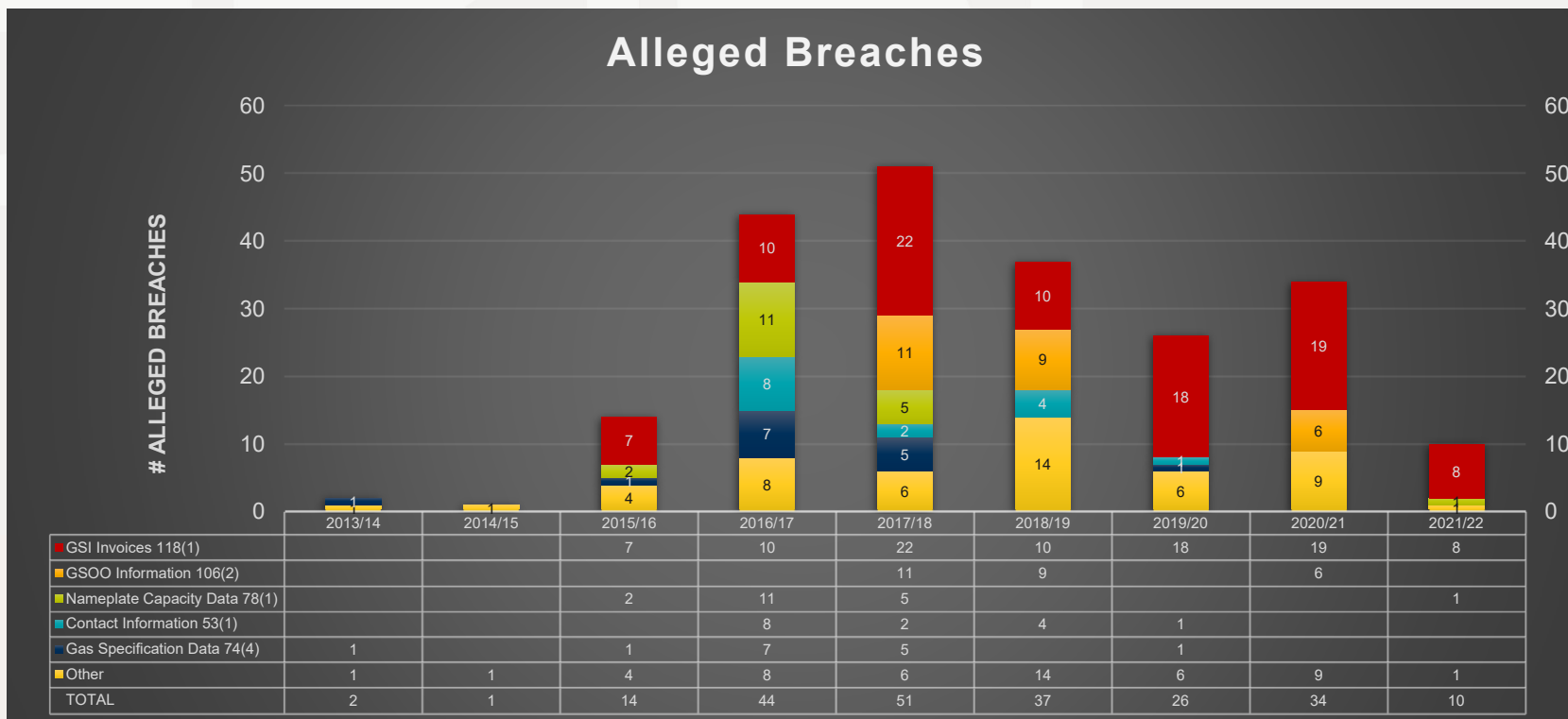
What should GSI participants be aware of?



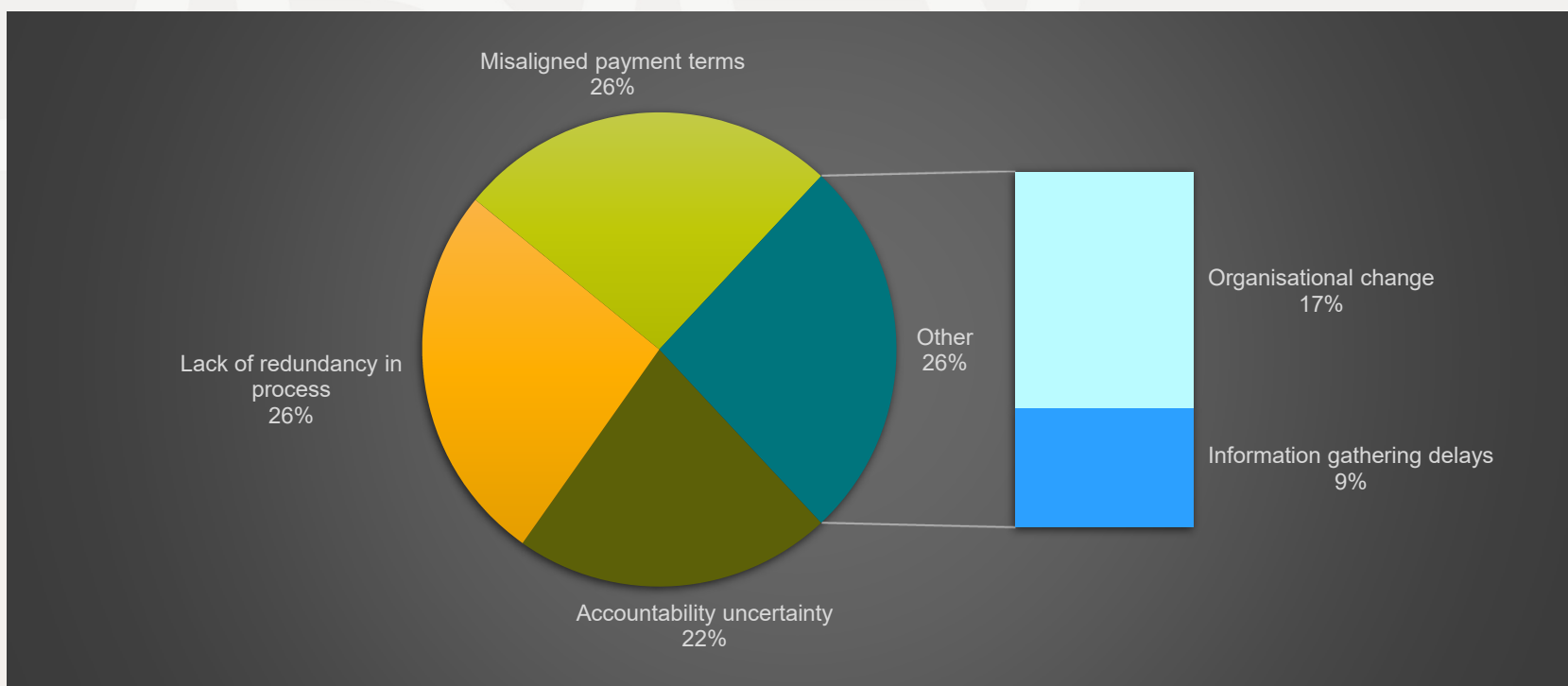
02

GSI Rules - Compliance Investigations

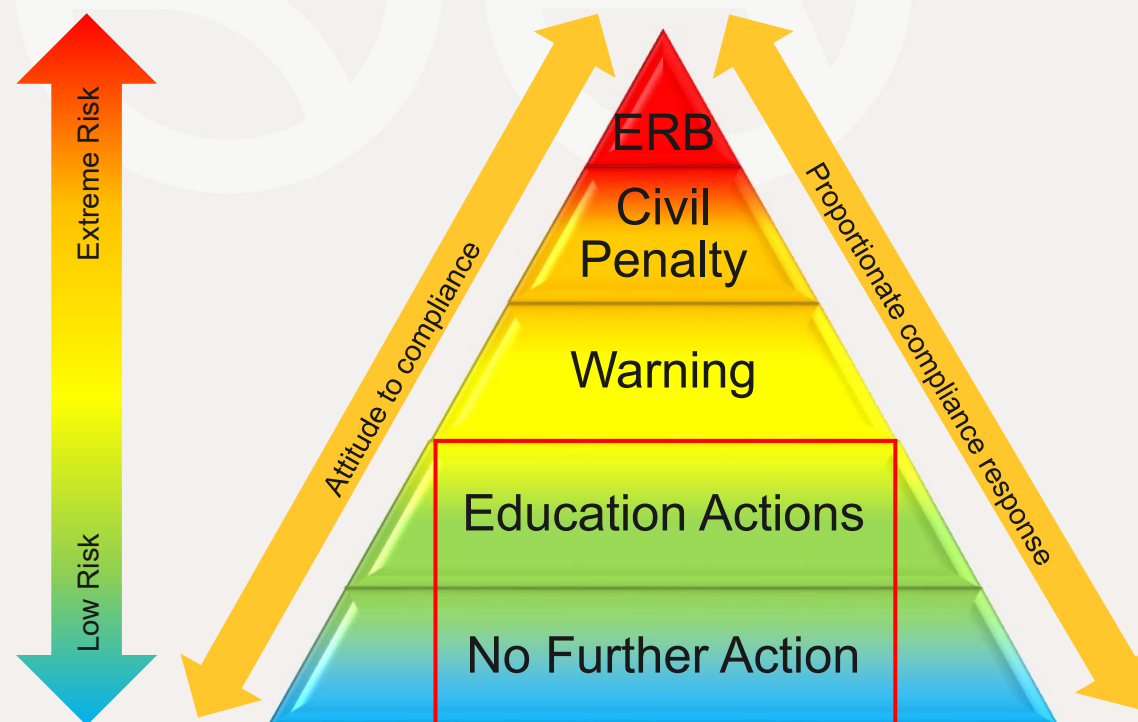
Alleged Breach Themes by Breach Date



Causes of breaches investigated in 2021/22



Compliance actions



03

GSI Rules - Compliance Monitoring

ERA Monitoring

GSI Rules Part 3

- Gas Market Participants to provide Information for the Gas Bulletin Board

ERA monitors

- Timeliness of Information Submissions
- Quality of Information



Quality of Information

- Majority of GSI Rules require Gas Market Participants to provide information
- A participant has a duty to act in good faith (Rule 3(1))
- Participants should:
 - Provide information which includes all events they should be reasonably aware of
 - Have sufficient processes to detect events which may change the information they have provided
 - Update information that has changed, as required by the rules

Capacity Outlook Case Study

What is a Material Change to a MTCO?

“... a material impact or change means a change to capacity that is more than the greater of 10% of Nameplate Capacity or 10 TJ per day.”

For a 7 Day CO¹:

“If...a(n) ... Operator becomes aware of a change to the ... Capacity Outlook ... for a Gas Day that has not yet ended, the Operator must provide to AEMO an updated Capacity Outlook ...”



Economic Regulation Authority

	Facility 1	Facility 2
Nameplate Capacity	200 TJ	50 TJ
10% Nameplate Capacity	20 TJ	5 TJ
Materiality Threshold	20 TJ	10 TJ
Change of 4 TJ	Not material	Not Material
Change of 11TJ	Not material	Material
Change of 21 TJ	Material	Material
Possible causes of capacity change	Maintenance, Outages, Plant Turnaround, Well Constraints	

1. Only if aware before 9:00AM or 1:00pm on Gas Day

Capacity Outlook Case Study

When to revise a MTCO?

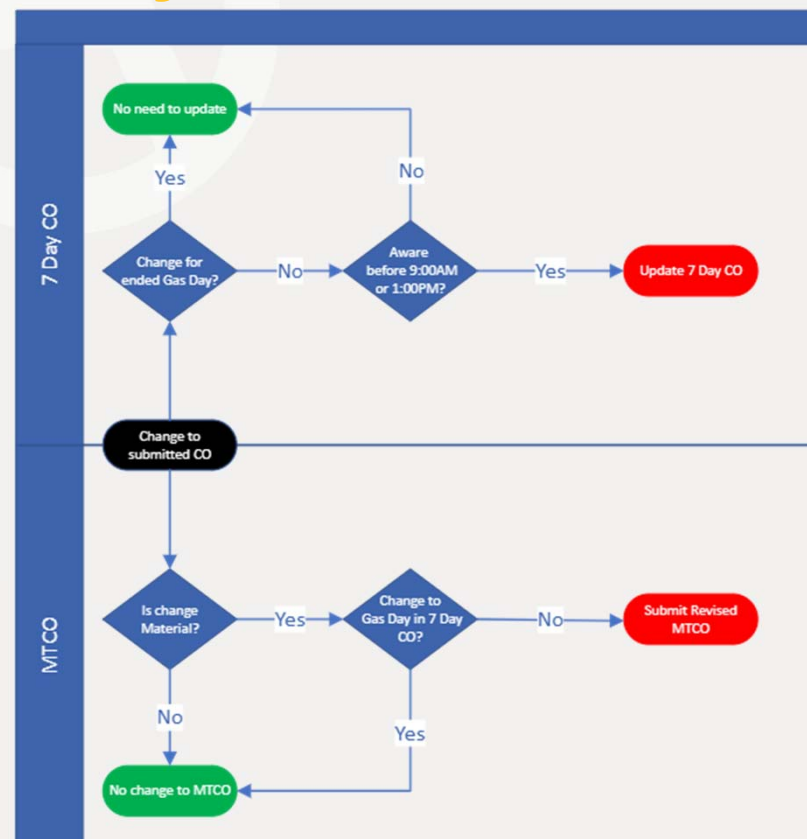
“A(n) ... Operator must ... submit a revised Medium Term Capacity Outlook ... if ... there has been a material change to the information ... but need not submit a revised outlook for Gas Days ... covered by Capacity Outlooks already provided...”

For a 7 Day CO:

“If, before 9:00 AM or 1:00 PM on a Gas Day D, a(n) ... Operator becomes aware of a change ...”



Economic Regulation Authority



Capacity Outlook Case Study

If Operator is aware of a material change to the capacity outlook data for 9 Aug 22 at 8.00am on 1 Aug 22 then a revised MTCO must be submitted as soon as practicable for 2 Aug 22 – 31 Jul 23. No updates are required for the 7 Day CO.



Capacity Outlook Case Study

If Operator is aware of a change to the capacity outlook data for 9 Aug 22 at 8.00am on 3 Aug 22 then an updated 7 Day CO must be submitted by 9:00am. No revised MTCO is required as the 9 Aug 22 is covered by the 7 Day CO.



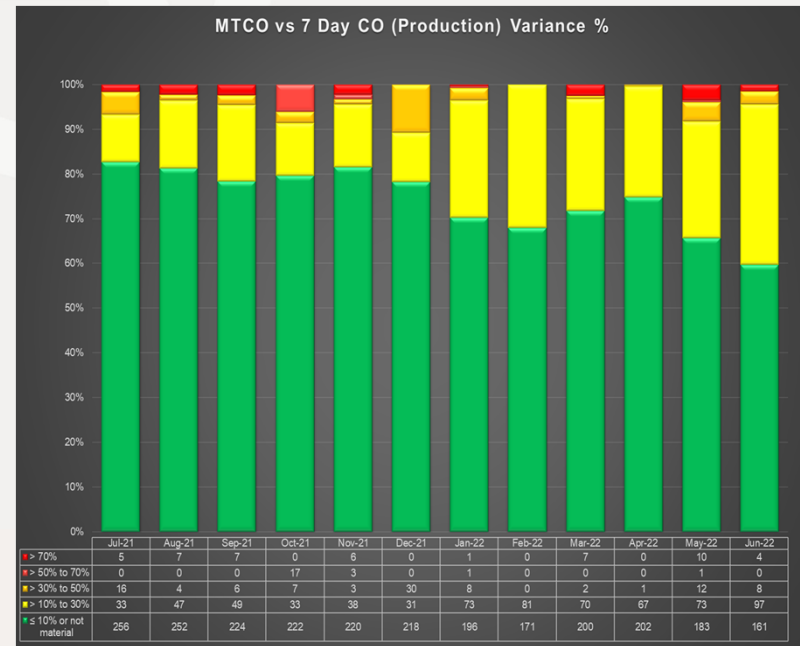
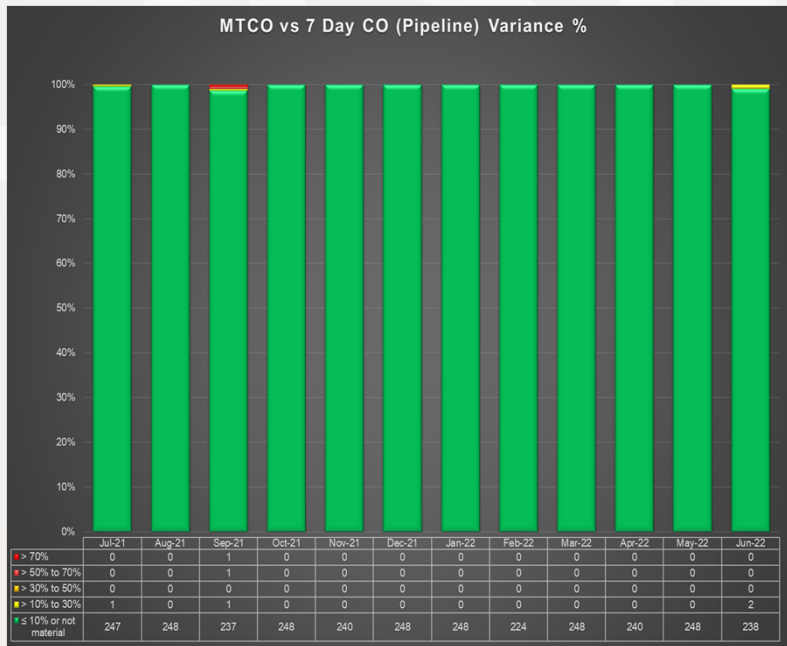
Example 1: Capacity Outlook Monitoring

Outlook	Requirement	By	Pipeline Operator	Storage Facility Operator	Production Facility Operator
Medium Term Capacity Outlook (MTCO)	12 months from start of next calendar month	6.00pm last day of calendar month	Rule 56(1)	Rule 64(1)	Rule 71(1)
	If Material Change then revised MTCO required for Gas Days not covered by 7 Day CO	As soon as practicable	Rule 56(4)	Rule 64(4)	Rule 71(4)
	Material Change defined as > of 10% of Nameplate Capacity or 10 TJ per day	N/A	Rule 56(5)	Rule 64(5)	Rule 71(5)
7 Day Capacity Outlook (7 Day CO)	Gas Day D+1 to D+7	6.00pm each Gas Day D	Rule 57(1)	Rule 65(1)	Rule 72(1)
	If change then updated 7 Day CO required for a Gas Day that has not yet ended	Before 9.00am or 1.00pm on Gas Day D	Rule 57(2)	Rule 65(2)	Rule 72(2)

- Comparison of Forecast for a Gas Day D (e.g. 9 Aug 22) from:
 - Medium Term Capacity Outlook in place at D-8 (1 Aug 22)
 - 7 Day Capacity Outlook Gas Day D-7 (2 Aug 22)



Capacity Outlook Variances



Example 2: Forecast vs Actual Monitoring

Forecast Information

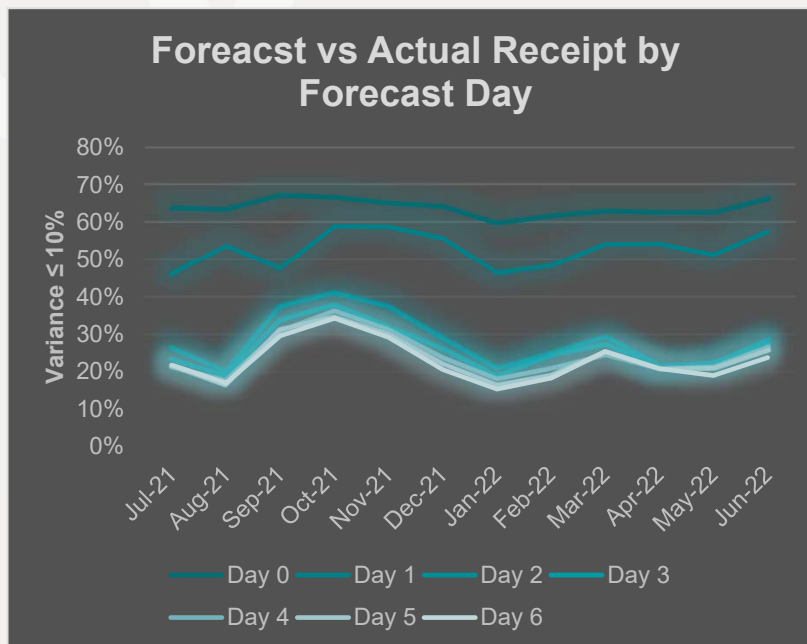
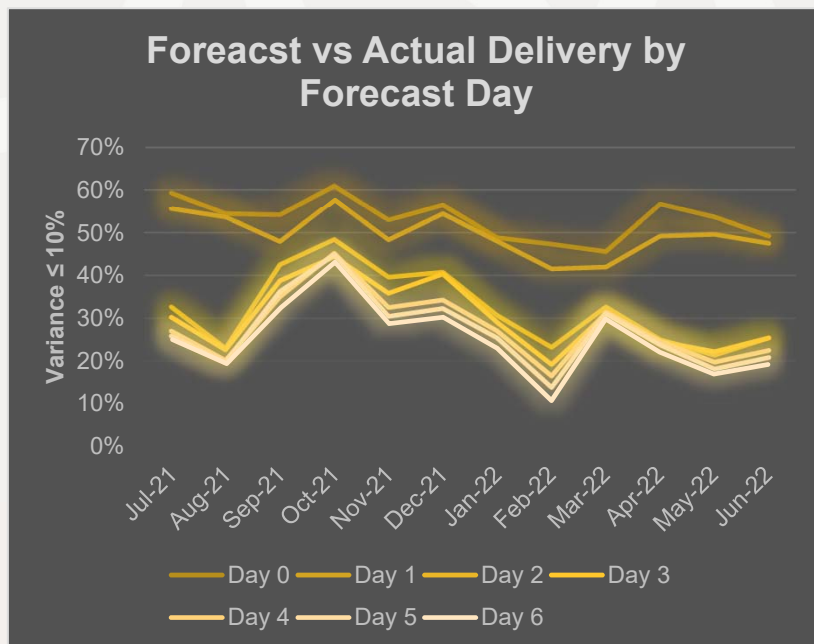
- From **Shipper** nominations and forecasts:
 - ⑩ Pipeline Operators (Rule 59)
 - ⑩ Storage Facility Operators (Rule 67)
- Updated Forecasts must be provided to AEMO if Operators become aware of change to data before 1:00pm on Gas Day D

Daily Actual Flow Data

- From operational metering data¹:
 - ⑩ Pipeline (Rule 60) – actual flows
 - ⑩ Storage Facility (Rule 68) – gas withdrawn from Delivery Point and injected in Storage Facility and gas withdrawn from Storage Facility and injected into Receipt point
 - ⑩ Production Facility (Rule 73) – gas injected

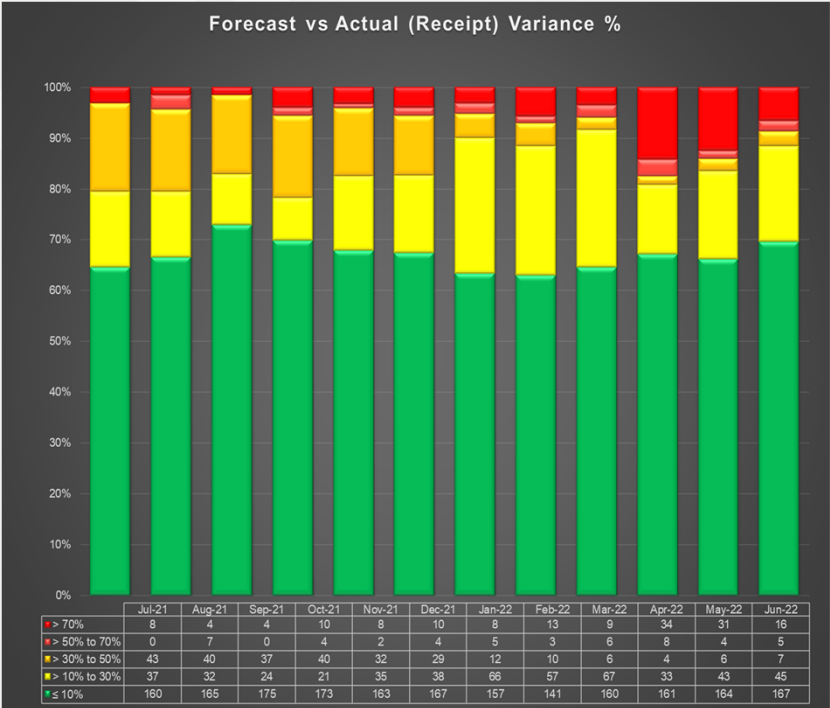
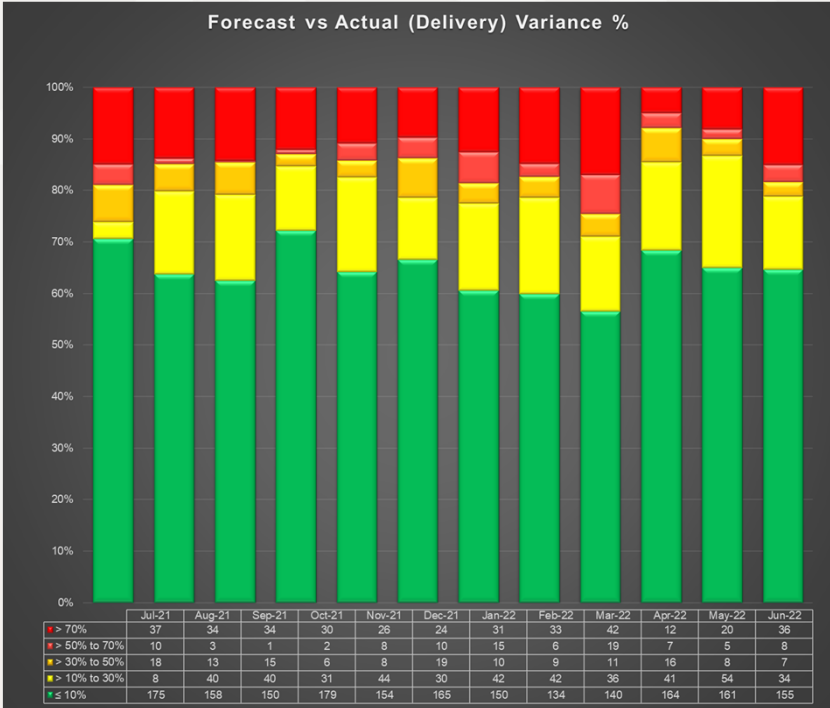


Forecast vs Actual Flows by Forecast Day¹



1. Delivery Points - where gas is withdrawn from a GBB pipeline
 Receipt Points - where gas is injected into a GBB pipeline

Forecast vs Actual Flows (Day 0)



Example 3: Submission Timeliness

Information	Submission Type	Pipeline Operators	Storage Facility Operators	Production Facility Operators	Submissions Required	Not Submitted/Late
Medium Term Capacity Outlook	MEDIUM_TERM_CAPACITY	Rule 56	Rule 64	Rule 71	230	4 (1.74%)
Nominated and Forecast Flow	NOMINATIONS_AND_FORECASTS	Rule 59	Rule 67	-	2920	4 (0.14%)
Daily Actual Flow Data	ACTUAL_FLOW	Rule 60	Rule 68	Rule 73	3650	2 (0.05%)
Daily Actual Consumption Data		Rule 78	-	-		
Gas Specification Data	GAS_SPECIFICATION	Rule 61	-	Rule 74	1825	0 (0.00%)
TOTAL					8625	10 (0.12%)

04

Conclusion

Questions

What other compliance information would you find useful?

Do participants have observations they would like to share with the ERA?



Relevant Documents



ERA Compliance
Strategy and
Framework



Six Monthly
Compliance Reports

Contacts

market.compliance@erawa.com.au

Adrian Theseira, Assistant Director,
Compliance and Enforcement
08 6557 7901



Economic Regulation Authority
WESTERN AUSTRALIA

Agenda Item 6: Off Specification Gas

Gas Advisory Board (**GAB**) Meeting 2022_10_27

1. Purpose

Mr Mike Lauer to raise an issue, as a Shipper representative, for consideration by the GAB regarding the notification of events when off specification gas is injected into pipelines.

2. Recommendation:

That the GAB:

- (1) discusses the issue raised by Mr Lauer;
- (2) considers and advises on whether a GAB Working Group should be formed to:
 - develop a protocol governing the notifications and information for off specification gas events;
 - assess the need for a Rule Change Proposal or GSI Procedure to enable such a protocol; and
- (3) provides initial views on the scope of any such protocol, GSI Procedure or Rule Change Proposal.

3. Process

On 21 September 2022, Mr Lauer asked the GAB Secretariat to include a paper about off specification gas events on the agenda of the GAB's meeting on 27 October 2022 (**Attachment 1**). Mr Lauer will provide further background at the meeting on 27 October 2022.

In the paper, Mr Lauer asks the GAB to establish a Working Group to develop a protocol governing the notifications and information for off specification gas events.

Under subrule 16(1) of the GSI Rules, the GAB may establish Working Groups, which may comprise members of the GAB, Registered Participants and other interested persons, to assist it in advising the Coordinator, AEMO or the ERA on any of the matters arising in the performance of their respective roles under the Rules.

Section 9 of the GAB Constitution¹ specifies the governance arrangements between the GAB and its working groups.

Clause 9.2 of the constitution requires the GAB to determine the scope of work and Terms of Reference for each Working Group.

Clause 9.4 of the constitution requires working groups to report back to the GAB 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 GAB at other times requested by the GAB. Day-to-day interaction between the GAB and the working group will be via the GAB Secretariat.

¹ The GAB Constitution is available at <https://www.wa.gov.au/system/files/2022-02/GAB-Constitution.pdf>.

Raising a Matter of Concern

Off Specification Gas Event 3 to 9 September 2022

I wish to raise the matter set out below as the Shipper's Representative on the Western Australian Gas Advisory Board (the **GAB**)

Please find below an outline of concerns relating to a sequence of Off Specification Gas events on the DBNGP and the PEP between 3 and 9 September.

As the Shipper's Representative on GAB - I am asking for this matter to be put on the agenda for discussion at the GAB meeting now scheduled for 27 September.

I am raising this matter for discussion because:

- the focus of the behaviour on this event seems to be to shift liability for Off Specification Gas to Shippers;
- there is an argument that the actions have failed to achieve that objective;
- indeed, the actions appear to have achieved no good purpose;
- instead these actions:
 - o may have resulted in/documented arguable contract concerns for Shippers, Pipeline Operators and Gas Producers;
 - o will result in (avoidable) Pipeline Imbalance Charges for some Shippers; and
 - o created confusion and considerable (and possibly conflicting) unresolved angst regarding legal responsibility/exposure.

I am able to present a diary of events in regard to this gas quality excursion at the meeting should the GAB find that of value, but I do not think it is constructive to focus on the details of this particular sequence of events. To avoid these events becoming the focus I have not included that diary in this note.

Typical of other similar events this particular event saw:

- downstream pipeline operators issuing Off Specification Gas notices BEFORE a notice was issued by either upstream producers or upstream pipelines;
- Off Specification gas being received into pipelines after it was rejected by some Shippers; and
- Off Specification Gas being delivered to Shippers after being rejected by those shippers.

I would have thought that our objective when it comes to managing Off Specification Gas should be to:

- ensure that all parties are monitoring for Off Specification Gas excursions;
- ensure that Off Specification Gas Notices are issued in a timely manner and as soon as an excursion is identified;
- ensure that gas supply IS NOT interrupted unless there is an excursion;
 - o that would result in Off Specification gas entering the ATCO Network (this is a matter of law);
 - o capable to damaging the gas pipeline system;

- capable of damaging end user gas-consuming equipment; and
- allow Off Specification Gas to continue to flow where that will facilitate remedial action by the producer.

Much of this can be achieved by creating a manual to govern the behavior of the parties when an Off Specification Gas excursion occurs (this has been called an Interface Manual in some cases). An interface Manual would reinforce the prominence of the Gas Specification but it may define some acceptable specification excursion limits and excursion durations that would be tolerated to allow all parties to react and address the problem. If a procedural manual can be agreed that could then be incorporated by reference into gas sale and purchase contracts.

I encourage the GAB to consider a motion and resolution along the following lines.

That GAB form a small working group to develop a protocol, that can be recommended for adoption by all gas market participants supplying gas to and, or, taking gas from Western Australia's gas transmission pipeline system, to govern the notification of Off Specification events and the management of Off Specification Gas into, and the delivery of Off Specification Gas from, Western Australian gas transmission pipeline system.

This might be thought of as a system Risk Appetite Statement where some tolerance may be afforded manageable quality excursions and no tolerance is afforded others.

Whether such a protocol is developed and enshrined in the Market Rules or adopted in a less formal way is also a matter for discussion. It is not intended that the development and adoption of such a protocol will create an additional risk that market participants might breach Market Rules.



Agenda Item 7: GAB Meeting Schedule for 2023

Gas Advisory Board (**GAB**) Meeting 2022_10_27

1. Purpose

GAB members are to approve schedule for the GAB's 2023 meetings

2. Recommendation:

That the GAB considers and agrees with the proposed GAB meeting dates for 2023.

3. Background

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 2023 are:

- 2:00pm on Thursday 23 March 2023; and
- 2:00pm on Thursday 14 September 2023.