



Minutes

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

Attendees	Class	Comment
Sally McMahon	Chair	
Martin Maticka	Australian Energy Market Operator (AEMO)	until 2:30pm
Graham Hansen	Small end-use customer representative	
Rachael Smith	Pipeline Owners and Operators	
John Jamieson	Pipeline Owners and Operators	
Steve Parks	Gas Producers	
Pete Ryan	Gas Producers	
Michael Lauer	Gas Shippers	
Quentin Jeay	Gas Users	
Richard Beverly	Gas Users	Proxy for Chris Campbell
Noel Ryan	Observer (appointed by the Minister)	
Lipakshi Dhar	Observer (appointed by the ERA)	
Paul Hynch	Representative of the Coordinator of Energy	Proxy for Bryon McLaughlin

Also in Attendance	From	Comment
Adrian Theseira	ERA	Presenter
Belinda Lee	ERA	Presenter
Trent Leach	DBNGP	Observer
Dora Guzeleva	GAB Secretariat	Observer
Rick Dolling	AEMO	Observer
Isadora Salviano	GAB Secretariat	Observer
Laura Koziol	GAB Secretariat	Observer

Apologies	From	Comment
Bryon McLaughlin	Representative of the Coordinator of Energy	
Chris Campbell	Gas Users	

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 1:30pm.</p> <p>The Chair welcomed all attendees with an Acknowledgment of Country.</p> <p>Competition Law statement</p> <p>The Chair noted the GAB's Competition and Consumer Law Obligations.</p> <p>Conflict of Interest</p> <p>The Chair declared that she has been appointed as a Commissioner at the Australian Energy Market Commission (AEMC) effective from 10 October 2022. She noted that, as part of her appointment process, the AEMC undertook a review of any potential and actual conflicts of interest and concluded that there is no conflict in her being a Commissioner at the AEMC and the Independent Chair of the GAB. This is because:</p> <ul style="list-style-type: none"> • the role of the Independent Chair is to: <ul style="list-style-type: none"> ○ manage GAB activities; ○ facilitate delivery of the GAB's advice to the Coordinator; ○ develop and improve the GAB's forward work program; and ○ facilitate discussion between GAB members. • It is not the role of the Chair to advise or influence the views of the GAB. <p>Therefore, going forward, it will be clearly recorded in the documentation of GAB statements or advice that the GAB's view is not necessarily the view of the Independent Chair.</p> <p>The Chair declared that she currently holds shares in energy companies in Western Australia that are not considered to materially influence her role as the Independent Chair of the GAB. However, she will relinquish her shares in FMG to satisfy the requirements for her role as Commissioner at the AEMC.</p> <p>The Chair noted that she would also relinquish the following roles to satisfy the AEMC:</p> <ul style="list-style-type: none"> • special advisor of the Coordinator of Energy; • member of the technical panel for the Generator Performance Standard dispute resolution; and • expert member on the Electricity Review Board. 	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance as listed above.</p>	

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3	<p>Actions Arising</p> <p>The paper was taken as read.</p>	
4	<p>Overview of Rule Change Proposals</p> <p>The Chair noted the updates on Rule Change proposal GRC 2022_01. She noted that the Amending Rules will commence on 1 December 2022.</p> <ul style="list-style-type: none"> • Mr Beverly noted that, at the last GAB meeting, AEMO updated the original cost estimate for the implementation of the rule change from around \$25,000 to around \$30,000 and that the estimate included a contingency allowance of around \$15,000. Mr Beverly asked what the actual implementation cost for the rule change would be. • Mr Maticka noted that he would clarify internally what the actual implementation costs were and share the information with the GAB. <p>The Chair noted that CITIC Pacific had notified the GAB Secretariat that it will not further pursue its Pre-Rule Change Proposal on 'gas storage injection and withdrawal'.</p>	
	<p>Action: AEMO to advise the GAB of the cost of implementing GRC_2022_01</p>	<p>AEMO</p>
5	<p>The ERA's processes around compliance monitoring and enforcement</p> <p>Mr Theseira and Ms Lee presented an overview of the ERA's compliance monitoring and enforcement processes.</p> <p>The slides are available on the GAB webpage (Gas Advisory Board meetings held since July 2021 (www.wa.gov.au)). The following was discussed:</p> <ul style="list-style-type: none"> • The Chair sought clarification on how the ERA monitors and determines whether a participant is compliant. • Mr Theseira explained that the ERA's monitors compliance as follows: <ul style="list-style-type: none"> ○ AEMO monitors compliance of certain obligations such as timeliness of submission of GSI data and notifies the ERA of any alleged breaches. The ERA must investigate these alleged breaches; and ○ the ERA monitors compliance using its own monitoring systems, and the ERA investigates any potential breaches at the ERA's discretion. • Mr Lauer noted that he would like to meet the ERA outside of the GAB to discuss in more detail how the presented compliance checks are undertaken. He noted that he would also review the recent minor modifications to the Gas Bulletin Board (GAB), which clarify when particular capacity data must be published. • Mr Beverly noted that, with the increasing uptake of renewable energy in the electricity market, it is getting more challenging for 	

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	<p>Gas Shippers to forecast actual consumption so the deviation does not exceed 10%, and that this should be considered.</p> <ul style="list-style-type: none"> • In response to a question from Mr Hansen, Mr Theseira noted that none of the breaches the ERA investigated had been self-reported. • In response to a question from the Chair, Mr Theseira explained that, when investigating an alleged breach, the ERA takes into account whether the participant has self-reported the breach. Self-reporting indicates to the ERA, that the participant is actively monitoring its own compliance. • The Chair suggested that the ERA should present information and updates regularly to the GAB. <ul style="list-style-type: none"> ○ Mr Jamieson agreed and suggest that this should be done annually. ○ Mr Theseira indicated that the ERA can provide annual updates. 	
	<p>Action – the ERA to provide annual information and updates to the GAB on the ERA’s compliance processes, with the next update provided at the September 2023 GAB meeting.</p>	<p>ERA</p>
<p>6</p>	<p>Off Specification Gas</p> <p>The Chair noted that Mr Lauer has asked to discuss with the GAB whether a working group should be established to develop a protocol and/or a rule change proposal for communicating off specification gas events.</p> <p>Mr Lauer emphasised that he did not want to focus on the particular off specification gas event in September or look at contract changes.</p> <p>Mr Lauer clarified that two issues are concerning several shippers: one is that off specification gas have been produced and injected into the pipeline without proper notification to shippers, and the other is that the gas was delivered even though shippers rejected the gas.</p> <p>Mr Lauer outlined what happened during the off specification gas event that occurred in September 2022:</p> <ul style="list-style-type: none"> • In early September 2022, Gas Shippers received notifications that the gas they were injecting on the Pilbara Energy Pipeline (PEP) was off specification gas. • The gas injected into the PEP comes from North West Shelf or the Dampier to Bunbury Natural Gas Pipeline (DBNGP). Mr Lauer was not aware that any Gas Producers or the Pipeline Operator of the DBNGP had indicated to the Gas Shippers that off specification gas had been injected into the PEP. Instead the issue was picked up by the Pipeline Operator of the PEP. • Retrospectively, a Gas Producers and the Pipeline Operator of the DBNGP confirmed that off specification gas had been injected into the PEP three days earlier. 	

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	<ul style="list-style-type: none"> • A number of Gas Shippers rejected the off specification gas delivery into the PEP. However, the gas was delivered regardless. <p>Mr Lauer suggested to establish a GAB working group to develop a model that encourages everybody to quickly disclose off specification gas events to the relevant parties in an agreed format.</p> <p>The following was discussed:</p> <ul style="list-style-type: none"> • Mr Jamieson noted that the excursions from the specifications during the event had been minor and no risk was posed to the users receiving the gas. The alternative of not delivering the gas, because a Gas Shipper had declined the gas, was to shut down the user plant which, he considered, would have had a greater consequence. • Mr Jamieson considered that the issue highlighted by Mr Lauer is a contractual issue and not an issue for the GSI Rules. Mr Jamieson supported getting together to develop better communication protocols. However, he noted that, as a Pipeline Operator, he is reliant on the Gas Shippers having the right contracts with the Gas Producers to deliver gas on specification. • Mr Jamieson noted that, if off specification gas is rejected by a Gas Shipper, then the Pipeline Operator shuts down the relevant user and dispose of the gas in some other way, which usually has environmental ramifications. • Mr Lauer agreed that the off specification event in September did not represent a risk to users. The issue was that the Gas Shippers were given an option to either accept or reject the off specification gas but their choice to reject the gas was ignored. • Mr Lauer noted that the objective should be to keep the plants running during an off specification gas event, if possible. • Ms Smith acknowledged that the DBNGP had been late to issue notices about the off specification gas event in September 2022. Ms Smith noted that, since the September event, the DBNGP has improved its processes by: <ul style="list-style-type: none"> ○ automating the provision of notices in line with DBNGP's contracts; and ○ improving the timeliness of the off specification notifications. • Ms Smith noted that, if a working group was established, she would be willing to participate. However, she considered that the issue was between Gas Producers and Gas Shippers. • Ms Smith noted that the DBNGP would be happy to hold one-on-one sessions with Gas Shippers to clarify how the market works around gas specifications. However, she considered that the GAB is not the right forum for such discussion because the issues are contractual in nature. • Mr Beverly agreed with Mr Jamieson and Ms Smith that off specification gas is an issue between Gas Producers and Gas 	

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	<p>Shippers. Mr Beverly considered that a GAB working group would not be the right forum to address the issue, but would participate if a GAB working group is established.</p> <ul style="list-style-type: none"> Mr Lauer noted that, under their standard shipper agreements, both Pipeline Operators are obliged to inform Gas Shippers the moment they become aware of off specification gas event. Therefore, the issue is not only between Gas shippers and Gas Producers but also affects Pipeline Operators. Mr Jeay supported Mr Lauer's concerns about off specification gas. He considered that Gas Users must be protected from off specification gas damaging their equipment, so there must be an option to reject gas so it does not reach the equipment. Mr Jeay noted that he would be happy to participate if a GAB working group was formed. Mr Ryan considered that the issue of off specification gas should be dealt with commercially and outside of the GAB. Mr Parks agreed with Mr Ryan. Mr Maticka noted that AEMO would participate in a GAB working group if one was established. Mr Jamieson and Ms Smith where opposed to forming a GAB working group but noted that the issue could be discussed in an industry working group. Mr Lauer and Mr Jeay considered that an industry working group would also be acceptable. In response to a question from the Chair, Ms Smith agreed that she would come back to the GAB on whether DBNGP would be able to lead such an industry working group. The Chair asked GAB members to register their interest in joining such an industry working group with the GAB Secretariat via email. 	
	<p>Action – Ms Smith to notify the GAB members whether DBNGP is able to facilitate an industry working group on the treatment of off specification gas.</p>	<p>DBNGP</p>
	<p>Action – GAB Members to email EPWA to register their interest in joining a potential industry working group on the treatment of off specification gas.</p>	<p>GAB Members</p>
<p>7</p>	<p>GAB Meeting Schedule for 2023</p> <p>The GAB endorsed the following meeting schedule for 2023:</p> <ul style="list-style-type: none"> 2:00pm on Thursday 23 March 2023; and 2:00pm on Thursday 14 September 2023. 	
<p>8</p>	<p>General Business</p> <p>No general business was raised.</p>	

The meeting closed at 2:50pm.