



Minutes

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| Meeting Title | Gas Advisory Board (GAB) |
| Meeting Number | 2023_03_23 |
| Date | Thursday 23 March 2023 |
| Time | 1:50pm to 3:30pm |
| Location | Online, via TEAMS. |

| Attendees | Class | Comment |
|------------------|---|-------------------------|
| Sally McMahon | Chair | |
| Martin Maticka | Australian Energy Market Operator (AEMO) | |
| Graham Hansen | Small end-use customer representative | |
| Rachael Smith | Pipeline Owners and Operators | |
| Rebecca Mason | Pipeline Owners and Operators | Proxy for John Jamieson |
| Susana Jadim | Gas Producers | Proxy for Steve Parks |
| Pete Ryan | Gas Producers | |
| Michael Lauer | Gas Shippers | |
| Quentin Jeay | Gas Users | |
| Chris Campbell | Gas Users | |
| Bryon McLaughlin | Representative of the Coordinator of Energy | |
| Noel Ryan | Observer appointed by the Minister of Energy | |
| Lipakshi Dhar | Observer appointed by the Economic Regulation Authority (ERA) | |
| Frances Hobday | Observer for Agenda Item 6 | |
| Chris Meredith | AEMO | For Agenda Item 8 |
| Neetika Kapani | AEMO | For Agenda Item 8 |

| Also in Attendance | From | Comment |
|---------------------------|-----------------|----------------|
| Dora Guzeleva | GAB Secretariat | |
| Isadora Salviano | GAB Secretariat | |
| Stephen Eliot | GAB Secretariat | |

| Apologies | From | Comment |
|---------------|-------------------------------|---------|
| John Jamieson | Pipeline Owners and Operators | |
| Steve Parks | Gas Producers | |

| Item | Item | Action |
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| 1 | <p>Welcome and Agenda</p> <p>The Chair opened the meeting and welcomed all attendees with an Acknowledgement of Country.</p> <p>The Chair noted the main purpose of the meeting; which was to discuss the:</p> <ul style="list-style-type: none"> • January 2023 Gas Supply Incident; • LCA Flag definition for Storage Facilities; and • Five-Year Review of the Gas Statement of Opportunity (GSOO). <p>The Chair noted the competition law obligations of the GAB.</p> <p>The Chair advised that she has accepted an invitation to join the Grattan Institute Energy Reference Group as a Commissioner of the Australian Energy Market Commission and noted that this is not a decision making or advisory role, but a test group for the Grattan Institute’s work program.</p> | |
| 2 | <p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance and apologies as listed above.</p> | |
| 3 | <p>Minutes of Meeting 2022_10_27</p> <p>The agenda item was not discussed.</p> | |
| 4 | <p>Actions Arising</p> <p>The Chair noted the open action items:</p> <p>Action 112 – the Chair noted that the ERA’s next presentation would be scheduled for September 2023 and closed this item.</p> <p>Action 113 – the Chair noted that members were asked to confirm if an industry working group is needed to discuss issues with off-specification gas and, if so, who should lead it. The Chair reiterated that this will not be a GAB Working Group.</p> <ul style="list-style-type: none"> • Mr Lauer volunteered to convene the working group. • Ms Smith indicated DBNGP’s interest in participating. • Ms Mason indicated APA’s interest in participating. <p>The Chair invited GAB members to contact Mr Lauer directly to express their interest in joining the working group and suggested that Mr Lauer proactively contacts those members considered to be valuable for the discussion. This Action Item was closed.</p> | |
| 5 | <p>Overview of Rule Change Proposals</p> <p>The paper was taken as read.</p> | |

6

Update on the review of the January 2023 Gas Supply Incident

Mr McLaughlin presented an update on the Energy Policy WA (EPWA) review of the gas supply incident that occurred in early January 2023. The following was discussed:

- Ms Smith asked if any market participants had commented on the Minister's attendance at the Operational Area Management Team meeting on 6 January 2023. Mr McLaughlin indicated that the Minister's presence at the meeting has been reported as both a positive and negative experience – for some it provided motivation, and for others created additional pressure.
- Mr Lauer asked why the report from the review would not be provided to all market participants, not just to those that provided information to the inquiry.
- Mr McLaughlin explained that the Terms of Reference for the review indicated that the report is to be provided to the Coordinator of Energy but it could be made public at the Coordinator's discretion.
- Mr Lauer considered that the report is valuable to all market participants and requested that it be made available to all interested parties.
- Mr McLaughlin acknowledged the request and noted that he will advise the Coordinator of this.

The Chair asked the GAB members if the accuracy and reliability of reporting of the Capacity Outlook on the Gas Bulletin Board (GAB) is acceptable and whether the ERA should be asked to consider investigating whether all Production Facilities have complied with their Capacity Outlook reporting requirements (Rule 72).

- Mr Lauer noted that market participants seem to have two interpretations of Rule 72: some report Capacity Outlook as the Nameplate Capacity and others as the physical capacity or the actual volume of gas that can be supplied over the next seven days. Mr Lauer noted that, while Santos reported reduced capacity that reflected the actual capacity available to the market, Karratha Gas Plant (KGP) reported at its Nameplate Capacity (630TJ), which significantly overstated the actual available..
- Mr Lauer indicated that these reporting requirements were discussed at the GAB meeting on 24 March 2022, that Rule 72 does not relate to Nameplate Capacity, and that the Capacity Outlook is only of value if it indicates what Facilities are planning to supply.
- Ms Smith agreed with Mr Lauer that this is an ongoing issue and expressed concern that the information on actual gas volumes available in the market is unreliable. Ms Smith noted

that the Karratha Gas Plant's role in the incident was critical, because it provided 430TJ less to the market than it reported, on a 37 degree day that already had a near 50% shortfall. Ms Smith considered that this information is critical to allow the market to quickly and effectively react to shortfalls, and that the GBB is not working if incorrect information leads to an ineffective market. Ms Smith drew attention to Chevron having another significant 10-day trip in 2023, following six trips in 2022 leading to 81 days offline.

- Mr Campbell agreed with Mr Lauer and Ms Smith, and added that the GBB is not providing transparency. Instead, it is misleading the market to believe that there is gas available when there is not, so it is not achieving its purpose. Mr Campbell indicated another problem is that market participants might have the capacity to provide the volume of gas they are reporting but prefer not to do so. In emergency events it is important that market participants have a clear understanding of what will be provided and not what could be provided.
- Mr Jeay noted that accuracy of market information must be improved. Mr Jeay considered that market participants should not need to wait for EPWA to convene a meeting to discuss an emergency situation, as by this time it is already too late. The GBB should indicate to market participants that an emergency could emerge, but the Capacity Outlook information is inaccurate and delayed and some useful information is missing.
- Mr Campbell supported Mr Jeay and suggested that the information available on the GBB does not help to manage emergency situations. Mr Campbell indicated that this is not just a compliance issue, it is also about providing the correct data at the right time.
- Mr Maticka agreed with Mr Campbell and suggested the ERA's investigation should consider previous GAB discussions on interpreting Capacity Outlook.
- Regarding a comment by Mr Jeay that pipeline pressure and linepack data is missing from the GBB, Ms Smith commented that providing this information is not simple, as the information will differ depending on the location in the pipeline and on a wide range of other factors. There is no single linepack or pressure number that will provide an indication of the health of the system.
- Ms Mason supported Ms Smith and considered that the LCA Flag is an adequate linepack indicator.
- Ms Mason considered that, the more specific the rules get, the harder they will be for Facilities to implement. Ms Mason suggested the use of guidelines to clarify the interpretation of the Rules.

- Mr Lauer suggested that an LCA Flag should indicate the health of system to the market – amber indicating that the system is under stress and red that it is compromised. The rules do not need to provide detail on how the pipeline operators determine what the LCA flag should be.
- Mr Pete Ryan agreed that there are issues around data integrity, quality and timeliness that need to be addressed.
- Ms Hobday considered that there appears to be a disconnect between what the rules intend and what has been happening.
- Ms Guzeleva noted that the GAB has considered the interpretation of the rules, as indicated in the appendix to the paper for Agenda Item 6.
- Ms Guzeleva noted that only pipeline operators and storage facility operators are required to post LCA Flags but gas producers are not, and it is not clear why.
- Mr Maticka agreed with Ms Guzeleva that Capacity Outlook reporting is about what can be injected, not Nameplate Capacity, and suggested that the next step is to investigate compliance before considering whether a rule change is needed.
- Ms Hobday noted that the ERA must investigate all matters that are brought to its attention and that it will investigate this matter and report back to the GAB.
- Mr Lauer supported an investigation and indicated his availability to engage.

The Chair suggested that the investigation should consider why this issue was not picked up by the ERA's compliance process.

- Ms Smith raised concern about missing contact details on the Emergency Management Facility (EMF) and suggested that a centralised webpage should be added to the EMF where contact details can be stored.
- Mr McLaughlin indicated that EPWA will assess the viability of enhancing access to contact information, and invited GAB members to update the EMF regularly and to provide EPWA with current contact details.

The Chair summarised the following points during discussion:

- the ERA should investigate whether Gas Production Facility Operators are complying with the Capacity Outlook reporting requirements under the GSI Rules;
- EPWA's review of the January 2023 gas supply incident should consider whether:
 - the right information is posted on the GBB;
 - the information that is posted can be made more timely; and
 - any additional information should be posted on the GBB.

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| | <p>Action – Mr McLaughlin is to advise the Coordinator regarding GAB’s comments on publication of the report from the review of the January 2023 gas supply incident.</p> | <p>Mr McLaughlin</p> |
| <p>7</p> | <p>LCA Flag Definition</p> <p>Mr Maticka introduced the issue and presented the three possible interpretations for a red LCA Flag status for Storage Facilities. It could indicate:</p> <ul style="list-style-type: none"> • that the supply of natural gas from the Storage Facility cannot be maintained at maximum operational outlet capacity during maintenance activities; • whether the supply of natural gas can be maintained at maximum operational outlet capacity for 3-7 days (amber flag) or less than 3 days (red flag); or • a combination of both – the supply of natural gas can be maintained at maximum operational outlet capacity for a limited period and the Facility is under maintenance. <p>The following was discussed:</p> <ul style="list-style-type: none"> • Mr Lauer commented that an LCA flag should indicate whether there is a constraint to injection or withdrawal. Mr Lauer suggested that amber and red flags should include an explanatory note that: (a) describes why the availability of gas is limited because of an injection or withdrawal issue, and (b) volumes of gas that may be subject to that. Mr Lauer noted that the Green LCA flag does not require changes. • Ms Mason commented that APA interprets the LCA Flag as both the storage volume and the ability to supply gas to the market. Ms Mason noted that this interpretation can become ambiguous when a Facility is under maintenance because gas injection may be limited even though the storage facility is full. • Ms Guzeleva noted that the short term Capacity Outlook must work with the LCA Flag. Ms Guzeleva noted that the combination of the Capacity Outlook and the LCA Flag, if accurate, should mitigate the confusion. • Ms Smith agreed with Ms Mason’s and Ms Guzeleva’s comments. <p>The Chair noted the GAB members are being asked to provide their views on whether the definition of LCA Flags for Storage Facilities meets this intent, and if not, whether a Rule Change Proposal is required. The Chair sought confirmation from GAB members on whether they support a Rule Change Proposal.</p> <ul style="list-style-type: none"> • Mr Maticka suggested that GAB members provide feedback directly to AEMO on the matter and that AEMO provides an update at the next GAB meeting (14 September 2023). <p>Action –GAB Members to provide feedback to AEMO on their interpretation of the LCA Flag definition by 27 April 2023.</p> | <p>GAB members</p> |

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| | <p>Action – AEMO to provide an update on the LCA Flag Definition to the GAB at the GAB meeting on 14 September 2023.</p> | <p>AEMO</p> |
| <p>8</p> | <p>Five-Year Review of the GSOO</p> <p>Ms Kapani noted that the purpose of the agenda item is to get input from GAB members on the current five year GSOO information review (the 2023 GSOO Review). Ms Kapani noted that this is the second review of the GSOO information, and that the first review was conducted on 2018. Ms Kapani invited GAB members to provide feedback.</p> <p>Mr Meredith noted the actions that were raised in the first review and that were actioned by AEMO. Mr Meredith presented the questions for the 2023 GSOO Review and its timeline. The following was discussed:</p> <ul style="list-style-type: none"> • Mr Campbell commented that the quality of outputs should be the key element of the 2023 GSOO Review as it drives participants’ behaviour. Mr Campbell highlighted that the reporting of the expected material reduction in gas supply was delayed in the GSOO, creating reliability issues. • Mr Jeay agreed with Mr Campbell. <p>Mr Meredith explained that AEMO changed the 2022 GSOO process to improve the quality of the outputs.</p> <ul style="list-style-type: none"> • Mr Campbell acknowledged this improvement. • Mr Jeay sought clarification on the rational for outsourcing the forecasting of the gas-fired power generation. <p>Mr Meredith encouraged Mr Jeay to submit that query to the survey for AEMO to consider as part of the 2023 GSOO Review and indicated that this is an ongoing debate within AEMO.</p> <ul style="list-style-type: none"> • Mr Jeay sought clarification on the links between the GSOO and the Electricity Statement of Opportunities (ESOO). Mr Jeay considered that the two statements of opportunity should be linked because gas supply is intrinsic to electricity generation. Mr Jeay commented that it would be beneficial to have consistency between the GSOO and the ESOO. <p>Mr Meredith agreed to consider this issue and provide a response to the GAB. <i>Note: AEMO subsequently provided a response on this question by email – see Attachment 1.</i></p> <p>In response to a question from the Chair, Mr Meredith explained that AEMO regularly assesses the performance of the GSOO against market outcomes. AEMO publishes how accurate demand forecast has been on the previous 5 years, but considers that the supply information is sensitive and only reviews it internally.</p> <ul style="list-style-type: none"> • Mr Jeay commented that publishing the volume of gas delivered under the Domestic Market Obligation (DMO) would be useful for participants. | |

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| Mr Meredith explained that the DMO is implemented by the Department of Jobs, Tourism, Science and Innovation. | |
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| 9 | General Business No general business was raised. | 5 min |
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The meeting closed at 3:30 pm.

Attachment 1

From: Christopher Meredith <Christopher.Meredith@aemo.com.au>
Sent: Friday, March 24, 2023 3:33 PM
To: Quentin Jeay <qjeay@kleenheat.com.au>; sally@sallymcmahon.com.au
Cc: Martin Maticka <martin.maticka@aemo.com.au>; Neetika Kapani <neetika.kapani@aemo.com.au>
Subject: GAB question on ESOO/GSOO coordination

Hi Quentin, Sally

Quentin asked a question at the GAB about “the linkage between the ESOO and GSOO, and can they please be consistent?”

AEMO’s response (can be included in the GAB minutes):

Both the ESOO and the GSOO reports are forecasting documents and as the titles suggest, they are both Statements of “opportunities”. These could be opportunities for development, substitution or demand-side responses in both the gas and power markets, or potential retirements.

The ESOO indicates the state of the electricity market for the next ten years – based on whether we have sufficient capacity to meet peak demand and limit unserved energy to a threshold level. So it shows the opportunity for new generation to come into the market to meet the peak demand growth in WA.

The shortfall indicated in the GSOO indicates that there is an opportunity for GPG to fill a gap left by coal retirements. AEMO assumed that this opportunity is available to gas because the gas generation fleet exists. However, new build renewables (that are currently too speculative to add to the GPG modelling) may fill some of this shortfall instead.

We try and link the ESOO and GSOO forecasting input assumptions including GPG forecasts. The GSOO is published 6 months after the ESOO publication and takes into account the latest set of market conditions (inc updated GPG forecasts).

AEMO acknowledges the feedback and will take measures to keep assumptions consistent in both reports as much as practical, and provide explanations for the differences in the forecasting assumptions and insights in the ESOO and GSOO.

Have a good weekend.

Kind regards
Chris

Chris Meredith, CFA
Market Analyst, Reserve Capacity (WA)