



## Minutes

Meeting Title:	Gas Advisory Board
Meeting Number:	2023_09_14
Date:	Thursday 14 September 2023
Time:	2:00 to 3:15
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	
Pete Ryan	Gas Producers	
Quentin Jeay	Gas Users	
Chris Campbell	Gas Users	
Noel Ryan	Observer (appointed by the Minister)	
Frances Hobday	the Economic Regulation Authority (ERA)	Observer for agenda item 5
Katya Grimston	ERA	Observer for agenda item 5
Toby Price	AEMO	Observer for agenda item 6
Christopher Meredith	AEMO	Observer for agenda item 6

Also in Attendance	From	Comment
Dora Guzeleva	GAB Secretariat	
Isadora Salviano	GAB Secretariat	
Bronwyn Gunn	GAB Secretariat	

Apologies	From	Comment
Steve Parks	Gas Producers	
John Jamieson	Pipeline Owners and Operators	
Michael Lauer	Gas Shippers	
Tim Bray	Representative of the Coordinator of Energy (Coordinator)	



Item	Item	Action
1	<p><b>Welcome and Agenda</b></p> <p>The Chair opened the meeting at 2:00 pm and welcomed all attendees with an Acknowledgement of Country.</p> <p>The Chair noted the main items on the agenda:</p> <ul style="list-style-type: none"> <li>• ERA's compliance monitoring and enforcement update; and</li> <li>• Update on Five-Year Review of the Gas Statement of Opportunities (GSOO)</li> </ul> <p>The Chair noted the Competition and Consumer Law Obligations of the GAB and invited GAB members to bring matters to her attention if they arise.</p> <p>The Chair noted she had no new conflicts and that the views of the GAB are not necessarily the views of the Independent Chair.</p> <p>The Chair noted that the meeting was being recorded to assist with writing minutes.</p>	
2	<p><b>Meeting Apologies/Attendance</b></p> <p>The Chair noted the attendance as listed above and requested attendees keep their video on where possible.</p>	
3	<p><b>Actions Arising</b></p> <p>The Chair noted the closed action items:</p> <p>Action 112: ERA in attendance to discuss compliance and enforcement activities.</p> <p>Action 113:</p> <ul style="list-style-type: none"> <li>• The Chair requested an update on whether anyone had elected to join the industry working group on off-specification gas that Mr Mike Lauer was to convene. Members were not able to provide an update and the Chair noted she would follow up with Mr Lauer at the next meeting.</li> <li>• The Chair requested Mrs Guzeleva to outline the upcoming consultation on off-specification gas given the relevance to this subject matter.</li> <li>• Mrs Guzeleva explained that the Minister has received an application for an exemption under the gas specification regulations for off specification gas. Mrs Guzeleva advised that there would be a public consultation process on this.</li> <li>• Ms Rachel Smith noted that this matter is different to the working group issue.</li> </ul>	
4	<p><b>Overview of Rule Change Proposals</b></p> <p>The paper was taken as read.</p>	
5	<p><b>ERA's compliance monitoring and enforcement update</b></p> <p>Ms Hobday presented an update on ERA's compliance monitoring and enforcement activities. The following was discussed:</p> <ul style="list-style-type: none"> <li>• Slide 4: Ms Hobday encouraged voluntary self-reporting and noted that the compliance strategy has been updated and would come into effect on 1 October 2023. She invited members to contact the ERA with any concerns.</li> </ul>	



- Slide 8: The Chair sought clarification for the lower number of 2023 potential contraventions compared to previous years.
  - Ms Hobday explained that the 2023 results are partial and that AEMO has a backlog of matters that are yet to be reported. The ERA expects the number to increase and be more consistent with previous years. She noted that the ERA is happy to come back to the GAB to report final numbers and provide further explanation if these remain considerably lower.
- Slide 10: Mr Hansen questioned the number of resolved investigations that did not require further action.
  - Ms Hobday explained that, for those matters, the ERA was satisfied that they were low-level breaches that had been the result of human error or a system glitch and that actions to address the cause had already been taken.
- Ms Smith noted that, especially in the context of current domestic gas issues and industrial action, it is critical to understand the capacity of facilities. She noted that DBNGP is doing scenario testing and that the volumes currently being reported on the Gas Bulletin Board can skew this and the ability to plan for significant market disruptions if the facilities cannot produce the reported quantities in practice. DBNGP has to make estimates in its planning processes given the numbers on the Gas Bulletin Board are unreliable.
- Ms Hobday made herself available to discuss the matter outside the GAB, at Ms Smith's earliest convenience.
- Mr Campbell and Mr Jeay supported Ms Smith's comment.
- Mr Campbell expressed concern that the current unreliable Capacity Outlook is creating the risk of a gas supply incidence being misperceived.
- Mr Jeay noted that, at the previous GAB meeting held on 23 March 2023, the ERA undertook to investigate compliance regarding the compliance with the Capacity Outlook reporting matter and report back to the GAB. Mr Jeay sought an update from the ERA.

Ms Hobday referred to the paper for agenda item 5 and explained that the ERA's investigation is in progress. Ms Hobday noted that the ERA will report back to the GAB as soon as possible.

The Chair summarised that members consider the accuracy of the information on the Gas Bulletin Board about the Capacity Outlook to be of critical importance and are keen to understand the outcomes of the ERA's investigation.

Ms Hobday encouraged members to reach out should they want to discuss further.



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### Five-Year Review of the GSOO

Mr Meredith presented the outcomes of the Five-Year Review of the GSOO (Review) and noted that the Review is due to be published at the end of September.

Mr Meredith highlighted the context of the Review, including that:

- under rule 105 of the Gas Service Information (GSI) Rules, the GSOO must be reviewed at least once in every five years;
- the first review was completed in 2018;
- this review covered GSOO's published between 2018 and 2022;

Mr Meredith explained that the aim of the current review was to seek feedback from gas market participants and to guide the GSOO's content for the next five years (2023 to 2027) until the next review .

Mr Meredith noted the requirements under rule 105 of the GSI Rules for AEMO to consult on the GSOO information.

Mr Meredith listed the three most requested areas for improvement received during the consultation:

- more information on renewable energy and industrial decarbonisation: Stakeholders considered that AEMO did not include enough renewable generation in its Gas Power Generation (GPG) modelling;
- future gas supply: Stakeholders requested more information on pre - final investment decision (pre-FID) projects and more clarity on Perth Basin projects; and
- gas supply reliability: Stakeholders requested a forecast of reliability in the gas supply outlook. Stakeholders noted that the recent outages have highlighted market fragility. AEMO noted that GSOO hasn't previously looked at supply or 'what-if' scenarios in terms of gas plants outages.

Other suggestions were:

- align as much as possible the WEM ESOO and the WA GSOO;
- align WA GSOO regions with WA Gas Bulletin Board (GBB) regions;
- consult more widely with stakeholders;
- more information on Domestic Market Obligations (DMO) (noting that the main information source for this is the Department of Jobs, Tourism, Science and Innovation);
- assess pipeline capacity for gas generation on peak demand days (to assess whether it can supply what the power generation fleet needs);
- align WA GSOO with climate change policy; and
- more information on coal supply.

With regard to assessing pipeline capacity, Ms Smith sought to clarify whether AEMO was looking to understand total availability of capacity on the DBP or the



likelihood of an increase in capacity, if there was an increase in gas powered generation (as coal generation retires).

Mr Meredith noted that he was meeting with DBNGP to discuss this matter shortly. Ms Smith requested to be included in that meeting.

Mr Meredith presented the detailed recommendations for the methodology:

- Detailed input assumptions:
  - fully document assumptions for the three WA GSOO scenarios;
  - improve stakeholder information; and
  - improve interpretation of the AEMO scenarios.
- Investigate aligning WA GSOO and WEM ESOO:
  - criteria for including pre-FID renewable energy projects; and
  - criteria for including industrial decarbonisation programs.
- Explain the use of High case forecast:
  - explore the less certain renewable energy projects, future decarbonisation projects and more speculative gas supply projects.

Mr Meredith presented the detailed recommendations for the inclusion of government policy in AEMO models:

- aim to fully explain climate change policy targets embedded in the scenario modelling; and
- investigate the root causes of any discrepancies between AEMO's forecasts and Government Policy requirements.

Mr Meredith noted that the conclusions of the GSOO do not always align with Government policy. In the past, different government policy has not been used in different scenarios but AEMO will investigate doing so in future.

Mr Meredith presented the detailed recommendations for gas supply:

- Review future gas supply criteria, including DMOs and reliability:
  - review appropriateness of criteria used to model future gas supply, including DMOs; and
  - investigate the feasibility of including a reliability assessment in the WA GSOO. This would require consultation with market participants on what constitutes a suitable metric.
- Pipeline throughput:
  - investigate the feasibility of modelling hourly or daily pipeline throughput (likely to require close consultation with pipeline operators).
- Alignment of GSOO regions with WA Gas Bulletin Board:
  - investigate aligning the three WA GSOO regions with the ten WA GBB zones; and



	<ul style="list-style-type: none"> <li>○ assess feasibility of adjusting the supply and demand models to align with the WA GBB regions (ensuring this does not compromise confidentiality of market participants' FIR responses).</li> <li>● Mr Pete Ryan noted that AEMO would need to consider what it is seeking to achieve to determine a reliability metric, and that it will be important to look at how the GSOO can be used to inform participants behaviours in the future to avoid risk to supply.</li> </ul> <p>Mr Meredith noted that AEMO would seek to consult on a one-to-one basis.</p> <ul style="list-style-type: none"> <li>● Ms Smith noted that DBNGP models reliability, it has metrics in place that dictate when reliability becomes a material issue on the pipeline and mechanisms to notify customers in certain circumstances. It has done scenario mapping on what it considers is critical to the market if it has linepack issues.</li> <li>● Ms Smith noted that reliability of major producers is nothing like it was 5 years ago and was happy to work with AEMO to develop a published metric that goes into the GSOO.</li> </ul> <p>Mr Meredith presented the detailed recommendations for stakeholder consultation:</p> <ul style="list-style-type: none"> <li>● AEMO will continue to make best endeavours to meet with proponents of:           <ul style="list-style-type: none"> <li>○ gas supply projects</li> <li>○ major decarbonisation projects</li> <li>○ renewable energy projects</li> </ul> </li> </ul> <p>The Chair requested further details on the timelines/next steps.</p> <ul style="list-style-type: none"> <li>● Mr Meredith noted the report will be published in September.</li> <li>● Where practical, the recommendations will be incorporated into this year's GSOO However some will take more time to implement.</li> </ul>	
7	<p><b>GAB Meeting Schedule for 2024</b></p> <p>The GAB endorsed the following meeting schedule for 2024:</p> <ul style="list-style-type: none"> <li>● 2:00pm on Thursday, 7 March 2024; and</li> <li>● 2:00pm on Thursday, 19 September 2024.</li> </ul> <p>Ms Smith expressed concern with the GAB attendance to the current GAB meeting. She noted that many of the issues raised at the meeting are related to producers but that there is not one operational producer attending.</p> <p>the Chair noted that the current GAB members representing producers are Steve Parks (Woodside) and Pete Ryan (Buru Energy).</p> <p>Mr Ryan acknowledged Ms Smith's concerns and undertook to discuss the matter with his colleagues.</p>	
8	<p><b>General Business</b></p>	



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| <ul style="list-style-type: none"><li>• Mr Jeay suggested summarising the submissions to the parliamentary inquiry that will provide suggestions regarding the transparency of information about the Western Australian domestic gas market for discussion at the next GAB meeting.</li><li>• Ms Guzeleva noted that if Mr Jeay prepared a paper, EPWA would be happy to include in the papers for the next GAB meeting.</li></ul> |  |
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**The meeting closed at 3:10pm.**