

Gas Advisory Board

Agenda

Meeting No.	4	
Location:	on: IMO Board Room	
	Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth	
Date: Thursday 9 August 2012		
Time:	1:00 – 3:00 pm	

Item	Subject	Responsible	Time
1.	WELCOME Chair		5 min
2.	APOLOGIES Chair		3 111111
3.	MINUTES OF PREVIOUS MEETING Chair		10 min
4.	ACTIONS ARISING Chair		10 111111
5.	GAS INFORMATION SERVICES PROJECT – UPDATE IMO		15 min
6.	DRAFT OUTLINE OF GIS RULES IMO 10		10 min
7.	GIS DESIGN – GUIDING PRINCIPLES IMO 30 n		30 min
	Discussion led by Brendan Ring, Market Reform		
8.	GENERAL BUSINESS		
9.	NEXT MEETING: Tuesday, 11 September 2012		

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Independent Market Operator

Gas Advisory Board

Minutes

Meeting No.	3	
Location:	n: IMO Board Room	
Date:	Date: 15 May 2012	
Time:	1:00 PM – 2:20 PM	

Attendees	Class	Comment
Allan Dawson Chair		
Ben Coetzer	Producer	
Natalie Wallace	Producer	Proxy for Pete Ryan
Stephen Livens	Pipeline	
Nenad Ninkov	Shipper	
Geoff Gaston	Shipper	
Mike Shaw	Major User	
Suzanne Frame	Independent Market Operator (IMO)	
Wana Yang	Observer, Economic Regulation Authority (ERA)	
Apologies	Class	Comment
Paul Hynch	Observer, Public Utilities Office (PUO)	
Pete Ryan	Producer	Proxy sent
Gordon Rule	Major User	
Steve Lewis	Pipeline	
Resigned	Class	Comment
Paul Biggs	Small End Users (PUO)	No longer at PUO
Also attended	From	Comment
Kate Ryan	IMO	Presenter
Natalia Kostecki	PUO	Presenter
Courtney Roberts	IMO	Minute-taker

Item	Subject	
1.	WELCOME	
	The Chair opened the meeting at 1:00 PM and welcomed members to the third Gas Advisory Board (GAB) meeting.	
2.	APOLOGIES	
	Steve Lewis (Pipeline), Gordon Rule (Major User) and Paul Hynch (PUO observer) all sent their apologies.	
	Natalie Wallace attended the meeting as a proxy for Pete Ryan (Producer).	
	The Chair also noted that the GAB member representing small end users, Dr Paul Biggs, was no longer at the PUO and that the IMO is waiting for the Department of Finance to advise who will replace Dr. Biggs on the GAB.	

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Item	Subject	Action	
3	MINUTES OF PREVIOUS MEETINGS		
	Minutes from GAB Meeting No. 1		
	Agenda Item 5 – Options for Gas Bulletin Board (GBB) System pg 3, 2 nd paragraph		
	 In response to Mr Lewis' suggestion at GAB Meeting No. 2, the GAB agreed to make the following addition to the Minutes of Meeting No. 1: 		
	"The Chair stated it was the IMO's intention to, as far as possible, maintain the same interface for the WA GBB as participants currently use to access the [National Bulletin Board] NBB, recognising that some participants operate both in WA and the Eastern States."		
	Minutes from GAB Meeting No. 2		
	Agenda Item 7 – Gas Bulletin Board IT Strategy Pg 7, 6 th paragraph		
	 In response to a suggestion by Mr Livens, the GAB agreed to make the following amendment: 		
	"Mr Coetzer re-stated that the main purpose of the GAB was related to the development of the rules for the GBB, and the technology platform used was a relatively minor concern matter for the IMO."		
	Action Point: Minutes of Meeting No. 2 to be amended to reflect this.		
4	ACTIONS ARISING		
	Ms Ryan provided an update on the action points from the last GAB meeting.		
	Ms Ryan notified the GAB that the IMO had received some questions from Mr Lewis regarding the capability of the Australian Energy Market Operator (AEMO) to operate the WA GBB system, which have been sent to AEMO. Ms Ryan advised the GAB that AEMO's response will be circulated to GAB members when it is received.		
	The Chair informed the GAB that the IMO supplemented Mr Lewis' questions with the issues that were uncovered by the consultant when they looked at the GBB. The Chair offered to circulate to the GAB the email that was sent to AEMO to the GAB.		
	Mr Ninkov questioned if it was worthwhile circulating the correspondence to date between the IMO and AEMO to the GAB. The Chair advised that the email chain between the IMO and AEMO will be circulated to GAB members.		
	Action Point: The IMO to circulate correspondence with AEMO to GAB members.	IMO	

Item	Subject	Action
5	GAS INFORMATION SERVICES PROJECT – UPDATE	
	Ms Ryan provided a brief update on the Gas Information Services Project (GISP).	
	Mr Ninkov queried the overall budget for the GISP. Ms Ryan advised that the total budget for the project was around \$3.3 million and the Chair noted this amount has not changed. The Chair also noted that the IMO would only spend what it needed to from that budget, recognising that any savings in project implementation costs would reduce the cost to participants in the future.	
	Mr Shaw questioned the interaction between the GAB and the regulations and whether the GAB will have any say in developing the regulations and if there will be a consultation once the regulations are out. Ms Kostecki informed the GAB that the operational content detail and the content that will matters to the gas market participants is focused which will be located in the rules and that the GAB provides athe forum in whichwhere members can provide their input as to what is to be included in the rules. The regulations enable the link between the heads of power in the legislation and setting out the broad areas of responsibility and the matters to be covered in the rules.	
	Ms Kostecki clarified that the regulations set out broadly the types of information that needs to be included whereas the rules will specify what types of information, when it needs to be provided, in what format, and by whom, etc. Mr Ninkov questioned what would be in regulations and what would be in the rules. Ms Kostecki responded that regulations could cover all matters, but it is more difficult to change regulations down the track unlike the rules and for that reason the operational detail would be covered in the rules.	
6	GISP TIMELINE AND PROPOSED CONSULTATION	
	Ms Ryan provided a brief update on the GISP timeline and noted that the key phase for developing the rules would occur from around September 2012 until the end of the year.	
	The Chair clarified that there will likely be a governance section in the rules and separate sections for each of the GBB and Gas Statement of Opportunity (GSOO). Mr Gaston questions when a high level outline of the rules will be available to the GAB to get an idea of the structure as it will tie into the regulations. The Chair agreed the IMO would provide a high level outline of the rules to the GAB.	
	Ms Ryan presented the different stages of the drafting of the rules and the timelines, including the likely consultation throughout the process. Ms Wallace questioned, on behalf of Mr Ryan, the merits of working groups to work through the consultation process and whether it would be necessary given that there stakeholder workshops are already proposed. The Chair responded if the GAB saw the need that different skills or more intensive work were required to consider an issue, then GAB could either invite observers to attend the meeting or a working group could be formed. The GAB Constitution empowers the GAB to establish working groups.	
	Action Point: The IMO to provide GAB members with an outline of the draft	IMO

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	rules for the gas market.	
7	GOVERNANCE FRAMEWORK FOR THE GIS RULES	
	Ms Ryan provided a brief update on the governance framework for the GIS rules.	
	Ms Ryan presented a paper which outlined differences and similarities in the expected governance arrangements for the WA gas market compared to the WA Wholesale Electricity Market (WEM) and the national gas market.	
	Mr Ninkov queried whether the immunity from liability arrangements would be the same as those applying under the National Gas Law (NGL). Ms Kostecki advised that there were slightly different models for immunity under the NGL and the WEM arrangements which were being looked at. Mr Livens added that under the eastern states arrangements the potential liability of a participant is capped, provided the participant is not negligent and acts in good faith. The Chair noted that the IMO's protection from liability also only applied when the IMO acted in good faith and as a reasonable Market Operator.	
	Mr Livens identified a difference between the primary purpose of the WA GBB and NBB, namely that short-term demand positions are included in the WA GBB but not in the NBB. The Chair responded that the WA gas market would be looking at equitable disclosure of demand and supply.	
	GAB members also discussed the extent to which the demand side can be seen from the trading market arrangements in some (but not all) eastern states markets. Mr Livens noted that in the development of the NBB, there was considerable push back from demand side participants in relation to providing information to the NBB.	
	Ms Ryan outlined the key role that the Electricity Review Board (ERB) plays in compliance and enforcement in the electricity market which will be the same for the gas market. The Chair clarified that the ERB is typically made up of a senior judicial or a senior legal representative who are appointed by the Attorney-General and two technical experts with specific energy experience. The ERB is independent of both the IMO and market participants, providing an important protection for participants. Ms Kostecki confirmed that this arrangement was also proposed for the GIS.	
8	GAS SERVICES INFORMATION REGULATIONS	
	The Chair invites Ms Kostecki to present on the Gas Services Information (GSI) Regulations (Regulations).	
	Ms Kostecki explained that the Regulations will draw on the NGL in terms of the information, provision requirements for the GBB and GSOO and draw on the WEM arrangements when looking at compliance arrangements, governance structures, etc. The way that the Regulations are to be drafted broadly follows the 'flow' of mirrors the provisions of the Gas Services Information Act 2012 (GSI Act).	
	Ms Kostecki advised the GAB that the PUO has proposed to draft the Regulations in at least two tranches as outlined in the paper provided. The	

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	drafting instructions for the first tranche are now completed and with the Minister for his approval.		
	The first tranche is limited to conferring the functions of an operator and will include amendments to the Electricity Industry (IMO) Regulations, which will enable the IMO to have functions under the GSI Act and Regulations and to allow the IMO Board to accommodate a fourth director with gas industry experience. Ms Kostecki informed the GAB that it is likely to take a month from now for the Minister to approve these amendments to the regulations.		
	Ms Kostecki explained that tranche two would include the majority of the remaining Rregulations required to establish the GBB and GSOO. There is also the potential to befor a third tranche which will include information specifically for the emergency management facility that will appear as part of the GBB. Ms Kostecki also added that tranche two (and any subsequent tranches) will be called 'Amendment Regulations', because there will be tranche one of the GSI Regulations gazetted by this stage. Tranche one rhe Regulations will also confer functions on other persons (e.g. Minister to approve changes to protected provisions in the rules, ERA to approve the IMO's allowable revenue) and outline permitted delegations.		
	Mr Ninkov queried whether the gas market was defined in the regulations. Ms Kostecki clarified that a gas market participant is defined in GSI Act. The Chair added that the market is not limited geographically within the State; it is the entire WA gas market.		
	Ms Kostecki outlined that the regulations would provide broadly for the making of rules and procedures, and also outlined that the regulations would place the obligations on a registered gas market participant to provide mandatory and requested information to the Operator. Mr Livens queried whether the Operator can only request information relevant to the performance of the functions. Ms Kostecki confirmed that this is the case and the GSI Act details that all information requirements have to specifically pertain to matters related to the GBB and GSOO.		
	Mr Ninkov queried whether the information requirements for the GBB would override any confidentiality provisions in contracts. The Chair confirmed that they would need to if the GBB and GSOO implementation was to be successful.		
	Ms Kostecki, addressing compliance arrangements, suggested that there was likely to be an amnesty period of approximately three months to allow sufficient time for GMP's to get reporting requirements in order. Civil penalties for breaches of the rules are categorised into Category A and Category B. There is also likely to be one infringement penalty, for a breach of regulations, where a gas market participant fails to register.		
	Mr Livens queried why the ERB is named the 'Electricity Review Board' and not the 'Gas Review Board'. Ms Kostecki responded that the Board has both electricity and gas industry experience and the Chair suggested it may be more appropriate for this body to be renamed the 'Energy Review Board'.		
	Mr Livens also queried whether the IMO would have discretion around applying penalties, or whether they would be automatic. Ms Kostecki confirmed that the IMO would have discretion.		
	Ms Kostecki noted advised that amendments to the Gas Quality		

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	Specifications Regulations Amendment Regulations would also require gas specification information to be published on the GBB and that Tranche two Amendment Regulations will contain provisions to provide to form a nexus between the existing Gas Quality Specification Regulations and the GSI Regulations in terms of how the information flows between the Coordinator of Energy and the GBB/GSOO Operator.		
	Ms Kostecki invited GAB members to contact herself or Ms Ryan if they have any queries on the drafting of the regulations. The Chair advised the GAB that the IMO will coordinate any questions from members and responses to be included in the papers for the next GAB meeting.	GAB	
	Ms Yang requested that an electronic copy of the GSI Regulations Overview Paper be provided to GAB members, and Ms Kostecki agreed.	PUO	
	Action Point: GAB members to provide any feedback/questions on the drafting of the GSI regulations to Ms Kostecki or Ms Ryan.	PUO	
	Action Point: The PUO to consider renaming the 'Electricity Review Board' to the 'Energy Review Board'.		
	Action Point: The PUO to circulate electronic version of GSI Regulations Overview Paper to GAB members.		
9	GENERAL BUSINESS		
	No further issues were raised.		
10	NEXT MEETING		
	Tuesday, 10 July 2012.		
CLOSED			
The Ch	The Chair declared the meeting closed at 2:20 PM		



Gas Advisory Board (GAB) - Action Points

Legend:

Unshaded	Unshaded action points are still being progressed.	
Shaded	Shaded action points are actions that have been completed	
Missing	Action items missing from sequence have been completed from previous meeting and subsequently removed from the log.	

#	Year	Action	Responsibility	Meeting arising	Status / progress
3	2011	The IMO to conduct a gap analysis to analyse the requirements of the GBB against what the NBB can deliver.	IMO	December	Deferred pending detailed design of WA GBB.
8	2012	GAB members to provide the IMO with any questions for AEMO on the GBB system. IMO to send to AEMO and circulate responses to GAB.	AII	March	Completed. Questions received from GAB Members. Forwarded to AEMO. Awaiting response from AEMO. AEMO response and IMO follow up email sent to GAB members. AEMO has indicated it cannot provide a further response.
9	2012	IMO to evaluate the lifecycle costs of the GBB system (when funding is available to do so).	IMO	March	Pending funding.
10	2012	Minutes of Meeting No. 2 to be amended as agreed.	IMO	May	Completed.

#	Year	Action	Responsibility	Meeting arising	Status / progress	
11	2012	IMO to circulate correspondence between the IMO and AEMO regarding the GBB system	IMO	May	Completed – see item 8 above.	
					Correspondence to date circulated 22 May 2012. Awaiting response from AEMO.	
12	2012	IMO to provide GAB members with an outline of the Gas Information Services Rules	IMO	May	Completed. Refer to Agenda Item 6 (Meeting No. 4)	
13	2012	GAB members to provide any feedback/questions on the drafting of the Gas Services the Information Regulations to Natalia Kostecki (PUO) or Kate Ryan (IMO), and IMO to include any questions and responses in the meeting papers for the next GAB meeting.	GAB members PUO IMO	May	Nil questions received.	
14	2012	PUO to consider renaming the Electricity Review Board.	PUO	May	Completed. IMO raised issue with PUO. PUO indicated name change requires a change of legislation which will not be progressed specifically for the implementation of the GBB and GSOO.	
15	2012	PUO to circulate electronic copy of GSI Regulations Overview Paper to GAB members.	PUO	May	Circulated 15 May 2012.	



Agenda Item 5: Gas Information Services Project (GISP) Update

1. REGULATIONS AND GISP FUNDING

The first tranche of the Gas Services Information Regulations 2012 have now been made, having been published in the Government Gazette on 29 June 2012. The Regulations are available from the State Law Publisher's website:

(www.legislation.wa.gov.au/legislation/statutes.nsf/main mrtitle 12931 homepage.html)

The Public Utilities Office has now submitted the Drafting Instructions for tranche two of the Regulations to the Minister for Energy for approval. Drafting of this next tranche is expected to commence in August 2012.

At this point, this tranche does not specifically include any provisions relating to the Emergency Management Facility (EMF). If, following the receipt of advice from the Gas Emergency Planning Committee (GEPC), further clauses are required in the Regulations to support the EMF, these will either be included in tranche two, or a third tranche of Regulations, depending on timing (so as not to delay tranche two which contains key provisions for the establishment of the Gas Information Services (GIS) Rules).

Following the making of the Regulations, the IMO is now able to access its funding for the GISP.

2. GISP ACTIVITIES

Design and Rules Drafting

The IMO has engaged consultancy firm Market Reform to provide advice to the IMO on the detailed design of the GBB and GSOO. This work will provide two key stages:

- 1. Establishment of guiding principles; and
- 2. Development of a detailed design.

Market Reform will engage with stakeholders in developing the detailed design of the GIS. This engagement will occur in a number of ways:

- Discussions with individual stakeholders;
- Discussions with the GAB;
- A stakeholder workshop in September 2012 on a draft design; and
- An opportunity for stakeholders to make written submissions on the draft design.

Market Reform is expected to provide its final advice to the IMO in early October 2012. This advice will inform the drafting of the GIS Rules by the IMO.



If required, a separate piece of work will be undertaken to update this advice once the recommendations of the GEPC on the EMF have been received.

The following table summarises the key milestones in the development of the detailed design of the GIS and drafting of the GIS Rules, and the indicative timing (noting that these are to be confirmed):

Stage	Likely Timing		
Guiding principles: Consideration by IMO Board	September 2012		
Detailed design: Consultation	September 2012 (workshop ~ 11 September)		
Detailed design: final advice	Early October 2012		
GIS Rules Draft 1 & EMF design ¹ : Consultation	October – November 2012 (workshop ~ 8 November)		
GIS Rules Draft 2 (including EMF Rules): Consultation	December 2012 (workshop ~ 11 December)		
Final Draft Rules: Consideration by IMO Board	January 2013		
Final Draft Rules: Consideration by Minister	February 2013		
1. Unless available earlier, the EMF design will be consulted on with the first draft of the GIS Rules.			

GAB Meetings September to December 2012

The IMO anticipates the following key areas for discussion at GAB meetings over the remainder of 2012:

Meeting	Likely key areas for discussion
11 September	Detailed design of GIS
9 October	GIS design: outstanding issuesGIS Rules: draft governance rules
8 November	GIS Rules Draft 1Design of EMF (unless available earlier)
11 December	■ GIS Rules Draft 2

GBB System

In May 2012, the IMO issued a Request for Tender (RFT) for the development of the GBB System. A two-stage tender process was adopted, with short listed respondents invited to attend an information session and submit an updated proposal.



On the basis of responses to this tender, the IMO believes that cost of developing the GBB System will be similar to that initially estimated.

The development of the GBB System will commence with a scoping phase, which is likely to commence by September 2012. During this phase the IMO will look to engage with technical representatives from stakeholders, including those currently providing information to the national GBB and those only operating in WA, regarding their existing technology and business processes.

The IMO remains committed to maintaining the existing data formats used on the national GBB, but would also like to understand possible technical or business preferences or limitations which may assist the IMO to develop the system in a manner which is cost effective for the WA gas market broadly.

3. **RECOMMENDATIONS**

It is recommended that the GAB:

a) Note the update on the GISP, including the likely timing of the development of the design and draft Rules for the GIS.



Agenda Item 6: Gas Information Services Rules - Outline

1. BACKGROUND

The Gas Information Services (GIS) Rules will draw broadly from two existing sources:

- a) For Rules relating to governance (including administration of the GIS Rules, approval of IMO allowable revenue, setting of fees and compliance processes) Chapters 1 and 2 of the WA Wholesale Electricity Market Rules; and
- b) For Rules relating to the GBB and GSOO (including the registration/exemption process and obligations around information provision) Chapters 15D and 18 of the National Gas Rules (NGR) and National Gas Market Bulletin Board Procedures (BB Procedures), following a substantive review of these instruments.

Where necessary, the arrangements set out in these two instruments will be varied to reflect the specific design of the GIS and ensure they are applicable to the operation of the GIS in WA.

At this stage, the IMO believes that Procedures will not be required for the GIS – all matters can be contained within the GIS Rules. However, it may be prudent to provide for the making of procedures.

2. INDICATIVE CONTENTS OF THE GIS RULES

The following table summarises the expected contents of the GIS Rules. This is not intended to be complete and the structure and numbering of clauses will vary when the draft Rules are prepared.

Chapter/ Clause	Description	Primary Source
1	Introduction	
1.1	The GIS Rules Authority Objectives, purpose and guiding principals	WEM Rules
1.2	 Conventions Words used in legislation / regulations Other rules of interpretation Hierarchy of documents 	WEM Rules
1.3	Commencement and Transition Commencement of initial GIS Rules Transition	WEM Rules
2	Administration	
2.1	The Operator Functions of the IMO Delegation of functions	WEM Rules
2.2	Gas Advisory Board Function and role of the GAB GAB Constitution	WEM Rules



	 Timing of information provision and publication 	i
	■ GBB Reports	
	 Publication of information 	·
3.3	Operation of GBB	NGR / BB Procedures
	Other information	
	Contact details	
	Form of information	
	 Information by specified market participant class 	, 23 1100000103
3.2	Obligation to provide information	NGR / BB Procedures
	Deregistration	
	Registration process	
	 Exemption from registration 	
J.1	Classes of GIS participants	Procedures
3.1	GBB Registration	WEM Rules / NGR / BB
3	Gas Bulletin Board	
	■ Invoicing and Payment of GIS fees	
	 Determination of files 	
,	■ Determination of IMO's budget	Fees: NGR BB Procedures
2.7	Budgets and Fees	Budget: WEM Rules
	 Dispute resolution process 	
-	Reviewable decisions	
2.6	Reviewable decisions and disputes	WEM Rules
	Audits	
	■ GIS Rules compliance monitoring and enforcement	
2.5	Monitoring and enforcement	WEM Rules
	 Commencement of Procedures 	
	 Procedure Change Procedures 	
	 Making of Procedures 	
2.4	GIS Procedures / other documents (if required)	WEM Rules
	 Commencement of amending Rules 	
	 Making of amending Rules 	
	 Approval of changes to Protected Provisions 	
	Review of IMO decisions	
	 Consultation requirements 	
	■ Fast Track Rule change process	
	 Standard Rule change process 	
=	Rule change proposals	
2.3	GIS Rules	WEM Rules
	Secretariat	
	 Appointment and removal of GAB members 	
	■ Composition of the GAB	



	■ GBB Map	
	Archived information	
	Projections	
3.4	Access to GBB	NGR
	■ Terms of use	
	Users bound by terms of use	
	Requests to archive information	
4	Emergency Management Facility	
4.1	Obligation to provide information (may be included in 3.2)	
	 Information by specified market participant class 	
	Other information	
4.2	Operation of EMF	NGR / BB Procedures
	Process for activation / deactivation	
	EMF indicator and status	
	Information to be published	
	 Timing of information provision and publication 	
4.3	Access to EMF	
	Persons with access	
	Terms of use	
5	Gas Statement of Opportunities	
5.1	Contents of GSOO	NGR
5.2	Obligation to provide information	
5.3	Revision	NGR
	Frequency of publication	
	Publication of supplements	
6	Glossary	
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3. RECOMMENDATIONS

It is recommended that the GAB:

a) Note the draft outline of the GIS Rules.



Agenda Item 7: GIS Design – Guiding Principles

'Draft Guiding Principles' document prepared by Market Reform to be provided separately.