



INDEPENDENT  
MARKET  
OPERATOR

## Gas Advisory Board Minutes

<b>Meeting No.</b>	12
<b>Location</b>	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date</b>	Tuesday 15 October 2013
<b>Time</b>	1.00pm – 3.10pm

Attendees	Class	Comment
Allan Dawson	Chair	
Kate Ryan	Independent Market Operator (IMO)	
John Jamieson	Pipeline Owner/Operator	
Nenad Ninkov	Large Gas User	
Pete Di Bona	Gas Producer	
Stewart Gallagher	Gas Producer	
Aden Barker	Small End Users, Minister's Appointee	
Nerea Ugarte	Minister's Appointee – Observer	
Wana Yang	Economic Regulation Authority – Observer	
Joachim Tan	IMO	Presenter
Courtney Roberts	IMO	Minutes
Apologies	Class	Comment
Ray Challen	Coordinator of Energy	
Mark Cooper	Pipeline Owner/Operator	
Mike Shaw	Large Gas User	
Andrew Sutherland	Gas Shipper	
Stan Reid	Gas Shipper	

Item	Subject	Action
1.	<b>WELCOME</b> The Chair opened the meeting at 1:00 PM and welcomed all members to the 12th Gas Advisory Board (GAB) meeting.	
2.	<b>MEETING APOLOGIES / ATTENDANCE</b> The following apologies were received:	

	<ul style="list-style-type: none"> <li>• Ray Challen (Coordinator of Energy);</li> <li>• Andrew Sutherland (Gas Shipper);</li> <li>• Mike Shaw (Large Gas User);</li> <li>• Mark Cooper (Pipeline Owner/Operator); and</li> <li>• Stan Reid (Gas Shipper).</li> </ul>	
<b>3.</b>	<p><b>MINUTES OF PREVIOUS MEETING</b></p> <p>The minutes of GAB Meeting No. 11, held on 17 July 2013, were circulated prior to the meeting.</p> <p>The Chair advised that, as a quorum was not present at the meeting, the minutes would be carried over to the next GAB meeting.</p> <p><i>Action Item: IMO to include the minutes of GAB Meeting No. 11 on the Agenda for the next GAB meeting.</i></p>	<b>IMO</b>
<b>4.</b>	<p><b>ACTIONS ARISING</b></p> <p>Ms Kate Ryan noted that all action points had been completed.</p>	
<b>5.</b>	<p><b>FINAL GAS INFORMATION SERVICES PROJECT – UPDATE</b></p> <p>Ms Ryan provided the final update on the Gas Information Services Project (GISP):</p> <p>Ms Ryan recapped the milestones and key deliverables of the GISP. She noted that throughout the project, gas market participants were actively involved and provided feedback through the consultation periods as well as informal discussions with the IMO. The Chair advised that the IMO will seek stakeholder feedback on the operation of the Gas Bulletin Board (GBB) once it had been in operation for around 12 months.</p> <p>Ms Ryan advised that all key performance indicators set by the IMO had been met including being delivered in time and within budget. Ms Ryan noted that once the project has been finalised by the end of 2013, it is expected that it will come in under budget meaning that there will be fee adjustment in 2014/15 to ensure only costs actually incurred are passed on to participants.</p> <p>Mr Nenad Ninkov questioned whether the Emergency Management Facility (EMF) was complete. Ms Ryan advised that the EMF development is complete but it remains dormant until it is activated. Ms Ryan also confirmed that following activation, all information on the EMF will be archived for later use by the Coordinator of Energy.</p> <p>The Chair noted that the EMF is to be tested annually as required under the Gas Services Information (GSI) Rules. Mr Stewart Gallagher questioned who would take part in the test, the Chair advised that gas market participants would be involved and the test wouldn't be limited to a desktop exercise by the IMO.</p> <p>Mr Ninkov sought clarification on possible changes to the fee</p>	

	<p>arrangements. The Chair advised that the Shippers were allocated the GSI costs.</p> <p>Mr Gallagher questioned what GBB activities are likely to occur in the next 12 months. Ms Ryan advised that there will be an annual test of the EMF scheduled and the Chair noted that, once a longer time series of data became available, the IMO would look to developing some data visualisation of the GBB data to show trends over time.</p> <p>Mr Ninkov questioned whether the next phase in the evolution of the gas market would be the development of 'spot markets' in gas and capacity and whether this is a topic that the GAB should investigate in the next 12 months.</p> <p>The Chair noted that the IMO did not currently have a mandate to develop this and also noted the existing, privately operated, trading mechanisms. However, if stakeholders see the need for a 'spot market' to be established then the IMO would be happy to discuss it with the GAB. The Chair suggested that the GAB could develop a high level proposal at an upcoming meeting which the IMO put forward to the Minister and the Public Utilities Office for consideration.</p> <p>Mr Ninkov expressed his interest for this to be included on the agenda in late 2013 or early 2014 for the GAB to discuss the option of a short term gas market to enable a Government decision prior to the next election. The Chair agreed to add this to a GAB agenda in early 2014.</p> <p><i>Actions: The IMO to include an item on the development of gas and capacity spot market on the agenda for Meeting No. 14 due to be held in the first quarter of 2014.</i></p> <p><i>The IMO to circulate Ms Ryan's presentation to other GAB members who were absent from the meeting.</i></p>	<p><b>IMO</b></p> <p><b>IMO</b></p>
<p><b>7.</b></p>	<p><b>OVERVIEW OF JULY 2013 GAS STATEMENT OF OPPORTUNITIES</b></p> <p>The Chair introduced Mr Joachim Tan to provide an overview of the first Gas Statement of Opportunities (GSOO) published in July 2013.</p> <p>Mr Tan provided the GAB with an overview of the feedback received from the gas market on the GSOO and explained the methodology modeling done by NIEIR, which was used to determine the forecasts. Mr Tan noted that only projects for which a final investment decision (FID) had been made were included in the forecasts.</p> <p>Mr Gallagher questioned if the GSOO modelling considered constraints to the pipeline system when estimating gas supply to the domestic gas market. Mr Tan noted that this was not considered as gas supply projection figures appear to be handled by the current pipeline capacity, and it was assumed that the users demanding gas already had existing shipping capacity. Mr Tan clarified that the IMO had not been able to fully consider this issue yet as it didn't have access to the information needed but would be something that will be considered for the future.</p> <p>Mr Ninkov expressed his concern around the way the forecast for</p>	

	<p>domestic gas prices was presented.</p> <p>Mr Gallagher questioned how the United States (US) LNG export prices would be shown in the next GSOO. Mr Tan noted that he is considering the different degrees of linkage recently developed across Australia to assess the approach taken in the first GSOO. Mr Tan indicated he believed the linkage would remain similar for some time as changes to the US gas market would take time to be fully developed.</p> <p>Mr Tan advised that the IMO will also be taking up suggestions to investigate reserves in the Carnarvon basin and in particular supporting production at the North West Shelf. The Chair indicated that the IMO is considering requesting reserves information directly from Gas Market Participants for future GSOOs due to challenges with current data sources. However, the IMO would discuss the proposed request for information, including the standard of reserves measurement, with GAB before doing so.</p> <p>In response to a question from Mr Pete Di Bona, Mr Tan noted that there were challenges with existing third party data sources for reserves and the IMO was not sure to what extent it could rely on them for the purposes of preparing the GSOO.</p> <p>Mr Ninkov questioned whether the IMO intended to present the next GSOO to the GAB prior to being released. The Chair responded that time constraints would make this difficult but the IMO could include a presentation on the key assumptions at the next GAB meeting, scheduled for 17 December 2013.</p> <p>The Chair invited members to contact Mr Tan and provide any feedback to be considered for the next GSOO due to be published in December.</p> <p><i>Actions: The IMO to present the key assumptions of the December 2013 GSOO to the GAB at the next meeting.</i></p> <p><i>The IMO to circulate Mr Tan's presentation to other GAB members who were absent from the meeting.</i></p>	<p><b>IMO</b></p> <p><b>IMO</b></p>
<p><b>8.</b></p>	<p><b>GENERAL BUSINESS</b></p> <p>No general business was raised.</p>	
<p><b>CLOSED:</b> The Chair declared the meeting closed at 3.10pm.</p>		