



INDEPENDENT
MARKET
OPERATOR



Final Rule Change Report: Amendments to Schedule 2 – GBB Zones (GRC_2015_01)

Fast Track Rule Change Process

19 March 2015

Executive summary

The Gas Bulletin Board (GBB) Zones are defined in Schedule 2 of the Gas Services Information (GSI) Rules. However, Schedule 2 only includes Transmission Pipelines that were operational at the commencement of the GSI Rules.

The new Fortescue River Gas Pipeline (FRGP) is currently being constructed and the IMO is preparing for the pipeline to commence operation on or around 20 March 2015. If the FRGP is not allocated to a GBB Zone, data relating to the pipeline will not be able to be reported on the GBB by Zone, which is contrary to the intended operation of the GBB.

Proposed amendments

The IMO proposed to amend Schedule 2 of the GSI Rules to expand the definition of the Pilbara Zone to include the FRGP. The Pilbara Zone was proposed on the basis of the location of the end users of the pipeline.

Consultation

The IMO formally submitted the Rule Change Proposal into the Fast Track Rule Change Process and published the Rule Change Notice on 27 February 2015. The submission period was held between 3 March and 13 March 2015.

No stakeholders specifically requested to be consulted in relation to the Rule Change Proposal. The IMO received an email from gasTrading Australia during the submission period indicating its support for the Rule Change Proposal. No other submissions were received.

Assessment against the GSI Objectives

The IMO considers that this Rule Change Proposal will better achieve GSI Objectives (a) and (d) by ensuring that the information published on the GBB is accurately reported and aggregated in the relevant Zones, supporting:

- the security, reliability and availability of supply within the Zone and the State; and
- competition between Gas Market Participants.

Practicality and cost of implementation

The IMO is required to make changes to the GBB system in order to reflect the amendments to the GBB Zones and add the new pipeline to the GBB map and topology. The cost of these changes is minor and can be accommodated within the IMO's existing budget.

The IMO's decision

The IMO's proposed decision is to accept the Rule Change Proposal.

Next steps

The Amending Rules are proposed to commence on **8.00 AM on 20 March 2015**.

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1. Rule change process and timeline

On 27 February 2015 the IMO submitted a Rule Change Proposal regarding amendments to Schedule 2 of the Gas Service Information (GSI) Rules.

This proposal is being processed using the Fast Track Rule Change Process, described in rules 133 to 134 of the GSI Rules.

The key dates in processing this Rule Change Proposal are:



2. Proposed amendments

2.1 The Rule Change Proposal

The Gas Bulletin Board (GBB) Zones are defined in Schedule 2 of the GSI Rules. However, Schedule 2 only includes Transmission Pipelines that were operational at the commencement of the GSI Rules and does not accommodate any new or proposed pipelines.

While allocation to a GBB Zone does not affect any registration or reporting obligations for the operator of a GBB Pipeline or any Large User Facilities connected to the pipeline, it does affect the publication of information on the GBB which the IMO is required to publish by Zone.

The new Fortescue River Gas Pipeline (FRGP) is currently being constructed and is expected to commence operation on 20 March 2015. If the FRGP is not allocated to a GBB Zone, while it will be reported by GBB Facility, this data will not be able to be reported on the GBB by Zone, which is contrary to the intended operation of the GBB.

The IMO proposed to amend Schedule 2 of the GSI Rules to expand the definition of the Pilbara Zone to include the FRGP. The IMO proposed the Pilbara Zone on the basis of the location of the end users of the pipeline.

Full details of the Rule Change Proposal are available at: http://www.imowa.com.au/GRC_2015_01.

2.2 The IMO's initial assessment of the Rule Change Proposal

The IMO decided to progress this Rule Change Proposal on the basis that it considered, as outlined in section 4 of the Rule Change Proposal, that the proposed changes were likely to better achieve GSI Objectives (a) and (d). Therefore, the IMO considered that stakeholders should be given an opportunity to provide submissions on the Rule Change Proposal.

The IMO decided to progress this Rule Change Proposal under the Fast Track Rule Change Process, on the basis that it satisfies subrule 131(2)(c) of the GSI Rules.

Subrule 131(2) states:

“The IMO may decide to progress a Rule Change Proposal under the Fast Track Rule Change Process if, in the opinion of the IMO, the proposal:

- (a) is of a minor or procedural nature;
- (b) is required to correct a manifest error; or
- (c) is urgently required and is essential for the effective operation of the GBB.”

The IMO considered the proposed Amending Rules are within the scope of subrule 131(2)(c) of the GSI Rules as they are required to ensure the effective operation of the GBB and are urgent as the FRGP is expected to commence operation around 20 March 2015.

2.3 Protected Provisions, Reviewable Decisions and civil penalties

This Rule Change Proposal does not propose any new or amended Protected Provisions, Reviewable Decisions or civil penalty provisions.

3. Consultation

3.1 The Gas Advisory Board

The Gas Advisory Board (GAB) did not meet to discuss the proposed amendments.

3.2 Submissions received during the submission period

The submission period for this Rule Change Proposal was held between 3 March and 13 March 2015.

No stakeholders specifically requested to be consulted in relation to the Rule Change Proposal.

The IMO received an email from gasTrading Australia during the submission period indicating its support for the Rule Change Proposal. No other submissions were received.

One stakeholder also raised a query informally with the IMO. The stakeholder queried why, given that the FRGP connects to the Dampier to Bunbury Natural Gas Pipeline (DBNGP) within the Dampier Zone, the IMO proposed to include the pipeline in the Pilbara Zone. The IMO's response to this query is set out in the following section.

A copy of the email received during the submission period is available at: http://www.imowa.com.au/GRC_2015_01.

3.3 The IMO's response to submissions received during the submission period

The IMO considered both the Dampier Zone and the Pilbara Zone in the development of the Rule Change Proposal. The FRGP is proposed to be connected to the DBNGP north of Compressor Station One, which is in the Dampier Zone. However, the FRGP is not directly connected to any GBB Production Facilities and the end users supplied by the FRGP are located in the Pilbara region of Western Australia. Therefore, the IMO considered, on balance, that it was appropriate to include the FRGP in the Pilbara Zone in order to clearly show where gas is being transported to and used within the State.

The IMO also considered including the connection point between the DBNGP and the FRGP in the Dampier Zone, and points downstream on the FRGP in the Pilbara Zone. However, for the same reasons as outlined above, the IMO considered that this additional complexity would increase the information requirements on the operators of the FRGP without providing any additional benefit for stakeholders viewing the GBB.

3.4 Public forums and workshops

The IMO did not hold any public forums or workshops specifically with regard to this Rule Change Proposal.

4. The IMO's final assessment

In preparing its Final Rule Change Report, the IMO must assess the Rule Change Proposal in light of rules 127 and 128 of the GSI Rules.

Rule 127 of the GSI Rules states that the IMO "must not make Amending Rules unless it is satisfied that the Rules, as proposed to be amended or replaced, are consistent with the GSI Objectives".

Additionally, rule 128 of the GSI Rules states that, when deciding whether to make Amending Rules, the IMO must have regard to the following:

- any applicable policy direction given to the IMO under rule 126 of the GSI Rules;
- the practicality and cost of implementing the Rule Change Proposal;
- the relevant views expressed in any submissions received by the IMO on the Rule Change Proposal;
- the relevant views expressed at any public forums or workshops, or in other consultation with Gas Market Participants, held by the IMO on the Rule Change Proposal;
- the relevant views expressed by the GAB where it met to consider the Rule Change Proposal; and
- any information that the IMO considers necessary to assess the Rule Change Proposal.

The IMO notes that there has not been any applicable policy direction from the Minister in respect of this Rule Change Proposal. A summary of the views expressed during the submission period is available in section 3 of this Final Rule Change Report.

The IMO's assessment of the Rule Change Proposal is outlined in the following sub-sections.

4.1 Additional amendments to the proposed Amending Rules

The IMO has not made any additional changes to the proposed Amending Rules contained in the Rule Change Proposal.

4.2 Assessment against the GSI Objectives

The IMO considers that the GSI Rules as a whole, if amended as presented in section 6, will not only be consistent with the GSI Objectives but also allow the GSI Rules to better achieve GSI Objectives (a) and (d).

GSI Objectives (a) and (d), as relevantly specified in rule 2 of the GSI Rules in relation to the GBB, are to promote the long term interests of consumers of natural gas in relation to:

(a) the security, reliability and availability of the supply of natural gas in the State

(d) the facilitation of competition in the use of natural gas services in the State

The IMO considers this Rule Change Proposal supports GSI Objective (a) by ensuring that the information published on the GBB is aggregated in the relevant Zones. This is essential to ensure that the GBB accurately portrays the current and expected near-term supply situation within a Zone, which may help users and other affected stakeholders identify and manage a gas supply issue, thereby promoting the security, reliability and availability of supply within the Zone and the State more broadly.

The accurate publication of information within a Zone also supports GSI Objective (d) by providing existing and prospective Gas Market Participants with a clear indication of where natural gas is being transported and used within the State, ensuring the information is available to all participants, supporting competition between participants and potentially helping to identify opportunities for new participants.

4.3 Practicality and cost of implementation

4.3.1 Practicality

The IMO will be required to make changes to the GBB system in order to reflect the amendment to the GBB Zones and add the new pipeline to the GBB map and topology.

The IMO is not aware of any impacts on Gas Market Participants as a direct result of the amendments to the GBB Zones, although the operator of the FRGP, any Large User Facilities connected to the pipeline and any new Shippers on the pipeline will be required to register with the IMO and comply with the relevant obligations under the GSI Rules.

4.3.2 Cost

The costs associated with the necessary changes to the GBB are minor and can be accommodated within the IMO's existing budget.

5. The IMO's decision

The IMO's proposed decision is to accept the Rule Change Proposal as specified in the Rule Change Notice and Proposal.

5.1 Reasons for the decision

The IMO made its decision on the basis that the Amending Rules:

- include the FRGP in a GBB Zone prior to the commencement of relevant obligations under the GSI Rules, ensuring that the GBB will continue to operate as intended with all gas use shown by Zone;
- better achieve GSI Objectives (a) and (d) and are consistent with the remaining GSI Objectives;
- include the FRGP in the most appropriate GBB Zone, to ensure the GBB operates as intended without placing additional obligations on the operator of the FRGP without any commensurate benefit; and
- were supported by gasTrading Australia and no stakeholders raised any specific concerns with the proposed inclusion of the FRGP in the Pilbara Zone.

5.2 Proposed commencement details

The Amending Rules are proposed to commence at **8:00 AM** on **20 March 2015**.

6. Amending Rules

The IMO has decided to implement the following Amending Rules, as presented in the Rule Change Proposal (~~deleted text~~, added text):

Schedule 2 - Zones

(Subrule 82(1))

- (1) Schedule 2 specifies the Zones for which information is published on the GBB.
- (2) The Zones listed in the table below include the specified Transmission Pipeline (or part thereof) and all Receipt Points and Delivery Points connected to those pipelines (or parts of pipelines).

Zone Name	Description
Dampier	The Dampier to Bunbury Natural Gas Pipeline (DBNGP) upstream of Compressor Station 7 (CS7) and the Burrup Extension Pipeline.
Metro	The DBNGP from CS7 to CS10.
Parmelia	The Parmelia Gas Pipeline.
South West	The DBNGP downstream of CS10.
Karratha	The Pilbara Energy Pipeline.
Telfer	The Telfer Pipeline and Nifty Lateral Pipeline.
Pilbara	The Goldfields Gas Pipeline (GGP) upstream of and including the Delivery Point connecting the GGP to the Newman Lateral <u>and the Fortescue River Gas Pipeline.</u>
Goldfields	The GGP downstream of the Newman Lateral to, and including, the Leonora Delivery Point.
Mid-West	The Midwest Pipeline.
Kalgoorlie	The GGP downstream of the Leonora Delivery Point and the Kalgoorlie to Kambalda Interconnect Pipeline.