

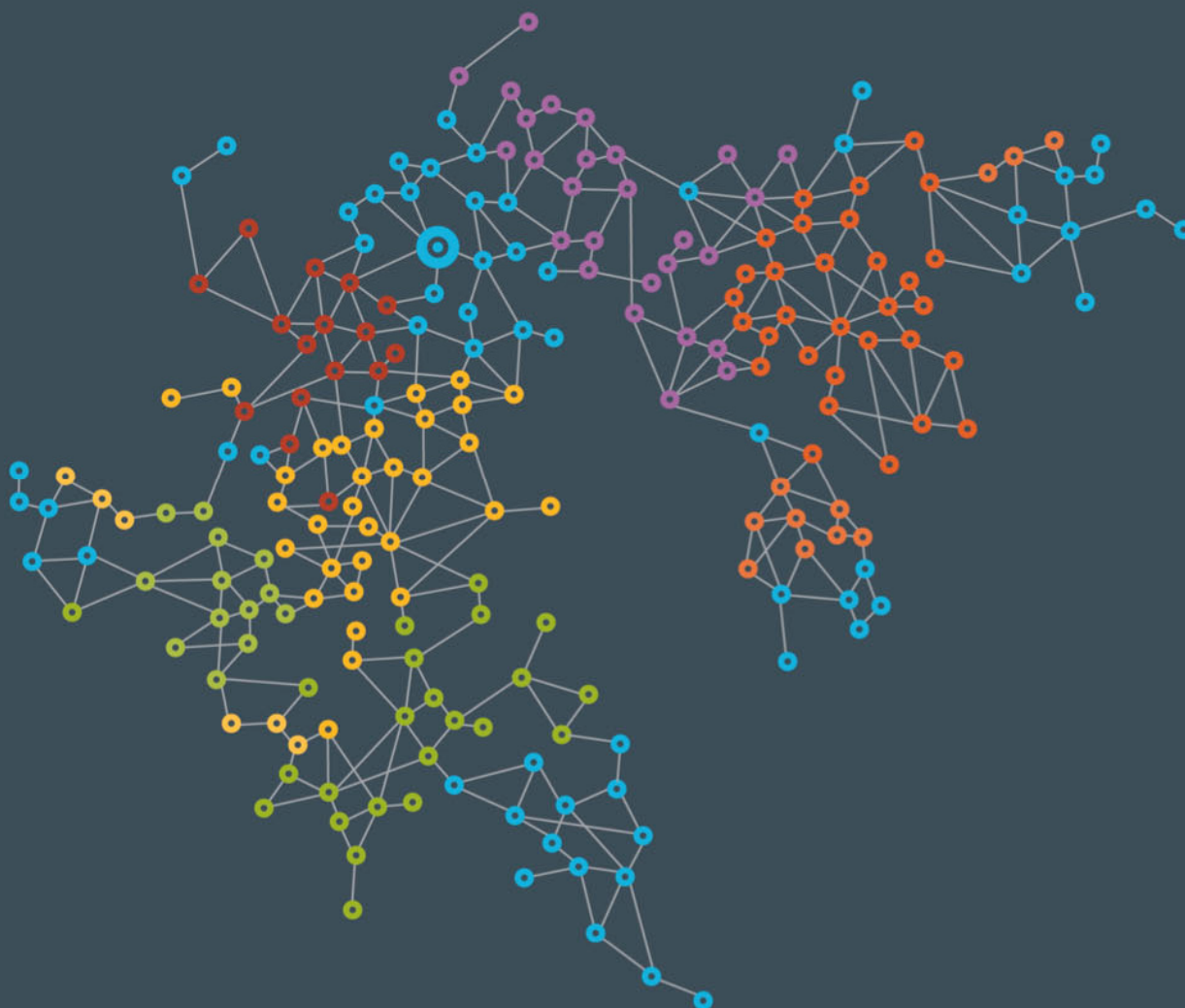


INDEPENDENT
MARKET
OPERATOR

2016 Gas Advisory Board Constitution and Appointment Guidelines

Invitation to Provide Submissions

22 March 2016



1. Background

On 30 November 2015, most of the IMO's functions were transferred to the Australian Energy Market Operator.

Under subrule 14(1) of the Gas Services Information Rules (GSI Rules), the Constitution of the Gas Advisory Board (GAB) is required to be consistent with the GSI Rules.

Accordingly, the IMO has reviewed the GAB Constitution and the associated Appointment Guidelines to reflect the changes to the GSI Rules on 30 November 2015. The IMO has also taken the opportunity to make some other minor amendments.

While the GAB Constitution and the associated Appointment Guidelines may benefit from a broader review, this review is limited to changes that will ensure the GAB Constitution is consistent with the GSI Rules.

Under subrules 7(2) and 14(1) of the GSI Rules, the IMO must invite public submissions when developing or amending the GAB Constitution. The proposed amended GAB Constitution and Appointment Guidelines are **attached** to this document.

2. Invitation for submissions

The IMO is seeking submissions regarding the proposed amendments to the GAB Constitution and Appointment Guidelines.

The submission period is 20 Business Days from the publication date of this notice. Submissions must be delivered to the IMO by **5.00pm (WST) on Thursday, 21 April 2016**.

The IMO prefers to receive submissions by email to market.development@imowa.com.au.

Written submissions may also be sent to the IMO by post addressed to:

Independent Market Operator
Attn: Chief Executive Officer
PO Box 7096
Cloisters Square
PERTH WA 6850

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CONSTITUTION OF THE GAS ADVISORY BOARD

1. Introduction

- 1.1 The Gas Services Information Rules (GSI Rules) are made under the Gas Services Information Regulations 2012 and in accordance with section 8 of the *Gas Services Information Act 2012* (GSI Act).
- 1.2 In accordance with section 6 of the GSI Act, the objectives of the Gas Bulletin Board (GBB) and the Gas Statement of Opportunities (GSOO), the “GSI Objectives”, are to promote the long term interests of consumers of natural gas in relation to –
 - a) the security, reliability and availability of supply of natural gas in the State;
 - b) the efficient operation and use of natural gas services in the State;
 - c) the efficient investment in natural gas services in the State; and
 - d) the facilitation of competition in the use of natural gas services in the State.
- 1.3 The primary purpose of the GBB is to include information relating to short and near term natural gas supply and demand and natural gas transmission and storage capacity in the State.
- 1.4 The primary purpose of the GSOO is to include information and assessments relating to medium and long term natural gas supply and demand and natural gas transmission and storage capacity in the State.
- 1.5 The Independent Market Operator (IMO) is responsible for ~~the operation and administration the GBB and GSOO, including:~~
 - a) amending the GSI Rules and replacements for them; and
 - b) developing, amending and replacing GSI Procedures to the extent to which the GSI Procedures relate to its functions under the GSI Rules.
- 1.6 The Australian Energy Market Operator (AEMO) is responsible for:
 - a) operating and administrating the GBB and the GSOO; and

b) developing, amending and replacing GSI Procedures to the extent to which the GSI Procedures relate to its functions under the GSI Rules.

~~1.6~~1.7 In accordance with the GSI Rules, the IMO must establish a non-voting Gas Advisory Board.

~~1.7~~1.8 The purpose of this document is to set out the Constitution of the Gas Advisory Board.

~~1.8~~1.9 Terms used in this Constitution have the same meaning as defined in the GSI Rules.

~~1.9~~1.10 This Constitution has been issued under the GSI Rules and as such if a provision of this Constitution is inconsistent with a provision of the GSI Rules, the provision in the GSI Rules prevails to the extent of the inconsistency.

2. Terms of Reference

2.1 The Gas Advisory Board is a committee comprised of representatives of gas market stakeholders convened by the IMO to advise ~~the IMO in relation to:~~

a) the IMO in relation to Rule Change Proposals ~~and;~~

~~a)b)~~ the IMO and AEMO in relation to Procedure Change Proposals;

~~b)c)~~ the IMO in relation to matters concerning the development of the GSI Rules; ~~and~~

d) the IMO and AEMO in relation to matters concerning the development of GSI Procedures;

~~e)e)~~ AEMO in relation to the operation of the GBB; and

~~e)f)~~ AEMO in relation to the preparation of a GSOO.

2.2 In carrying out its functions the Gas Advisory Board must have regard to the GSI Objectives and any recommendations made by the Gas Advisory Board must be consistent with the GSI Objectives.

2.3 Gas Advisory Board members or their proxies are required to act in the best interests of the gas industry as a whole.

2.4 Gas Advisory Board members do not vote on issues. Any recommendations of the Gas Advisory Board are based on a consensus of the views expressed by the members, excluding the observers.

2.5 The Gas Advisory Board may establish working groups comprised of representatives of gas market stakeholders to assist the Gas Advisory Board in advising the IMO and AEMO.

3. Membership Rules

3.1. The Gas Advisory Board will comprise:

- a) A Chairperson, who must be a representative of the IMO ~~(the IMO Chief Executive, or a delegate)~~;
 - b) Two members representing gas producers;
 - c) Two members representing pipeline operators and owners;
 - d) Two members representing gas shippers;
 - e) Two members representing large gas users;
 - f) The Coordinator of Energy in the capacity of Hazard Management Agency under the Emergency Management Regulations 2006;
 - g) One member representing small end-use customers, appointed by the Minister; and
 - h) One member from ~~the IMO~~ AEMO.
- 3.2. The Minister may appoint a representative to attend Gas Advisory Board meetings as an observer.
- 3.3. The Economic Regulation Authority may appoint a representative to attend Gas Advisory Board meetings as an observer.
- 3.4. Observers are entitled to speak at meetings of the Gas Advisory Board but are not members and do not formally participate in making any recommendations.
- 3.5. Members who are unable to attend meetings can request that a proxy attend in their place. The proxy must come from an organisation that belongs to the same class as the member, and must have similar skills and experience as the member. Members can not send a proxy by right. Permission to attend is at the Chairperson's discretion.
- 3.6. Observers can send proxies to attend meetings in their place.
- 3.7. The Gas Advisory Board may continue to perform its functions despite any vacancy, provided that the quorum noted in clause 6.3 of this Constitution is met.
- 3.8. Each member is required to attend all meetings. Members who have not attended all meetings may be removed by the IMO under clause 4.10 of this Constitution. Attendance by a proxy is considered to be attendance by the member.
- 3.9. Each member and observer is required to:
- a) be prepared for all Gas Advisory Board meetings, to read the papers and to actively contribute to the discussions; and
 - b) not use their position or information gained as a member or observer improperly to gain an advantage for themselves or anyone else, or cause detriment to the IMO, AEMO or the gas industry.

- 3.10. Each member and observer must pay their own expenses associated with participating in the Gas Advisory Board.
- 3.11. At the discretion of the Chairperson, other persons may be allowed to attend Gas Advisory Board meetings as observers from time to time.

4. Appointing and removing members

- 4.1. The IMO may appoint members and terminate membership of the Gas Advisory Board, other than members appointed under clauses 3.1(a), (f), (g) or (h), in accordance with the GSI Rules, this section 4 of this Constitution and any applicable Gas Advisory Board Appointment Guidelines published by the IMO.
- 4.2. The IMO will advertise for nominations to the Gas Advisory Board on its public website and via direct contact with appropriate industry groups. Any company or individual can make nominations.
- 4.3. An individual may be nominated as a member of the Gas Advisory Board in more than one category, but may only be appointed to one category of membership.
- 4.4. For the year beginning on 1 July 2013, Gas Advisory Board members will be appointed for a one or two-year term as determined by a ballot conducted by the IMO in accordance with the Gas Advisory Board Appointment Guidelines.
- 4.5. Thereafter, each member will be appointed for a two-year term, subject to any earlier termination or resignation.
- 4.6. There are no restrictions on the number of times a member can be reappointed to the Gas Advisory Board.
- 4.7. With the exception of the ~~IMO~~employing organisation of the Coordinator of Energy, not more than one individual from the same employing organisation can hold membership of the Gas Advisory Board at any one time.
- 4.8. When appointing members of the Gas Advisory Board, the IMO must consult with, and take nominations from, Gas Market Participants and gas industry groups that it considers have an interest in the GBB and the GSOO, and choose members from among the persons nominated taking into account the Gas Advisory Board composition. Further details of the nomination process are provided in the Gas Advisory Board Appointment Guidelines.
- 4.9. Each year the IMO will review the performance and attendance of all Gas Advisory Board members. Following the review, the IMO may terminate membership of, or decide to not reappoint, members that it considers have not met the requirements of members as set out in the Constitution or the Gas Advisory Board Appointment Guidelines, and may appoint replacement members.
- 4.10. The IMO may remove a member of the Gas Advisory Board (other than those appointed under clause 3.1(a), (f), (g) or (h)) at any time in the circumstances described in Appendix 1.

- 4.11. A member of the Gas Advisory Board may resign by giving notice to the IMO in writing.
- 4.12. If a position on the Gas Advisory Board becomes vacant the IMO will attempt to appoint a suitably qualified person to fill the vacancy. The IMO will appoint a replacement member for the duration of the previous member's remaining length of tenure. The Gas Advisory Board will continue to perform its functions under the Rules despite any vacancy.

5. Convening the Gas Advisory Board

- 5.1. The IMO will convene the Gas Advisory Board:

- ~~a)~~ a) in relation to a Rule Change Proposal or a Procedure Change Proposal relating to the IMO's functions under the GSI Rules where the IMO considers that advice is required from the Gas Advisory Board, in which case the IMO will use reasonable endeavours to convene the meeting before the due date for submissions on the proposed changes;
- ~~a)b)~~ at the request of AEMO, in relation to a Procedure Change Proposal relating to AEMO's functions under the GSI Rules;
- ~~b)c)~~ c) in relation to a Rule Change Proposal or Procedure Change Proposal where two or more members of the Gas Advisory Board have informed the Secretariat in writing that they consider that advice is required from the Gas Advisory Board;
- ~~e)d)~~ d) not less than once every six months;
- ~~d)e)~~ e) on any occasion when two or more members of the Gas Advisory Board inform the secretariat in writing that they wish to bring a matter before the Gas Advisory Board for discussion; and
- ~~e)f)~~ f) where possible, consistent with the provisional schedule of the Gas Advisory Board meetings, issued annually by the IMO.

6. Conduct of Meetings

- 6.1. The Chairperson may determine procedures for meetings of the Gas Advisory Board.
- 6.2. The Gas Advisory Board may make recommendations on an issue if a consensus is achieved. Any recommendations made by the Gas Advisory Board must be based on the consensus decision of members, excluding the opinion of observers.
- 6.3. Unless a quorum of members is present at the time, no recommendations will be made. A quorum requires at least fifty percent of total current members to be present at the meeting, including at least one representative from each of the gas users, gas shippers, pipeline owners and operators, and gas producers in that quorum.
- 6.4. The Chairperson may, in relation to any matter under consideration by the Gas Advisory Board, require all members and observers to treat the matter as confidential until advised otherwise. All members and observers must comply with that requirement.

- 6.5. Meetings of the Gas Advisory Board may be called or held using any technology determined by the Chairperson and at a location nominated by the Chairperson.
- 6.6. A communication between Gas Advisory Board members constituting a quorum under clause 6.3 of this Constitution by telephone or audiovisual means is a valid meeting of the Gas Advisory Board, but only if each participating member or observer is capable of communicating with every other member or observer instantaneously at all times during the meetings.
- 6.7. The Chairperson may, at his or her discretion, approve late papers for discussion at a Gas Advisory Board meeting.

7. Role of the Gas Advisory Board Secretariat

- 7.1 The IMO will provide the Secretariat for the Gas Advisory Board.
- 7.2 The Secretariat will:
- a) schedule meetings and maintain the diary of the Gas Advisory Board;
 - b) compile the meeting papers, send them by email to all members and observers of the Gas Advisory Board and publish the papers on the GSI website. The Secretariat will endeavour to send papers to all members and observers, and publish all papers, at least five business days before each meeting (subject to any approved late papers in accordance with clause 6.7);
 - c) prepare the minutes of each Gas Advisory Board meeting and send them by email to all members and observers of the Gas Advisory Board as soon as practicable, after the meeting; and
 - d) subject to the confidentiality status of the matters in meeting minutes, publish the minutes on the GSI website.

8. Interaction between the Gas Advisory Board and the IMO

- 8.1. All written communications related to the activities of the Gas Advisory Board from the members and observers of the Gas Advisory Board to the IMO will be sent to the Secretariat.
- 8.2. Communications between the members and observers of the Gas Advisory Board and the IMO will be via email wherever practical.
- 8.3. The IMO will provide the members and observers of the Gas Advisory Board with information in its possession that is directly relevant to the issues being addressed by the Gas Advisory Board.
- 8.4. In accordance with subrules 135(1) ~~and 159(1)~~ of the GSI Rules, within one Business Day after the publication of a notice of a Rule Change Proposal or Procedure Change Proposal the IMO will notify the members and observers of the Gas Advisory Board, via email, as to whether the IMO considers that advice on the proposal is required from the Gas Advisory Board and the reasons why.

8.5. The IMO will include in its Rule Change Reports a summary of the views expressed by the members of the Gas Advisory Board, where the Gas Advisory Board has met to consider a Rule Change Proposal or where a Working Group has been appointed by the Gas Advisory Board to consider a Rule Change Proposal, a summary of the views expressed by that Working Group.

8.6. The IMO will include in its Procedure Change Reports a summary of the views expressed by the members of the Gas Advisory Board, where the Gas Advisory Board has met to consider a Procedure Change Proposal, or where a Working Group has been appointed by the Gas Advisory Board to consider a Procedure Change Proposal, a summary of the views expressed by that Working Group.

9. Governance Arrangements between the Gas Advisory Board and working groups

9.1 The Gas Advisory Board may establish working groups made up of representatives from member groups to assist the Gas Advisory Board in dealing with any matter. The Gas Advisory Board may establish or disband any working group at any time.

9.2 The Gas Advisory Board must determine the scope of work and Terms of Reference for each working group. The Gas Advisory Board may amend the Terms of Reference or membership of any working group at any time.

9.3 The Terms of Reference for a working group, will be tailored to the specific requirements of each working group and would typically include the:

- a) background (reason for the establishment of the working group);
- b) purpose and scope of the working group;
- c) roles and responsibilities of members of the working group;
- d) membership of the working group;
- e) administration, Secretariat and meeting arrangements for the working group; and
- f) arrangements for reporting to the Gas Advisory Board.

9.4 Working groups must report back to the Gas Advisory Board at least once every two months, or as specified in the Terms of Reference for the group. Reporting will be via the working group secretariat. The working group will report to the Gas Advisory Board at other times requested by the Gas Advisory Board. Day-to-day interaction between the Gas Advisory Board and the working group will be via the IMO.

9.5 Working groups must refer issues outside the scope of the working group's Terms of Reference back to the Gas Advisory Board for consideration.

[~~16 May 2013~~## March 2016]

Appendix 1 - Removal of Members

The occurrence of any of the following events will entitle the IMO to terminate a member's membership on the Gas Advisory Board:

- a) the person becomes an undischarged bankrupt;
- b) the person becomes of unsound mind or his or her estate is liable to be dealt with in any way under law relating to mental health;
- c) in the IMO's reasonable opinion the person no longer represents the person or class of persons that they were appointed to represent;
- d) in the IMO's reasonable opinion the person is not actively participating in the Gas Advisory Board;
- e) the person acts in a manner inconsistent with this constitution of the Gas Advisory Board;
or
- f) the member is absent from, and has not provided a proxy for, three consecutive meetings.

GAS ADVISORY BOARD APPOINTMENT GUIDELINES

1. Scope and purpose

- 1.1. These guidelines provide information on the process to be followed for the appointment of members to the Gas Advisory Board (GAB). They have been developed to inform gas market stakeholders of the selection and appointment processes applied by the Independent Market Operator (IMO).
- 1.2. The guidelines give details of:
 - a. the requisite skills, knowledge and experience of GAB members;
 - b. the requirements for representation of GAB members;
 - c. the terms of appointment for GAB members; and
 - d. the steps involved in the appointment process.
- 1.3. The IMO seeks a balanced representation and a diverse mix of knowledge and experience among members of the GAB. These guidelines set out how the IMO aims to achieve this.

2. Related documents

- 2.1 This document has been developed in accordance with, and should be read in conjunction with the following:
 - a. Rules 11 to 16 of the Gas Services Information Rules (GSI Rules); and
 - b. the GAB Constitution.

3. Skills, knowledge and experience of members

- 3.1. The applicants for appointment to the GAB should collectively possess the skills, knowledge and experience specified in clause 2.23.2 below. The IMO's assessment process will ensure that there is balanced representation of skills, knowledge and experience across the GAB.
- 3.2. The IMO will take into account the following expected skills, knowledge and experience of the GAB (as a body) when making appointments to the GAB:

- a. Knowledge and/or demonstrated experience of energy sector issues;
- b. Broad understanding of the technical, design and commercial aspects of the gas industry;
- c. Ability to contribute to the GAB;
- d. Ability to work as a member of a small team;
- e. Ability to consider proposed rules in light of the objective contained in legislation that is proposed or in force;
- f. Demonstrated ability to understand the subject matter proposals made to the GAB;
- g. Ability to consider options for the development of rules for the Gas Bulletin Board (GBB) and Gas Statement of Opportunities (GSOO);
- h. Knowledge of the frameworks in which the IMO and the Australian Energy Market Operator (AEMO) operates.

3.3. The IMO anticipates that nominations will be of people with preferably middle management experience or above, or similar.

3.4. Applicants are not required to be full time employees of an entity that is a participant in the class which membership is being sought.

4. Representation of members

4.1. GAB members are required to act in the best interests of the gas industry.

4.2. Members of the GAB will be individuals who represent a sector of the gas industry. Members are expected to act in a way that properly reflects the interests of the group that they have been chosen to represent. Members must demonstrate their eligibility against the criteria for membership and necessary skills, knowledge and experience.

4.3. The GAB is constituted of 'Compulsory Class' and 'Discretionary Class' members. Compulsory Class positions will not be open for nomination but the IMO will seek confirmation from the relevant parties on the member they wish to appoint for the GAB for that year. Discretionary Class positions will be open for nomination once the tenure is up.

4.4. The table below indicates the classes that each position falls in:

Compulsory Class	Discretionary Class
GAB Chairperson, <u>who must be a representative of the IMO</u>	Gas Producers
Coordinator of Energy	Pipeline Operators/Owners
Small End-use Customer <i>(appointed by the Minister)</i>	Gas Shippers
IMO <u>AEMO</u> Representative	Large Gas Users

5. Term of appointment

- 5.1. Membership on the GAB for appointments made as a result of 2013 GAB Annual Review Process the 2013-14 year for Discretionary Class members will be for either one or two years with the opportunity for reappointment after this time period has lapsed.
- 5.2. For the financial year beginning 1 July 2013 the term of membership for Discretionary Class members will be determined by the IMO conducting a ballot, with one member of each class appointed for a one-year term and the other for a two-year term. Members chosen by ballot for a one year term will be eligible for reappointment to an additional two year term if they meet the appointment criteria at the time.
- 5.3. Thereafter, the term of appointment of Discretionary Class members will be two years. This is to ensure consistency in decision making and that all sections of the industry are adequately represented as the market matures.
- 5.4. Compulsory Class membership will be for a two-year term. At the lapse of tenure Compulsory Class members will be able to reconfirm their nominated individual representative to serve on the GAB.
- 5.5. The IMO may appoint new members if necessary, when members are no longer representative of the class. This includes situations where the member's employment changes to being employed by an entity outside of the member's class of representation or upon occurrence of any of the events listed in the Appendix to the Constitution.
- 5.6. There are no restrictions on the number of times a member can be reappointed to the GAB, but in making appointments the IMO's objective is to get the best representation of the industry over time to ensure a dynamic GAB that is representative of the industry.

6. The nominations and appointment process

- 6.1. Each year the IMO will review the performance and attendance of GAB members. If any changes are required these will be addressed at the same time the IMO commences the annual appointment process for Discretionary and Compulsory Class members whose tenure has lapsed.
- 6.2. On completion of the annual review the IMO will:
 - a. for Discretionary Class members whose tenure has lapsed, seek nominations from gas market stakeholders with respect to the position
 - b. for Compulsory Class members whose tenure has lapsed, seek reconfirmation from a senior executive of the applicable entity that the member will continue to represent that entity. An updated resume must be provided where the individual's skills, knowledge or experience have changed since the last review. Reconfirmation may be provided to the IMO via email to: market.development@imowa.com.au.

6.3. The IMO will advertise for nominations for Discretionary Class positions on its public website and via direct contact with appropriate stakeholders.

6.4. Any company or individual can make nominations. Nominations must:

- a. Be in writing;
- b. Address the eligibility criteria for appointment to the GAB as set out in the GAB Constitution and this document;
- c. Have attached a completed GAB application form, available on the IMO webpage, outlining the skills set of applicants with respect to the class(es) of nomination and including a copy of the nominee's CV;
- d. Include contact details of the nominee (to demonstrate evidence of the person's willingness for appointment); and
- e. Be received by the IMO by the published due date.

6.5. Nominee details provided to the IMO will be kept private. A high-level assessment of all the nominees against the appointment criteria may be made publically available by the IMO if requested by an interested party.

6.6. An individual may be nominated in more than one group, but may be appointed to represent only one group.

6.7. The IMO will only appoint one individual from any one industry organisation to serve on the GAB at any one time.

6.8. The IMO will consider nominations received, determine the appropriate composition of the GAB, and finalise appointment arrangements according to the following timetable.

Step	Event	Date
1	IMO calls for nominations for membership	April/May
2	Nominations for membership due to IMO	May
3	Successful nominee advised of outcome of appointment process	June
4	GAB meeting – both new and old members invited	July

[~~16 May 2013~~## March 2016]