

## Independent Market Operator Gas Advisory Board

### Minutes

|                    |                   |
|--------------------|-------------------|
| <b>Meeting No.</b> | 8                 |
| <b>Location:</b>   | IMO Board Room    |
| <b>Date:</b>       | 7 February 2013   |
| <b>Time:</b>       | 1:00 PM – 2:30 PM |

| <b>Attendees</b>     | <b>Class</b>                              | <b>Comment</b>         |
|----------------------|---|------------------------|
| Allan Dawson         | Chair                                     |                        |
| Pete Ryan            | Producer                                  |                        |
| Stephen Livens       | Pipeline                                  |                        |
| Mark Cooper          | Pipeline                                  |                        |
| Mike Shaw            | Major User                                |                        |
| Paul Hynch           | Observer, (Public Utilities Office (PUO)) |                        |
| Fiona Edmonds        | Shipper                                   | Proxy for Nenad Ninkov |
| Suzanne Frame        | Independent Market Operator (IMO)         |                        |
| Nerea Ugarte         | Small End Users, PUO                      |                        |
| <b>Apologies</b>     | <b>Class</b>                              | <b>Comment</b>         |
| Nenad Ninkov         | Shipper                                   | Proxy sent             |
| Gordon Rule          | Major User                                |                        |
| Ben Coetzer          | Producer                                  |                        |
| Geoff Gaston         | Shipper                                   |                        |
| <b>Also attended</b> | <b>From</b>                               | <b>Comment</b>         |
| Kate Ryan            | IMO                                       | Presenter              |
| Natalia Kostecki     | PUO                                       | Observer               |
| Aditi Varma          | IMO                                       | Observer               |
| Jenny Laidlaw        | IMO                                       | Observer               |
| Joachim Tan          | IMO                                       | Observer               |
| Rebecca Denton       | IMO                                       | Minute-taker           |

| <b>Item</b> | <b>Subject</b>   | <b>Action</b> |
|-------------|--|---------------|
| <b>1.</b>   | <p><b>WELCOME</b></p> <p>The Chair opened the meeting at 1:00 PM and welcomed members to the eighth Gas Advisory Board (GAB) meeting.</p>  |               |
| <b>2.</b>   | <p><b>APOLOGIES</b></p> <p>Geoff Gaston, Gordon Rule, <a href="#">Wana Yang</a> and Ben Coetzer sent their apologies.</p> <p>Fiona Edmonds attended the meeting as a proxy for Nenad Ninkov (Shipper).</p> <p>The Chair introduced Nerea Ugarte, of the Public Utilities Office as the new GAB representative for Small End Users.</p> |               |

| Item | Subject   | Action |
|------|---|--------|
| 3    | <p><b>MINUTES OF PREVIOUS MEETINGS</b></p> <p>The Chair asked the GAB for any comments on the minutes from the previous meeting. Mr. Cooper clarified that his job title was General Manager – Commercial; not General Manager of Commercial Operations.</p> <p>There were no other comments or disagreements raised and the minutes were accepted.</p> <p><i>Action Item: IMO to update the minutes of GAB Meeting No. 7 to correct Mr. Cooper's position title.</i></p>   | IMO    |
| 4    | <p><b>ACTIONS ARISING</b></p> <p>Ms. Ryan provided an update on the outstanding action points from the previous GAB meetings:</p> <p>All of the actions items currently on the actions register have been completed and can be closed.</p> <p>Action Item 3: A gap analysis was conducted by the IMO on the AEMO Bulletin Board and the proposed WA GBB, and this was circulated to GAB members on 10 January 2013.</p> <p>Action Item 9: The life cycle costs of the GBB were evaluated and circulated to members on 10 January 2013.</p> <p>Action Item 18: The IMO is currently investigating whether outage information for electricity generators could be used for the GBB. An update on this process was provided to GAB members on 10 January 2013.</p> <p>Action Item 19: A Cost Benefit Analysis (CBA) was carried out on the GISP by the Sapere Research Group (Sapere) and this report was published on the IMO website in late December 2012.</p> <p>Action Item 21: The IMO has consulted with APA on arrangements for the Mondarra Storage Facility with respect to nominated and forecast flow information.</p> |        |
| 5    | <p><b>GAS INFORMATION SERVICES PROJECT – UPDATE</b></p> <p>Ms. Ryan provided a brief update on the Gas Information Services Project (GISP):</p> <p>There has been a delay in the approval of the Gas Services Information (GSI) Regulations, which must be made before the GSI Rules can be approved. This resulted in the delay <del>ed of the the</del> consultation on the second draft of the GSI Rules and design. The delay in the GSI Regulations has also impacted a number of the project timelines, the main change being the commencement of the GBB being moved from 1 July to 1 August 2013.</p> <p>The GSI Regulations have been largely drafted, and the PUO has released, for public consultation, information on the provisions relating to protected information in the regulations. This consultation paper has been included in the GSI Rules consultation pack released by the IMO on 21 January 2013. After consultation on these provisions, it is planned that the Regulations will</p>   |        |

| Item            | Subject  | Action            |
|-----------------|--|-------------------|
|                 | <p>be made by the end of April, subject to Ministerial approval.</p> <p>The second round of industry consultation on the draft GSI Rules and design is currently underway, with submissions due by close of business on 22 February 2013. This is the final round of consultation on the GSI Rules. A stakeholder workshop was held on 6 February 2013 to discuss the GSI Rules.</p> <p>GSI Procedures are currently being developed, and the <a href="#">Procedures dealing with rRegistration</a> and <a href="#">GBB oOperations Procedures</a> are to be released alongside a draft GAB Constitution for consultation around 11 March 2013.</p> <p>Sapere completed a CBA on the GBB and the GSOO, and this report was released to stakeholders. Sapere encountered difficulties quantifying the differences between the Emergency Management Facility (EMF) and the GBB. The report found that there was a net benefit of the GBB and GSOO, which was likely to be stronger if the EMF were excluded as only market benefits being taken into account, not the benefits of improved emergency management, and many of the costs of the GBB would be incurred for the EMF in any event.</p> <p>GBB system development is now underway, and a draft Participant Interface Specification document is due to be sent out within the week. The IMO is currently collecting the contact details of IT representatives from each of the stakeholders that will be obliged to provide data to the GBB, and is establishing an IT user group which will be provided with details on the technical requirements for GBB data provision. The Chair added that the interface was simple to use and it was optional if a participant wished to create an interface for the automatic provision of data. Ms. Ryan informed the GAB that the system would accommodate data exchange by CSV file format and HTTP or web interface.</p> <p>The drafting and development of the GSOO is underway, and the first GSOO is due in July 2013. This GSOO will be relatively simple as the IMO does not yet have all of the data needed. The IMO does not intend to consult further with industry on the first GSOO.</p> <p>The Chair requested that there be a demonstration of the GBB system in the next GAB meeting.</p> <p><i>Action Item: IMO to demonstrate the GBB System to GAB at the next GAB meeting.</i></p> | <p><b>IMO</b></p> |
| <p><b>6</b></p> | <p><b>2013 GISP TIMELINES AND KEY DATES</b></p> <p>Ms. Ryan outlined the timelines and key dates for the GIS Projects.</p> <p>GSI Rules are to be completed in March and formally made by the end of April 2013. The GSI Procedures are due to be released for consultation in March and approved following the making of the GSI Rules.</p> <p>For the GBB system, a draft Participant Interface Specification is to be sent to stakeholders shortly. For participants building an interface, the IMO expects that they will be able to test this with the GBB system from May, and the IMO anticipates running a trial of the system in June/July.</p>   |                   |

| Item | Subject  | Action |
|------|--|--------|
|      | <p>Initial registration and exemption applications for the GBB are due on 1 July 2013, with initial data submission due on 31 July for the start date of the GBB on 1 August 2013. Ms. Edmonds asked whether applications for exemption from registration and data provision could be submitted early. <a href="#">The Chair responded that the IMO would be happy to consider applications informally ahead of the formal obligations commencing and</a> Ms. Ryan <del>confirmed that this was possible, but</del> noted the IMO could not formally approve or reject an exemption application until the GSI Rules have commenced.</p> <p>Ms. Ryan informed the GAB that registration would involve paper-based applications, and the registration forms were currently being developed along with the Procedures and drafts would be distributed to stakeholders soon.</p> <p>There are two GSOOs being published in 2013, the first in July, the second at the end of the year.</p> <p>The current GAB will be wound up at the conclusion of the GISP, and a new GAB will be established under the GSI Rules. The Chair added that once the GBB and GSOO are established, the workload of the official GAB was not expected be onerous, and the meetings would likely be bi-monthly or quarterly.</p>   |        |
| 7    | <p><b>SECOND CONSULTATION DRAFT GAS SERVICES INFORMATION RULES</b></p> <p>The GAB discussed the issues raised at the stakeholder workshop on the Second Consultation Draft of the GSI Rules held on 6 March 2013.</p> <p>Ms. Ryan commented that many of the concerns of stakeholders had voiced about the GBB previously were not raised again. The majority of questions had been directed at Kieran Murray of Sapare on the CBA. The Chair noted that it had been suggested that a follow up study of the costs and benefits of the GBB and GSOO be undertaken, following a period of operation. The Chair considered that such a study would be useful. Mr. Cooper questioned whether any of the international studies used in the CBA had been followed up, and if these were applicable to Western Australia.</p> <p>The Chair clarified that as stakeholders were not able to provide quantitative information on the benefits of the WA GBB and GSOO, international studies were used to benchmark the benefits, but had been discounted where appropriate. Sapere had looked for, but been unable to find, any follow-up studies of these previous CBAs.</p> <p>Ms. Ryan commented that during the discussion on the GSI Rules there was particular interest in the definition of a Large User Facility, and which facility types would be exempt.</p> <p>Ms. Ryan also noted that, in response to concerns raised by Shippers on the proposed fee methodology, the IMO had proposed an alternative approach and was requested participants to provide feedback.</p> <p>Ms. Varma and Ms. Ryan noted that there had been questions related to the information requirements of the EMF, in particular whether dual fuel facilities would be reporting their diesel usage and stock. The Chair added that given the IMOs role in both the electricity and gas markets, they would have an</p> |        |

| Item | Subject   | Action |
|------|---|--------|
|      | <p>overview of certain information that the Coordinator of Energy may find useful in an emergency.</p> <p>Mr. Shaw raised the issue that while the Coordinator may have access to certain information, it was not clear whether that information could be shared with the IMO.</p> <p>Ms Ryan responded that the Coordinator will likely have access to other information in an emergency and will need to consider whether and how the information can be shared, which might be via the EMF, of other means. The Chair also noted that the EMF was likely to provide an efficient mechanism for sharing information.</p> <p>Ms. Ryan reiterated a request made at the workshop that stakeholders consider whether the standing data [EMF Information] required for the EMF was capable of being determined and provide feedback to the IMO.</p> <p>Mr. Ryan suggested that although many stakeholders no longer voiced concerns of the EMF, that he had received feedback that stakeholders were concerned the EMF had not been fully defined – that the type of information and the granularity of this information had not been clearly laid out yet.</p> <p>Ms. Kostecki replied that the GBB and EMF need to be considered as a whole and noted there is currently no central repository for gas market information. Ms. Kostecki explained that the GBB provided much of the information required for an emergency and noted that the EMF would be a tool used by the Coordinator of Energy to efficiently collect and share information required for a particular emergency that would previously have been collected informally. Ms. Kostecki further noted obligations to provide information are best [reasonable] endeavours obligations.</p> <p>The Chair noted that the EMF would likely evolve over time, as reviews are undertaken following any activation.</p> <p>Ms. Kostecki noted that the existing requirements were informed by the Gas Emergency Planning Committee. The system would also be subject to testing periodically, which may identify improvements.</p> <p>Ms. Edmonds asked the PUO whether amendments were going to be made to the <i>Westplan – Gas Supply Disruption</i> to reflect the EMF. Ms. Kostecki replied that amendments were proposed and that the PUO was working on a communication protocol to link the <i>Westplan</i> and the EMF, but at this stage she could not comment on the timing and process for developing these and testing the system.</p> <p>Mr. Cooper noted that in some cases systematising information provision may not be sufficiently flexible, and noted that, in any event, analysis and judgement will always be required.</p> <p>Mr. Ryan questioned whether the PUO was keeping up with the IMO in terms of development of the Rules and Regulations. Ms. Kostecki replied that the PUO was working closely with the IMO to make sure that the GSI Rules and Regulations were developed to work effectively together.</p> <p>Mr. Ryan questioned how stakeholders could best assist the PUO.</p> |        |

| Item            | Subject  | Action            |
|-----------------|--|-------------------|
|                 | <p>Ms. Kostecki suggested that feedback from industry stakeholders on the protected provisions in the Regulations and the data requirements of the GBB and the EMF would be of great use to the development of a useful system.</p> <p>Ms. Laidlaw noted that there was some discussion at the stakeholder workshop in relation to the EMF Information, such as minimum linepack.</p> <p>GAB members discussed what minimum linepack actually meant and the Chair concluded that feedback from stakeholders would be appreciated on whether the definitions in the Rules make sense and provide the useful information intended.</p> <p>Mr. Shaw noted the need to bear in mind that the information being provided needs to be useful to those who need it, and does not end up causing confusion.</p> <p>Mr. Cooper noted that there are some challenges in providing feedback on draft Rules – technical officers struggle with the legal detail and lawyers are likely to take the view a risk averse approach bearing in mind the civil penalty regime. The Chair added that the intention was not to be adversarial, but that if industry stakeholders engaged with the IMO in developing rules and requirements which were relevant and practical to implement, then they would minimise compliance issues in the future.</p> <p>Mr. Livens expressed concerns that IT issues could cause compliance breaches. The Chair noted these concerns.</p> <p>Mr. Ryan queried whether a working group should be established or the officers responsible for the <i>Westplan</i> be invited to the next GAB meeting to consider the proposed EMF information. Mr. Ryan stated that at this stage it was not clear what the difference between the GBB and EMF is and what the requirements are.</p> <p>Mr. Cooper reiterated concerns over the definitions of certain data, which could change on a daily basis due to changing conditions and cannot be warranted as being accurate.</p> <p>Mr. Livens raised the issue of the data published on the GBB being used to make commercial decisions, noting that users of the AEMO bulletin board were required to accept terms and conditions before entering the site. Ms. Ryan replied that users of the GBB would be required to accept terms and conditions of the site, which will indicate that the information published is indicative only and that any party that relies on it does so at its own risk.</p> <p><i>Action Item: The IMO will invite PUO officers that are responsible for the Westplan – <a href="#">Gas Supply Disruption</a> to the next GAB meeting to discuss the EMF.</i></p> | <p><b>IMO</b></p> |
| <p><b>8</b></p> | <p><b>GENERAL BUSINESS</b></p> <p>The following two items of general business were raised:</p> <ol style="list-style-type: none"> <li>1) Mr. Shaw questioned whether there were persons on the Electricity Review Board with gas experience. The Chair replied that there were</li> </ol>  |                   |

Gas Advisory Board

| Item   | Subject  | Action |
|--|--|--------|
|  | <p>experts in a range of industries, and despite the name of the board, it would be dealing with both electricity and gas issues and had expertise to do so. In order to change the name of the board, a change in the legislation would be required.</p> <p>2) The Chair informed the GAB that the IMO has been trying to source a fourth IMO Board member with gas experience. A person has been identified and the IMO is awaiting approval of the appointment. In the meantime, the preferred candidate has been engaged on contract to assist the Board as it considers the GSI Rules.</p> <p>The GAB also continued to share experiences from previous gas supply emergencies and discuss some of the difficulties in translating information into 'rules' language.</p> |        |
| 9  | <p><b>NEXT MEETING</b><br/>Tuesday, 19 March 2013.</p>   |        |
| <p><b>CLOSED</b><br/>The Chair declared the meeting closed at 2:30 PM.</p> |  |        |