



# Gas Information Services (GIS) – Implementation

August 2011

1/09/2011

# Background

Minister announced - 26 May 2011:

IMO has been selected to operate Gas Bulletin Board (GBB) and Gas Statement of Opportunity (GSOO) for WA

GBB will provide:

- Web-based up-to-date gas system
- Market information across the gas supply and demand chain
- Greater visibility on near term availability of gas and its transport
- May also incorporate an introduction service for gas buyers and sellers (trading)
- May use the existing system used by AEMO in the Eastern States

GSOO

- Provide a regular long-term gas supply and demand forecast
- Help inform future investment in WA

# IMO Statement of Capability

Submitted May 2010

Represented IMO experienced in:

- WEM Market Operations
- WEM Market Administration – including Market Rule evolution
- IT Operations
- Production the WEM Statement of Opportunity
- Engagement with industry
- Established and serviced the market Advisory Committee (MAC)
- Designed and implemented GBB (during Varanus Island disruption – 2008)
- Physically located in WA

# GIS Act and Regulations – Derived from WEM and NGL

## Enabling Regulation

- GIS objectives
- Heads of power for regulations and a rule book
- Functions of the Minister
- Allocation and recovery of costs
- Membership of participants
- Immunity of the IMO
- Access to information
- Right to publish information
- Behaviour of participants
- Reviewable decisions
- IMO accountability to Minister
- Changes to IMO Board
  - *Constitution, membership and proceedings of IMO Board*
  - *Duties of Directors*

# Proposed GIS Rule Book

- Functions of the IMO (mirror regulations)
- Empowering a Gas Advisory Board (GAB = MAC)
- Enables market evolution – rule change process
- Rule change that enables industry advice and consultation
- Empower market procedures
- Market monitoring
- Operations of GBB (based on detailed design process)
- Operations of GS00 (based on detailed design process)

# GIS Rule Governance

Initial GIS Rules approved by the Minister

Initial rules and rule changes assessed against GIS objectives

Protected provisions – require Ministerial approval

Some IMO decisions reviewable

Establish a Gas Advisory Board (GAB) – equivalent to MAC

- *Constitution similar to MAC*
- *Not everyone represented*
- *Personal appointment – work in the best interests of industry*
- *Appointment guidelines documented*
- *Annual review (membership refresh)*

Initial rules and rule changes subject to extensive stakeholder consultation

# Gas Bulletin Board (GBB) – Operation

Seek to utilise the GBB system administered by AEMO

- Offer received May 2010 – confirming validity
- Will retain existing interfaces – reduce participant costs

## Operational Challenges

- Limited AEMO technical support
- Data access/reporting requires AEMO IT support to extract
- Rule governance – relationship with AEMO GBB rules – how to cope with AEMO and WA rule changes
- AEMO systems rely on other AEMO systems – registration and standing data
- Data ownership – AEMO's obligations?

## AEMO

- Two options – access to application or a bureau service

# Gas Statement of Opportunity (GSOO) – Operation

Based on similar processes and structures utilised for WEM SOO

Look to the delivery of the GSOO by AEMO – lets not reinvent the wheel

Gas load forecast

- IMO in discussion with a number of potential load forecasting agencies
- The challenge of lump loads with uncertain timing – similar issues to electricity load forecasts

Gas facility (production, pipeline and storage) development and upgrade

Gas reserves – may rely on information from other Government agencies

# IMO Corporate Governance

Proposed funding model same as existing WEM operations

- 3-year Allowable Revenue – Economic Regulation Authority approval
- Annual budget and operating plan – Ministerial approval
- Fees approval annually – Minister
- Budget surpluses and deficits – returned or recovered from participants
- West Australian Treasury Corporation to provide capital funding
- Publication of IMO Annual Report
  
- Separate business units – financial reporting
  - *Robust time allocation – timesheets*
  - *Robust overhead allocation methodology*
  - *Allocation of management time*

# IMO – Allocation of GBB and GSOO responsibility

Responsibility	Allocation	Team impact	Issues
Rule changes	Market Development	+ 1	Quality of initial rule implementation
GBB – system	IT	?	Role of AEMO
GBB – data	Market Ops	+1	Technology implemented
GSOO	RC Team	+ 1-2	Timing of GSOO
Compliance	Compliance team	+1	Technology implemented

# In-house support during implementation

## Project Manager

- Look for similar skills to WEM Market Evolution Program PM
- Preferred candidate identified

## IMO Management

- Barbara Sole – Legislative, Regulatory and Rule drafting
- Martin Maticka – GBB Systems including AEMO relationship
- Greg Ruthven – GSOO Load Forecasting
- Suzanne Frame – GIS rule development

# External support during implementation

## Legal advisor – Lavan Legal

- Support rule drafting – based on detailed design
- Advice on GIS Legislation and Regulation
- Principle legal advisor to IMO on WEM matters
- Familiar with WA gas industry

## Consultants offering services – depending on what is required

- Marchmont Hill Consulting
- Stephen Thompson Consulting
- Sapere Research Group

## Next steps

- Office of Energy/IMO Steering Group established – 2-weekly meetings
- Ministerial confirmation of IMO cost recovery
- Appoint dedicated Project Manager
- Commence GIS team recruitment
- Amend IMO Operational Plan – Ministerial approval
- Establish transitional GAB
- Commence GBB and GSOO detailed design process