

Australian Energy Market Commission

INFORMATION PROVISION WORKING GROUP DISCUSSION PAPERS

East Coast Wholesale Gas Market and Pipeline Frameworks Review

18 September 2015

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About the AEMC

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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Summary

As part of Stage 2 of the East Coast Wholesale Gas Market and Pipeline Frameworks Review, the AEMC commenced the Information Provision Workstream. This has more closely examined information provision and the Bulletin Board in regard to their roles and functions in the east coast gas market. To inform the AEMC, the Information Provision Working Group was established. The working group's first meeting was held on 21 August, followed by fortnightly meetings. The final meeting is scheduled for 1 October 2015.

Each meeting was scheduled to consider a different topic:

- Meeting 1: Role of information and information requirements of the east coast gas market.
- Meeting 2: Impediments to information provision.
- Meeting 3: Improving the accuracy and timeliness of information reported on the Bulletin Board. This meeting also re-examined the purpose of the Bulletin Board.
- Meeting 4: Bulletin Board governance and cost recovery

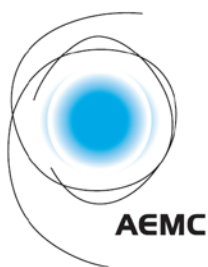
The AEMC produced discussion papers prior to each meeting to facilitate discussion in the working group. An introductory discussion paper was also prepared.

All working group discussion papers have been compiled into this document for the purpose of now inviting stakeholders to make submissions on these papers. There are two weeks in which to provide a submission for the AEMC's consideration, which are due on 2 October 2015. While this is a relatively short time frame in which to prepare a submission, the AEMC sought to balance the workstream's timeframe with the need to consult broadly.

This submission process is not intended to duplicate the contributions made by the working group members in working group meetings. Instead, it is intended to expand the consultation on the information provision workstream to any interested stakeholders. Should working group members wish to provide a submission, it should supplement the contributions made in the working group meetings.

Submissions are to be lodged online via the Commission's website, www.aemc.gov.au, or by mail to:

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235



East Coast Wholesale Gas Market and Pipeline Frameworks Review – Stage 2

Information Provision Working Group Paper

7 August 2015

1. Introduction

Context

The Council of Australian Governments (COAG) Energy Council's Australian Gas Market Vision (the Vision) sets out a gas market reform agenda for the continued development of Australia's gas market.¹ Within the Vision statement, the COAG Energy Council outlines a desired outcome for gas market information: "The provision of accurate and transparent market making information on pipeline and large storage facilities operations and capacity, upstream resources, and the actions of producers, export facilities, large consumers and traders."²

The COAG Energy Council has made substantial progress in respect of this objective. Projects such as the COAG Energy Council's Gas Transmission Pipeline Capacity Trading process and the subsequent submission of the Enhanced Information for Gas Transmission Pipeline Capacity Trading rule change request (now under assessment by the AEMC)³, and AEMO's redevelopment of the Bulletin Board, have or will increase the amount of information available to the market. Taking a broader view of information, the COAG Energy Council's ongoing work aims to create a framework for providing and publishing information that will support the creation of a wholesale reference price that reflects market fundamentals.

¹ "The Council's vision is for the establishment of a liquid wholesale gas market that provides market signals for investment and supply, where responses to those signals are facilitated by a supportive investment and regulatory environment, where trade is focused at a point that best serves the needs of participants, where an efficient reference price is established, and producers, consumers and trading markets are connected to infrastructure that enables participants the opportunity to readily trade between locations and arbitrage trading opportunities."

² COAG Energy Council, *COAG Energy Council Australian Gas Market Vision*, p. 4. Accessed 3 August 2015 at <https://scer.govspace.gov.au/files/2014/12/COAG-Energy-Council-Australian-Gas-Market-Vision-Dec-2014-FINAL1.pdf>

³ The AEMC published a consultation paper for this rule change request on 16 July 2015. More information can be found on the AEMC's website, www.aemc.gov.au

The AEMC's East Coast Wholesale Gas Market and Pipeline Frameworks Review (East Coast Gas Review), undertaken at the request of the COAG Energy Council, is reviewing the design, functions and roles of facilitated gas markets and gas transportation arrangements on the east coast of Australia. It will develop a clear path forward for gas market development in Australia, consistent with the COAG Energy Council's Vision. The AEMC's Stage 1 Final Report provided recommendations for short-term improvements that can be undertaken immediately, and proposed a work plan for Stage 2.

Information in the gas market

The Stage 1 Final Report of the East Coast Gas Review noted that there are "some gaps and asymmetries that may be affecting the efficiency with which gas and other resources are allocated in the market and across the economy".⁴ The report noted the growing call from stakeholders and policy makers for greater transparency and information to help adapt to structural change in the gas industry. The gas market is becoming more dynamic, suggesting that timely and accurate information to inform operational and commercial decisions, as well as policy decisions, is becoming more important. Information will support gas use and allocation decisions over the short and long term, thereby leading to the efficient use of and investment in gas for the long term interests of consumers – consistent with the national gas objective (NGO). To pursue this goal, the Stage 1 Final Report stated that a closer examination of the specific informational needs of the market, and the means of providing that information, will be conducted within the Stage 2 East Coast Gas Review Information Provision workstream.⁵

With respect to the informational needs of the market, the AEMC will assess the requirements that are likely to facilitate the achievement of the COAG Energy Council's Vision. This will involve consideration of the content and coverage of the Bulletin Board, and any other information sources (for example, from private information providers), and the identification of gaps in the provision of information.

How information is provided to the market is also a key focus of the information workstream. The role and effectiveness of the Bulletin Board as well as other sources of information will be reviewed. The workstream will also include whether the current

⁴ AEMC, *East Coast Wholesale Gas Market and Pipeline Frameworks Review*, Stage 1 Final Report, AEMC, 23 July 2015, Sydney, p. 159.

⁵ *ibid*, pp. 159, 185-187.

arrangements for collecting, verifying and disseminating information are sufficient to achieve the Vision. This will involve analysis of the accuracy, compliance and enforcement arrangements applying to the Bulletin Board. It will also entail analysis of the governance arrangements for the Bulletin Board, including the designation of responsibilities to parties for developing the Bulletin Board and maintaining its responsiveness to market needs. Cost recovery arrangements for the provision of information to the Bulletin Board and the cost of operating the Bulletin Board will also be examined.

Broadly, the Commission is concerned with improving the arrangements that allow the collection, verification and dissemination of relevant information to inform decision making. The objective is to provide information in the lowest cost, with the greatest ease, of the highest quality and of the greatest value in use, whether it is through regulatory or non-regulatory means. There will inevitably be trade-offs between these objectives, which the Commission seeks to balance.

2. Assessment framework

The assessment framework for the information provision workstream is the NGO, which is: “...to promote efficient investment in, and efficient operation and use of, natural gas services for the long-term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas”. The NGO pertains to long-term efficiency, which would be achieved through a prudent trade-off between cost and benefit over time.

Quantifying costs and benefits in information provision can be difficult. Nevertheless, qualitative assessments that are associated with efficiency can be appropriate, such as:

- Reduction of transaction costs (including search costs)
- Reduction of information asymmetry that may impede efficient exchange
- Informed decision making, enabling efficient operational and commercial decisions and appropriate risk management
- Efficient production and use of information
- Efficient processes and lowest cost regulatory burden
- Efficient allocation of tasks and responsibilities, allowing low cost compliance, enforcement, accountability and effective market development
- Balance between transparency and confidentiality

Assessment considerations

In applying this assessment framework, there are a number of considerations that the AEMC may take into account, and these are set out below for the working group to consider.

The AEMC is aware that it may be necessary to incur costs in order to unlock gains from information provision, provided gains outweigh costs and a fair and robust process is undertaken.

The AEMC considers the value of information provided on the Bulletin Board is ultimately determined by the value that participants and other users gain from it, and therefore it varies depending on their purpose and the availability and cost of alternatives. The AEMC is aware that compliance with the requirements of the Bulletin Board imposes costs on some market participants, including shippers, on whom fees are levied to recover the costs of the Bulletin Board, while the use of the Bulletin Board requires no direct cost – it is accessible free of charge to all that visit the web site. Therefore, there may be a tendency to promote inefficient levels of information provision by those that face little or no cost in complying with Bulletin Board requirements.

Reporting requirements can constitute a burden on businesses for the benefit of others, and should be carried out, if necessary, with careful consideration; the AEMC notes the proprietary nature of information held by businesses, and commensurate benefits must be likely if requiring its disclosure. However, it is critical that businesses with claims of information confidentiality provide clear justification for such a claim. It is also important that information users articulate the value of the information, particularly that which may be subject to a confidentiality claim. There is a need to determine the most appropriate trade-off between confidentiality, transparency and value. In doing so, the AEMC will also consider the dynamism of the market, its future development and any characteristics of the market that may lead to the under-provision of information.

3. Information provision workstream objectives

The objectives of the information provision workstream are to:

- Understand in greater detail the need for, and role of, information in the market and any deficiencies in the availability of information under the current arrangements, with a particular focus on the Bulletin Board.

- Understand in greater detail issues relating to collecting, verifying and disseminating information.
- Consider the strategic role of the Bulletin Board, given the future direction of market development.
- Identify any issues with the governance arrangements for information provision.
- Inform the Commission's recommendations to the COAG Energy Council in the Stage 2 Draft Report in November.

The ultimate objective is to facilitate the appropriate type and level of information available in the market, consistent with the COAG Energy Council's Vision. The AEMC will provide findings and recommendations to the COAG Energy Council regarding the operation of the Bulletin Board and any other sources that will provide the information required by market participants and policy makers.

These findings and recommendations will be included in the Stage 2 Draft Report of the East Coast Gas Review, which will be provided to the COAG Energy Council in November 2015 and published in December 2015. Upon receiving the COAG Energy Council's response to this report, the AEMC will commence work on the Stage 2 Final Report. Further consideration of the implementation requirements associated to achieve the information provision objectives will occur during this phase.

4. Working group – role and objectives

The role of the information provision working group is to assist the AEMC in its consideration of the issues involved in information provision in the gas market by providing relevant information and feedback on issues and their potential solutions. The AEMC project team will consider the contributions of the working group and then provide findings and propose recommendations to the Commission, which will then decide on the final recommendations to be provided to the COAG Energy Council. The working group is not required to find a consensus on issues, problems or solution; its focus will be considering the issues and conveying relevant information for the AEMC's consideration.

Informed contributions from members of the working group will significantly assist the working group and the AEMC project team throughout this process. The working group has substantial material to cover, and considered input is essential.

5. Working group – topics and timeline

The AEMC will conduct four information provision working group meetings in the period 21 August 2015 to 1 October 2015. The working group meetings are planned as follows.

21 August 2015, 10am-1:00pm: Working group meeting 1 - The role of information provision, and content, coverage and frequency.

This meeting will consider:

- The role of information provision.
- The information needs of the market and other users of information, including upstream and downstream information, information granularity and the frequency of information provision.
- The current state of information provision and the identification of potential information gaps.
- The role of the Bulletin Board and the potential for a one-stop shop for information.

3 September 2015, 10:30am-1:00pm: Working group meeting 2 - impediments to information provision.

This meeting will commence discussion on the means of information provision, and impediments or barriers to it, including:

- The registration process to become a Bulletin Board participant.
- Information confidentiality.
- Minimising the cost of information provision.
- The use of zones to aggregate information.

18 September 2015, 10:30am-1:00pm: Working group meeting 3 – Bulletin Board accuracy, compliance and enforcement. This meeting will consider:

- The materiality of non-compliance with Bulletin Board requirements and any related accuracy issues.
- Barriers to compliance under the current arrangements.
- The appropriateness and effectiveness of enforcement mechanisms.

- The desired standard of accuracy for information provision.

1 October 2015, 10:30am-1:00pm: Working group meeting 4 - Bulletin Board governance and cost recovery.

This meeting will consider:

- The nature and clarity of the responsibilities with respect to the ongoing development and operation of the Bulletin Board.
- Any issues with the placement of particular requirements in the various regulatory instruments.
- The cost recovery arrangements for both pipeline operators and AEMO.

6. Working group – process

Prior to each meeting, a briefing paper will be distributed to working group members, outlining in more detail the agenda and issues to be discussed. The meetings will feature presentations from the AEMC (and potentially other participants), and group discussion. The AEMC expects a high level of engagement and participation from the working group members, which has been intentionally established as a small group to maximise interaction. The document distributed prior to the working group meeting should be read closely and each participant should prepare specific feedback, which can be discussed at the meeting.

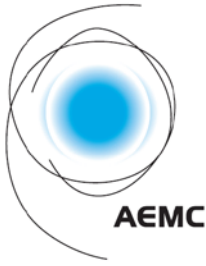
The AEMC recommends that working group members attend the meetings in person in order to provide the best opportunity for interaction. The meetings will be held in the AEMC office in Sydney. If working group members are unable to attend in person, teleconference facilities will be available. Please notify Matt Unicombe at the earliest possible convenience if you will not be attending the working group meeting in person. The meetings will commence with tea and coffee and finish with a light lunch. Any dietary requirements should be conveyed prior to the meeting.

7. Working group members

The following organisations will be participating in the information provision working group:

- Commonwealth Department of Industry and Science

- Queensland Department of Energy and Water Supply
- AEMO
- AER
- APA
- Origin Energy
- GDF SUEZ Australian Energy
- APLNG
- Energy Edge
- Qenos
- TFS Australia Pty Ltd
- APPEA
- QGC



**Information Provision Working Group:
Working Paper No. 1:
Role of information and information requirements of
the east coast gas market**

21 August 2015

1 Introduction

This paper has been prepared to stimulate discussion in the first meeting of the Information Provision Working Group on the informational needs of participants in the east coast gas market. The objective of this meeting is to:

- identify the role that information can play in the east coast gas market and the Bulletin Board's role within this; and
- identify the set of information that will enable more informed and efficient decision making about consumption, production, transportation, investment, trade and risk management in the east coast gas market in both the short and long-run.

While this may appear ambitious, the AEMC is aware that market participants have been considering these issues for some time. We hope to draw on that in this meeting as well as encouraging new ideas from Working Group members.

In setting the agenda for this meeting, there is the potential for any discussion on information requirements to be overshadowed by perceived limitations in the current framework (for example, registration requirements and zonal bounds) and issues such as confidentiality and the cost of information provision. We have therefore separated the discussion on the appropriate set of information from the perceived constraints on information provision. This first meeting will focus on the content, coverage, frequency and granularity of the information required by the market, and the role of the Bulletin Board. The second meeting will focus on any factors that may impede the provision or publication of this information and how these can be overcome.

The separation of these topics will enable the Working Group members to consider, in an unencumbered manner, the information required to support more informed and efficient decision making and the attainment of the COAG Energy Council's Vision:

“The Council's vision is for the establishment of a liquid wholesale gas market that provides market signals for investment and supply, where responses to those signals are facilitated by a supportive investment and regulatory environment, where trade is focused at a point that best serves the needs of participants, where an efficient reference price is established, and producers, consumers and trading markets are connected to infrastructure that enables participants the opportunity to readily trade between locations and arbitrage trading opportunities.”

The remainder of this paper is structured as follows:

- Section 2 provides some background material on the information currently available in the market and the concerns that have been raised about information provision in the east coast and the emphasis the COAG Energy Council has placed on information provision in achieving its Vision.
- Section 3 focuses on the role of information and the Bulletin Board in the east coast gas market.
- Section 4 provides an overview of the informational gaps that stakeholders have previously identified in the east coast market and the implications this may have for the content and coverage of the Bulletin Board.
- Section 5 focuses on the issue that has been raised by some stakeholders about the need for real-time or more frequent provision of some types of information.
- Section 6 looks at issue that has been raised by some stakeholders about the need for greater granularity of some types of information.
- Section 7 outlines some of the matters that will be considered in the second Working Group meeting.

2 Background

A number of steps have been taken by policy makers and market participants over the last ten years to increase the level of transparency in the east coast gas market and enable more informed decisions to be made about the consumption, production and transportation of gas and longer-term investments.¹ Notwithstanding these developments, concerns have been raised by the COAG Energy Council and a number of stakeholders about the fragmented and incomplete nature of the information currently available to the market.

The remainder of this section provides further detail on:

- the information resources currently available to market participants;
- the steps that have recently been taken to improve the coverage, quality and availability of information in the market; and
- the observations that have been made by the COAG Energy Council, stakeholders and the authors of earlier reviews about areas for further improvement.

2.1 Existing information resources and recent improvements

The information resources market participants currently have recourse to when making consumption, production, transportation, risk management and investment decisions include:

- The National Gas Market Bulletin Board (Bulletin Board), which contains information on the standing capacity, short- and medium-term capacity outlook

¹ For example, the development of the Bulletin Board in mid-2008, the introduction of the Gas Statement of Opportunities in 2009 and introduction of capacity listing services by some pipeline owners.

and utilisation of designated production facilities, storage facilities and transmission pipelines in eastern Australia and also contains a listing service for transmission pipeline capacity and gas.

- The Gas Statement of Opportunities (GSOO) (and the accompanying Victorian Gas Planning Report) and National Gas Forecasting Report, which are prepared by AEMO on an annual basis.
- AEMO's website, which contains pricing and other market based information from the Wallumbilla Gas Supply Hub (GSH), the Victorian declared wholesale gas market (DWGM) and Short Term Trading Market (STTM).
- AER publications, which include the Weekly Gas Market Report, the Quarterly Compliance Report and regulatory decisions for pipelines subject to full regulation.
- State and Commonwealth government reports on gas resources and major projects and the Upstream Petroleum Resources Working Group's annual report on unconventional reserves and resources and production.
- Market participants' websites, including APA's and Jemena's capacity trading sites.
- Annual reports and other periodic and ad-hoc disclosures by ASX-listed entities.
- Industry publications, such as EnergyQuest's EnergyQuarterly and the Argus LNG Daily market report.
- Third party information providers and aggregators, such as Energy Edge.

The coverage of these information sources is shown in Appendix 1. Further detail on the information that Bulletin Board facility operators are currently required to provide AEMO for publication on the Bulletin Board is set out in the table below. This table sets out:

- the information the COAG Energy Council has proposed be included on the Bulletin Board as part of the Enhanced Information for Gas Transmission Pipeline Capacity Trading rule change request (see grey shaded cells); and
- other suggested improvements to the Bulletin Board that are being considering as part of the rule change process (see blue shaded cells).

Table 2.1: Bulletin Board Information

Bulletin Board Transmission Pipeline Operators		
Existing information requirements	Name plate capacity rating	Annual*
	7-day capacity outlook (short-term)	Daily
	Medium term capacity outlook (utilising maintenance reports provided to shippers)	As issued
	Gas delivery information for each demand and production zone on previous day.	Daily
	Aggregated delivery nominations by zone and aggregated forecast deliveries by zone for subsequent gas days (up to 7 days).	Daily
	3-day linepack capacity adequacy outlook flag (green, amber or red)	Daily
	Contact details	Daily
Rule change	3-year outlook for uncontracted (available) primary capacity	Monthly
	List of shippers and contact details in relative order of contracted capacity	Monthly
	Data from secondary capacity trading platforms	Week-after
	Location of receipt/delivery points, connected production, storage and transmission pipelines, gate station name plate rating and delivery points that are gate stations	As applicable
	Aggregated receipt /delivery point flow data by zone	Day after
	Disaggregated receipt/delivery point flow data (not published on Bulletin Board)	Monthly
Other information being considered in rule change	Linepack - more granular flag-based indicators or volume of linepack at beginning (or end) of day and within day and forecast beginning (or end) of day for 2 days.	Daily
	More detailed medium term capacity outlook	As issued
Bulletin Board Storage Provider		
Existing information requirements	Name plate capacity rating	Annual*
	7-day capacity outlook (short-term)	Daily
	Medium term capacity outlook (utilising maintenance reports provided to shippers)	As issued
	Actual net flows out of the storage facility for each gas day	Daily
	Contact details	Daily
Rule change	Identification of all Bulletin Board pipeline, receipt and delivery points connected to facility	As applicable
Other information being considered in rule change	Actual volume of gas held in the storage facility for each gas day	Daily
	Aggregated injections and withdrawals nominations for the current gas day and 7 day forecast	Daily
	12 month outlook of uncontracted capacity	Monthly
	More detailed medium term capacity outlook	As issued
	Removal of exemption for storage facilities that are connected to a Bulletin Board pipeline but are used solely as part of a production facility.	n.a.
Bulletin Board Production Facility Operators		
Existing information requirements	Name plate capacity rating	Annual*
	7-day capacity outlook (short-term)	Daily
	Medium term capacity outlook (utilising maintenance reports provided to shippers)	As issued
	Actual production data for each gas day	Daily
	Contact details	Daily
Rule change	Identification of all Bulletin Board pipelines, receipt and delivery points connected to facility.	As applicable
Other information being considered in rule change	Gas supply nominations for the gas day and forecast production for subsequent gas days (ideally up to 7 days out)	Daily
	More detailed medium term capacity outlook	As issued

* If the capacity rating changes, the facility operator must notify AEMO as soon as practicable.

2.2 Recent information improvements

Over the last two years a number of steps have been taken to:

- Improve the functionality and usability of the Bulletin Board – AEMO commenced work on this project in 2014 and the first phase of the redevelopment, which included redesigning the Bulletin Board interface and developing a capacity listing service, was completed in late 2014. The other two phases of this redevelopment work are designed to improve the upload and validation functionality of the Bulletin Board (Phase 2) and incorporate existing and new market data (Phase 3).
- Improve the quality of some information reported on the Bulletin Board – In the last year the AER has worked with coal seam gas (CSG) producers to improve the quality of information provided to the Bulletin Board.
- Address some of the information gaps on the Bulletin Board – In May 2014, the National Gas Rules (NGR) were amended to increase the level of short- and medium-term capacity outlook information to be published on the Bulletin Board.
- Improve the quality of planning and investment related information – In 2014 AEMO published its first National Gas Forecasting Report and has also made a number of improvements to the GSOO.

The COAG Energy Council has also undertaken a significant amount of work to determine what information is likely to be required to facilitate a greater degree of transmission pipeline capacity trading and the AEMC is currently considering its rule change request. Work is also currently being carried out by the COAG Energy Council and the Department of Industry and Science's Office of the Chief Economist (formerly BREE) to improve the availability and analysis of upstream information.

In addition to this work, the AEMC is currently working with the Australian Bureau of Statistics (ABS) to develop a wholesale gas price index to improve transparency around price movements in confidential bilateral gas contracts.²

2.3 Observations on areas for further improvement

While steps have been taken to improve the level of transparency in the market, concerns have been raised in prior reviews³ and by stakeholders about the adequacy of the information currently available to the market. Many of the parties have claimed that there is insufficient information to enable participants to make informed and timely decisions.

² This index would be compiled by the ABS and published on a quarterly basis as an extension of the existing Producer Price Index. The ABS will survey large gas users that purchase gas directly from producers, including industrial users, gas-fired generators, retailers and LNG producers

³ See for example, KLC, *Gas Market Scoping Study*, A report for the AEMC, July 2013, p. 128. Department of Industry (Australian Government), *Eastern Australian Domestic Gas Market Study*, 2014, pp. 15-16, 64 and 89-90 and Victorian Gas Market Taskforce, *Final Report and Recommendations*, October 2013, pp. 7-8 and 105.

To address these concerns, a large number of stakeholders have called for improvements to be made to the availability and transparency of information in the market to support trade and efficient decision-making and have suggested specific changes to:

- the coverage and content of the Bulletin Board;
- the frequency with which some information is provided to the market via the Bulletin Board, with some stakeholders calling for real-time information on pipeline flows; and
- the granularity of some of the information presented on the Bulletin Board.

In the COAG Energy Council Vision, similar concerns were raised about information provision with the Council noting the need for:⁴

“The provision of more accurate and transparent market making information on pipeline and large storage facilities operations and capacity, upstream resources, and the actions of producers, export facilities, large consumers and traders.”

Elaborating on this further, the COAG Energy Council noted:

“Previous information and transparency improvement efforts by the COAG Energy Council have generally focused on providing greater information on the downstream components of Australian gas markets. The Council recognises the need to place equal emphasis on information relating to upstream gas resources. An important contributor to informed decision making about the future value of gas is transparent information on reserves, resources production, forecasts and well drilling rates. The COAG Energy Council expects that timely and improved reporting of this type of information to the market will help inform the market.

Continued efforts to improve market transparency and information are critical to achieve the Council’s vision for Australian gas markets. The Council will continue to pursue work to facilitate trade in pipeline capacity as the arrangements governing gas transmission frameworks are examined.

The Council acknowledges that there will be costs associated with the provision of additional information and these costs need to be subject to robust assessment, and is appropriate for the progressive development of Australia’s gas markets.”

3 The role of information provision and the Bulletin Board

While this work stream is focused on the Bulletin Board, consideration of the Bulletin Board must take place within a broader view of information. So, before considering whether the content and coverage of the Bulletin Board needs to be amended, or the frequency and granularity of information provision needs to change, it is worth taking a step back and considering:

- the role of information provision in the east coast gas market; and

⁴ COAG Energy Council Vision, December 2014, p. 4.

- the role that the Bulletin Board and other information sources and providers can play in providing this information to market participants.

For businesses, information is required to make informed decisions as to how to allocate resources in both the short and long run. Information can be produced through the competitive process (for example, by businesses voluntarily providing information in order to attract customers, or through the publication of prices). Alternatively, information may be provided to a market through a legal framework, such as requiring businesses to provide a central information provider with information, who then makes this publicly available.

Many markets do not require substantial information provision through this latter form. In these markets, there is little need for government intervention to reduce information asymmetries. However, in the gas industry, there appears to be inadequate information available through competitive and non-regulatory means. Incumbent businesses may possess information arising from their contractual relationships that may impede the potential for new entrants to participate in the market. Such an imbalance may be addressed by creating a more level playing field by requiring information be provided to a central repository for use by all market participants. The current gas market information provision arrangements reflect such an objective. Nevertheless, there are continued calls for more information to be provided in this manner.

The Bulletin Board was established in July 2008 following a recommendation by the Gas Market Leaders Group (GMLG) that a web-based electronic communications system be developed to provide market participants and observers (including governments) with ready access to up-to-date information on the demand-supply outlook for key production facilities, storage facilities and transmission pipelines in eastern Australia.⁵

The purpose of the Bulletin Board is defined in rule 142 of the NGR as being to:

- (a) “facilitate trade in natural gas and markets for natural gas services through the provision of system and market information which is readily available to all interested parties, including the general public; and
- (b) assist in emergency management through the provision of system and market information.”

At present, the Bulletin Board rules only apply to production facilities, storage facilities and transmission pipelines that meet certain criteria. The limitation to these facilities has given rise to some informational gaps along the supply chain (for example, in the upstream and downstream segments of the supply chain), which some stakeholders have claimed is limiting the role that the Bulletin Board can play in facilitating the trade of natural gas and natural gas services. It is relevant therefore to consider

⁵ Gas Market Leaders Group, *National Gas Market Development Plan*, June 2006, p. 4.

whether the Bulletin Board is meeting its stated purpose and the COAG Energy Council's broader view on the need for:⁶

"The provision of more accurate and transparent market making information on pipeline and large storage facilities operations and capacity, upstream resources, and the actions of producers, export facilities, large consumers and traders".

Inherent in this question is the role of other information providers, and their interaction with the Bulletin Board.

At the Working Group meeting, it will be necessary to define the role or purpose of information provision in the gas market, and the ongoing role of the Bulletin Board in this regard. It will also be relevant to consider whether the Bulletin Board could or should become more of a "one-stop shop" as suggested in the AEMC's Stage 1 report.

Questions for the Working Group

1. What is the role for information provision in the east coast gas market?
2. Is the Bulletin Board achieving its stated purpose or contributing to the COAG Energy Council's Vision? If so, is it likely to do so into the future?
3. Is there a clear role for the Bulletin Board and other providers and sources of information? How do they interact? How should they interact?
4. Do you think there is value in establishing the Bulletin Board as a 'one-stop shop' for certain information regarding the east coast gas market?
 - If not, why not?
 - If so, what type of information do you think should be placed on the Bulletin Board? What types of information should be placed elsewhere? Are there any principles that can be applied to determining whether information should be placed on the Bulletin Board or elsewhere?

⁶ COAG Energy Council Vision, December 2014, p. 4.

4 Improvements to the Bulletin Board's content and coverage

Before consideration can be given to whether improvements can be made to the content and coverage of the Bulletin Board, thought must first be given to:

- the informational gaps and asymmetries that currently exist in the market and those that are expected to emerge in the future and the extent to which they may impede informed and efficient decision making; and
- how the informational gaps may be addressed.

These issues are examined in further detail below. Before this though, it is worth noting that while the discussion that follows focuses on the improvements that could be made to the Bulletin Board, we are also interested in hearing the Working Group's views on other informational improvements that could be made in the market to enable more informed and efficient decision making.

Informational gaps and asymmetries

In prior consultation processes and reviews, concerns have been raised, to varying degrees, about:

- the lack of transparency surrounding wholesale gas prices, transportation costs and the price of other risk management services and the absence of facilitated market information on the Bulletin Board;
- the limited availability and fragmented nature of information regarding the upstream segment of the supply chain⁷ (for example, exploration activities, reserve estimates and the extent to which producers have uncontracted reserves that could be sold in the market);
- the lack of publicly available information on the demand side of the market and, in particular:
 - the LNG proponents' export and domestic market activities, particularly information on:
 - export volumes;
 - the volumes of gas supplied into and out of the domestic market; and
 - operational activities that may affect the domestic gas and electricity markets (for example, ramp up periods, outages of the LNG facilities or pipelines, maintenance periods for the LNG facilities or pipelines).
 - the consumption of gas by other large users (for example, gas fired generators and industrial customers).

⁷ While ASX listed producers are required to report on their exploration and production activities and reserves, there are a large number of producers operating in eastern Australia that are not ASX listed companies. In some jurisdictions, this informational gap has been addressed through state government reporting obligations, but there is not a single reporting framework applying to all producers in eastern Australia.

- the limited availability of information on secondary pipeline capacity trading and the information required to support such trade;
- the information available for planning and investment decisions, the absence of a medium term project assessment of system adequacy and standard form medium term capacity outlook information;
- the incomplete nature of the production, storage and transportation information on the Bulletin Board, which has been attributed to the:
 - exemption provisions in the NGR and the way in which these provisions have been applied in the past;
 - the lack of clarity surrounding how some Bulletin Board facilities report information and how bi-directional flows are being dealt with; and
 - the way in which the zones have been defined on the Bulletin Board and the granularity of the information that is published on the Bulletin Board.

The informational gaps and asymmetries listed above are significant and according to some stakeholders are already having an adverse effect on the efficiency with which gas and other resources are currently being allocated in the market and across other markets (for example, the electricity market). As the trade and flow of gas becomes more dynamic across the east coast, the adverse effects of these informational gaps and asymmetries may become even more acute. It is relevant therefore to consider how these informational gaps and asymmetries could be addressed and if any other gaps or asymmetries are expected to emerge in the future.

Potential ways in which the informational gaps and asymmetries could be addressed

The table on the following page sets out **some** of the ways in which stakeholders, the authors of prior reviews and Stage 1 east coast gas review suggested the informational gaps and asymmetries outlined above could be addressed. There may of course be other ways in which the gaps could be addressed and we would welcome any feedback the Working Group has on these suggestions.

To the extent the informational gaps/asymmetries are already being dealt with through the rule change process (see Table 2.1), they have not been included in the table.

Table 4.1: Potential ways in which the information gaps and asymmetries could be addressed

Informational Gaps/Asymmetries		Ways in which the gaps/asymmetries could be addressed
Price Transparency	Wholesale gas prices	Development of bilateral contract price index by the ABS. Continuation of work to facilitate the development of a more liquid wholesale gas market that underpins a robust reference price and credible forward curve.
	Transportation charges	Allow pipeline owners to publish their tariffs on the Bulletin Board.
	Storage charges	Allow storage facility owners and pipeline owners offering storage services to publish their charges on the Bulletin Board.
	Facilitated mkt prices	Make provision for DWGM, STTM and WSH prices and volumes to be reported on the Bulletin Board.
Upstream	Exploration activities	Require all producers to report on exploration activities on a regular basis.
	Reserves	Require all producers to report on proven and probable reserves on a regular basis.
	Uncontracted gas	Require all producers to report on their uncontracted reserves.
LNG	Export volumes	Require LNG proponents to report on export volumes on a regular basis.
	Domestic gas supplies	Address the current limitations in the zonal definitions on the Bulletin Board so that the volume of gas supplied into and out of the domestic market by LNG proponents can be measured.
	Operational activities	Require LNG proponents to report on any operational activities that may affect the domestic gas market or other markets on a regular basis
Other large users	Consumption	Require information on large user consumption and forecast demand to be reported on the Bulletin Board
	Operational activities	Require large users to report on any operational activities that may affect the domestic gas market or other markets on a regular basis
Planning and investment related information	Availability	Publish the GSOO (including the Victorian Gas Planning Report) and National Gas Forecasting Report on the Bulletin Board. Publish reports prepared by Geoscience Australia and other government departments on reserves and resources and/or major infrastructure projects.
	Medium term forecast	Consider developing a MT PASA for the gas market.
Incomplete information on the Bulletin Board	Missing facilities	Review the exemption provisions in the NGR and, if necessary, amend the size threshold and the requirement for facilities to be 'connected to a Bulletin Board pipeline'.
	Reporting	Require AEMO to conduct a review of the methodology that Bulletin Board facility operators use when reporting information to ensure that it is consistent with the objective of the Bulletin Board rules. Provide more information on how information is reported and how things like bi-directional flows on pipelines are dealt with. Amend the current zonal definitions.

Questions for the Working Group

5. Are there other information gaps or asymmetries that you think we should focus on and do you expect any other gaps or asymmetries to emerge in the future?
6. If you think there are other informational gaps or asymmetries:
 - What are the expected benefits of addressing the gaps/asymmetries?
 - What information would be required to address the gaps/asymmetries?
 - Is the information already available in some form, or will market participants be required to provide the information?
 - Is the information required now or at some point in the future?
 - Does the information belong on the Bulletin Board?
7. Do you have any views on the significance of the informational gaps/asymmetries that have been previously been identified and the suggested ways in which they can be addressed?
8. The obligation to provide information under the NGR has to date tended to focus on the supply side of the market and, in particular, the production, transmission and storage of gas. Do you think there is any value in broadening this focus to encompass:
 - greater information on producers' upstream activities?
 - large users of gas (eg, LNG proponents, gas fired generators and industrial customers)?

5 Frequency of information provision

In the Stage 1 of the East Coast Gas Review, a number of stakeholders identified the need for more frequent provision of information, including near real time information on pipeline flows, production, storage flows and linepack.⁸ In doing so, these stakeholders noted that real-time information would assist with operational and commercial decision making, particularly by market participants that need to make more rapid decisions about their gas use and/or supply.

These views are consistent with those expressed by some stakeholders in previous consultations on gas market information, namely the COAG Energy Council's consultation on transmission pipeline capacity trading during 2013-2015 and AEMO's Gas Market Information review over 2011-2012. However, it is noted that some stakeholders opposed more frequent information, claiming it would be entail substantial cost and be of limited benefit.

Putting aside detailed consideration of costs and benefits for this meeting, we are interested in understanding the relative value of different types of information and

⁸ An ongoing rule change process is considering some aspects of information provision relevant to frequency of information, including enhanced linepack data. AEMC, *Enhanced Information for Gas Transmission Pipeline Capacity Trading*, Consultation Paper, 16 July 2015, Sydney.

their frequency of provision. For example, is real time information of greater value than intra-day or beginning of day information? We are also interested in hearing the Working Group's views on whether information should be published on a more frequent basis.

Questions for the Working Group

3. How important is real-time information compared to intra-day information or beginning of gas day information and what information would it apply to?
4. What are the benefits of more frequent information provision and are the benefits likely to be experienced by all participants or may benefits be limited to certain participants?
5. Is the Bulletin Board set up to deal with real-time information?
6. Are there any other types of information that you think should be provided more frequently?
7. Is this something the market requires now, or something that it can transition to?

6 Granularity of information

In the COAG Energy Council's consultation on transmission pipeline capacity trading and AEMO's 2011-2012 Gas Market Information review, a number of stakeholders noted the need for more granular information on:

- hourly gas flows by receipt and delivery point;
- nominated and forecast flow data by delivery and receipt points; and
- linepack information.⁹

Stakeholders' views tended to reflect those of information frequency noted in section 5 above. Some stakeholders considered that more frequent information is required to enable more informed decision making and would provide a better picture of the gas pipeline network. Others considered the costs would be substantial while the potential benefits would be minor and in some cases have not been demonstrated.

The COAG Energy Council's consultation paper also noted that more granular flow data would provide a clearer indication of capacity utilisation through the day and enable participants to better assess the potential deliverability of gas.¹⁰

⁹ The AEMC's current rule change process, *Enhanced Information for Gas Transmission Pipeline Capacity Trading*, is considering some aspects of information provision relevant to frequency of information, including enhanced linepack data.
AEMC, *Enhanced Information for Gas Transmission Pipeline Capacity Trading*, Consultation Paper, 16 July 2015, Sydney.

¹⁰ COAG Energy Council, *Enhanced Pipeline Capacity Information*, Consultation Paper, June 2014, Canberra.

As with the consideration of frequency of information above, we are interested in the relative value of the different levels of information outlined above and if there are any other types of information that Working Group members think should be published on a more granular basis.

Questions for the Working Group

8. How important is it to have more granular information?
9. What are the benefits of more granular information provision and are the benefits likely to be experienced by all participants or may benefits be limited to certain participants?
10. Is more granular information required now, or something that it can transition to?

7 At the next Working Group Meeting

At the next Working Group Meeting we intend to focus on:

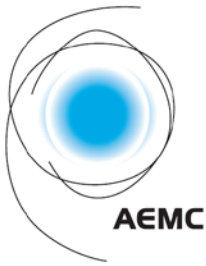
- Whether improvements can be made to the framework that is currently used to determine who is required to provide information to AEMO for publication on the Bulletin Board (that is, the registration process, size thresholds and exemption provisions in rules 147-155 of the NGR). This includes consideration of whether the registration process should continue to be linked to demand and supply zones, or if a simpler model can be implemented?
- How confidentiality concerns can be overcome (for example, by aggregating information or altering the timing of the release of commercially sensitive information) and how this can be achieved effectively.
- How the costs of information provision may be minimised for participants.
- The extent to which the zones that are currently used to aggregate information on the Bulletin Board need to be amended to provide the market with greater clarity about movements of gas across the system (for example, bi-directional flows) and to align with the bounds of the facilitated markets.

Questions for the Working Group

11. Are there any other matters that should be considered in the next Working Group Meeting?

Table 1: Information coverage in eastern Australia

	Upstream			Transmission Pipelines			Distribution	Storage Facilities		STTM and DWGM	Demand
	Resources and Reserves	Production (capacity, production, outlook)	Wholesale Gas Prices	Pipeline (capacity, utilisation, outlook)	Secondary capacity	Transport Costs	Transport Costs	Storage (capacity, utilisation, outlook)	Storage costs	Prices, injection and withdrawal	Current and outlook
Bulletin Board	x	BB facilities only	x	BB facilities only	Listing service	x	x	BB facilities only	x	x	x
GSOO	✓		x	✓	x	Estimates for some pipelines	x	✓	x	x	Historic and forecast
AEMO's website/trading platforms	x	x	Wallumbilla Gas Supply Hub information	x	x	x	x	x	x	✓	x
AER reports	x	x		x	x	For regulated pipelines	For regulated pipelines	x	x	✓	x
Government reports	✓	x	x	x	x	x	x	x	x	x	Historic estimates
EnergyQuest	✓		Estimates	✓	x	Estimates for some pipelines	x	✓	x	x	Historic estimates
Market participants' websites	Some producers' websites		x	Some pipeline owners' websites	APA's and Jemena's capacity trading websites	Some pipeline owners' websites	✓	Some websites	x	x	x
Annual reports and other public announcements	Some producers' annual reports and production and reserves reports		Media releases (if ASX listing)	x	x	x	x	✓	x	x	x



Information Provision Working Group: Working Paper No. 2: Impediments to information provision

3 September 2015

1. Introduction

The last Working Group meeting focused on the improvements that could be made to the content, coverage, frequency and granularity of information in the market and the role of the Bulletin Board in collecting and publishing this information. In this second Working Group meeting, we intend to focus on impediments to the provision or publication of information on the Bulletin Board and how these impediments may be overcome.

The specific impediments that we intend to focus on in this meeting are:

- the reporting framework in the National Gas Rules (NGR), which determines who is required to provide AEMO with information for publication on the Bulletin Board;
- the way in which information about pipeline flows is currently aggregated and reported on the Bulletin Board;
- confidentiality concerns, particularly where the release of the information may have an impact on competition in another market; and
- the cost of information provision.

These impediments are discussed in further detail below.

2. Reporting framework

The reporting framework that underpins the Bulletin Board is set out in section 223 of the National Gas Law and Divisions 1 and 3 of Part 18 of the NGR. Further detail on this framework and the concerns that stakeholders have raised about various aspects of this framework is provided below.

2.1.1. Overview of existing framework

Section 223 of the NGL states that a person of the following kind who has possession or control of information in relation to natural gas services must give AEMO the information if the person is required to do so under the NGR:

- a pipeline service provider;
- a user of a covered or non-covered pipeline (that is, shippers);
- a producer;

- a storage provider; and
- another person prescribed by regulations.

In its current form, the reporting framework in the NGR only requires the operators of production facilities, transmission pipelines and storage facilities that are considered 'BB facilities' to comply with the reporting obligations set out in Division 5 of Part 18 of the NGR.

A production facility, transmission pipeline or storage facility can become a BB facility in one of three ways:¹

- 1 the facility was specified as an initial BB facility in Schedule 2 to the NGR;
- 2 the facility is commissioned after the commencement of the NGR (1 July 2008); or
- 3 the facility is declared a BB facility by AEMO, which can occur if AEMO has reasonable grounds to believe that a transmission pipeline, storage or production facility that is not a BB facility does not satisfy the exemption criteria in the NGR.

Provision has also been made in the NGR for the operator of a BB facility to apply to AEMO for an exemption from the reporting obligations in the NGR if the facility's nameplate rating is less than 20 TJ/day, or if it satisfies one of the following criteria:

- Transmission pipelines exemption criteria (rule 149(5)):
 - the pipeline does not transport natural gas between a production zone and a demand zone, between demand zones or between production zones; or
 - the pipeline only delivers gas to an injection point on a BB pipeline.
- Production facility exemption criteria (rule 151(7)):
 - the gas from the production facility does not flow directly or indirectly into a BB pipeline.
- Storage facility exemption criteria (rule 150(5)):
 - the storage facility is not connected to a BB pipeline; or
 - the storage facility is used solely as part of a production facility.

The key points to note about the exemption criteria are that:

- a transmission pipeline's obligation to report information is currently inextricably linked to the demand and production zone framework;
- A production and storage facility operator's obligation to report information depends upon their level of connection to a BB pipeline, which in turn, depends on the demand and production zone framework. That is:
 - storage facilities must be 'connected to' a BB pipeline; and

¹ Rule 141.

- production facilities must provide for gas to flow ‘directly or indirectly’ into a BB pipeline.
- A storage facility’s obligation to report information also depends on whether or not it is used solely as part of a production facility.

Another interesting point to note about the exemption provisions is that rule 151(6) allows AEMO to require a production facility operator that has been granted an exemption to continue to report on their nameplate capacity rating on a regular basis.² An equivalent provision has not, however, been included for pipelines or storage facility operators.

The BB facilities that are currently subject to an exemption include:

- the Dawson Valley production facility;³
- the Wallumbilla/Wungoona production facility;⁴ and
- the Silver Springs production facility.⁵

Temporary exemptions have also been granted to the QCLNG and GLNG pipelines and their associated facilities. These exemptions will expire once Curtis Island LNG is added as a demand zone to the Bulletin Board Procedures. AEMO has also recently granted AGL’s Newcastle LNG storage facility an exemption because it is not connected to a BB pipeline.

An exemption may be cancelled by AEMO at any time if it has reasonable grounds to believe that the facility no longer meets the exemption criteria. The rules also require facility operators that have been granted an exemption to inform AEMO in writing if they become aware the facility no longer meets the terms of its exemption.⁶

The current list of BB facilities is set out in Table 2.1, along with those facilities that have been granted an exemption. The facilities that were identified as ‘Initial BB facilities’ under Schedule 2 of the NGR are shaded in grey.

² Rule 151(6). Interestingly, this requirement does not apply to transmission pipelines or storage facilities that are granted an exemption.

³ This facility has been granted an exemption because its nameplate capacity rating is below 20 TJ/day. The original exemption was granted to Anglo Coal in 2009. Following Westside’s acquisition of Anglo Coal, another exemption was granted in 2014.

⁴ This facility has been granted an exemption because its nameplate capacity rating is below 20 TJ/day. The exemption was granted to AGL in 2011.

⁵ This production facility has been granted an exemption because its nameplate capacity rating is below 20 TJ/day. The exemption was granted to AGL in 2011.

⁶ Rule 152(4).

Table 2.1: Current BB Facilities

BB Production Facilities ¹	BB Pipelines	BB Storage Facilities
Ballera	EGP	Iona Underground
Bellevue	MSP	Dandenong LNG
Berwyndale South	QGP	
Camden	SWQP	
Condabri Central	RBP	
Condabri North	CGP	
Condabri South	NSW-Vic Interconnect	
Dawson Valley (exemption)	MAPS	
Eurombah Creek	SEA Gas Pipeline	
Fairview	TGP	
Jordan	Longford to Melbourne Pipeline	
Kenya	South West Pipeline	
Kogan North		
Lang Lang		
Longford		
Minerva		
Moomba		
Orana		
Orbost		
Otway		
Peat		
Reedy Creek		
Rolleston		
Ruby Jo		
Scotia		
Silver Springs (exemption)		
Spring Gully		
Strathblane		
Talinga		
Taloona		
Woleebee Creek		
Wallumbilla/Wungoona (exemption)		
Yellowbank		

Note: The initial list of BB production facilities in Schedule 2 of the NGR also included Kincora but this has ceased operating as a production facility and so is no longer registered.

Source: AEMO, Current BB Facilities_26-08-2015.csv.

The final aspect of the reporting framework that is worth outlining is the registration mechanism, which is set out in rules 147-148 (see Box 1.1 for further detail). The important point to note about the registration mechanism is that a facility does not have to be registered to become a BB facility and therefore subject to reporting obligations. Registration is instead just required to ensure that AEMO has the relevant information about the facilities so that:

- they can be added to the Bulletin Board; and
- AEMO can monitor the facilities compliance with the Bulletin Board procedures.

Box 1.1: Registration provisions

Rules 147-148 set out the way in which facility operators, shippers and other eligible participants can become registered under Part 18 of the NGR and the role that AEMO is to play in the registration process. Among other things, rule 147 required the operators of the initial list of BB facilities in Schedule 2 of the NGR to apply to AEMO for registration within 10 business days of the NGR commencing. Rule 147 also requires a person that becomes an operator of a pipeline, storage facility or production facility after the commencement of the NGR, to apply to AEMO for registration as soon as practicable. There are, however, no civil penalties attached to this requirement.

2.2. Concerns raised about the existing framework

Through Stage 1 of the East Coast Gas Review and a number of AEMO consultation processes, concerns have been raised by stakeholders about:

- the inability to obtain an accurate picture of gas supply, pipeline flows, storage and demand from the Bulletin Board or to see balanced inputs and withdrawals across the system;
- the number of pipelines, production facilities and storage facilities not currently reporting information to AEMO for publication on the Bulletin Board that some stakeholders believe should be;
- the role that zones play in determining whether a transmission pipeline and, by extension production facilities and storage facilities connected to this pipeline, are required to comply with the Bulletin Board reporting obligations;
- the potential for the exemption criteria that are currently applied to storage facilities to result in information gaps and an inaccurate picture of the demand-supply balance; and
- the reporting threshold, which is currently set at 20 TJ/day nameplate capacity.

These concerns are outlined in further detail below, along with some options for addressing these concerns.

2.2.1. Objective of the Bulletin Board

A number of stakeholders have raised concerns about the inability to obtain an accurate picture of gas supply, pipeline flows, storage and demand from the Bulletin Board, or to see balanced inputs and withdrawals across the system, because of the gaps that have emerged in the current reporting framework.

Given the concerns that have been raised by stakeholders, it is relevant to consider whether this is what the Bulletin Board should be seeking to achieve and the overall feasibility of this objective. This will have a direct bearing on the design of reporting framework and, in particular:

- the minimum reporting threshold; and
- the extent to which exemptions should be allowed.

Questions for the Working Group

1. Should the Bulletin Board's objective be to present an accurate picture of inputs and withdrawals across the system on a daily basis?
 - If so, is this a feasible objective?
 - If not, what should the Bulletin Board be trying to achieve?
2. If this is a feasible objective, does it mean that:
 - the current reporting threshold should be reduced?
 - exemptions should only be allowed in a limited set of circumstances (for example, where it is possible to determine inputs or withdrawals from other information)?

2.2.2. Facilities not currently reporting

In prior consultation processes, concerns have been raised about the number of pipelines, production and storage facilities that are not currently reporting information to AEMO for publication on the Bulletin Board. Table 2.2 sets out some of the gaps that stakeholders have previously identified.

Table 2.2: BB facility gaps identified by stakeholders

Production Facilities*	Transmission Pipelines	Storage Facilities
Tipton West	Darling Downs Pipeline	Silver Springs**
Daandine	Braemar Pipeline	Roma Underground Gas Storage
	Berwyndale to Wallumbilla Pipeline	
	Fairview to Wallumbilla Pipeline	
	Comet Ridge to Wallumbilla Pipeline	
	Spring Gully Pipeline	

* There are a number of other production facilities that have previously been identified, which we understand are in the process of registering.

** The Silver Springs production facility was granted an exemption from reporting, but the storage facility does not appear to have been granted an exemption. It instead appears not to be reporting at present because it is connected to the Berwyndale to Wallumbilla Pipeline, which is not currently a BB pipeline.

The AEMC has not carried out the assessment that would be required to determine whether the facilities listed in this table should be required to report, or if there are additional facilities that should be added to this list. It would appear, however, from discussions with stakeholders that the gaps may have emerged for a variety of reasons, including:

- The facilities were operational before the NGR came into effect but were not listed in Schedule 2 of the NGR and are not therefore required by rule 147 to apply to AEMO for registration (this applies to Tipton West and Daandine). This appears to be a gap in the current framework, given the potential for changes in the market,

size of the facilities and/or rules⁷ to result in facilities that may have satisfied the exemption criteria at the time the NGR were drafted, no longer doing so.

- The facilities were commissioned after the NGR came into effect and have not applied for registration, because:
 - they are unaware of the obligation to register and report to AEMO unless an exemption has been granted;
 - they think the facility would satisfy the exemption criteria and so have decided not to register; or
 - the registration provisions are poorly drafted and, in some cases, are circular, so it may not be clear whether and at what time an operator is required to register and report to AEMO.⁸
- The facilities were granted an exemption that may no longer be valid and have not notified AEMO of the change because they are unaware of their obligation to do so, or they have forgotten they are required to do so.

While AEMO has the power under the NGR to declare an unregistered facility as a BB facility (rule 153), or to revoke an exemption (rule 152), these powers have been used sparingly to date.

Given the nature of the gaps outlined above and their potential to undermine the reliance that participants can place on the Bulletin Board, it is relevant to consider whether improvements can be made to the reporting framework in the NGR. Some of the potential improvements could involve:

- Including a new provision in Division 3 that makes it clear that all facilities that meet the minimum reporting threshold are required to comply with the information obligations set out in this part of the NGR (irrespective of whether or not they are registered), unless they have been granted an exemption from reporting by AEMO.
- Redrafting the registration provisions in rule 147 to:
 - require all new facilities that meet the minimum reporting threshold to become registered as soon as they are commissioned;
 - remove the distinction in these provisions between facilities commissioned before 1 July 2008 that were on the initial list of BB facilities and those that were not, by requiring all facilities that meet the minimum reporting threshold to be registered; and

⁷ For example, changes to the definition of BB pipelines or the reporting threshold.

⁸ For example, all transmission pipelines are BB pipelines, irrespective of registration. The issue is that operators don't necessarily realise this. Further many facility operators typically own or operate multiple facilities but, once registered in relation to one facility, there is no clear obligation to notify AEMO about those they subsequently construct or acquire. Provisions dealing with prospective pipelines are also inconsistent, so it is not clear that a facility must be registered (or declared exempt) before it is commissioned.

- remove any circularity between these provisions and the definitions in rule 141.

The first two of these changes would shift the onus for registering to the facility operators and should reduce the reliance that AEMO has to place on the declaration provisions in rule 153.

- Amending rule 152(4) to require the operators of exempt facilities to report to AEMO annually (or as soon as practicable if a change occurs within the year) on whether the exemption criteria are still valid.
- Amending the exemption provisions in rules 149 and 151 to enable AEMO to require pipelines and storage facilities that have been granted an exemption to regularly report on their nameplate capacity rating as they can with production facilities (rule 151(6)).⁹

Questions for the Working Group

3. Are there any other facilities that should be reporting that are not currently doing so?
4. Are there other reasons that would explain why facilities haven't been registering and reporting to AEMO? If so, can this be addressed through the NGR, or is it just a matter of improving awareness in the industry about the obligation to register and report?
5. Should the registration provisions continue to distinguish between facilities that were commissioned before the NGR came into effect and were listed in Schedule 2 and those that were not?
6. Should exempt facilities be required to report to AEMO annually on whether the exemption criteria still apply? Are any other measures likely to be required to encourage facility owners to inform AEMO if the exemption criteria no longer apply?

2.2.3. Influence of zones on the reporting framework

A transmission pipeline's (and by extension production and storage facilities connected to that pipeline), obligation to comply with the Bulletin Board reporting requirements currently turns on whether the pipeline is used to transport gas between:¹⁰

- a production zone and a demand zone;
- demand zones; or
- production zones.

As the market moves away from the traditional point-to-point transportation model to a more dynamic model with gas flowing bi-directionally on numerous pipelines, it is becoming increasingly clear that the existing zone framework cannot accommodate the changes underway. This is giving rise to significant information gaps. The gap is particularly obvious around Wallumbilla because there are a large number of pipelines

⁹ There may also be value in amending the exemption provisions so that the exemption attaches to the facility rather than to the operator of the facility.

¹⁰ Rule 149(5)(b).

supplying gas into and out of a location that does not currently constitute either a demand or production zone.

While AEMO and others have given some consideration to how these gaps could be addressed within the current confines of the NGR, this review provides an opportunity to consider whether more fundamental changes to the reporting framework in the NGR could address the issue.

One such change would involve removing the link between the obligation to report and the zone framework. This could be achieved relatively simply by removing the exemption in rule 149(5)(b). If this change was made, then all pipelines that satisfy the minimum nameplate capacity rating would be required to comply with the Bulletin Board reporting obligations, irrespective of whether they enable gas to flow between certain zones.¹¹

Making this change will result in a greater number of facilities becoming subject to reporting requirements and a more complete and accurate set of information about gas supply, storage and pipeline flows across the east coast of Australia. This benefit must, however, be weighed against the additional costs that pipelines (and connected production and storage facilities) that may otherwise have sought an exemption under the rule 149(5)(b) will incur in providing information. It will also be relevant to consider whether an exemption may still be appropriate for pipelines that may not currently be connected to the broader system (such as the North Queensland Gas Pipeline) or regional pipelines.

Questions for the Working Group

7. Is there any value in retaining the link between the obligation to report and the zone framework, or should that link be removed?
8. In qualitative terms, what are the benefits and costs likely to be from removing the link?
9. How many additional pipelines, production and storage facilities are likely to be required to report if the exemption in rule 149(5) is removed?
10. Should an exemption still be available to pipelines like the North Queensland Gas Pipeline, which are not connected to the broader pipeline system?
11. Is the exemption for pipelines that just deliver gas to an injection point on a BB pipeline still necessary if the proposed changes are made?
12. Are there any other solutions that could achieve widening the information set on the Bulletin Board and creating a more complete picture of the gas market?

¹¹ This is similar to the approach used in Western Australia.

2.2.4. Exemption criteria for storage

The NGR currently allow storage facilities to be granted an exemption if they:¹²

- (a) have a nameplate rating of less than 20 TJ/day;
- (b) are used solely as part of a production facility; or
- (c) are not connected to a BB pipeline.

In prior consultation processes, concerns have been raised about the potential for exemptions granted under criterion (b) or (c) to give rise to information gaps and an inaccurate picture of the demand-supply balance. The concerns that have been expressed about criterion (b) are currently being considered by the AEMC as part of the Enhanced Information for Gas Transmission Pipeline Capacity Trading rule change and so are not considered any further here.

In relation to criterion (c), some stakeholders have noted that if a storage facility is not physically connected to a BB pipeline, but gas still flows from (to) the facility to (from) a BB pipeline, then its exclusion from the Bulletin Board may lead to an inaccurate picture of the demand-supply balance.

One way in which this could be addressed is by replacing the phrase ‘connected to a BB pipeline’ in rule 150(5)(c) with similar terminology to that used in the exemption criteria for production facilities, that is:

The BB storage facility is not, or (in the case of a proposed BB storage facility) will not be, connected **directly or indirectly** to a BB pipeline.

It is possible though that the use of the term, indirectly, may result in facilities located in distribution systems (eg the Newcastle LNG storage facility) being required to report. Careful consideration will therefore need to be given to whether this is appropriate.

Questions for the Working Group

- 13. Are the requirement for a storage facility to be ‘connected to’ a BB pipeline resulting in any information gaps?
- 14. If so, would the suggested amendment to rule 150(5)(c) address the gap?
- 15. If this amendment was made, is it likely to also capture the Newcastle LNG storage facility? If so, is this appropriate?

2.2.5. 20 TJ/day reporting threshold

The exemption provisions in the NGR currently allow facilities to be exempt from reporting if they have a nameplate rating of less than 20 TJ/day. Questions have been raised in other forums about whether:

¹² Rule 150(5).

- the threshold should be lowered?
- if so, would the 10 TJ/day threshold that has been adopted in Western Australia be appropriate?

While a lower threshold would provide a more accurate picture of gas production, storage and flows in the east coast, it will impose additional costs on those facilities that currently fall below the 20 TJ/day threshold. Careful consideration would therefore need to be given to whether the benefits of reducing the threshold are likely to outweigh the costs.

Questions for the Working Group

16. Is there any value in reducing the reporting threshold, or should the existing threshold be maintained?
17. In qualitative terms, what are the benefits and costs likely to be from reducing the reporting threshold?
18. If the threshold is reduced, should it be reduced to 10 TJ/day or some other value?
19. How many other production, storage or transmission pipelines are likely to be required to report to AEMO if the threshold is reduced to 10 TJ/day?

3. Use of zones to aggregate pipeline flow information

Demand and production zones currently play two important roles on the BB:

- They are used to determine whether a transmission pipeline and, by extension production and storage facilities, are required to report (see section 2.2.2); and
- They are used to aggregate information on pipeline nominations and gas flows.

The remainder of this section focuses on the role that zones play in aggregating information on the Bulletin Board, the deficiencies that stakeholders have identified in the current framework and the measures that could be used to address these deficiencies.

3.1. Background

BB pipelines are currently required to report pipeline nominations and flows on a demand and production zone basis (rules 173-174). While this aggregation method worked relatively well under the traditional point-to-point model it is, as noted in section 2, becoming increasingly clear that it cannot accommodate the more dynamic transportation model that is emerging and is giving rise to significant information gaps.

The specific concerns that stakeholders have raised about the current demand and production zone model are that:

- the bounds of the existing zones do not capture all the gas flows and do not reflect the way in which the market is currently operating;

- the absence of a zone at Wallumbilla means the market is unable to see the volume of gas LNG producers are supplying into and taking out of the domestic market;
- the flows reported by BB pipelines do not provide an accurate reflection of the utilisation of pipelines or the directional flow of gas (because flows are reported on a net basis and across large geographic areas);
- the restriction of the zone model to production and demand zones means that gas flows between pipelines or through transit locations are not well captured; and
- the demand zones are not aligned with the bounds of the facilitated markets, which is most obvious in Adelaide.

3.2. Measures to address the current deficiencies

Some work has been carried out by AEMO and the Gas Bulletin Board Reference Group over the last 12 months to try and improve the zone framework and coverage of information. A number of options were developed through this process, including:

- a pure demand and production zone design, which would be based on the existing framework but with new zones added as required;
- a pipeline-to-pipeline zone design, which would amend the existing demand and production zone framework by introducing a pipeline-to-pipeline zones to capture the movement of gas between pipelines; and
- a gas transit zone design, which would amend the existing demand and production zone framework by introducing gas transit zones at locations where gas is exchanged but not consumed (for example, at Wallumbilla, Moomba, Culcairn, Iona and Longford).

While some progress was made on these alternative designs, AEMO decided that it would be more appropriate to consider the issue in Stage 2 of the East Coast Gas Market review because the AEMC would have more scope to consider whether any changes could be made to the NGR to, for example, remove the link between reporting obligations and zones.

The options outlined above will be discussed in further detail during the Working Group meeting, along with another option that would involve moving completely away from the zone model to a more granular reporting model. In considering these options, it will be important to consider whether they are likely to address the concerns outlined above and be sufficiently flexible to deal with any future changes that may occur in the market.

Questions for the Working Group

20. Can any of the options discussed in the meeting address the concerns that have been raised about the information gaps arising under the current zonal framework? If not, why not?
21. Is some form of aggregation still likely to be required if a more granular reporting requirement (for example, by delivery point and receipt point) is adopted?
22. Are there any other options that could be considered?
23. From a qualitative perspective, what are the costs and benefits likely to be in adopting any of the options?

4. Confidentiality of information

4.1. Background

The NGL provides for the provision of information to AEMO for presentation on the Bulletin Board.¹³ A duty of confidence is not grounds for refusal to comply with a rule requiring the provision of information to AEMO.¹⁴

The NGR requires AEMO to publish information or notices provided to AEMO in the time and manner specified in the Bulletin Board Procedures.¹⁵

In submissions to the Stage 1 Draft Report of the East Coast Gas Review, there appeared to be broad agreement that information provisions in the NGR should not require confidential information to be disclosed. EnergyAustralia, however, took a contrary view, noting that while there were legitimate commercial concerns with respect to providing information to a facility such as the Bulletin Board, much of the information now provided and considered essential was once previously considered confidential in nature.¹⁶

4.2 Measures to address confidentiality concerns

Confidentiality concerns relating to Bulletin Board information appear to be in regard to the potential for information provision to compromise commercial decision making by providing data at a facility level (or data that may allow facility level information to be deduced). In considering these concerns, it is relevant to also consider whether information that is confidential to some may benefit others and market efficiency more broadly. The aim is to find an appropriate balance to satisfy the criteria set out in the National Gas Objective.

There appear to be two main methods of balancing the private and public needs of market participants:

¹³ See s. 223 of the NGL.

¹⁴ S. 224, NGL.

¹⁵ Rule 145.

¹⁶ EnergyAustralia, Stage 1 Draft Report submission.

- publishing information on an aggregated basis (for example, by 'zones'); and
- publishing information on a delayed basis (for example, on a day after basis).

The use of aggregation allows fewer and more material numbers to be presented, which not only protects confidential information, but may be easier to use in some instances. In other instances, it may be preferable to have more granular data, but such information may be commercially sensitive.

There appears to be contention around the potential for an information framework such as the Bulletin Board to publish disaggregated information that may be commercially sensitive. A recent example was the assessment of the Bulletin Board Procedure change that resulted in the declaration of the Curtis Island LNG facilities as a demand zone. As a result of this change each LNG pipeline will become BB pipelines and be required to comply with reporting obligations in the NGR, on an individual pipeline basis.

As single shipper pipelines, there was some concern that this procedure would commercially disadvantage these participants, and that aggregating the pipeline flows would resolve the confidentiality issue without affecting the ability of other participants to understand market dynamics.¹⁷ AEMO took an alternative view, however, noting that the reporting of individual pipelines was consistent with the treatment of other facilities, and that the NGL and NGR do not provide any exceptions or special measures to single shipper facilities in relation to obligations to provide data to be published on the Bulletin Board (with the exception of medium term capacity outlooks).

AEMO also noted that:

- an outage or reduced capacity on each of the LNG pipelines could affect the domestic market quite differently; and
- the data is used by participants to manage risk, implying that individual pipeline reporting is consistent with this need.¹⁸

The AEMC is interested in whether the current arrangements are appropriate and whether the current framework may lead to undesirable outcomes. Suggested measures to mitigate such outcomes are also sought. The AEMC is also interested in whether any lessons can be drawn from the methods used by the Independent Market Operator (IMO) in Western Australia. An overview of the approach the IMO uses is provided in Box 4.2.

¹⁷ AEMO, *Notice to Participants of AEMO's decision on making the BB Procedures version 4.0*, 23 June 2015.

¹⁸ *ibid*

Box 4.2: IMO's approach to confidential information

The IMO uses similar techniques to those used in relation to the east coast Bulletin Board in managing confidential information while providing useful market data.

Information relevant to this discussion provided by the IMO includes:

- a seven day capacity outlook, by facility;
- a seven day outlook for nominated and forecast flows into and out of pipelines (aggregated by zone);
- actual flows into/out of production, storage, and pipeline facilities, and into gate station facilities, for each day, provided the day following the gas day;
- actual large user consumption data, provided for each gas day, seven days following the activity, by facility;
- actual large user consumption data, provided for each gas day, published the day following the gas day, by zone. Also broken down by user type (eg, electricity, mineral processing, etc); and
- actual end user consumption, provided for each gas day, published the day following the gas day, by zone, and broken down in the following categories: 'large user,' 'distribution,' 'other'.

These arrangements appear to strike a balance between relevance (that is, historical versus current or previous day, granularity) and confidentiality. Granular data for users with material consumption levels ('large user' data) is provided at a facility level, but with a one week lag between activity and publication. More recent (previous day) large user consumption data is provided, aggregated by zone and then disaggregated by type of use (mining, electricity, etc). Data for all reported consumption is provided the day after the activity but is aggregated by zone and broken down by large or non-large user, and "consumption" by distribution network. Arrangements for capacity outlooks are consistent with that on AEMO's Bulletin Board.

Therefore, the IMO uses zones and time lags between activity and presentation to provide a balance between the needs of the users of information and the commercial needs of the reporting facilities. This approach is similar to AEMO's, however, there are some differences, some of which may relate to the fact that the IMO has some different information provision requirements.

Questions for the Working Group

24. Are current information publication arrangements appropriate? Do they strike the right balance between confidentiality and usability?
25. What is the relative merit of the different approaches outlined above and are there other considerations to take into account?
26. Can any lessons be drawn from the approach used by the IMO in Western Australia, particularly around the treatment of large user's demand?

5. Cost of information provision

The AEMC notes the broad view of stakeholders that information provision is not costless and needs to be robustly assessed against expected benefits. Therefore, this

Working Group meeting is to consider the issue of the cost of information provision, particularly relating to compliance with Bulletin Board requirements and the procedures and processes that are put in place to do so.¹⁹

In particular, the costs arising from any structural issues related to the collection, reporting and dissemination of information, whether these issues are the result of specific rules, procedures or business practices.

The AEMC understands that some improvements have been made in recent times. For example, the streamlining of information processes by moving the submission of information from CSV files to webforms has facilitated more consistent data reporting and has reduced the burden on AEMO in compiling and aggregating information.

Other improvements have been made to validation processes for data reporting, allowing for easier identification of errors, and rectification of previous reporting of data that was found to be incorrect.

The question of reporting and aggregation of information is material to the cost of operating the Bulletin Board. The AEMC is interested in understanding whether the current allocation of responsibilities are appropriate in this regard. Currently, pipeline operators report information on a zonal basis. Moreover, with zones a matter of discussion in this review, it is worth considering whether aggregation of detailed information (such as, by receipt and delivery point) into zones should be carried out by pipeline operators or by AEMO. The latter approach has been adopted in Western Australia, and the AEMC is interested in understanding whether a similar approach could be adopted on the east coast and, if so, whether it is likely to reduce the costs faced by pipeline operators.

Questions for the Working Group

27. Is the allocation of responsibilities on the reporting and aggregation of information appropriate? Are these arrangements, resulting in accurate information provision at relatively low cost?

6. Next Working Group meeting

At the next Working Group meeting we intend to focus on:

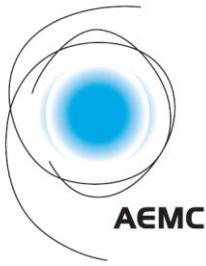
- how the accuracy of information published on the Bulletin Board could be improved;
- whether information provided by Bulletin Board facilities should be subject to a specific standard (for example, a 'best estimates arrived at on a reasonable basis' test)

¹⁹ The matter of cost recovery for parties providing information will be discussed in working group meeting 4 (1 October).

- the effectiveness of the existing compliance and enforcement mechanism (including the civil penalty provisions) in encouraging Bulletin Board facilities to provide accurate and timely information; and
- whether there may be opportunities to streamline the process for monitoring and enforcing compliance with the NGR and Bulletin Board Procedures, to identify and address areas of systemic non-compliance in a timely manner.

Questions for the Working Group

28. Are there any other matters that should be considered in the next meeting?



**Information Provision Working Group:
Working Group Meeting No. 3:
Purpose of the Bulletin Board
18 September 2015**

1. Introduction

In the last Working Group meeting questions were raised about the overarching purpose of the Bulletin Board and the implications this may have for the type of information that is collected and published on the Bulletin Board. In the course of this discussion it became clear that while some Working Group members think the purpose of the Bulletin Board is simply to facilitate trade, others think it has a broader role to play in terms of:

- enabling market participants to make informed decisions about trade, risk management and investment;
- assisting with emergency management and planning more generally; and
- providing other interested parties (including governments) with information on the current state of the market and potential constraints in the market.

To stimulate further discussion on this issue in the third Working Group meeting, the remainder of this paper provides an overview of:

- the role the Gas Market Leaders Group (GMLG) expected the Bulletin Board to play when it recommended that a Bulletin Board be implemented in 2006;
- the purpose of the Bulletin Board as it is currently prescribed in the National Gas Rules (NGR);
- the stated objective of the Western Australian Bulletin Board; and
- the COAG Energy Council's view on the role of information in the market and the areas for further reform and development that it has identified.

2. Gas Market Leaders Group

The Bulletin Board was established in July 2008 following a recommendation by the Gas Market Leaders Group (GMLG) in 2006 that a web-based system be developed to provide market participants and observers with ready access to up-to-date information on the demand-supply outlook for key transmission pipelines, production and storage facilities in eastern Australia.¹

At the time this recommendation was made, the GMLG expected the Bulletin Board to play a number of different roles, including:

¹ Gas Market Leaders Group, *National Gas Market Development Plan*, June 2006, p. 4.

- facilitating the trade of natural gas by providing market participants with information on the market, system constraints and market opportunities;
- allowing other market observers (including governments) to have ready access to information on the state of the market and system constraints; and
- assisting with emergency management.

This expectation is reflected in the following statement, which has been taken from the GMLG's National Gas Market Development Plan, which was released in June 2006:²

"The objective of a BB service would be to facilitate trade in gas over the relevant pipeline system through the provision of system and market information, which would be readily available to all users, potential users and other interested parties. A BB would not provide a mechanism for setting a spot or clearing price, for gas, and it would not impose mandatory mechanisms for the trading of imbalances.

As such, the BB may provide only limited added value to existing major players in the national gas market who, through their existing contractual arrangements or industry networks, already have access to much of the information it would provide. Its primary purpose would be to provide readily accessible and updated information to end-users, smaller or potential new market entrants, and market observers (including Governments), on the state of the market, system constraints and market opportunities.

There is a very close relationship between the market information for a BB and the information required by NGERAC to allow informed decisions to be made in times of major supply constraint. It is therefore desirable to have a single process that meets both needs."

In a subsequent paper on the development of the Gas Statement of Opportunities, the GMLG noted that the Bulletin Board was intended to:³

"improve decision making and trade through providing readily accessible and up to date information on the market and the transmission pipeline systems."

The GMLG's recommendation was endorsed by the Ministerial Council on Energy in October 2006, when Ministers agreed to the establishment of a Bulletin Board that would:⁴

- provide "transparent, real time and independent information to gas market participants and governments on the status of natural gas supplies"; and
- meet the "information provision and emergency management requirements of the National Gas Emergency Response Protocol".

² Gas Market Leaders Group, National Gas Market Development Plan, June 2006, p. 22.

³ Gas Market Leaders Group, National Gas Market Development Plan – scope of a National gas Statement of Opportunities, 12 August 2008, p. 12.

⁴ MCE, Communique, 27 October 2006.

Ministers also agreed at this time to task the GMLG with developing and implementing the Bulletin Board.

3. National Gas Rules

The work that the GMLG (and later AEMO) carried out on the Bulletin Board formed the basis for the development of the Bulletin Board related rules in Part 18 of the NGR, including rule 142, which sets out the purpose of the Bulletin Board. This provision is reproduced below.

142 Purpose of the Bulletin Board

The purpose of the Bulletin Board is to:

- (a) facilitate trade in natural gas and markets for natural gas services through the provision of system and market information which is readily available to all interested parties, including the general public; and
- (b) assist in emergency management through the provision of system and market information.

In addition to serving these purposes, the South Australian Minister, the Hon. Patrick Conlon, noted in the Second Reading Speech for the *National Gas (South Australia) Bill 2008*, that the Bulletin Board would also “provide a platform for future gas market transparency measures such as a gas market statement of opportunities.”⁵

4. Western Australian Bulletin Board

In the *Gas Services Information Act (WA) 2012* (GSI Act), the purpose of the Western Australian Bulletin Board has been defined as follows:⁶

- (1) The gas bulletin board is a website the primary purpose of which 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.
- (2) The gas bulletin board may include —
 - (a) information relating to fuels other than natural gas, to the extent relevant to the primary purpose of the GBB;
 - (b) information that is required to be included on the GBB under another written law;
 - (c) information relating to offers to buy and sell natural gas and natural gas transmission capacity.

In contrast to rule 142 of the NGR, the GSI Act places greater emphasis on understanding the short-term demand-supply balance than facilitating trade and assisting with emergency management. The purpose is therefore more narrowly defined than it is the NGR.

⁵ South Australian Hansard 2008, ‘*National Gas (South Australia) Bill 2008*’, Legislative Assembly, 9 April 2008, p. 2892.

⁶ *Gas Services Information Act (WA) 2012* section 4.

5. COAG Energy Council's Vision

While the COAG Energy Council's Vision does not contain any explicit reference to the purpose of the Bulletin Board, it does provide some insight into policy makers' expectations about the role of information in the market and where further reform and development is expected to occur. It is therefore relevant to consider when forming a view on the overarching purpose of the Bulletin Board.

In the Vision, the COAG Energy Council has noted the need for further reform to enhance transparency and price discovery in the market. In doing so, the COAG Energy Council noted the importance of having:⁷

"...accurate and transparent market making information on pipeline and large storage facilities operations and capacity, upstream resources, and the actions of producers, export facilities, large consumers and traders."

Elaborating on this further, the COAG Energy Council noted:⁸

"Previous information and transparency improvement efforts by the COAG Energy Council have generally focused on providing greater information on the downstream components of Australian gas markets. The Council recognises the need to place equal emphasis on information relating to upstream gas resources. An important contributor to informed decision making about the future value of gas is transparent information on reserves, resources production, forecasts and well drilling rates. The COAG Energy Council expects that timely and improved reporting of this type of information to the market will help inform the market.

Continued efforts to improve market transparency and information are critical to achieve the Council's vision for Australian gas markets...

The Council acknowledges that there will be costs associated with the provision of additional information and these costs need to be subject to robust assessment, and is appropriate for the progressive development of Australia's gas markets."

6. Questions for the Working Group

Drawing on the material outlined above, it is clear that while rule 142 currently focuses on facilitating trade and emergency management, the Bulletin Board was always intended to provide market participants and others with access to information that would enable more informed and efficient decisions to be made about a range of matters including demand, supply, trade, risk, planning, investment and emergency management. This intention has not changed as highlighted by the COAG Energy Council's Vision.

Given this broad ranging purpose, we are interested in hearing the Working Group's responses to the following questions.

⁷ COAG Energy Council Vision, December 2014, p. 4.

⁸ *ibid*, pp. 3-4.

1. Does rule 142 need to be amended to recognise the other purposes that it plays, or is it sufficiently broad in scope to accommodate the additional purposes.
2. If rule 142 is to be redrafted, could the additional purposes be captured by stating that the:

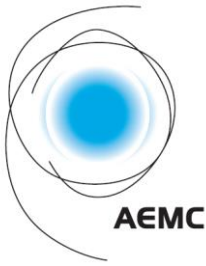
The purpose of the Bulletin Board is to make system and market information readily available to all interested parties, including the general public, to:

- (a) enhance transparency and price discovery in the market;
- (b) enable market participants to make informed and efficient decisions about consumption, supply, planning, investment, trade and risk management; and
- (c) assist in emergency management and planning through the provision of system and market information.

Or should a simpler purpose be adopted as it has been in Western Australia? An example of the form this type of purpose could take is as follows:

The purpose of the Bulletin Board is to make information on gas supply and demand, transportation, storage and other market related information readily available to all interested parties, including the general public.

3. If rule 142 was to be amended to include other purposes, is it likely to result in any change in the type of information that facilities have to report, or that has been contemplated in the earlier Working Group meetings?
4. Does rule 142 need to include a time dimension (for example, short-term, medium-term or long-term)?



**Information Provision Working Group:
Working Paper No. 3:
Improving the Accuracy and Timeliness of
Information Reported on the Bulletin Board
18 September 2015**

1. Introduction

The last two Working Group meetings focused on:

- the improvements that could be made to the content, coverage, frequency and granularity of information on the Bulletin Board; and
- the impediments to the provision and publication of information on the Bulletin Board and how these may be overcome.

In this third meeting, we intend to focus on whether improvements can be made to the accuracy and timeliness of the information reported on BB facilities and the market's overall confidence in the information published on the Bulletin Board by:

- introducing a clear reporting standard in Part 18 of the NGR that all BB facilities would have to comply with;
- implementing additional measures to deal with any errors in the information reported to AEMO and inconsistent reporting across BB facility operators;
- strengthening the compliance monitoring and enforcement framework by introducing civil penalty provisions into Part 18 of the NGR, which, where relevant, would extend to breaches of the Procedures; and/or
- reducing the scope of the disclaimer provisions in the Bulletin Board Terms of Use.

These issues are explored in further detail in the remainder of this paper, which commences with an overview of.

- the obligation that BB facilities have to comply with the Bulletin Board provisions in the NGL, Part 18 of the NGR and the Bulletin Board Procedures (Procedures) and the standards that information reported to AEMO must comply with;
- the reporting standard that BB facilities must currently comply with;
- the way in which AEMO and the AER currently monitor compliance with the NGL, NGR and Procedures and the enforcement mechanisms that the AER can employ if a BB facility breaches any of these provisions; and
- the Bulletin Board Terms of Use.

2. BB facilities obligation to comply with NGR and Procedures and reporting standards

The obligation that BB facilities have to comply with Part 18 of the NGR and AEMO's Bulletin Board Procedures are set out in the following sections in Chapter 7 of the NGL:

- Section 223 – This section states that pipeline service providers, shippers, producers, storage providers and other persons that have information on natural gas services must provide AEMO with that information if required to do so by the NGR. It also requires the information to be provided in accordance with the NGR. That is, the information must be of the type prescribed in the Division 5 of Part 18 and be provided in the time and manner specified in the NGR and, if required by the NGR, the Procedures.
- Section 228A – This section states that AEMO and each person to whom the Bulletin Board Procedures are applicable must comply with the Procedures.

Other provisions in this chapter of the NGL state that BB facility operators:

- cannot rely upon a duty of confidence to avoid compliance with these obligations (section 224);
- must not knowingly provide AEMO with information that is “false or misleading in a material particular” (section 225); and
- have immunity from incurring a civil monetary liability for any act or omission in giving information to AEMO, unless the act or omission is done or made in bad faith or through negligence (section 226(1)).

Sections 223 and 225 of the NGL are currently defined as **civil penalty** provisions in section 3 of the NGL. The owner of a BB facility can therefore be subject to a financial penalty if it fails to provide AEMO with information in accordance with the NGR, or if it provides AEMO with information it knows to be false or misleading. A BB facility that provides information to AEMO can also be subject to a **civil monetary** liability for an act or omission that is made in bad faith or through negligence under section 226 of the NGL. Box 2.1 provides further detail on the civil penalties and civil monetary liabilities that can be sought under these provisions of the NGL.

While breaches sections 223 and 225-226 of the NGL can attract a financial penalty, none of the provisions in Part 18 of the NGR or AEMO's Procedures are currently defined as civil penalty provisions. Civil penalties for breaches of the NGR or Procedures can therefore only be pursued if the AER can demonstrate that the breach falls within the scope of section 223 of the NGL. That is, if information is not provided in accordance with the reporting provisions in Division 5 of Part 18 of the NGR (or the Procedures if the NGR require that they be complied with) then it is possible that a civil penalty could be sought. However, a penalty could not be sought for breaches of the registration provisions or other provisions in the NGR because this section only

imposes an obligation on parties to provide information in accordance with the NGR. This issue is explored in further detail in section 5.2.

Box 2.1: Civil penalties and civil monetary liabilities

Provision has been made in the NGL for civil penalties and civil monetary liabilities.

A civil penalty can only be imposed if a person breaches a civil penalty provision in the NGL, NGR or the *National Gas (South Australia) Regulations 2008* (Regulations). The provisions in the NGL and NGR that are considered civil penalty provisions are set out in:

- section 3 of the NGL for provisions in the Law - the only Bulletin Board related provisions in the NGL that are identified in section 3 are sections 223 and 225; and
- schedule 3 of the Regulations for provisions in the NGR – this schedule does not currently refer to any provisions in Part 18 of the NGR.

Civil penalties are currently set at a maximum of:

- \$20,000 for an individual, plus \$2,000 for every day that the breach continues; or
- \$100,000 for a body corporate, plus \$10,000 for every day that the breach continues.

A civil monetary liability is an amount that can be ordered by a court following civil proceedings. Under the NGL, a civil monetary liability can only be ordered by the court if a BB facility operator makes an act or omission in bad faith or through negligence when providing AEMO with information. The maximum civil monetary liability is currently \$400,000 to each person who suffers loss as a result (capped at \$20 million for a prescribed 12 month period).

Finally, it is worth noting that neither the NGL nor the NGR contain a clear standard that all information reported to AEMO by BB facilities must comply with. Provisions in the NGL and NGR just require that:

- the information not be knowingly false or misleading (section 225); and
- estimates of daily production, storage and the short term capacity outlook be made in “good faith” (rule 141).

The problem with the first of these provisions is that it establishes quite a low standard for data quality and, from an enforcement perspective, requires proof that the BB facility knew the information was false or misleading, which is quite a high threshold. The second of these provisions is also problematic because it only applies to a small proportion of the information that BB facilities must provide and, as with showing something was knowingly false or misleading, it can be difficult to establish that information was not provided in good faith. The implications of this are explored in further detail in section 5.1.

3. Monitoring and enforcing compliance with the Bulletin Board provisions in the NGR and Procedures

The AER is required by the NGL to monitor and enforce compliance with the NGL, NGR and any procedures that AEMO publishes. Further detail on the AER’s functions, how it interacts with AEMO and the enforcement mechanisms that the AER can currently use to penalise non-compliance is provided below.

3.1. Compliance monitoring and enforcement functions

The AER's monitoring, investigation and enforcement functions are set out in section 27 of Chapter 2, Part 1 of the NGL. In short, this section allows the AER to:

- monitor compliance with the NGL, NGR and regulations;
- investigate breaches of provisions of the NGL, NGR or regulations; and
- institute civil proceedings in a court in relation to breaches of the NGL, NGR or regulations.

The AER also has the power to investigate possible breaches of the Bulletin Board Procedures, which are made by AEMO under section 227 of the NGL.

While the AER is responsible for monitoring and enforcing compliance, section 228A of the NGL allows AEMO to direct a person to comply with the Procedures if it has reason to believe they are not complying. If the person does not comply with such a direction, then this would constitute a breach of the NGR and AEMO could refer it to the AER. AEMO has no other function or power in relation to enforcing the Bulletin Board Procedures or the NGL or NGR.

3.2. Enforcement tools

The AER has a range of tools that it can employ if it considers that a BB facility has breached the Bulletin Board provisions in the NGL, NGR or Procedures, including:

- 1 **Instituting civil proceedings** in the Federal Court and seeking one or more of the following remedies:
 - (a) an injunction restraining the BB facility from engaging in the conduct, or taking a positive action in relation to the conduct;
 - (b) an order that the BB facility cease the conduct, remedy the breach or implement a compliance program;
 - (c) an order that the BB facility pay a civil penalty if the breach falls within the scope of section 223 or section 225 of the NGL;¹ and/or
 - (d) an order that the BB facility pay a civil monetary liability for acts or omissions made in bad faith or negligence.

¹ When determining what level of penalty to impose, section 234 of the NGL requires the Federal Court to have regard to:

- the maximum penalties specified in the Regulations;
- the nature and extent of the breach and any loss or damage suffered as a result of the breach;
- the circumstances in which the breach took place;
- whether the person has previously engaged in similar conduct; and
- whether the facility had been complying with an established compliance program.

- 2 **Issuing an infringement notice** if the AER has reason to believe the BB facility has breached a civil penalty provision. Infringement notices give the recipient the option of paying a penalty in full or electing to have the matter heard in court. The maximum infringement penalty is currently set at 20 per cent of the maximum civil penalty that a court can impose for the same breach (\$4,000 for a breach by a person, or \$20,000 for a company).
- 3 **Seeking a court enforceable undertaking** from the BB facility to cease the conduct, take action to remedy or implement measures to stop future breaches. If the AER believes a person has not complied with the undertaking, it can seek orders from a court, including declarations of breach or injunctions preventing future conduct.
- 4 **Seeking an administrative resolution**, which may include voluntary commitments by the BB facility to rectify non-compliance by implementing a compliance program, improving internal procedures or conducting staff training. Unlike court enforceable undertakings, the AER has no power to enforce such commitments.

As this list highlights, additional enforcement tools and remedies are available to the AER if a BB facility has breached a civil penalty provision or a civil monetary liability provision. For example, if the BB facility breaches a civil penalty provision (section 223 or 225 of the NGL), then in addition to being able to seek an administrative solution, a court enforceable undertaking or an order from the Federal Court that the facility cease the conduct, remedy the breach or implement a compliance program, the AER could:

- issue an infringement notice on the BB facility; or
- institute civil proceedings and seek an order from the Federal Court that the facility pay a civil penalty.

In its most recent Compliance and Enforcement Statement of Approach, the AER has stated that administrative solutions are more likely to be used if the breach is relatively minor, and the effect limited; or if the business has actively sought to stop the conduct and remedy any harm.² Civil proceedings, on the other hand, are more likely to be initiated in cases where the conduct:³

- results in significant detriment;
- demonstrates a blatant, ongoing or serious disregard for the law;
- is widespread and enforcement action is likely to have a significant deterrent effect;
- is that of a person, business or sector that has a history of breaches of energy laws;
- is of significant public interest or concern, or
- involves a new or emerging market issue.

² *ibid*, p. 11.

³ AER, Compliance and Enforcement - Statement of Approach, April 2014, pp. 12-13.

3.3. Application of the compliance/enforcement framework

The AER currently monitors compliance with the Bulletin Board provisions in the NGL, Part 18 of the NGR and the Bulletin Board Procedures by:

- investigating any failure by a facility to register with AEMO;
- investigating missing data and systematic failures of BB facilities to provide accurate, complete or timely information to AEMO; and
- carrying out targeted compliance reviews each quarter, which may focus on particular facilities or particular obligations under the NGR or BB procedures.⁴

The results of the AER's investigations and targeted compliance reviews are published on a quarterly basis in its Quarterly Compliance Report.

We understand from discussions with the AER and AEMO that AEMO provides some support to the AER in its compliance monitoring capacity by:

- carrying out daily checks on the quality, completeness and timeliness of the information reported by BB facilities, and, where relevant, following up with any facilities if there are problems the information provided; and
- providing the AER with a monthly report that identifies any facilities that have failed to report in the preceding month, provided incomplete or inaccurate information or failed to submit information within the required timeframe.

4. Bulletin Board Terms of Use

The Terms of Use for the Bulletin Board is a legally binding agreement between AEMO and users of the Bulletin Board. In their current form, the Terms of Use indemnify AEMO and BB facilities from any adverse consequences arising as a result of any reliance a party places on the material published on the Bulletin Board, except in cases of bad faith or negligence, as highlighted in the extract below:

2. No Liability

- a. AEMO and the Content Providers and their respective officers and employees:
 - i. do not make any representations or warranties, express or implied, as to the accuracy or completeness of any Content or the continued availability of the Content on the Bulletin Board;
 - ii. to the extent permitted by law, disclaim all implied representations or warranties as to the accuracy or completeness of any Content or the continued availability of the Content on the Bulletin Board; and
 - iii. except as otherwise provided in the National Gas Law, are not liable in any way for any loss or damage arising directly or indirectly out of or in connection with your use of, or inability to use, the Bulletin Board.
- b. ...

⁴ For example, in Q2 2015 the AER focused on the compliance of BB pipeline operators with rules 171 and 174(1), while in Q1 it focused on the compliance of BB production facility operators with rule 165.

- c. Without limiting clause 2(a) and clause 3(b) of this Agreement, under the National Gas Law:
 - i. except in cases of bad faith or negligence, AEMO, the Content Providers and their respective officers and employees are exempt from liability to pay damages or compensation to any person in respect of the Content posted on the Bulletin Board; and
 - ii. to the extent that AEMO, the Content Providers and their respective officers and employees are liable for negligence, then that liability may be capped by regulations made under the National Gas Law.

The Terms of Use also contain the following disclaimer:

“The content appearing on the Bulletin Board is intended to be used for guidance only. It is not of market settlements quality. You agree that you will not rely on any content appearing on the Bulletin Board.”

The breadth of this disclaimer is considered in further detail in section 5.4.

5. Are changes to the current arrangements required?

Through Stage 1 of the East Coast Gas Review and subsequent consultations, a number of stakeholders have expressed concerns about the level of reliance that can be placed on the information currently reported on the Bulletin Board and called for improvements to be made to the accuracy and timeliness of information reported by BB facilities.

Concerns have also been raised about the potential for the following factors to undermine the reliance that market participants and other interested parties can place on the information reported on the Bulletin Board:

- the lack of a clear standard that information reported to AEMO must satisfy;
- the potential for errors in the information published on the Bulletin Board not to be addressed and for BB facilities to be reporting information in an inconsistent manner;
- the fact that none of the provisions in Part 18 of the NGR are currently classified as civil penalty provisions; and
- the breadth of the disclaimer provision in the Bulletin Board Terms of Use.

It is relevant therefore to consider whether the confidence in the information reported on the Bulletin Board could be improved by:

- introducing a clear reporting standard in Part 18 of the NGR that all BB facilities must comply with;
- implementing additional measures to deal with any errors in the information reported to AEMO and inconsistent reporting;
- strengthening the compliance monitoring and enforcement framework by introducing civil penalty provisions into Part 18 of the NGR, which, where relevant, would extend to breaches of the Procedures; and/or

- reducing the scope of the disclaimer provisions in the Bulletin Board Terms of Use.

These issues are considered in further detail below.

5.1. Reporting standard

As noted in section 0, there is currently no clear standard that all the information reported to AEMO must comply with. It is difficult therefore to judge the accuracy and overall quality of the information that is reported by BB facilities and, as some stakeholders have pointed out:

- limits the reliance that market participants feel they can place on the information published on the Bulletin Board; and
- makes it more difficult for the AER to assess the compliance of BB facilities with the reporting obligations in Part 18 of the NGR.

Given these shortcomings, we are interested in hearing the Working Group's views on:

- whether a reporting standard that would apply to all information provided to AEMO should be included in Part 18 of the NGR;
- the form that a reporting standard could take (see Box 2.2 for some examples of the reporting standards used in other parts of the NGR); and
- whether the adoption of a standard is likely to give rise to any additional costs and, if so, whether the costs are likely to outweigh the benefits of having better quality information reported on the Bulletin Board.

It is worth noting in this context that there is no expectation that information would have to be of market settlement quality. The information reported to AEMO should, however, be of a sufficiently high standard to achieve the stated purpose of the Bulletin Board, which is currently defined in rule 142 as being to facilitate trade and to assist in emergency management.

Box 2.2: Reporting standards used in other areas of the NGR

There are a number of different reporting standards that have been adopted in the NGR, including:

- the requirement in rule 79 of the NGR that any forecast or estimate provided by a pipeline service provider as part of its Access Arrangement proposal be “arrived at on a reasonable basis” and “represent the best forecast or estimate possible in the circumstances”;
- the requirement in rule 213(2) and 410 that any demand forecast submitted by a market participant in the DWGM or STTM be made in “good faith” and represent the participant’s “best estimate” of the gas it expects to withdraw/inject;
- the requirement in rule 344 that registered participants in the DWGM provide information in “good faith” and “take all reasonable measures to ensure that the information is accurate”;
- the requirement in rule 544 that a gas trading exchange member “take all reasonable steps to ensure that all data and information given to the operator or another gas trading exchange member” is “correct”; and
- the requirement in rule 369 that STTM participants that provide information or data to AEMO do so in accordance with “good gas industry practice” (rule 369). The term ‘good gas industry practice’ is defined in the NGR as:

“...the practices, methods and acts that would reasonably be expected from experienced and competent persons engaged in the business of providing natural gas services in Australia, acting with all due skill, diligence, prudence and foresight and in compliance with all applicable legislation (including these rules), authorisations and industry codes of practice.”

The specific questions we would like to get the Working Group’s views on are set out in the box below.

Questions for the Working Group

1. Would the inclusion of an overarching reporting standard in Part 18 of the NGR:
 - provide market participants with greater confidence in the quality of information reported on the Bulletin Board?
 - encourage BB facilities to provide more accurate and better quality information?
 - make it clearer to BB facilities what is expected?
 - obviate the need for section 225 in the NGL?
2. If a reporting standard is to be introduced, could any of the standards employed in other parts of the NGR be applied in Part 18 of the NGR? For example, could the standard state that:
 - the BB facility must take all reasonable steps to ensure information on actual outcomes is accurate (or correct) and that any forecasts, estimates or outlooks are provided in good faith and represent the BB facility operator’s best forecast or estimate; or
 - any information provided by a BB facility must be done so in accordance with good industry practice.

Or is another standard more appropriate?
3. Is the adoption of a reporting standard likely to give rise to any additional costs for BB facility operators, or are facility operators already employing similar standards?
4. If there are additional costs are they likely to exceed the benefits to the market of having greater confidence in the Bulletin Board?

5.2. Measures to deal with errors and inconsistent reporting

5.2.1. Minimising errors

When the Bulletin Board was redeveloped, AEMO implemented a number of measures to try and limit the opportunity for BB facilities to submit inaccurate or incomplete data, including:

- building in some minimum acceptance criteria (for example, file completeness, valid facility codes, dates) into the web upload process, which if triggered prevent the BB facility operator from submitting the information until the issues are addressed; and
- developing an automated process that draws on a number of rules of thumb to test the quality, consistency and completeness of the information submitted by each BB facility (for example, is the reported production data lower than the nameplate capacity rating?).

While these measures have reduced some types of errors, there are a number of other errors that would not be caught by these processes and that, if left in place, could mislead the market. We understand from discussions with a number of stakeholders that there have been numerous examples of this occurring in the past and that in some cases the errors have not been corrected.

It is relevant therefore to consider whether any additional measures are required to:

- further reduce the potential for erroneous data to be reported on the Bulletin Board (for example, by incorporating additional tests into the minimum acceptance criteria and AEMO's data validation checks to the extent this is possible);
- require BB facility operators to inform AEMO as soon as they become aware of any errors in the information they have provided, which is what registered participants in the DWGM are required to do;⁵ and
- correct any obvious errors in the historic information reported on the Bulletin Board that market participants may seek to rely on (for example, errors in actual historical pipeline flows, production and storage or nameplate capacity ratings).

We are interested in hearing the Working Group's views on these issues and the questions set out in box below.

⁵ Rule 324(5) requires a registered participant to notify AEMO as soon as practicable having regard to the nature of the change if it becomes aware of a material change to information previously provided to AEMO.

Questions for the Working Group

5. Can any additional steps be taken to reduce the potential for erroneous data to be reported on the Bulletin Board?
6. Should a new rule be introduced into the NGR to require BB facilities to advise AEMO if they become aware of any errors in the information that has been reported?
7. Would there be any value in having AEMO carry out a review of historic data to identify any errors in the information that has previously been reported and to work with BB facility operators to rectify these errors?

5.2.2. Inconsistent reporting of information

In a number of discussions we have held with stakeholders, concerns have been raised about the potential for different BB facility operators to report information in different ways, because either there is insufficient prescription in the NGR or Procedures, or the drafting of the relevant provision is ambiguous.

It is difficult at this stage to know how material an issue this is, so we would value hearing the Working Group's views on:

- whether they have come across any inconsistencies and how this may have affected the quality of the information reported on the Bulletin Board; and
- the measures that could be implemented to identify and address such inconsistencies.

Questions for the Working Group

8. Are there any specific provisions in the NGR and Procedures that are ambiguous and may give rise to different views on what information is to be reported and how it is to be measured? If so, can this ambiguity be addressed through drafting changes?
9. Is there likely to be any value in requiring BB facility operators to report to the AER on how they report the information and for the AER to then determine whether they are all reporting information in a consistent manner and, if not, how this should be addressed?

5.3. Compliance monitoring and enforcement framework

The market's confidence in the information reported on the Bulletin Board will depend, in large part, on the strength of the compliance and enforcement framework that underpins it and the level of awareness that BB facilities have of the consequences of any breach of the NGL, NGR and Procedures.

As outlined in section 2, while provision has been made in the NGL for breaches of both the NGL and NGR to attract a financial penalty (civil penalty or civil monetary penalty), the only Bulletin Board provisions that can currently attract such a penalty are sections 223, 225 and 226.

It is unclear from the explanatory material that was published at the time the Bulletin Board provisions were being developed whether policy makers made an active decision not to extend the civil penalty provisions to Part 18 of the NGR, if this was an

oversight or if they expected section 223 as a catchall provision. It is worth noting though that the fact that no provisions in Part 18 of the NGR are currently defined as civil penalty provisions in their own right is at odds with:

- other parts of the NGR that impose reporting obligations on pipeline service providers and market participants, such as the ring fencing, light regulation, facilitation of access and STTM provisions;⁶ and
- the approach that has been adopted in Western Australia, which as noted in Box 5.3, allows civil penalties to be imposed for breaches of the registration provisions and a large number of the Bulletin Board reporting obligations set out in the Gas Services Information Rules.

Box 5.3: Western Australian Bulletin Board compliance and enforcement regime

In Western Australia the IMO is responsible for monitoring and enforcing compliance with the Gas Services Information (GSI) Rules and Procedures.

In contrast to the compliance and enforcement framework that is in place in eastern Australia, civil penalties can be sought by the IMO for breaches of a large number of the GSI Rules (80 rules/sub-rules are defined as civil penalty provisions). The IMO also has the power to impose a civil penalty of up to \$20,000 for less serious offences, such as failure to provide information when required to do so. If the IMO believes a penalty in excess of this should be applied, it must apply to the Electricity Review Board (ERB) for such an order.

For more serious breaches, such as failure to apply for registration or non-cooperation with a compliance investigation, the IMO must make an application to the ERB. The ERB must then decide whether a breach has occurred and if so, whether a civil penalty should be imposed (up to the maximum values set out in the GSI Regulations), or other orders made (for example, an order that the participant cease the act or omission, remedy the contravention and/or implement a compliance program).

Source: Gas Services Information Regulations (WA) 2012, IMO, GBB and GSOO Summary of Design Options, 2013.

It is also worth noting that even if section 223 was expected to be a catchall, this section is not sufficiently broad enough to capture the registration provisions and other aspects of Part 18 of the NGR, which arguably should also be subject to civil penalties. The reliance on section 223 as a catchall is also, as one stakeholder pointed out, inconsistent with the approach used in other parts of the NGL and NGR, which is that:

- the relevant provisions of the NGR are prescribed in the Regulations as civil penalty provisions; and

⁶ Other reporting obligations in the NGR that have been deemed civil penalty provisions include:

- Rule 33 – Notification of associate contracts;
- Rule 36 – Service provider must publish terms and conditions of access to light regulation services;
- Rule 37 – Service provider must provide information about access negotiations for light regulation services;
- Rule 110 – Information to be provided by users about unutilised contracted capacity;
- Rule 369 – Standard for information or data given under this Part or the STTM Procedures; and
- Rule 380 – Contract holders to provide information to AEMO.
- Rule 390 – Changes to details of registered services.

- the notes at the end of the relevant rules in the NGR are used to identify which obligations could attract a civil penalty.

This stakeholder went on to add that because there is no indication in either Part 18 of the NGR or the Regulations that breaches of some provisions in the NGR and Procedures could attract a civil penalty, BB facility operators may be unaware that certain breaches could attract a civil penalty under section 223 of the NEL.

Given the approach used in other parts of the NGR and in Western Australia and the additional assurance that could come from having a stronger compliance and enforcement framework, is relevant to consider whether the civil penalty provisions should extend into Part 18 of the NGR. We are interested in hearing the Working Group's views on this matter.

We are also interested in hearing the Working Group's views on whether there is a need for the AER to carry out its compliance monitoring and enforcement functions on more of a real time basis, or is the current approach appropriate.

The specific questions that we would like to get the Working Group's views on are set out in the box below.

Questions for the Working Group

10. Are more effective enforcement mechanisms required to encourage Bulletin Board facilities to comply with Part 18 of the NGR? If so, will this provide the market with more confidence in the information reported on the Bulletin Board?
11. Are civil penalties effective in encouraging compliance? If so:
 - Should civil penalties be extended to Part 18 of the NGR?
 - Which provisions in Part 18 should be subject to civil penalties (eg the registration provisions and other reporting obligations in Division 3 and the obligations to provide information in Division 5 of Part 18)?
12. Does the NGL need to be any more specific about how the AER carries out its compliance and enforcement role?
13. Should the AER's compliance monitoring and enforcement functions be carried out on more of a real time basis?

5.4. Bulletin Board Terms of Use disclaimer provisions

The disclaimer provisions in the Bulletin Board Terms of Use currently state that no reliance can be placed on the information appearing on the Bulletin Board.

As it is currently drafted, this provision provides users with little confidence in the accuracy and quality of the information published on the Bulletin Board. It also appears to be at odds with the purpose of the Bulletin Board, which is currently described in rule 142 as being to facilitate trade and to assist in emergency management. While the information reported on the Bulletin Board may not have to

be of market settlements quality to satisfy these purposes, the information should be of a sufficiently high standard if it is to facilitate trade or be relied upon in an emergency.

Given these shortcomings, it is relevant to consider whether the market's confidence in the Bulletin Board could be improved by reducing the scope of the disclaimer, particularly if a reporting standard is introduced, measures are put in place to address errors and inconsistencies in reporting and the compliance monitoring and enforcement framework is strengthened.

We are interested in hearing the Working Group's views on this issue and the specific questions set out in the box below.

Questions for the Working Group

14. Are the disclaimer provisions in the Bulletin Board Terms of Use limiting the reliance that market participants feel that they can place on the information reported on the Bulletin Board?
15. Could the scope of the disclaimer provisions be reduced if the changes outlined in sections 5.1-5.3 are implemented? For example, could the disclaimer simply state that the information is not of market settlements quality and remove other references to information not being capable of being relied upon?

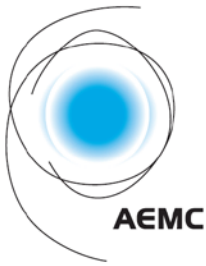
6. Next Working Group meeting

At the next Working Group meeting we intend to focus on:

- the responsibilities of those involved in the governance and operation of the Bulletin Board; and
- the cost recovery provisions in the NGR and how costs are allocated among market participants.

Questions for the Working Group

16. Are there any other matters that should be considered in the next Working Group Meeting?



**Information Provision Working Group:
Working Paper No. 4:
Bulletin Board Governance and Cost Recovery
1 October 2015**

1. Introduction

This is the final Working Group meeting. The previous meetings focused on:

- the improvements that could be made to the content, coverage, frequency and granularity of information on the Bulletin Board;
- the impediments to the provision and publication of information on the Bulletin Board and how these may be overcome; and
- the accuracy of the Bulletin Board and the compliance and enforcement arrangements to support this.

In this final meeting, we intend to focus on two aspects of the Bulletin Board:

- the governance of the Bulletin Board, including the nature and division of responsibilities for its ongoing operation, maintenance, and development; and
- the cost recovery arrangements in place, for AEMO with respect to its Bulletin Board operation and maintenance, and for market participants (currently, pipeline operators) that must provide information to AEMO.

These two issues are discussed in further detail below.

2. Bulletin Board governance

Governance relates to the setting of rules to administer an organisation or process, including how it is controlled, operated and held to account. In the case of the Bulletin Board, the responsibility for managing and developing the Bulletin Board on behalf of the industry and gas users is primarily divided between AEMO and the AER. It is the arrangements that allocate responsibilities to different parties that are the focus of this paper and which the Working Group meeting will examine.

2.1. Current Bulletin Board governance arrangements

The establishment of the Bulletin Board is provided for in the National Gas Law. Part 18 of the National Gas Rules pertains to the Bulletin Board. The NGR states that the purpose of the Bulletin Board is to:¹

¹ Rule 142.

- a) “facilitate trade in natural gas and markets for natural gas services through the provision of system and market information which is readily available to all interested parties, including the general public; and
- b) assist in emergency management through the provision of system and market information”.

Section 217 of the NGL states that AEMO is to be the Bulletin Board operator, while section 218 states that AEMO must maintain the Bulletin Board, in the form of a website, and that the information contained on the Bulletin Board is that which is specified in the NGR.

Under section 219, AEMO has the following Bulletin Board functions:

- a) to collect and collate Bulletin Board information;
- b) to collect and collate other information in relation to the natural gas services for inclusion on the Bulletin Board;
- c) to derive information of the type mentioned in (a) and (b).
- d) to publish information on the Bulletin Board of the kinds that may or must be included on the Bulletin Board under the rules;
- e) to manage information of the type mentioned in (a), (b), and (c);
- f) other functions conferred on AEMO in its capacity as the operator of the Bulletin Board by the NGL, NGR or any other law prescribed by the regulations for the purposes of this paragraph.

AEMO may make Bulletin Board procedures, as provided for by sections 227 and 228 of the NGL. It is worth noting that some of the issues discussed in the Working Group – for example, the specific composition of demand and production zones – are covered in the procedures, allowing AEMO to make changes in accordance with their procedure change process. See section 2.2 of this paper for more information on the placement of requirements in the NGR and procedures.

Section 228A states that each person to whom the Bulletin Board procedures apply must comply with the Bulletin Board procedures, and that if AEMO has reasons to believe there is non-compliance with the Bulletin Board procedures, AEMO may, by written notice, direct the person to comply with relevant provisions of the Bulletin Board procedures.

Rule 146 of the NGR provides for AEMO’s role in compliance, stating: “AEMO must, in accordance with any memorandum of understanding established between AEMO and the AER of any breaches, or possible breaches, of this Part [Part 18] that AEMO becomes aware of”.

These particular provisions are reinforced by section 91A(1) of the NGL, which sets out AEMO’s statutory functions. Relevantly, these functions include:

- b) To promote the development of, and improve the effectiveness of the operation and administration of, gas markets;

- ba) conduct trials relating to the operation and administration of markets, or parts of markets, for natural gas that are or will be governed by the NGL, NGR and the Bulletin Board Procedures;
- c) To register persons as Registered participants;
- d) To exempt certain persons from being registered as Registered participants;
- g) To make, amend or revoke Procedures;
- h) To operate and maintain the Bulletin Board;
- i) To prepare, periodically review, revise, and publish the gas statement of opportunities; and
- j) To investigate breaches or possible breaches of the Procedures

The AER

The AER's role with respect to the Bulletin Board is provided for in the NGL. The AER has the following functions and powers, relevant to the Bulletin Board, under section 27(1) of the NGL:

- monitoring compliance with the NGL, NGR and the regulations;
- investigating breaches of the NGL, NGR and regulations; and
- instituting and conducting proceedings in relation to such breaches.

The AER can also investigate breaches of the procedures and institute conduct proceedings for such breaches, if referred to the AER by AEMO.²

Therefore, the AER is involved in carrying out the enforcement of the regulatory instruments, alongside AEMO (which mainly deals with the procedures). This is an important, but nonetheless specific, role. The role of compliance and enforcement was addressed in Working Group meeting 3.

The AEMC

In its capacity as rule-maker for the gas market, the AEMC considers rule change requests that relate to the Bulletin Board, with respect to the National Gas Objective. Moreover, the AEMC, in its role as adviser on market development, may consider the Bulletin Board and its role and function in the market. The current review process is considering the broader development of the east coast gas market and the role of the Bulletin Board within this.

2.2. Rules and procedures

As set out in section 2.1, the Bulletin Board is operated and maintained in accordance with the NGR and the Bulletin Board procedures. Similar to other governance arrangements in the energy markets, such an arrangement can raise the issue of whether the division between the rules and procedures is appropriate for the subject matter in question.

² Section 27(1a)(a),(b).

In considering this, it should be noted that while including provisions in the NGR would provide clarity and certainty, it does mean that changes are only achievable from an AEMC rule change process. This could dampen responsiveness to changing circumstances.

In contrast AEMO's procedures change process is generally quicker and allows for greater responsiveness. Procedures can be appropriate for provisions on matters that are likely to change over time, or for more detailed operational requirements.

2.3. Issues for consideration

2.3.1. Responsibilities and roles

Responsibility for managing and developing the Bulletin Board on behalf of the industry and gas users is divided between different institutions, as outlined above. The arrangements that allocate responsibilities will be considered by the Working Group. Key issues of focus will be whether the appropriate organisation has been given the responsibility for a certain role, and whether there is sufficient clarity in these roles.

Questions for the Working Group

1. Do the National Gas Law and the National Gas Rules provide a clear delineation of responsibilities for the operation, maintenance and development of the Bulletin Board?
2. Are roles between AEMO, the AER and the AEMC allocated and defined appropriately?
3. Has the division of roles and responsibilities impacted on the development of the Bulletin Board?

2.3.2. Rules and procedures

Whether particular requirements are placed in the NGR or the procedures is an important consideration in assessing the governance arrangements for the ongoing development and relevance of the Bulletin Board. The rule change process for changing the NGR is undertaken by the AEMC, while procedures can be changed by AEMO. The rule and procedure change processes are of a different nature, which should reflect differences in the nature of the underlying requirements, such as the extent to which a requirement pertains to operational detail. The placement of the various requirements also affects the compliance mechanism applicable and the organisation responsible for compliance.

Questions for the Working Group

4. Are there examples of particular requirements that may be misplaced in either the NGR or the procedures?

2.3.3. Maintaining the relevance of the Bulletin Board

Current arrangements

The current arrangements for the Bulletin Board, as set out in section 2.1, state that AEMO must “operate and maintain” the Bulletin Board.³ The Working Group should consider whether AEMO has the appropriate powers to maintain the relevance of the Bulletin Board. The Independent Market Operator (IMO) of Western Australia has the functions: “to establish, operate and maintain” its Gas Bulletin Board,⁴ however its “GBB and GSOO Design Summary” document notes that the IMO “is responsible for the operation and development” of the Gas Bulletin Board.⁵

Changing market conditions

Should the design of the east coast gas market change to a common set of physical or virtual hubs and balancing markets, for example, then information requirements may be impacted by the market design chosen. If one of the purposes of the Bulletin Board is to facilitate trade, then the Working Group may consider how the provision of market information can develop in conjunction with the development of facilitated markets. Broader trends in market fundamentals, such as a shift to shorter term transactions, should also be considered.

Periodic review of the Bulletin Board

AEMO has requirements to review the various facilitated markets at different times.⁶ However, there are no requirements for AEMO to review the Bulletin Board. As changes to the east coast gas market are expected to occur over the medium to long term, it may be appropriate to institute a periodic review process to mandate regular consideration of the Bulletin Board to assess its ongoing relevance and resolve issues as they arise.

This review may entail an assessment of the effectiveness of the current arrangements for the Bulletin Board, such as, relevance of zone boundaries or the need for any new information. Such a review could be specified in the NGR and become a responsibility for the nominated organisation. Alternatively, the COAG Energy Council could require AEMO, the AEMC or the AER with performing the specific work, either periodically or on an ad hoc basis.

A less formal approach to reviewing the Bulletin Board may be AEMO providing an annual report on the Bulletin Board. An annual report could include any changes that

³ Section 91A(1)(h), NGL.

⁴ Rule 8(1)(a), GSI Rules.

⁵ IMO, “GBB and GSOO Design Summary”, June 2013.

⁶ For example, AEMO must conduct periodic reviews of the market price cap, the administered price cap, the cumulative price threshold, and other market parameters for the STTM, no later than five years after the first review (by 31 December 2012). The rules also states that, if any corresponding value in respect of another Australian gas market or the national electricity market is reviewed, and the review finds that value should be changed, AEMO must determine, following consultation with interested parties, whether to conduct a review earlier than required under the rule (rule 492).

have been undertaken in the previous year, a summary of issues that may have arisen and potential future work programs and issues to consider going forward. This would provide a periodic transparency report that summarises AEMO's work on the Bulletin Board. It could take the form of a self-initiated reporting process or a more formal requirement in the NGR.

Questions for the Working Group

5. Are there instances where Bulletin Board redevelopment has not been responsive to change? If so, in what ways, and why?
6. What does 'operate and maintain' mean? Is there a better framing of AEMO's role as Bulletin Board operator?
7. What issues relating to the development of the Bulletin Board are appropriate for AEMO to consider? Would some development issues benefit from consideration by the AER and/or the AEMC?
8. Do the current Bulletin Board arrangements appropriately provide for the development of the Bulletin Board in the context of broader market development work? Would a periodic review be appropriate to improve the governance and maintain the relevance of the Bulletin Board?
9. How often should a periodic review take place? Who should conduct the periodic review?
10. Is there merit in AEMO providing an annual report on the Bulletin Board?

3. Cost recovery by market participants

3.1. Overview of current cost recovery arrangements

3.1.1. Aggregation and information services

Pipeline operators are permitted to recover the costs of providing "aggregation and information services". This allows for recovery of costs incurred in aggregating information from shippers and providing it to AEMO, as required by rules 173 and 196. The information aggregated by pipeline operators, for each Bulletin Board pipeline, is:⁷

- a) in respect of each gas day and for each demand zone or production zone (if applicable), the aggregated delivery nominations for the Bulletin Board pipeline for the gas day; and
- b) in respect of each demand zone or production zone (if applicable), the aggregated forecast deliveries for the Bulletin Board pipeline for subsequent gas days if it has been provided with forecast deliveries by Bulletin Board shippers on the Bulletin Board pipeline under contract or applicable market rules.

⁷ Rule 173(1).

It also includes information provided to AEMO by a pipeline operator in a declared transmission system (that is, for APA Group in the context of the Victorian DTS) the aggregated scheduled injections less the aggregated withdrawals in each production zone as well as the Interconnect at Culcairn.⁸

Pipeline operators may also recover costs for providing to AEMO:⁹

- a) the name of each Bulletin Board shipper on each Bulletin Board pipeline operated by the pipeline operator during the previous invoice period;
- b) for each Bulletin Board shipper, the total gas delivery allocated to that shipper from all Bulletin Board pipelines that it operated during the previous invoice period; and
- c) the total gas delivered from all Bulletin Board pipelines that it operated during the previous invoice period

This set of information allows AEMO to calculate a Bulletin Board shipper's share of estimated Bulletin Board costs for an invoice period (see section 4.1).

3.1.2. Cost recovery process

Pipeline operators that wish to recover their aggregation and information services costs can do so under Division 10, Part 18 of the NGR. The process involves providing AEMO an estimate of its aggregation and information services costs during the invoice period and a tax invoice relating to its aggregation and information services costs during the previous invoice period. The pipeline operator must provide AEMO with "reasonable evidence" that the estimate for the current invoice period is reasonable, and that it has incurred the costs specified in its tax invoice for the previous period. These estimates and evidence of previous costs are published on AEMO's website within five days of receiving them. AEMO then specifies a period of 10 days during which any person may provide AEMO with comments on the invoice, including any objection to the payment of that invoice.

AEMO must then provide the AER with the invoice, any comments received, and its own comments (if any). The AER must, within 30 business days, determine the amount payable to a pipeline operator in respect of the invoice provided, only if it considers that undertaking an assessment would likely be outweighed by the public benefit in doing so. The AER may approve or reject the amount provided in the invoice, and if rejected, undertake an assessment to determine an amount payable that it considers is reasonable. The AER must publish its reasons on its website. AEMO then pays the pipeline operator the amount specified by the AER within 10 business days.¹⁰

The monies paid by AEMO to the pipeline operators are then recovered by AEMO from shippers that use the Bulletin Board pipelines (see section 4). The payments for

⁸ Rule 173(2).

⁹ Rule 196(1).

¹⁰ See the AEMC's rule change, "Pipeline operator cost recovery processes," at <http://www.aemc.gov.au/Rule-Changes/Pipeline-operator-cost-recovery-processes>

services under rules 196(1) (as noted in section 3.1.1) are also recovered from shippers on Bulletin Board pipelines.

3.2. Stakeholder views

Stakeholders have provided views on cost recovery to both the COAG Energy Council Enhanced Pipeline Capacity Information consultation process and the AEMC's consultation on the Enhanced Information for Gas Transmission Pipeline Capacity Trading rule change request.

There is an agreement between APA¹¹, Jemena¹² and APGA/APIA¹³ that there is a mismatch between those that use the Bulletin Board and those that pay for the provision of information. In their view, it is pipeline operators that provide information, but they do not benefit from the Bulletin Board. On the other hand, it is other market participants that use the Bulletin Board but do not incur any costs. These pipeline operators consider that, as they incur costs to provide information for the benefit of others, there should be full cost recovery for doing so.

However, it has been noted that the current rules may not allow for full cost recovery, as the NGR is specific on the tasks or actions that cost recovery can relate to. Therefore an amendment would be required to allow for this. APA has claimed that previous information provision requirements have been added incrementally and have been relatively immaterial in isolation, but in total these costs "can be significant".¹⁴ Jemena has provided a similar view, noting that it had not yet used the cost recovery provisions but would look to do so for more material requirements if it cannot pass these costs through in its contracts.

In contrast, Origin Energy has stated that the provision of information for the Bulletin Board is a "cost of doing business", which renders it appropriate that the costs are recovered in pass-through arrangements in contractual negotiations or pipeline access arrangements where a pipeline is regulated. Origin considered that rule 198, allowing for the recovery of costs for aggregation and information services, has not been utilised. Therefore, given pipeline operators have other means of recovering costs, the provisions should be removed from the NGR.¹⁵

Santos¹⁶, the esaa¹⁷ and Lumo Energy¹⁸ considered that cost recovery for the provision of information for the Bulletin Board should be allowed.

¹¹ APA, Submission to Enhanced Pipeline Capacity Information Discussion Paper, 18 July 2014; Submission to Enhanced Information for Gas Transmission Pipeline Capacity Trading Consultation Paper, 13 August 2015.

¹² Jemena, Submission to Enhanced Pipeline Capacity Information Discussion Paper, 18 July 2014; Submission to Enhanced Information for Gas Transmission Pipeline Capacity Trading Consultation Paper, 13 August 2015.

¹³ APIA, Submission to Enhanced Pipeline Capacity Information Discussion Paper, 25 July 2014; APGA, Submission to Enhanced Pipeline Capacity Information Discussion Paper, August 2015.

¹⁴ APA, Submission to Enhanced Pipeline Capacity Information Discussion Paper, p. 5.

¹⁵ Origin Energy, Submission to Enhanced Pipeline Capacity Information Discussion Paper, 18 July 2014.

¹⁶ Santos, Submission to Enhanced Pipeline Capacity Information Discussion Paper, July 2014, pp. 10-11

3.3. Issues for consideration

In the context of investigating whether Bulletin Board information provisions should be expanded, it is appropriate to consider whether cost recovery arrangements are required and suitable.

The rationale for pipeline operator cost recovery provisions may be that these participants perform a service on behalf of other stakeholders and incur costs in doing so. An aggregation service is provided by pipeline operators with respect to Bulletin Board information, which is of benefit to other participants and AEMO. In addition, a service is performed for AEMO in providing gas delivery data for Bulletin Board pipelines, allowing AEMO to calculate shipper fees and recover its costs.

On the other hand, it may be argued that the cost of information provision for pipeline operators is simply a part of doing business. These costs should be incorporated into contracts with shippers and thereby passed on to end users. This view may also be applicable to other parties that provide information to AEMO for the Bulletin Board.

A key question then with regards to cost recovery seems to be the identification of the most efficient method of recovering costs. Adding cost recovery for information provision to the Bulletin Board into transportation contracts may add to the transaction costs involved if any further contract negotiation is required. However, costs are also involved in undertaking the current cost recovery process through AEMO and the AER.

As noted by APA in section 3.2, the current cost recovery provisions relate only to particular tasks. However, pipeline operators must provide other information that is not included in the cost recovery provisions. This raises the question of whether the scope of the cost recovery provisions is appropriate.

If the scope of cost recovery was to be extended beyond the current provisions, the Working Group should also consider whether other information providers may also be able to recover their costs.

With respect to the information on gas deliveries by shipper on Bulletin Board pipelines that is provided to AEMO, this is a service that appears to benefit AEMO and allow it to identify the precise gas deliveries upon which to perform its own cost recovery process in regard to the Bulletin Board.

¹⁷ esaa, Submission to Enhanced Pipeline Capacity Information Discussion Paper, 22 July 2014, p. 4.

¹⁸ Lumo Energy, Submission to Enhanced Pipeline Capacity Information Discussion Paper, 18 July 2014, p. 9.

Questions for the Working Group

11. Are the cost recovery arrangements for Bulletin Board pipelines fit for purpose?
12. Do the cost recovery provisions refer to the correct and relevant tasks performed by the Bulletin Board pipeline operators?
13. Should cost recovery be available to all facility owners providing Bulletin Board information?
14. Should the provision of information for publication on the Bulletin Board be considered a 'cost of doing business'?
15. Which process for recovering costs is the most efficient and workable – the existing cost recovery arrangements, or cost recovery through contracts with shippers?

4. Cost recovery by AEMO in respect of the Bulletin Board

4.1. Overview

As an organisation, AEMO is largely funded through market participant fees. However, AEMO is able to recover costs for operating and maintaining the Bulletin Board from shippers that use Bulletin Board pipelines. This includes recouping the payments made by AEMO to Bulletin Board pipeline operators (as set out in section 3). The costs recovered are based on the share of the gas transported by individual shippers on Bulletin Board pipelines as a proportion of total gas transported on these pipelines. On the basis that the information provided by the Bulletin Board aids shippers and users of gas, then the cost recovery of the Bulletin Board from shippers may be seen as a form of users pays. Shippers transport gas on BB pipelines for both end users that they have contracted with, and themselves (if they are end users as well).

In practice, this mechanism has resulted in the Bulletin Board being funded mainly by the major pipeline shippers. This has been entities such as AGL, EnergyAustralia and Origin. As the LNG pipelines are commissioned, their throughput will result in the shippers on these pipelines contributing to the Bulletin Board costs (LNG proponents are likely to become major contributors to Bulletin Board fees).

The formula for determining shipper fees is provided in rule 191 of the NGR.

4.2. Issues for consideration

The purpose of the Bulletin Board is to provide information to “all interested parties, including the general public”.¹⁹ Therefore, the Bulletin Board may be seen as a public good. However, a form of a user pays system is in place.

In light of the developing east coast gas market, and the increasing demand for and use of information to make decisions, it is appropriate to consider how the costs of

¹⁹ Rule 142(a)

operating the Bulletin Board by AEMO are recovered. The AEMC welcomes alternate views on how the costs of the Bulletin Board should be recovered.

Alternative approaches for the Working Group to consider may include:

- The Western Australian Independent Market Operator (IMO). The IMO employs a similar method for recovering the costs of carrying out its role in Gas Services Information (GSI), which features both the operation and maintenance of the Bulletin Board and the publication of the Gas Statement of Opportunities, an annual report providing forecasts of natural gas supply and demand in Western Australia. However, GSI fees are divided equally between two groups - registered production facility operators and registered shippers. The fees paid by individual parties are calculated based on the proportion of their activity within that group.
- Recovering Bulletin Board costs through gas market participation fees;
- A subscription-based fee structure for use of the Bulletin Board, or a system of access to the Bulletin Board based on a layered fee structure; or
- Other approaches put forward by the Working Group.

Finally, in respect of the placement of the rules regarding the determination of shipper fees, it is appropriate to consider whether these rules should be in the NGR or in the procedures. Every three years, AEMO reviews the methodology in regard to the structure of gas market fees. Given the NGR provides for the methodology for structuring shipper fees with respect to the Bulletin Board, the methodology review cannot take these fees into account. The AEMC welcomes views on whether the shipper fees relating to the Bulletin Board should remain in the NGR or be placed in the procedures and assessed in the three yearly gas market fee methodology review.

Questions for the Working Group

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| <ol style="list-style-type: none">16. Are the arrangements that allow AEMO to recover the costs for operating and maintaining the Bulletin Board fit for purpose? Are there more appropriate approaches?17. Is it appropriate for the detailed cost recovery arrangements for AEMO to be set out in the NGR or in the procedures? |
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