

Minutes

Day Ahead Auction and Capacity Trading Platform Project Teams Meeting No. 1

Date/Time: Tuesday, 21 March 2017, 10.00 am

Location: AEMO Offices, Level 2, 20 Bond Street, Sydney

Attendees: *DAA project team*

John Jamieson, APA
Deidre McEntee, APLNG
Leon Devaney, Central Petroleum
Matt Sherwell, Santos
Jeff Cooke, SEAGas
Erin Bledsoe, Shell
Kevin Ly, Snowy Hydro

CTP Project Team

Simon Camroux, AGL[^]
Trent Leach, DBP
Andrew Zancanaro, Jemena
Andrew O'Farrell, Origin
Lino Fusco, CQ Partners
David Lawrence, Sydney Stock Exchange
Kristal Burry, PIAC
Jennifer Tarr, Stanwell

GMRG

Nicole Dodd, analyst
Katherine Lowe, senior technical advisor
Sandra Gamble, facilitator

Guests

Tom Walker, AEMC

[^] via telephone

Apologies: Ishara De Silva, EnergyAustralia

Warren Vosper, analyst
Daniela Moraes, analyst

Purpose: Inception meeting

Reference: DAACTP.1.20170321

Agenda Item	Discussion	Actions	Decisions
1 Setting the scene	<ul style="list-style-type: none"> Discussed the changing dynamics in the gas market driving the reform, including the Prime Minister's recent announcement that the reforms are to be accelerated. Discussed the role of reform. Clarified understanding of the GMRG governance and structure, and responsibility to make recommendations to the Independent Chair for wider consultation. 		
2 Principles for operation of the project team	<ul style="list-style-type: none"> Discussed the priority in deciding the governance of the auction and trading platform. Considered options for accelerating progress of the work streams if required. The list the team developed as the guiding principles of the project team is annexed. 		
3 Introductions	The team introduced themselves to each other, including background, experience, and aspirations for the project team.		
4 Our starting point	<p>Tom Walker presented the outcomes of the AEMC East Coast Gas Market Review and the teams:</p> <ul style="list-style-type: none"> Discussed the opportunities for increasing utilisation of the pipelines. Noted the focus for the teams is the pipeline capacity trading platform and day ahead auctions as in the required outcomes of the AEMC review. Commented that caution is to be exercised to ensure market distortions are not introduced. Noted the interlinkages with the other GMRG work streams including arbitration framework. <p>The AEMC and AEMO will participate further once a decision on governance of the platform and auction has been made.</p>	(GMRG) Circulate presentation.	
5 Break	N/A	N/A	N/A
6 Some first-hand insights on similar market developments	<p>David Lawrence discussed his experiences in developing markets with the teams, including:</p> <ul style="list-style-type: none"> Integrity and trust required for a successful market, including in ownership, homogeneous products and system reliability. Technology is changing markets. 		

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	<ul style="list-style-type: none"> • Liquidity is required, and can be increased by providing incentives to intermediaries or 'market makers' to participate. • The importance of a clean reference price, driven by timely and quality data. • Efficiency in integrating interdependent products at a single location. • The platform operator can play a role in designing products required by the market needs. 		
7	<p>Draft Terms of Reference</p> <p>The teams discussed the draft Terms of Reference for each group and:</p> <ul style="list-style-type: none"> • Noted the common issues across the teams. • Discussed the delineation in scope between the work streams, including the standardisation package. • Highlighted the importance of including the interlinkages with the end points (markets, supply, users) for consideration in the Terms of Reference. • Clarified the timelines in the Terms of Reference, and that program acceleration should be done such that it does not compromise the outcome. 	(All) Provide feedback on the two sets of draft Terms of Reference.	
8	<p>Starting a road map</p> <ul style="list-style-type: none"> • A common understanding of the COAG EC's Gas Market Vision needs to be established. • Discussed what further resources and information may be required by the group. • Considered the mechanics of secondary trading (eg. prudential requirements, warranty of delivery) under various current and future arrangements. 		
9	<p>Next Meeting: Tuesday, 4 April 2017</p> <p>The team noted the corrected date of the next meeting as 4 April 2017.</p> <p>Items to be included on the agenda for the next meeting:</p> <ul style="list-style-type: none"> • Develop assessment framework for determining appropriate governance arrangements. • Presentations from AEMO and APGA as options for the governance of the platform and auction design. <p>Upcoming meetings:</p> <ul style="list-style-type: none"> • Develop timeline of gas day across the various pipelines and interlinked markets and processes on the East Coast. 		

Guiding Principles of the Day Ahead Auction and Capacity Trading Platform Project Teams:

- Respect.
- Don't make it personal and try not to take it personally.
- Ask open questions and provide open answers (rather than yes/no).
- Put thoughts and ideas out there for consideration, and offer diverse perspectives.
- Consider Chatham House Rules; respect confidentiality and have courtesy for fellow project team members including outside of meetings.
- There is no such thing as a stupid question.
- Consider options – pros and cons, challenge yourselves and the status quo.
- Keep focussed on the end goal.
- One conversation at a time.
- Be present.