

# Minutes

## Standardisation Project Team Meeting No. 2

**Date/Time:** Thursday, 16 March 2017, 9.00 am

**Location:** Level 6, 201 Elizabeth Street, Sydney

**Attendees:**

<i>Project team</i>	Sally Calder, AGL Ainslie Lynch, APA Allan Ford, Arrow Simon Taylor, DBP Samantha Staunton, Epic Michael Handley, Origin Brad Mills, Shell Jan Peric, Jemena
<i>GMRG</i>	Nicole Dodd, analyst Angelo Mantsio, specialist technical advisor Katherine Lowe, GMRG senior technical advisor Sandra Gamble, GMRG facilitator

**Apologies:** Peter Frost, EnergyAustralia  
Peter Tolhurst, Stanwell

**Purpose:** Stocktake of standardisation work already completed

**Reference:** ST.2.20170316

Agenda Item	Discussion	Actions	Decisions
<b>Commencement</b>	Noted the Prime Minister's announcement on 15/3/2017 committing to accelerating gas market reforms is yet to be clarified for the expectations in relation to the transportation work streams – the group will be kept informed.		
<b>1 Recap on previous meeting</b>	<p>The team reflected the previous meeting:</p> <ul style="list-style-type: none"> <li>• Had demonstrated the team was open and flexible, would engage in respectful debate and is result-focussed.</li> <li>• Provided an opportunity to establish a valuable set of guiding principles.</li> <li>• Provided a useful starting point and context for the reform.</li> </ul> <p>The minutes of the previous meeting were approved as a true record of that meeting.</p> <p>The team noted the GMRG had received informal advice that the GMRG working groups would not contravene the Competition and Consumer Act, and formal advice would be circulated and posted on the website when received.</p>		
<b>2 Submissions to the AEMC East Coast Review on standardisation</b>	<p>The team discussed the submissions to the East Coast Review on standardisation, and:</p> <ul style="list-style-type: none"> <li>• Noted the differences in opinion between participants.</li> <li>• Observed an appetite for change with the recognition of an opportunity for standardisation, while maintaining flexibility.</li> <li>• Discussed the changes and the rapid pace of change in recent years.</li> <li>• Discussed the challenges in providing flexibility in receipt and delivery point, including time to effect transfers, legacy arrangements, and physical constraints.</li> <li>• Noted the gap (and thus problem to be solved) is in the ability to effect short term capacity trading.</li> </ul> <p>The team noted the importance of scoping the problem and defining the gap between the current and desired states (where this is to be guided by the COAG EC Vision).</p>		

	Agenda Item	Discussion	Actions	Decisions
3	<b>Work done and experience with standardisation</b>	<p>The team shared their previous experiences with standardising and standardised contracts, including</p> <ul style="list-style-type: none"> <li>• AEMO's experience in developing the Gas Supply Hub, with a case study on the Wallumbilla Compression Product, and Capacity Agreement Standard terms.</li> <li>• Pipeline operators developing standard agreements for all their shippers and across their pipelines.</li> <li>• Shippers using standard agreements to facilitate efficient buying and selling of primary and secondary capacity.</li> </ul> <p>The challenges in standardisation were discussed by the team:</p> <ul style="list-style-type: none"> <li>• The importance of integrating with the existing market. Legacy arrangements tend to lead to longer periods required to achieve standardisation.</li> <li>• Mutually beneficial standard terms and conditions should be sought.</li> <li>• Focussing on desired outcomes means lateral solutions can be sought: there may not be a need to standardise all terms and conditions, and overarching principles can be utilised.</li> <li>• Commonalities can be a useful starting point.</li> <li>• There are complexities inherent in overlaying financial markets, transportation agreements, and facilitating secondary trading against a physical system that includes users with a variety of needs, nomination rights, and varying gas specification requirements.</li> <li>• Further complexity is introduced when there are multiple pipelines and operators involved.</li> <li>• Trading standardised operational transport agreements through the capacity platforms has had low take up, but these are being used bilaterally.</li> <li>• The contract terms and practical requirements (such as operational and system processes) necessary to effect transfers of capacity under various arrangements currently in place and for consideration with the reforms.</li> </ul>	(GMRG) Circulate AM's presentation regarding AEMO's experience with the GSH and AL's presentation regarding APA's experience in standardising their primary and operational transportation agreements.	

	<b>Agenda Item</b>	<b>Discussion</b>	<b>Actions</b>	<b>Decisions</b>
4	<b>Summary of contract terms</b>	Discussion of the detailed contract terms was deferred to allow the team time to review and consider the terms and differences prior to discussion.	(GMRG) Circulate the contract terms.	
5	<b>Break</b>	N/A	N/A	N/A
6	<b>Project team road map</b>	<p>The team provided feedback on the Draft Terms of Reference:</p> <ul style="list-style-type: none"> <li>• Focus to be on secondary agreements.</li> <li>• Allocation agreements to be given consideration in line with developing common standards.</li> <li>• Consideration of compulsory or voluntary to come after decisions on what and how to standardise have been made.</li> </ul> <p>The key focus for the next project team meeting will be to consider 3-5 scenarios of the types of trading desired by traders with respect to:</p> <ul style="list-style-type: none"> <li>• Physical flow of molecules,</li> <li>• Financial flows,</li> <li>• Legal options.</li> </ul> <p>The team also considered the options available to accelerate the reform progression if required, including possible intensive face-to-face sessions, and ensuring industry subject matter experts are available on call.</p>	<p>(GMRG) Finalise Terms of Reference based on feedback provided for confirmation in next meeting.</p> <p>(Shippers) Determine scenarios for working through in next project team meeting for circulation by 23/3/2017.</p>	Standardising the agreements used to effect secondary trades will be prioritised over standardising primary Gas Transport Agreements, with the linkages between primary and secondary agreements considered as appropriate.
7	<b>Next meetings</b>	<p>Meeting 3 to be held in the week commencing 27 March to be face-to-face rather than via video conference:</p> <ul style="list-style-type: none"> <li>• Focus will be working through scenarios and considering the current standard terms and conditions.</li> </ul> <p>Consideration to be given to meeting with the other project work streams as soon as possible.</p>		