

Minutes

Standardisation Project Team Meeting No. 3

Date/Time: Tuesday, 28 March 2017, 10.00 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 Andrew Zancanaro, Jemena
<i>GMRG</i>	Nicole Dodd, analyst Angelo Mantsio, specialist technical advisor Katherine Lowe, GMRG senior technical advisor Sandra Gamble, GMRG facilitator

^by telephone

Apologies: Peter Frost, EnergyAustralia
Peter Tolhurst, Stanwell
Jan Peric, Jemena

Purpose: Stocktake of standardisation work already completed

Reference: ST.3.20170328

	Agenda Item	Discussion	Actions	Decisions
1	Recap on previous meeting	<p>The team reflected:</p> <ul style="list-style-type: none"> • Large amounts of standardisation has already occurred in the industry, and this can be leveraged by the project team. • Standard operational transfer agreements appear to be the key to a liquid secondary capacity trading market, but thus far transparent utilisation (ie. through use of the public listing services) is low. • The success of the auction will depend on the specification of the product and how this integrates with current arrangements. This is an issue for the Day Ahead Auction project team to discuss. <p>The minutes of the previous meeting were approved as a true record of that meeting.</p> <p>The team noted formal advice is yet to be received in relation to the Competition and Consumer Act.</p> <p>The final version of the Terms of Reference were endorsed by the team, pending no further comments were received by 31/3/2017.</p>	GMRG – Send link to website.	
2	Scenarios	<p>To establish a common understanding and use of terminology, the team considered specific trading examples and discussed:</p> <ul style="list-style-type: none"> • Other methods to effectively obtain capacity are by trading in the STTM hubs or by trading swaps. • The differences between bare transfers and operational transfers. • The bespoke nature of capacity trades, including ability for the seller to call-back capacity and ability to sell renomination rights. • The challenges shippers face in coming to a bilateral agreement and the utilisation of the capacity platforms. • While a decision has been made by the team to focus on secondary agreements, the integration with primary Gas Transportation Agreements will 		

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		<p>need to be tested at each stage. Pipeline operators may standardise their existing primary Gas Transportation Agreements with their shippers in the future to align these with the standard secondary agreements, but this work is not the focus of the team.</p> <ul style="list-style-type: none"> • The priority is for operational or 'day-to-day' terms in agreements to be standardised. The terms that require standardisation will be influenced by the other project teams, for example, service definitions and priorities. • The variety of methodologies used to allocate gas and cost at delivery and receipt points in relation to; interconnected pipelines, integration with Gas Supply Agreements, notional points, and pipeline operator IT systems. • Trading capacity at specific receipt and delivery points compared to capacity between main hubs and the impact of each on a pipeline operators' ability to model what capacity is available. <p>The team is focussed on developing standardised agreements that will assist in facilitating trade.</p>		
3	Items for discussion	<p>The team discussed the terms in standard or generic contracts that are available and made the following observations:</p> <ul style="list-style-type: none"> • Some terms may be easier to standardise than others as they already closely align between various pipelines. • The integration of transportation agreements with supply agreements may need to be considered. • There are differences in gas days and nomination times between pipelines. • Different pipeline operators are applying different definitions to the same terms, for example, 'firm capacity' can have various renomination rights associated with it. • The gas specification standard is generally linked to the "Australian Standard Specification for General Purpose Natural Gas". Some users require a tighter specification and some 		Gas specification standard will be linked to the "Australian Standard Specification for General Purpose Natural Gas".

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		<p>suppliers deliver this. Off specification gas can be accepted by pipeline operators in certain circumstances.</p> <ul style="list-style-type: none"> • Standardisation of the all the operational, prudential, and 'other' contract terms across all pipelines should be sought to the extent possible. For any terms that an agreed standard cannot be determined, the gap will likely be filled through each pipeline adopting a pipeline specific standard for that provision. • Options for some terms may also be recommended for consultation. 		
4	Break	N/A	N/A	N/A
5	Project team road map	<p>The team provided preliminary agreement on the draft road map provided in the meeting.</p> <p>The team decided operational terms for operational transfers should be prioritised initially in the first task to develop common standards for the operational transfers, auction capacity trade agreement, secondary capacity trading agreement, and exchange traded capacity agreement.</p> <p>The team will bring understanding of the technical and commercial value of the various contract terms to the next meeting, ready for (at least) a preliminary discussion on the following terms:</p> <ul style="list-style-type: none"> • Start of the gas day • Nomination deadline • Gas specification • Gas quality • Metering • Services – definitions • Services – priorities • Nomination procedures • Scheduling procedures • Curtailment procedures 	All – Provide feedback on project team road map once circulated.	
6	Next meetings	<p>Meeting 4 to be held face-to-face on Tuesday 11 April, 10am to 3pm in Sydney.</p> <p>The team discussed the need for providing an intermediary or 'market makers' perspective and potential contacts who could make guest appearances in meetings for the team to test ideas with.</p>	<p>AM – contact expert for availability to provide an intermediary perspective.</p> <p>GMRG – discuss with AFMA energy committee.</p>	