INDEPENDENT
MARKET
OPERATOR

Final Rule Change Report
GSI Fee Arrangements – Inclusion of Registered Production Facility Operators

GRC_2014_01
Standard Rule Change Process

Date: 24 November 2014

TABLE OF CONTENTS

Executive summary

The Public Utilities Office (PUO), on behalf of the Minister, proposed to amend the Gas Service Information (GSI) Fee allocation methodology to recover the cost of providing GSI Services from both Registered Shippers and Registered Production Facility Operators. Under the GSI Rules (Part 7, Division 4), the cost of providing GSI Services is currently recovered from Registered Shippers only.

The PUO considered that these costs should be recovered from participants across the gas supply chain. This is on the basis that the costs should be allocated to those who benefit from the GSI Services. The PUO noted that both buyers and sellers of gas are likely to benefit from the information provided by the GSI Services.

Proposed amendments

The PUO proposed to:

1. allocate the total GSI Fees equally between Registered Shippers and Registered Production Facility Operators;

2. allocate the Registered Shippers' share between individual Registered Shippers on the basis of the individual share of the sum of the Aggregated Shipper Delivery Quantities for all Registered Shippers; and

3. allocate the Registered Production Facility Operators' share between individual Registered Production Facility Operators on the basis of the individual share of the sum of total gas produced, which was proposed to be defined as the sum of each GBB Production Facility's Daily Actual Flow Data for the relevant GSI Invoice Period.

The PUO also recognised that the current definition of Aggregated Shipper Delivery Quantity does not prevent the double counting of natural gas shipped through Storage Facilities as it does with gas transferred between GBB Pipelines. The PUO noted that this disadvantages Registered Shippers storing gas in Storage Facilities. The PUO therefore also proposed to amend the definition of Aggregated Shipper Delivery Quantity to remove the double counting of gas transferred through a Storage Facility.

Consultation

A pre Rule Change Proposal was presented to the Gas Advisory Board (GAB) at its 18 February 2014 meeting. GAB members discussed the different options for including the Registered Production Facility Operators into the GSI Fee allocation methodology. At the meeting, GAB members had polarised views with respect to the concept of whether the GSI Fees should be allocated across both Registered Shippers and Registered Production Facility Operators. GAB members representing gas shippers were supportive of the concept, arguing that this provides for a more equitable GSI Fee allocation. GAB members representing gas producers opposed the concept arguing that producers would pass on the GSI Fees to their customers (the shippers) and therefore the proposed change would not change who ultimately bears the costs.

The PUO considered feedback from the GAB members and revised the pre Rule Change Proposal which was presented again at the 20 May 2014 meeting. The pre Rule Change Proposal outlined the PUO's preferred option to allocate GSI Fees equally between gas shippers and gas producers. GAB members reiterated their views on the concept. Those GAB members that supported the proposed changes to the allocation method supported the equal split of GSI Fees between Registered Shippers and Registered Production Facility Operators. The PUO informed the GAB that the Rule Change Proposal would be submitted into the formal rule change process on the basis of an equal split between Registered Shippers and Registered Production Facility Operators and then split within these groups on the basis of volume.

The PUO formally submitted the proposal into the Standard Rule Change Process on 9 July 2014. The IMO published the Rule Change Notice and Proposal on 15 July 2014.

Following the submission into the formal process, at the 16 July 2014 GAB meeting, the PUO noted that it had also included amendments in the Rule Change Proposal to the definition of the Aggregated Shipper Delivery Quantity to prevent the double counting of gas shipped through a Storage Facility.

The first submission period for this Rule Change Proposal was held between 16 July and 26 August 2014. During this period, submissions were received from Alcoa of Australia (Alcoa), the Australian Petroleum Production and Exploration Association (APPEA) and Synergy. The IMO also received out of session submissions from Alinta Energy (Alinta), Apache Energy (Apache) and North West Shelf Gas.

In their submissions Alcoa, Alinta and Synergy supported the allocation of GSI Fees between Registered Shippers and Registered Production Facility Operators on the basis that this would provide for a more equitable cost allocation. Alcoa and Synergy also supported the removal of the double counting of the gas shipped through a Storage Facility.

Apache, APPEA and North West Shelf Gas considered that the proposed amendments would not be consistent with the GSI Objectives on the basis that it may increase costs due to the additional administration activities required. They also noted that the proposed changes would ultimately not change the party paying the fees as it is likely that the Registered Production Facility Operators would be able to pass these costs through to Registered Shippers.

The second submission period for this Rule Change Proposal was held between 3 October and 30 October 2014. During this submission period the IMO received one submission from APPEA.

APPEA noted that the proposed amendments would increase the regulatory, cost and administrative burden associated with the collection of fees. APPEA also reiterated that it is likely that Registered Production Facility Operators would pass through the costs to Registered Shippers. Therefore, APPEA considered it difficult to see how the Rule Change Proposal would better achieve the GSI Objectives.

The IMO’s decision

The IMO’s decision is to accept the Rule Change Proposal as modified following the first and second submission periods, on the basis that:

- while the proposed amendments to allocate GSI Fees between shippers and producers have the potential to increase administration costs, they will also increase the equity of the GSI Fee allocation methodology and therefore, on balance, are consistent with the GSI Objectives; and

- the proposed removal of the double counting of gas shipped through a Storage Facility will better achieve GSI Objectives (c) and (d) as it will correct an oversight in the GSI Rules and prevent the possibility of perverse outcomes including for example financial penalties in form of additional GSI Fees or inefficient investment decisions to avoid shipping gas through a Storage Facility.

GSI Objective assessment

The IMO considers that the proposed amendments to allocate costs between Registered Shippers and Registered Production Facility Operators are consistent with the GSI Objectives.

While the proposal does have the potential to increase administration costs, the IMO considers these would be minor in the context of the costs incurred in the gas industry. The IMO is therefore of the opinion that the implementation of the proposed changes is unlikely to erode investors' confidence and therefore is not inconsistent with GSI Objective (c).

The IMO has identified a number of potential benefits associated with the proposed changes to increase the equity of the allocation of GSI Fees, including that it would:

- better reflect the direct beneficiaries of the GSI Services without significantly increasing the complexity of the cost allocation;
- promote a more equitable share of costs and benefits of any further developments of GSI Services; and
- encourage an increased participation of Registered Production Facility Operators in the GSI Services and therefore, the quality of the GSI Services.

The IMO notes that the GSI Objectives (b) and (c) are designed to consider the appropriate balance of costs and benefits through the use of the term 'efficient' as it applies to the operation and use of, and investment in, natural gas services in the State, respectively. The IMO has considered the proposed changes with this in mind and considers that, on balance, the benefits of a more equitable allocation of the GSI Fees amongst the beneficiaries of the GSI Services would offset any potential costs.

The IMO considers that the proposed amendments to remove the double counting of gas shipped through a Storage Facility will better achieve GSI Objectives (c) and (d) and are consistent with the remaining GSI Objectives as they will ensure that:

- Gas Market Participants do not make inefficient investment or operational decisions by avoiding the use of Storage Facilities on the basis of the additional costs involved, therefore supporting efficient investment in natural gas services; and
- Registered Shippers who ship gas through a Storage Facility are not financially penalised in the form of additional GSI Fees for doing so, thereby facilitating competition in the use of natural gas services.

Practicality and cost of implementation

GSI Fee allocation

The IMO expects to incur costs of around $8,500 to develop and implement a new report from the Gas Bulletin Board (GBB) compiling the Aggregated Daily Actual Flow Data and make minor changes to the invoicing methodology and processes to facilitate the IMO invoicing Registered Production Facility Operators. These costs can be met from within the IMO's existing budget.

The IMO does not expect Registered Shippers to incur any costs associated with proposed changes, consistent with the view expressed in Alcoa's submission.

North West Shelf Gas and Apache anticipate the need to introduce new processes to pass through the GSI Fees to their customers (shippers). The IMO notes that the submissions did not quantify these costs. However, the IMO does not expect these costs to be significant. It should be noted that North West Shelf Gas also indicated that producers may incur costs associated with the pass through of costs under some contracts. However, the IMO considers that more robust contracts would allow the pass through of these additional costs with little or no associated cost.

The IMO notes, that with the proposed commencement date of 1 January 2015, the liability incurred from that date would be invoiced in May 2015 and would not need to be paid until mid-June 2015. The IMO therefore considers that the proposed commencement date of 1 January 2015 allows sufficient time for the IMO and Gas Market Participants to implement the required changes.

Removal of double counting

DBNGP (WA) Transmission (DBP) is the only Registered Pipeline Operator with a Delivery Point to a GBB Storage Facility and therefore the only party required to implement system changes in respect of the proposed changes. The IMO engaged with DBP regarding the effort and costs associated with adjusting its calculation of Aggregated Shipper Delivery Quantities. Due to the proposed change in the definition, DBP notes that it will need to implement an additional report for submission to the GBB, which excludes delivery quantities for Delivery Points feeding into a GBB Storage Facility. DBP anticipates that these changes will cost around $2,000 to develop the new report. DBP also notes that it will incur similar additional annual costs to maintain the new report.

The IMO does not expect to incur any costs associated with the proposed changes to prevent the double counting of gas shipped through a Storage Facility.

Other issues of practicality

The IMO is currently progressing the changes to the GSI Procedures to facilitate the proposed Amending Rules in this Final Rule Change Report by the proposed commencement date.

The IMO notes that the Rule Change Proposal contains amendments to Protected Provisions and Civil Penalty Provisions and also introduces a new subrule which is proposed to be a Civil Penalty Provision. Therefore, under rule 144 of the GSI Rules, the Amending Rules in this Rule Change Proposal must be approved by the Minister.

Next steps

The Amending Rules are proposed to commence on **8.00 AM** on **01 January 2015**, subject to Ministerial approval of the Amending Rules contained in this report.

1. Rule change process and timetable

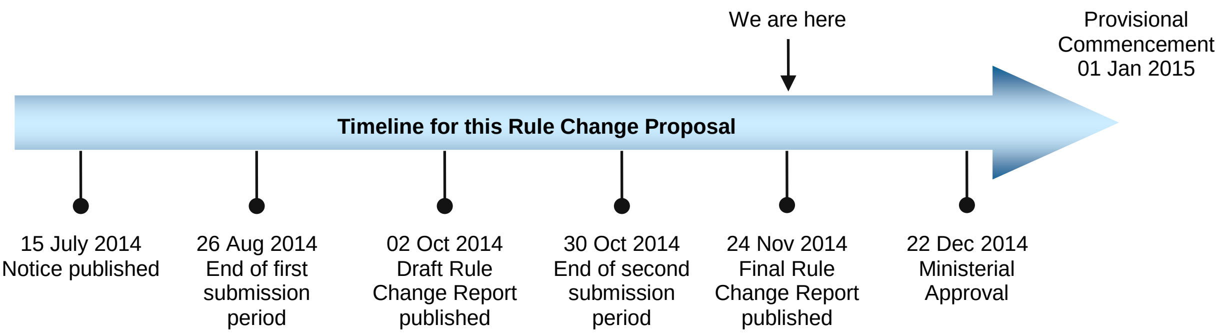
On 9 July 2014, the Public Utilities Office (PUO) submitted, on behalf of the Minister, a Rule Change Proposal regarding a change to the methodology used to allocate Gas Service Information (GSI) Fees to include Registered Production Facility Operators. The PUO proposed changes to:

- introduce new subrules 115A(1), 115A(2), 115A(3), 117(3) and 117(4) of the GSI Rules;
- amend rule 114 and subrules 118(1), 118(3), 118(4), 119(4), 119(5), 119(6), 119(7), 120(1), 120(2), 120(3), 120(4) and Schedule 1 of the GSI Rules;
- amend rule 116 to introduce three new subrules 116(1), 116(2) and 116(3) of the GSI Rules; and
- amend the explanatory note associated with subrule 119(2) of the GSI Rules.

This proposal is being processed using the Standard Rule Change Process, described in rules 135 to 137 of the GSI Rules.

In accordance with subrule 141(1) of the GSI Rules, the IMO extended the timeframe for the date of publication of the Draft Rule Change Report by six Business Days to allow sufficient time for the IMO and its Board to consider in detail the submissions received during the first submission period and those received out of session. The notices of extension were published on 23 September and 26 September 2014.

The key dates in processing this Rule Change Proposal are:



The IMO published this Final Rule Change Report on 24 November 2014, three Business Days before the due date.

2. Proposed amendments

2.1. The Rule Change Proposal

The PUO proposed to amend the GSI Fee allocation methodology to recover the cost of providing GSI Services from both Registered Shippers and Registered Production Facility Operators. Currently, the cost of providing GSI Services is recovered from Registered Shippers only. The PUO considered that GSI Fees should be recovered from participants across the gas supply chain. This was on the basis that the costs should be allocated to those who benefit from the GSI Services. The PUO noted that both buyers and sellers of gas are likely to benefit from the information provided by the GSI Services.

The PUO proposed to:

- amend rule 114 along with subrules 118(1), 118(3), 118(4), 119(4), 119(5), 119(6), 119(7), 120(1), 120(2), 120(3), 120(4), the explanatory note associated with subrule 119(2) and Schedule 1 of the GSI Rules and introduce new subrules 117(3) and 117(4) of the GSI Rules to reflect that GSI Fees are recovered from Registered Shippers and Registered Production Facility Operators and to include Registered Production Facility Operators in the invoicing process;

- create a new rule 115A including new subrules 115A(1), 115A(2) and 115A(3) and amend Schedule 1 of the GSI Rules to introduce the calculation of the Aggregated Daily Actual Flow Data as the basis on which to apportion GSI Fees within the group of Registered Production Facility Operators; and

- amend rule 116 to include three subrules 116(1), 116(2) and 116(3) of the GSI Rules to introduce the equal allocation of GSI Fees between Registered Shippers and Registered Production Facility Operators and provide for the volumetric distribution of GSI Fees within each of these two groups.

The PUO also recognised that the current definition of Aggregated Shipper Delivery Quantity does not prevent the double counting of natural gas shipped through Storage Facilities as it does with GBB Pipelines. The PUO noted that this disadvantages Registered Shippers storing gas in Storage Facilities. The PUO therefore also proposed to amend the definition of Aggregated Shipper Delivery Quantity in Schedule 1 of the GSI Rules to remove the double counting.

Full details of the Rule Change Proposal is available at: www.imowa.com.au/GRC_2014_01.

2.2. The IMO's initial assessment of the proposal

The IMO decided to proceed with the proposal on the basis that section 4 of the Rule Change Proposal indicated that the proposed amendments would better address the GSI Objectives. The IMO therefore considered that Gas Market Participants should be given an opportunity to provide submissions on the proposal.

2.3. Protected Provisions, Reviewable Decisions and Civil Penalty Provisions

Subrules 36(3), 118(1), 118(3) and 119(5) of the GSI Rules which are proposed to be amended are Category A Civil Penalty Provisions and the proposed new subrule 115A(3) of the GSI Rules is also proposed to be added as a Category A Civil Penalty Provision. As these subrules are (or are proposed to be) Civil Penalty Provisions they are therefore Protected Provisions under rule 142 of the GSI Rules.

Furthermore, the IMO notes that subrules 36(3) and 36(4) and rule 120 of the GSI Rules, which are proposed to be amended, are Protected Provisions under subrule 142(2) of the GSI Rules.

As the Amending Rules in this Rule Change Proposal modify Protected Provisions, this Rule Change Proposal requires Ministerial approval under rule 144 of the GSI Rules.

The IMO also notes that the addition of a new Civil Penalty Provision requires amendments to Schedule 1 of the *Gas Services Information Regulations 2012* (GSI Regulations).

The IMO also notes that some proposed amendments affect other subrules of the GSI Rules which are Protected Provisions and/or Civil Penalty Provisions. However, the IMO does not consider any of these consequential amendments to affect the operation of the GSI Rules, expect to the extent of the amendments considered in this Rule Change Proposal.

The IMO has engaged with the PUO to progress these amendments and the necessary changes to Schedule 1 of the GSI Regulations.

3. Consultation

3.1. The Gas Advisory Board

A pre Rule Change Proposal was presented to the Gas Advisory Board (GAB) at its 18 February 2014 meeting. GAB members discussed the merits of allocating costs to Registered Production Facility Operators. At the meeting, GAB members had polarised views with respect to the concept of the allocation of GSI Fees to Registered Production Facility Operators. Additionally, GAB members discussed the different options of including Registered Production Facility Operators into the GSI Fee allocation methodology, including the option to split the GSI Fees between Registered Production Facility Operators and Registered Shippers equally, on a volumetric basis or based on the number of Registered Participants.

Mr Pete Di Bona noted that the proposed approach was a change from the simple principle that was agreed and adopted in 2012, which was implemented to avoid the administrative complexities associated with allocation of fees, and questioned what was driving the changes proposed. Dr Natalia Kostecki noted that at the time, the PUO agreed with the approach adopted but noted that the Minister believes that the allocation of the GSI Fees should be based on the benefits received, and therefore should also be levied on producers.

The PUO revised the pre Rule Change Proposal which was again presented to the GAB at the 20 May 2014 meeting. The pre Rule Change Proposal outlined the PUO's preferred option to allocate GSI Fees equally between Registered Shippers and Registered Production Facility Operators. GAB members reiterated their general views on the proposal and made the following comments:

- Mr Di Bona noted that the IMO had considered this issue in development of the GSI Rules and decided that it was more efficient to levy the fees on the Registered Shippers only. The Chair noted that the IMO had determined that both methods would be consistent with the GSI Objectives.

- Mr Di Bona expressed his concern that the fee structure had only recently been established and that such a significant change early in the operation of the GSI Rules would set a precedent. Mr Stan Reid noted that rules were necessarily revisited regularly and changed over time.

- Mr Mark Cooper noted that end-users should be the ultimate beneficiaries of the GSI Services and therefore should bear the costs. He further noted that shippers should be best placed to pass this cost on.

- Mr Andrew Sutherland noted that the basis on which the current arrangement was made was that shippers were able to pass the cost on, which is an assumption that doesn't necessarily hold true.

- Mr Di Bona questioned what method was used to allocate fees on the east coast and what the justification was. The Chair and Mr John Jamieson noted that the fees were similarly levied on shippers and that they expected that this was because shippers were perceived to be in the best place to pass the costs through to the end-users and the arrangement reduces the overall administrative burden.

- Mr Ian Mumford and Mr Chris Campbell considered that the provision of information under the GSI Rules benefitted the whole market and therefore believed that a 50/50 split was reasonable.

- Mr Hans Niklasson considered that if there is value to both shippers and producers, the costs should be split accordingly.

The PUO informed the GAB that the Rule Change Proposal would be submitted into the formal process on the basis of an equal split between Registered Shippers and Registered Production Facility Operators and then split within these groups on the basis of volume.

The PUO formally submitted the proposal into the Standard Rule Change Process on 9 July 2014. The IMO published the Rule Change Notice and Proposal on 15 July 2014.

Following the proposal's submission into the formal process, at the 16 July 2014 GAB meeting the PUO noted that it had also included in the Rule Change Proposal amendments to the definition of Aggregated Shipper Delivery Quantity to prevent the double counting of gas shipped through a Storage Facility.

Further details are available in the GAB meeting minutes available at: www.imowa.com.au/GAB.

3.2. Submissions received during the first submission period

The first submission period for this Rule Change Proposal was held between 16 July and 26 August 2014. During the submission period, submissions were received from Alcoa of Australia (Alcoa), the Australian Petroleum Production and Exploration Association (APPEA) and Synergy. The IMO also received out of session submissions from Alinta Energy (Alinta), Apache Energy (Apache) and North West Shelf Gas.

In their submissions Alcoa, Alinta and Synergy supported the allocation of GSI Fees between Registered Shippers and Registered Production Facility Operators. Alcoa and Synergy also supported the removal of the double counting of the gas shipped through Storage Facilities. Alcoa also identified the benefit that sharing the costs for GSI Services across both user groups would be likely to encourage greater participation and further development of the GSI and considered the proposal would better achieve all of the GSI Objectives.

In their submissions Apache, APPEA and North West Shelf Gas did not support the proposed change to the GSI Fee allocation method and considered that the proposed amendments would not be consistent with the GSI Objectives. Each of these parties submitted that it would likely incur additional costs due to the increased administration and would ultimately not change the party paying the fees as it is likely that Registered Production Facility Operators will pass these costs through to their customers (shippers).

A copy of all submissions in full received during the first submission period is available at: www.imowa.com.au/GRC_2014_01.

3.3. The IMO's response to submissions received during the first submission period

The IMO's response to submissions received during the first submission period is detailed in section 4.3 of the Draft Rule Change Report, available at: www.imowa.com.au/GRC_2014_01.

3.4. Additional amendments following the first submission period

Following the first submission period, the IMO made some additional changes to the proposed Amending Rules including:

- subrule 115A(3) and Schedule 1 of the GSI Rules to include the situation where a Registered Production Facility Operator is given an exemption in respect to providing Daily Actual Flow Data and it is instead provided by a Registered Pipeline Operator;
- rules 119 and 120 of the GSI Rules to clarify that GSI Invoices are issued to Registered Participants rather than Gas Market Participants more broadly; and
- Schedule 1 of the GSI Rules to further amend the wording of the definition of the Daily Actual Flow Data to ensure that estimated data from Registered Pipeline Operators and Registered Production Facility Operators may only be used in cases where meter data is not available.

The additional changes the IMO made to the proposed Amending Rules following the first submission period are detailed in the Appendix 1 of the Draft Rule Change Report, available at: www.imowa.com.au/GRC_2014_01.

3.5. Submissions received during the second submission period

The second submission period was held between 3 October and 30 October 2014. The IMO received one submission from APPEA.

APPEA stated that it was difficult to see how the Rule Change Proposal would better achieve the GSI Objectives.

In its submission, APPEA noted that the proposed amendments would increase the regulatory, cost and administrative burden. APPEA also stated that it is likely that Registered Production Facility Operators would pass through the costs associated with this Rule Change Proposal to Registered Shippers.

A copy of APPEA's submission in full received during the second submission period is available at: www.imowa.com.au/GRC_2014_01.

3.6. The IMO's response to submissions received during the second submission period

The IMO's response to each of the issues identified during the second submission period is presented in the table over the page:

Submitter	Comment/Change Requested	IMO's Response
1. Timing of proposed change		
APPEA	APPEA comments that the proposed rule change represents a significant shift in public policy and requests a more thorough approach to public policy.	The IMO notes that the PUO has submitted this Rule Change Proposal on behalf of the Minister.
2. Achievement of the GSI Objectives		
APPEA	APPEA notes that rule changes at odds with recently concluded lengthy regulatory consultation processes would erode investors' confidence.	The IMO remains of its view that rules necessarily change over time, with the rule change process designed to enable these changes in an orderly manner and in consultation with stakeholders. The IMO notes that, as outlined in section 6.1 of the Draft Rule Change Report, the GSI Fees for Registered Production Facility Operators under the proposed allocation methodology are estimated to be around 0.33 cents per gigajoule (around 0.07% of the average price of $4.69 for domestic gas[1]). The IMO therefore considers that this Rule Change Proposal has minimal financial impact with respect to investment decisions in the gas industry as a whole. On this basis, the IMO is of the opinion that the implementation of the proposed changes is unlikely to erode investors' confidence and therefore is not inconsistent with GSI Objective (c).

[1] Source: Government of Western Australia Department of Mines and Petroleum available at: http://www.dmp.wa.gov.au/1521.aspx.

Submitter	Comment/Change Requested	IMO's Response
APPEA	APPEA comments that it is difficult to see how shifting part of the costs of GSI Services away from the Registered Shippers would better achieve the GSI Objectives.	As stated in the Second Consultation Draft of the GSI Rules: Response to Submissions and the Draft Rule Change Report, the IMO notes that the proposed approach is consistent with the GSI Objectives and the legislative framework. The IMO notes that rule 127 of the GSI Rules sets out the rule making test as follows: "the IMO must not make Amending Rules unless it is satisfied that the Rules, as proposed to be amended or replaced, are consistent with the GSI Objectives." As outlined in section 6.2 of this report, the IMO considers that the proposed amendments meet the requirements of the rule making test.
4. Benefits of the Rule Change Proposal		
APPEA	APPEA notes that the Draft Rule Change Report acknowledges that there is no analysis of the merits of the Rule Change Proposal.	The IMO acknowledges that the PUO did not quantify the merits of the proposed changes in its Rule Change Proposal. However, the IMO has addressed the merits of the proposed changes in section 5 of the Draft Rule Change Report. The IMO's final assessment of this Rule Change Proposal is provided in section 6 of this Final Rule Change Report.
APPEA	APPEA notes that there is no assessment of the benefits of the Rule Change Proposal for gas producers.	The IMO acknowledges that the proposed changes will shift costs from Registered Shippers to Registered Production Facility Operators who currently do not incur GSI Fees. The IMO recognises that therefore Registered Production Facility Operators are negatively affected by this Rule Change Proposal. However, as noted in section 5 of the Draft Rule Change Report and section 6 of this Final Rule Change Report, the IMO considers that this Rule Change Proposal will improve equity of the GSI Fee allocation by equally sharing the costs between the parties who are among the key direct beneficiaries of the GSI Services.

Submitter	Comment/Change Requested	IMO's Response
5. Costs of the Rule Change Proposal		
APPEA	APPEA states that the Rule Change Proposal would add a layer of regulatory, cost and administrative burden.	The IMO acknowledges the potential for additional processes (and associated costs) related to enabling Registered Production Facility Operators to pass the GSI Fees on to their customers (shippers). The IMO notes that Registered Production Facility Operators will already have the processes and systems in place to invoice shippers and therefore does not expect these additional administrative burdens and costs to be material.
6. Potential of Registered Production Facility Operators passing through the costs to Registered Shippers		
APPEA	APPEA comments that it is likely that Registered Production Facility Operators will recover the invoiced GSI Fees and any additional costs associated with this Rule Change Proposal from its customers (Registered Shippers).	Noted.
APPEA	APPEA notes that the IMO acknowledges that the Rule Change Proposal will place additional costs and administrative burden on gas shippers, above and beyond existing cost recovery arrangements.	The IMO notes both submissions received from Registered Shippers in the first consultation period were supportive of the Rule Change Proposal. Furthermore, Alcoa stated in its submission that it will not incur any additional costs as a result of this Rule Change Proposal.
7. Proposed Rule Change Commencement Date		
APPEA	APPEA comments that, should the IMO proceed with the Rule Change Proposal, APPEA would like the new cost recovery arrangements to commence from 1 July 2015.	The IMO notes that no Gas Market Participant has provided any reasons as to why the proposed Amending Rules should not commence on the proposed date (1 January 2015). Further, APPEA does not give any reasons for the suggested commencement date. The IMO notes that, considering the timeframe of the invoicing process, the liability incurred from 1 January 2015 would be invoiced in May 2015 and would not need to be paid until mid-June 2015. This timeline is consistent with the timeframe suggested by APPEA and the IMO considers this provides sufficient time for all parties to prepare for the changes.

3.7. Public forums and workshops

No public workshop was held in regard to this Rule Change Proposal.

4. The IMO's draft assessment

The IMO's draft assessment against rules 127 and 128 of the GSI Rules and analysis of the Rule Change Proposal are provided in section 5 of the Draft Rule Change Report available at: www.imowa.com.au/GRC_2014_01.

5. The IMO's proposed decision

The IMO's proposed decision was to accept the Rule Change Proposal as modified following the first submission period.

The wording of the relevant Amending Rules was presented in section 7 of the Draft Rule Change Report.

The IMO made its proposed decision on the basis that:

- the proposed Amending Rules were consistent with the GSI Objectives and would better achieve GSI Objectives (c) and (d);
- the additional costs associated with the proposed changes were considered to be minor;
- the proposed changes would recognise that the GSI Services provide benefits to Gas Market Participants across the whole value chain and provide for greater equity among Registered Production Facility Operators and Registered Shippers and should support greater participation in the GSI Services; and
- while recognising that no Gas Market Participant wants to pay GSI Fees, the GSI Fees for Registered Production Facility Operators under the proposed allocation methodology were estimated to be around 0.33 cents per gigajoule[2] (based on the current GSI Budget and share proposed to be allocated to Registered Production Facility Operators) and therefore the allocation of fees was not considered to have a significant impact on Registered Production Facility Operators in the context of the Western Australian gas market. The IMO also noted the intent of Registered Production Facility Operators to pass these costs through to their customers.

6. The IMO's final assessment

In preparing its Final Rule Change Report, the IMO must assess the Rule Change Proposal in light of rules 127 and 128 of the GSI Rules.

Rule 127 of the GSI Rules states that the IMO "must not make Amending Rules unless it is satisfied that the Rules, as proposed to be amended or replaced, are consistent with the GSI Objectives".

[2] This is calculated as 50% of the current GSI Fee for Registered Shippers under the current GSI Fee allocation, which was 0.658 cents per gigajoule in the most recent GSI Invoice Period being the GSI Invoice Period commencing on 1 July 2014.

Additionally, rule 128 of the GSI Rules states that, when deciding whether to make Amending Rules, the IMO must have regard to the following:

- any applicable policy direction given to the IMO under rule 126 of the GSI Rules;
- the practicality and cost of implementing the Rule Change Proposal;
- the relevant views expressed in any submissions received by the IMO on the Rule Change Proposal;
- the relevant views expressed at any public forums or workshops, or in other consultation with Gas Market Participants, held by the IMO on the Rule Change Proposal;
- the relevant views expressed by the GAB where it met to consider the Rule Change Proposal; and
- any information that the IMO considers necessary to assess the Rule Change Proposal.

The IMO notes that there has not been any applicable policy direction from the Minister in respect of this Rule Change Proposal. A summary of the views expressed in submissions, workshops and public forums and by the GAB is available in section 3 of this Final Rule Change Report.

The IMO's assessment of the Rule Change Proposal, inclusive of the further amendments made following the first submission period, is outlined in the following sub-sections.

6.1. Additional amendments to the proposed Amending Rules

Following the second public submission period, the IMO has made some minor additional changes to the proposed Amending Rules:

- The IMO amended the new subrule 115A(3) of the GSI Rules to clarify that Facility operators are required to provide updated information to the IMO irrespective of how they become aware of a change in the Daily Actual Flow Data.
- The IMO amended subrules 36(3) and 36(4) of the GSI Rules to expand its ability to impose obligations on a deregistered party to require it to pay outstanding fees, to include Registered Production Facility Operators.

The changes the IMO has made to the Amending Rules presented in the Draft Rule Change Report are outlined in detail in Appendix 1 of this report.

6.2. GSI Objective assessment

The IMO considers that the GSI Rules as a whole, if amended as presented in section 8 of this report, will not only be consistent with the GSI Objectives but also allow the GSI Rules to better achieve GSI Objectives (c) and (d).

The IMO considers that the proposed amendments to allocate costs between Registered Shippers and Registered Production Facility Operators are consistent with the GSI Objectives.

While the proposal does have the potential to increase administration costs, the IMO considers these would be minor in the context of the costs incurred in the gas industry. The IMO is therefore of the opinion that the implementation of the proposed changes is unlikely to erode investors' confidence and therefore is not inconsistent with GSI Objective (c).

The IMO has identified a number of potential benefits associated with the proposed changes to increase the equity of the allocation of GSI Fees, including that it would:

- better reflect the direct beneficiaries of the GSI Services without significantly increasing the complexity of the cost allocation;

- promote a more equitable share of costs and benefits of any further developments of GSI Services; and

- encourage an increased participation of Registered Production Facility Operators in the GSI Services and therefore, the quality of the GSI Services.

The IMO notes that the GSI Objectives (b) and (c) are designed to consider the appropriate balance of costs and benefits through the use of the term 'efficient' as it applies to the operation and use of, and investment in, natural gas services in the State, respectively. The IMO has considered the proposed changes with this in mind, and considers that, on balance, the benefits of a more equitable allocation of the GSI Fees amongst the beneficiaries of the GSI Services would offset any potential costs.

The IMO considers that the proposed amendments to remove the double counting of gas shipped through a Storage Facility will better achieve GSI Objectives (c) and (d) and are consistent with the remaining GSI Objectives as they will ensure that:

- Gas Market Participants do not make inefficient investment or operational decisions by avoiding the use of Storage Facilities on the basis of the additional costs involved, therefore supporting efficient investment in natural gas services; and

- Registered Shippers who ship gas through a Storage Facility are not financially penalised in the form of additional GSI Fees for doing so, thereby facilitating competition in the use of natural gas services.

6.3. Practicality and cost of implementation

GSI Fee allocation

The IMO expects to incur costs of around $8,500 to develop and implement a new report from the GBB compiling the Aggregated Daily Actual Flow Data and make minor changes to the invoicing methodology and processes to facilitate the IMO invoicing Registered Production Facility Operators. These costs can be met from within the IMO's existing budget.

The IMO does not expect Registered Shippers to incur any costs associated with proposed changes, consistent with the view expressed in Alcoa's submission.

North West Shelf Gas and Apache anticipate the need to introduce new processes to administer passing through the GSI Fees to their customers (shippers). The IMO notes that the submissions did not quantify these costs. However, the IMO does not expect these costs to be significant. It should be noted that North West Shelf Gas also indicated that producers may incur costs associated with the pass through of costs under some contracts. However, the IMO considers that more robust contracts would allow the pass through of these additional costs with little or no associated cost.

The IMO notes, that with the proposed commencement date of 1 January 2015, the liability incurred from that date would be invoiced in May 2015 and would not need to be paid until mid-June 2015. The IMO therefore considers that the proposed commencement date of 1 January 2015 allows sufficient time for the IMO and Gas Market Participants to implement the required changes.

Removal of double counting

DBNGP (WA) Transmission (DBP) is the only Registered Pipeline Operator with a Delivery Point to a GBB Storage Facility and therefore the only party required to implement system changes in respect of the proposed changes. The IMO engaged with DBP regarding the effort and costs associated with adjusting its calculation of Aggregated Shipper Delivery Quantities. Due to the proposed change in the definition, DBP notes that it will need to implement an additional report for submission to the GBB, which excludes delivery quantities for Delivery Points feeding into a GBB Storage Facility. DBP anticipates that these changes will cost around $2,000 to develop the new report. DBP also notes that it will incur similar additional annual costs to maintain the new report.

The IMO does not expect to incur any costs associated with the proposed changes to remove the double counting of gas through a Storage Facility.

General

The IMO notes that the Rule Change Proposal contains amendments to Protected Provisions and Civil Penalty Provisions and also introduces a new subrule which is proposed to be a Civil Penalty Provision. Therefore, under rule 144 of the GSI Rules, the Amending Rules in this Rule Change Proposal must be approved by the Minister.

The IMO has engaged with the PUO to progress these amendments and the addition of the new Civil Penalty Provision to Schedule 1 of the GSI Regulations.

The IMO notes that if the Minister does not approve the Amending Rules before 1 January 2015, the commencement of the Amending Rules will need to be delayed until the beginning of next GSI Invoice Period on 1 April 2015.

Amendments to associated GSI Procedures

The IMO has identified that both GSI Procedures: Registration, Deregistration, Exemptions and Transfer and Operation of the Gas Bulletin Board and the Emergency Management Facility require minor amendments to reflect the proposed GSI Fee allocation methodology.

The IMO presented a Procedure Change Proposal regarding necessary amendments to these GSI Procedures to the GAB at its 17 October 2014 meeting. The IMO formally submitted the proposal into the procedure change process and published the Procedure Change Proposal on 20 October 2014. The IMO will publish the Procedure Change Report and amended GSI Procedures prior to the commencement of the Amending Rules.

7. The IMO's decision

Based on the matters set out in this report, the IMO's decision is to accept the Rule Change Proposal as modified following the first and second submission periods.

7.1. Reasons for the decision

The IMO's reasons for its decision are presented below.

GSI Fee allocation

As stated in the Second Consultation Draft of the GSI Rules: Response to Submissions, and the Draft Rule Change Report, the proposed amendments to allocate GSI Fees equally between Registered Shippers and Registered Production Facility Operators are consistent with the GSI Objectives.

The IMO notes that all parties across the gas market value chain benefit from the provision of information by an independent source. The IMO considers that the GSI Services (operation of the GBB and publication of the Gas Statement of Opportunities (GSOO)) increase transparency in the gas market and reduce the effort of compiling the provided information for all Gas Market Participants. The IMO notes that Registered Shippers currently bear the entire cost of the provision of these services. The IMO considers that the proposed changes will increase the equity of the fee allocation method to better reflect the beneficiaries of these services.

The IMO notes that, in particular, Registered Production Facility Operators benefit from the GSOO, which uses information from the GBB in its analyses. The GSOO provides a 10 year outlook on the Western Australian gas market, improves transparency and highlights opportunities for investment. Hence the GSOO provides valuable information supporting investment decisions and risk management as well as an efficient Western Australian gas market, which is of benefit for Registered Production Facility Operators, Registered Shippers and the whole gas industry.

In its submission, Synergy noted that to achieve the most equitable cost allocation, the costs for the GSI Services would need to be allocated across the entire gas industry. However, Synergy acknowledged that this would significantly increase the complexity of the cost allocation methodology. The IMO notes that the proposed changes will provide for greater equity among the key beneficiaries without significantly increasing the complexity of the cost allocation methodology.

Alcoa suggests that allocating part of the costs of the GSI Services to Registered Production Facility Operators is likely to increase their participation in the GSI Services, as they are more likely to be more interested in the quality and the outcome of the GSI Services if they are charged for the services. The IMO notes that increasing the participation of Registered Production Facility Operators in the provision of GSI Services is likely to increase the willingness to provide information and increase the robustness of the information used as inputs into the GBB and GSOO, and therefore increase the quality of the GSI Services.

The IMO notes that some producers (APPEA, Apache and North West Shelf Gas) indicated that the proposed changes may require some parties to update or renegotiate gas sales agreements to allow Registered Production Facility Operators to pass on their share of the costs for the GSI Services to Registered Shippers. However, the IMO understands that the majority of contracts contain provisions under which these costs may be passed on and would therefore not incur significant additional cost.

While the proposal does have the potential to increase administration costs, the IMO considers these would be minor in the context of the costs incurred in the gas industry. The GSI Fees to be incurred by Registered Production Facility Operators under the proposed allocation methodology are estimated to be around 0.33 cents per gigajoule[3] (around 0.07% of the average price of $4.69 for domestic gas[4]). The IMO therefore considers that it will not have a significant impact on Registered Production Facility Operators in the context of the costs incurred in the Western Australian gas market and will not be inconsistent with GSI Objective (c).

On the basis of the above, the IMO considers that the proposed changes to allocate GSI Fees between producers and shippers will achieve a more equitable direct cost allocation on the basis of the beneficiaries of the GSI Services.

Removal of double counting

The proposed amendments to remove the double counting of gas shipped through a Storage Facility better achieve GSI Objectives (c) and (d) and are consistent with the remaining GSI Objectives.

The IMO notes that in the development of the GSI Rules, the transfer of gas between GBB Pipelines was expressly excluded from incurring GSI Fees but Storage Facilities were not. The IMO notes that the proposed changes correct this oversight that could otherwise have led to perverse outcomes including financial penalties in the form of additional GSI Fees or inefficient investment decisions to avoid shipping gas through a Storage Facility.

The IMO has also consulted with DBP, the only Gas Market Participant required to implement system changes in respect to these proposed amendments. The IMO acknowledges the additional costs that will be incurred by DBP but considers that the benefits of the correction of this oversight outweigh these minor costs.

All submission received were supportive of the proposed changes to remove the double counting of gas shipped through a Storage Facility.

7.2. Proposed commencement

The Amending Rules are proposed to commence on **8.00 AM** on **01 January 2015**, subject to Ministerial approval of the Amending Rules contained in this report.

[3] This is calculated as 50% of the current GSI Fee for Registered Shippers under the current GSI Fee allocation, which was 0.658 cents per gigajoule in the most recent GSI Invoice Period beeing the GSI Invoice Period commencing on 1 July 2014.

[4] Source: Government of Western Australia Department of Mines and Petroleum, available at: http://www.dmp.wa.gov.au/1521.aspx.

8. Amending Rules

The proposed Amending Rules as presented in the Rule Change Proposal and amended following the first and second submission periods are as follows (~~deleted text~~, <u>added text</u>):

36 Deciding application for deregistration of Registered Participants

…

(3) In deciding to deregister a Registered ~~Shipper~~<u>Participant</u>, the IMO may impose obligations on the deregistered party, who must comply with those obligations.

Note: This subrule is a civil penalty provision for the purposes of the GSI Regulations. (See the GSI Regulations, regulation 15 and Schedule 1).

(4) Without limitation, an obligation imposed on a deregistered party under subrule (3) may:

- (a) require compliance with specified requirements of the Rules, with any modifications specified by the IMO; and
- (b) require payment of any outstanding fees payable under the Rules by a Registered Shipper<u> or Registered Production Facility Operator</u>.

…

114 IMO may recover GSI Services costs

For each Financial Year, the IMO may recover from Registered Shippers<u> and Registered Production Facility Operators</u> an amount equal to the Approved Annual Revenue for that Financial Year.

…

<u>115A Calculation of Aggregated Daily Actual Flow Data</u>

<u>(1) The IMO must calculate the Aggregated Daily Actual Flow Data for each Registered Production Facility Operator for each GSI Invoice Period, within 20 Business Days after the end of the period.</u>

<u>(2) Aggregated Daily Actual Flow Data must include the quantities injected for each Gas Day that starts in that GSI Invoice Period.</u>

<u>(3) If the Registered Participant providing the Daily Actual Flow Data for a Registered Production Facility under either rule 60 or subrule 73(1) becomes aware of a change to the Daily Actual Flow Data for a Registered Production Facility for a particular GSI Invoice Period (but no later than one year after the end of that period) then the operator must provide the IMO with an updated version of the relevant quantities for that period as soon as practicable.</u>

<u>*Note: This subrule is a civil penalty provision for the purposes of the GSI Regulations. (See the GSI Regulations, regulation 15 and Schedule 1).*</u>

116 Basis for calculation of GSI Fees ~~for Registered Shipper~~

(1) ~~The GSI Fee F for a Registered Shipper s for GSI Invoice Period p in Financial Year y is calculated as:~~

~~F(s,p) = ((Budget(y) * days in p / days in y) + U(p) – UR(p))~~

~~* DG(s,p) / TG(p)~~

The GSI Fees F for the GSI Invoice Period p in Financial Year y is calculated as:

$$F(p) = Budget(y) \times \frac{days\ in\ p}{days\ in\ y} + U(p) - UR(p)$$

W~~w~~here:

$Budget(y)$ ~~Budget (y)~~ is:

(a) if the Minister has approved the GSI Budget Proposal for Financial Year y, the Approved Annual Revenue for Financial Year y; or

(b) if the Minister has not yet approved the GSI Budget Proposal for Financial Year y, the Approved Annual Revenue for the previous Financial Year;

$U(p)$ ~~U(p)~~ is the sum of any GSI Fees invoiced for preceding GSI Invoice Periods but unpaid at the time GSI Fees for GSI Invoice Period p are invoiced and which the IMO reasonably believes it will not be able to recover from the party invoiced (and has not been previously reallocated ~~to Registered Shippers~~ as a U(p) amount); and

$UR(p)$ ~~UR(p)~~ is the sum of any amounts included in the calculation of U for a preceding GSI Invoice Period which have been recovered since the GSI Fees for GSI Invoice Period p-1 were invoiced~~;~~.

(2) The GSI Fee for the GSI Invoice Period p for a Registered Shipper s is calculated as:

$$f(s,p) = 0.5 \times F(p) \times \frac{DG(s,p)}{TDG(p)}$$

Where:

$DG(s,p)$ ~~DG(s,p)~~ is the total of the Aggregated Shipper Delivery Quantities for each Registered Shipper s and GSI Invoice Period p from all GBB Pipelines that provided the shipper with a pipeline service in GSI Invoice Period p; and

$TDG(p)$ ~~TG(p)~~ is the sum of the ~~DG(s,p)~~$DG(s,p)$ quantities for all Registered Shippers- for GSI Invoice Period p.

(3) The GSI Fee for the GSI Invoice Period p for a Registered Production Facility Operator x is calculated as:

$$f(x,p) = 0.5 \times F(p) \times \frac{PG(x,p)}{TPG(p)}$$

Where:

$PG(x,p)$ is the total of the Aggregated Daily Actual Flow Data for Registered Production Facility Operator x and for the GSI Invoice Period p as calculated by the IMO under rule 115A; and

$TPG(p)$ is the sum of the $PG(x,p)$ quantities for all Registered Production Facility Operators and for the GSI Invoice Period p.

117 IMO to issue GSI Invoice

…

(3) Where the IMO is able to calculate the Aggregated Daily Actual Flow Data under rule 115A within 20 Business Days after the end of the relevant GSI Invoice Period, the IMO must, within 30 Business Days of the end of that period:

(a) calculate the GSI Fee for each Registered Production Facility Operator for that period in accordance with rule 116; and

(b) issue a GSI Invoice to each Registered Production Facility Operator for that period.

(4) Where the IMO is not able to calculate the Aggregated Daily Actual Flow Data under rule 115A within 20 Business Days after the end of the relevant GSI Invoice Period, the IMO may:

(a) issue a GSI Invoice later than the time specified in subrule (3); or

(b) calculate the GSI Fees and issue GSI Invoices in accordance with subrule (3) based on the best data available to the IMO.

118 Obligation to pay GSI Invoice

(1) Subject to subrules (2) and (4), a Registered Shipper or Registered Production Facility Operator must pay a GSI Invoice within 10 Business Days after the receipt of the invoice, regardless of whether there is a dispute regarding the invoice under rule 120.

Note: This subrule is a civil penalty provision for the purposes of the GSI Regulations. (See the GSI Regulations, regulation 15 and Schedule 1).

…

(3) A Registered Shipper or Registered Production Facility Operator must pay a replacement invoice within 10 Business Days after receipt of the invoice, regardless of whether there is a dispute regarding the invoice under rule 120.

Note: This subrule is a civil penalty provision for the purposes of the GSI Regulations. (See the GSI Regulations, regulation 15 and Schedule 1).

(4) A Registered Shipper or Registered Production Facility Operator is not required to pay a GSI Invoice if the invoice is for an amount of less than one dollar.

119 Review of GSI Fee calculation

…

(2) The IMO may also, subject to subrule (3), recalculate the GSI Fees for a GSI Invoice Period at any other time if it considers it appropriate in all the circumstances.

Note: For example, this could be a manifest error in the original calculations, or notification of a significant change to Aggregated Shipper Delivery Quantities or Aggregated Daily Actual Flow Data.

…

(4) Where the IMO recalculates GSI Fees for a GSI Invoice Period, the IMO must send an Adjustment GSI Invoice to each Registered Shipper or Registered Production Facility Operator, as applicable.

(5) A Registered Shipper or Registered Production Facility Operator must, within 10 Business Days of receiving an Adjustment GSI Invoice, pay any amounts owing.

Note: This subrule is a civil penalty provision for the purposes of the GSI Regulations. (See the GSI Regulations, regulation 15 and Schedule 1).

(6) Where an Adjustment GSI Invoice reduces the amount payable by a Registered Shipper or Registered Production Facility Operator, the IMO must credit the relevant amount to the next GSI Invoice issued under rule 117 to ~~that shipper~~ the relevant Registered Participant.

(7) Where a Registered Shipper or Registered Production Facility Operator is no longer registered with the IMO and has a credit balance, the IMO must, as soon as practicable, pay the amount ~~to the shipper~~ by direct bank transfer to an account nominated by ~~the Shipper~~ the relevant Gas Market Participant.

120 Disputes regarding GSI Invoices

(1) If a Registered Shipper or Registered Production Facility Operator wishes to dispute a GSI Invoice received from the IMO, it must notify the IMO of the disputed invoice within 10 Business Days after receiving the invoice and the Registered ~~Shipper~~ Participant and the IMO must seek to resolve that dispute in accordance with the dispute resolution process set out in this rule.

(2) To resolve the dispute:

(a) ~~the Registered Shipper~~the relevant Registered Participant must, when notifying the dispute to the IMO, inform the IMO of the reasons for it disputing the GSI Invoice;

(b) the IMO must provide sufficient information to ~~the Registered Shipper~~ the relevant Registered Participant regarding the calculation of the disputed amount, within 10 Business Days of the dispute being notified;

(c) a nominated representative of ~~each of the Registered Shipper~~ the relevant Registered Participant and the IMO must seek to resolve the dispute within 10 Business Days of the IMO providing the necessary information to the Registered ~~Shipper~~Participant; and

(d) if the dispute is not resolved by the nominated representatives as referred to in subrule (2)(c):

   (i) where the IMO and ~~the Registered Shipper~~ the relevant Registered Participant can agree on a means of resolving the dispute by mediation, expert determination or some other similar alternative dispute resolution mechanism, the IMO and ~~the Registered Shipper~~ the relevant Registered Participant must use that mechanism; or

   (ii) in the event that the IMO and ~~the Registered Shipper~~ the relevant Registered Participant are unable to agree on a dispute resolution mechanism, either party may commence proceedings before a court of competent jurisdiction in relation to the dispute.

(3) If, as a result of the resolution of a dispute regarding a GSI Invoice, the IMO is obliged to repay to a Registered Shipper or Registered Production Facility Operator part or the whole of an amount received under rule 118, then the IMO must repay the amount (at the option of ~~the Registered Shipper~~ the relevant Gas Market Participant) either:

(a) by way of a credit on the next GSI Invoice issued under rule 117 for a GSI Invoice Period; or

(b) by a payment to ~~the Registered Shipper~~ the relevant Gas Market Participant within 10 Business Days after the day resolution is reached.

(4) If as a result of the resolution of a dispute regarding a GSI Invoice, there is a finding that the GSI Invoices for one or more Registered Shippers or Registered Production Facility Operators were incorrectly calculated, the IMO must recalculate the GSI Fees for the relevant GSI Invoice Period for all Registered Shippers or Registered Production Facility Operators in accordance with rule 119.

…

Schedule 1 - Glossary

Adjustment GSI Invoice means an invoice that is sent to a Registered Shipper or Registered Production Facility Operator after:

(a) recalculation of the GSI Fees payable for a GSI Invoice Period under rule 119; or

(b) an adjustment to the GST amount payable for a GSI Invoice Period under rule 124.

Aggregated Daily Actual Flow Data means, for a Registered Production Facility Operator, the quantity of natural gas that has been injected from that Facility into GBB Pipelines for the relevant GSI Invoice Period determined from data provided under rule 60 or subrule 73(1).

Aggregated Shipper Delivery Quantity means, for a Registered Shipper and a GBB Pipeline, the delivery quantities for that Shipper aggregated for all Delivery Points on the GBB Pipeline, except those Delivery Points feeding into another GBB Pipeline or GBB Storage Facility (see rule 115).

…

Daily Actual Flow Data means, for a Gas Day:

(a) for a GBB Pipeline, the actual flows on that Gas Day for each Receipt Point and each Delivery Point on that pipeline, determined by the Registered Pipeline Operator on the basis of operational metering data where available or otherwise, where such data is not available, estimated by the Registered Pipeline Operator~~or estimated by the operator~~;

…

(c) for a GBB Production Facility, the quantity of natural gas that ~~is metered (based on operational metering data) as having been, or estimated by the Registered Production Facility Operator to have been,~~ has been injected from the ~~f~~Facility into each relevant Receipt Point on a GBB Pipeline on that Gas Day determined on the basis of operational metering data where available or otherwise, where such data is not available, estimated by the Registered Production Facility Operator.

…

GSI Fee means the fee payable by a Registered Shipper or Registered Production Facility Operator to the IMO and calculated under rule 116.

GSI Invoice means an invoice issued to a Registered Shipper or Registered Production Facility Operator by the IMO, and includes an Adjustment GSI Invoice.

Appendix 1. Further amendments to the Proposed Amending Rules

The IMO has made some amendments to the Amending Rules following the second submission period. These changes are as follows (~~deleted text~~, <u>added text</u>):

36 Deciding application for deregistration of Registered Participants

…

(3) In deciding to deregister a Registered ~~Shipper~~<u>Participant</u>, the IMO may impose obligations on the deregistered party, who must comply with those obligations.

Note: This subrule is a civil penalty provision for the purposes of the GSI Regulations. (See the GSI Regulations, regulation 15 and Schedule 1).

(4) Without limitation, an obligation imposed on a deregistered party under subrule (3) may:

(a) require compliance with specified requirements of the Rules, with any modifications specified by the IMO; and

(b) require payment of any outstanding fees payable under the Rules by a Registered Shipper<u> or Registered Production Facility Operator</u>.

…

115A Calculation of Aggregated Daily Actual Flow Data

…

(3) If the Registered Participant providing the Daily Actual Flow Data for a Registered Production Facility under either rule 60 or subrule 73(1) ~~or the IMO~~ becomes aware of a change to the Daily Actual Flow Data for a Registered Production Facility for a particular GSI Invoice Period (but no later than one year after the end of that period) then the operator must provide the IMO with an updated version of the relevant quantities for that period as soon as practicable.

Note: This subrule is a civil penalty provision for the purposes of the GSI Regulations. (See the GSI Regulations, regulation 15 and Schedule 1).