

Rule Change Notice: Amendments to Schedule 2 – GBB Zones (GRC_2015_01)

This notice is given under rule 132 of the Gas Services Information (GSI) Rules.

Submitter: Kate Ryan, Independent Market Operator

Date submitted: 27 February 2015

The Rule Change Proposal

The Gas Bulletin Board (GBB) Zones are defined in Schedule 2 of the GSI Rules. However, Schedule 2 only includes Transmission Pipelines that were operational at the commencement of the GSI Rules and does not accommodate any new or proposed pipelines.

While allocation to a GBB Zone does not affect any registration or reporting obligations for the operator of a GBB Pipeline or any Large User Facilities connected to the pipeline, it does affect the publication of information on the GBB which the IMO is required to publish by Zone.

The new Fortescue River Gas Pipeline (FRGP) is currently being constructed and is expected to commence operation on 20 March 2015. If the FRGP is not allocated to a GBB Zone, this data will not be able to be reported on the GBB by Zone, which is contrary to the intended operation of the GBB.

The IMO proposes to amend Schedule 2 of the GSI Rules to expand the definition of the Pilbara Zone to include the FRGP. The Pilbara Zone has been proposed on the basis of the location of the end users of the pipeline.

Appendix 1 contains the Rule Change Proposal and gives complete information about:

- the proposed amendments to the GSI Rules;
- relevant references to the GSI Rules and any proposed specific amendments to those rules; and
- the submitter's description of how the proposed amendments would allow the GSI Rules to better address the GSI Objectives.

Decision to progress the Rule Change Proposal

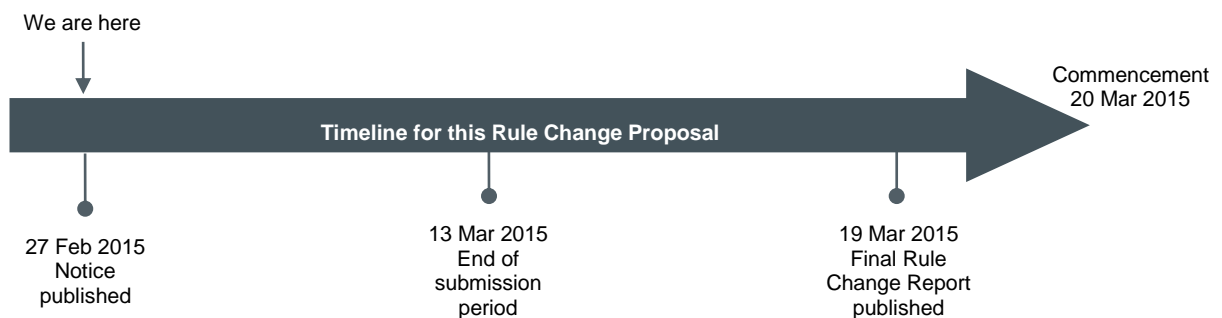
The IMO has decided to progress this Rule Change Proposal on the basis that it considers, as outlined in section 4 of the Rule Change Proposal, that the proposed changes are likely to

better achieve the GSI Objectives. Therefore, the IMO considers that stakeholders should be given an opportunity to provide submissions on the Rule Change Proposal.

The IMO proposes to progress this Rule Change Proposal under the Fast Track Rule Change Process, on the basis that it satisfies subrule 131(2)(c) of the GSI Rules. The IMO considers the proposed Amending Rules are required to ensure the effective operation of the GBB and are urgent, as the FRGP is proposed to commence operation on 20 March 2015.

Timeline

The projected timelines for progressing this proposal are:



Call for submissions

The IMO invites interested stakeholders to make submissions on this Rule Change Proposal. The submission period is 9 Business Days from the Rule Change Notice publication date. Submissions must be delivered to the IMO by **5:00 PM** on **Friday 13 March 2015**.

The IMO prefers to receive submissions by email, using the submission form available at: www.imowa.com.au/home/gas/rules/rule-changes to market.development@imowa.com.au.

Submissions may also be sent to the IMO by post, addressed to:

Independent Market Operator

Attn: Group Manager, Development and Capacity
PO Box 7096
Cloisters Square, PERTH, WA 6850



Rule Change Proposal: GRC_2015_01

Change requested by:

| | |
|----------------------------|--------------------------------------------------------------------|
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| Address | Level 17, 197 St Georges Terrace, Perth |
| Date submitted | 27 February 2015 |
| Urgency | High |
| Rule Change Proposal title | Amendments to Schedule 2 – GBB Zones |
| Rules affected | Schedule 2 |

Introduction

Rule 129 of the Gas Services Information (GSI) Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal form that must be submitted to the Independent Market Operator.

This Rule Change Proposal form can be posted or emailed to:

Independent Market Operator

Attn: Group Manager, Development and Capacity

PO Box 7096

Cloisters Square, Perth, WA 6850

Email: market.development@imowa.com.au

The IMO will assess the proposal and, within five Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the Rule Change Proposal must explain how it will enable the GSI Rules to better contribute to the achievement of the GSI Objectives.

The GSI Objectives are to promote the long-term interests of consumers of natural gas in relation to:

- (a) the security, reliability and availability of the supply of natural gas in the State;

- (b) the efficient operation and use of natural gas services in the State;
- (c) the efficient investment in natural gas services in the State; and
- (d) the facilitation of competition in the use of natural gas services in the State.

Details of the Rule Change Proposal

1. Describe the concern with the existing GSI Rules that is to be addressed by the proposed changes

1.1 Issue

The Gas Bulletin Board (GGB) Zones are defined in Schedule 2 of the GSI Rules. These definitions currently specify which Transmission Pipelines (or parts of Transmission Pipelines) are located in each Zone. However, Schedule 2 only includes Transmission Pipelines that were operational at the commencement of the GSI Rules and does not accommodate any new or proposed pipelines.

The Fortescue River Gas Pipeline (FRGP) is currently being constructed to supply gas from the Dampier to Bunbury Natural Gas Pipeline to TransAlta's power station located at Fortescue Metal Group's Solomon Hub operations. The FRGP is expected to commence operations on 20 March 2015.

Allocation to a GGB Zone does not affect any registration or reporting obligations for the operator of the FRGP or any Large User Facilities connected to the pipeline. However, it does affect the publication of information on the GGB which the IMO is required to publish by Zone, including:

- network representation information under rule 83 of the GSI Rules;
- Nominated and Forecast Flow Data under rule 86 of the GSI Rules;
- Daily Actual Flow Data under rule 87 of the GSI Rules;
- Large User Facility and other end user consumption information under rules 88 and 89 of the GSI Rules; and
- the GGB map under rule 91 of the GSI Rules.

If the FRGP is not allocated to a GGB Zone, this data will not be able to be reported on the GGB by Zone, which is contrary to the intended operation of the GGB.

1.2 Proposed solution

It is proposed that Schedule 2 of the GSI Rules be amended to expand the definition of the Pilbara Zone to include the FRGP. The IMO proposes to include the FRGP in the Pilbara Zone on the basis of the location of the end users of the pipeline.

2. Explain the reason for the degree of urgency

The IMO considers the proposed Amending Rules should commence on the same day the FRGP commences operation. This will ensure the pipeline and any Delivery Points on the pipeline are allocated to a GBB Zone, and information relating to the pipeline and deliveries to end users on the pipeline are reported in a Zone, from the commencement of the FRGP.

3. Provide any specific changes to particular GSI Rules

The following changes to the current wording of the GSI Rules are proposed (with ~~strikethrough~~ where words are deleted and underline where words are added):

Schedule 2 - Zones

(Subrule 82(1))

- (1) Schedule 2 specifies the Zones for which information is published on the GBB.
- (2) The Zones listed in the table below include the specified Transmission Pipeline (or part thereof) and all Receipt Points and Delivery Points connected to those pipelines (or parts of pipelines).

| Zone Name | Description |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dampier | The Dampier to Bunbury Natural Gas Pipeline (DBNGP) upstream of Compressor Station 7 (CS7) and the Burrup Extension Pipeline. |
| Metro | The DBNGP from CS7 to CS10. |
| Parmelia | The Parmelia Gas Pipeline. |
| South West | The DBNGP downstream of CS10. |
| Karratha | The Pilbara Energy Pipeline. |
| Telfer | The Telfer Pipeline and Nifty Lateral Pipeline. |
| Pilbara | The Goldfields Gas Pipeline (GGP) upstream of and including the Delivery Point connecting the GGP to the Newman Lateral <u>and the Fortescue River Gas Pipeline</u> . |
| Goldfields | The GGP downstream of the Newman Lateral to, and including, the Leonora Delivery Point. |
| Mid-West | The Midwest Pipeline. |
| Kalgoorlie | The GGP downstream of the Leonora Delivery Point and the Kalgoorlie to Kambalda Interconnect Pipeline. |

4. Describe how the proposed changes would allow the GSI Rules to better address the GSI Objectives

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”.

The IMO considers that this Rule Change Proposal will better achieve GSI Objectives (a) and (d), in particular, and is consistent with the remaining GSI Objectives.

The GSI Objectives, as relevantly specified in rule 2 of the GSI Rules in relation to the GBB, are to promote the long term interests of consumers of natural gas in relation to:

(a) the security, reliability and availability of the supply of natural gas in the State

(d) the facilitation of competition in the use of natural gas services in the State

The IMO considers this Rule Change Proposal supports GSI Objective (a) by ensuring that the information published on the GBB is aggregated in the relevant Zones. This is essential to ensure that the GBB accurately portrays the current and expected near-term supply situation within a Zone, which may help identify a gas supply issue, thereby helping to maintain the security, reliability and availability of supply within the Zone and the State more broadly.

The accurate publication of information within a Zone also supports GSI Objective (d) by providing existing and prospective Gas Market Participants with a clear indication of where natural gas is being transported and used within the State, ensuring the information is available to all participants, supporting competition between participants and potentially helping to identify opportunities for new participants.

5. Provide any identifiable benefits and costs of the proposed changes

The benefit of the proposed change is that, by ensuring all Transmission Pipelines are included in GBB Zones prior to the commencement of relevant obligations under the GSI Rules, the GBB will continue to operate as intended – publishing all relevant information, by GBB Zone where applicable, and supporting the GSI Objectives outlined above.

The IMO will be required to make changes to the GBB system in order to reflect any amendments to the GBB Zones and add the new pipeline to the GBB map and topology. These costs are expected to be minor and can be accommodated within the IMO’s existing budget.

The IMO is not aware of any impacts on Gas Market Participants as a direct result of the amendments to the GBB Zones, although the operator of the FRGP, any Large User Facilities connected to the pipeline and any new Shippers on the pipeline will be required to register with the IMO and comply with the relevant obligations under the GSI Rules.



6. Provide any considerations associated with the implementation of the proposed changes

The IMO proposes that the amendments to Schedule 2 of the GSI Rules commence as soon as possible to ensure GBB information relating to the FRGP is published as intended at the time that pipeline commences operation.