

## **Gas Market Leaders Group Synopsis of Twenty-First Meeting – 30 June 2009**

The twenty-first meeting of the Gas Market Leaders Group (GMLG) was held in Melbourne on 30 June 2009. Major issues considered at the meeting were:

### **1. Changes to the GMLG**

Members noted that this was the final GMLG meeting under the current arrangements. The GMLG will now cease to operate under the auspices of the Ministerial Council on Energy (MCE) and become an advisory body to the Australian Energy Market Operator (AEMO) Board.

Members reflected on the achievements of the GMLG since its inception in November 2005 and noted the many entities and people that have contributed, including:

- MCE/SCO, in establishing the GMLG and providing the gas industry with the opportunity to develop a gas market development plan and then to implement the recommended projects (Bulletin Board, Short Term Trading Market (STTM) and the Gas Statement of Opportunities (GSOO)), and for their ongoing support
- The gas industry and its associations, in taking up MCE's challenge and working together and supporting the GMLG
- GMLG Members, for their leadership and preparedness to work together in the interests of the industry as a whole
- The many industry people who worked on the various GMLG sub-committees and working groups (at no cost)
- VENCORP, in leading the project teams and providing the drive to complete the projects on time and budget
- Officers from the Department of Resources, Energy and Tourism, in providing secretariat services and facilitating the process

Members conveyed their thanks to the STTM Steering Committee, which held its last meeting on 23 June 2009. Also, Members were pleased to support the review document *Some Reflections on the Gas Market Leaders Group* prepared by the Chair. This paper will be posted on the MCE website.

AEMO Board Director Ms Patricia McKenzie will assume the responsibilities of the GMLG Chair under the new arrangements.

### **2. Market Settings**

Members endorsed the following market settings to apply in the STTM. The parameters of these market settings were accepted as providing sufficient incentive for investment in the STTM while not excluding competition from smaller and new entrant retailers.

<b>Design Element</b>	<b>Endorsed Setting</b>
Market Price Cap (formerly VoLL)	\$400/GJ

Cumulative Price Threshold	\$440 (1.1* MPC)
Cumulative Period	7 days
Administered Price Cap	\$40/GJ
Minimum Market Price	\$0

Members also considered recommendations for the Market Operator Service (MOS) Cost Cap, but it was decided that further options would be developed by the STTM Working Group for consideration by the GMLG at its next meeting. The market settings and penalty tables (as recommended at the GMLG Meeting on 26 May 2009) will now be submitted to the SCO and MCE for their approval.

Members also agreed to support a review process of the market operation and MOS to commence following winter 2011, with the aim of implementing any recommendations by winter 2012.

### **3. Legislation and Rules Drafting for the STTM**

Members were briefed on the development of the National Gas Rules (NGR) amendments, which are expected to be released for a six week public consultation period in mid-July 2009. Members agreed to convey any issues with the NGR package to their ILWG representative.

Members were also briefed on the outcomes from the National Gas Law (NGL) public information forum held on 19 June in Sydney. The content was well received with only minor queries on the legislative changes. Final stakeholder submissions are due to the Commonwealth Secretariat on 8 July 2009, with the final Bill then being submitted for SCO and MCE approval.

### **4. Participant Compensation Fund**

Members agreed to the establishment of two Participant Compensation Fund (PCF) accounts (one at each gas hub – Sydney and Adelaide) and a PCF balance of \$1 million, to be allocated proportionately between the two hubs. The PCF will operate as a co-insurance scheme for trading participants disadvantaged by an AEMO scheduling error.

### **5. Upcoming STTM Issues for GMLG**

It was noted that the MOS Cost Cap, the NGR amendments and the final NGL Bill would be discussed at the July GMLG Meeting. Ms Patricia McKenzie, on behalf of the AEMO Board, reiterated the crucial role of the GMLG in successfully implementing the STTM and GSOO in the coming year. She noted that future terms of reference would be discussed at the next meeting.

Members confirmed the next meeting as Tuesday 28 July 2009 (in Melbourne).