

**Gas Market Leaders Group**  
**Synopsis of Seventeenth Meeting – 24 February 2009**

The seventeenth meeting of the Gas Market Leaders Group (GMLG) was held in Melbourne on 24 February 2009. Major issues considered at the meeting were as follows:

**1. Bulletin Board**

After six months of operation the Bulletin Board is performing well, achieving a 99% level of compliance, good data quality and over 1000 (web site) “hits” per month.

**2. Legislation and Rules Drafting for the STTM**

Members were briefed on the approach to the STTM legal program, as approved by the AEMO Implementation Steering Committee. Two legal working groups will be established to facilitate input by industry and jurisdictions to the Rules Drafting Team. GMLG agreed that Mr Graeme Cook, CEO, VENCORP will convene the Industry LWG which will also provide input to the drafting of amendments to the legislation. The terms of reference of the Working Group and nominations are currently being finalised.

The target is to have the legislation introduced to the South Australian Parliament in September 2009, with the rules to be in an advanced state of drafting at that time.

**3. STTM modelling to determine variation and graduated penalties and market settings**

Members agreed to a proposed modelling process for assessing graduated penalties for variances and deviations in the STTM. Members also agreed to the criteria to be used as a basis for modelling and determining market settings for the Value of Lost Load (VoLL), minimum market price, Cumulative Price Threshold (CPT), Administered Price Cap (APC) and a cap on MOS contract costs. The finalisation of recommendations for such settings is targeted to June/July 2009.

**4. STTM Contingency gas and user participation**

Members noted a paper outlining that gas users could provide contingency gas via two methods – either as a direct market participant in the STTM, or via a retailer. In the latter case the user can offer contingency gas to a retailer, with payment being settled through contractual arrangements with the retailer.

**5. STTM Cashing out of Market Operator Service**

Members considered a change request to amend the current design for the Market Operator Service (MOS). Under the current design AEMO will buy or sell gas in the ex-ante market for gas day d+2 on behalf of the MOS providers so as to restore gas allocated to MOS providers on gas day d. Under the change request MOS providers would restore the gas themselves through their own means, with AEMO cashing out the MOS gas used on gas day d based on the price in the ex-ante market for gas day d+2.

Members considered the divided views of industry on the proposal, particularly the concerns of some second tier retailers.

The GMLG endorsed the change request as being an improvement on the current design.

## **6. Integration of STTM and Bulletin Board websites**

Members endorsed the recommended approach to integrate the STTM functions with the existing National Gas Bulletin Board website. A common homepage would provide access to the STTM and Bulletin Board, although each system would operate separately in the first instance.

## **7. Upcoming STTM issues for GMLG**

Members noted upcoming issues, including consideration of market administration, settlement surplus cap, the approach to selecting the MOS tenders and dealing with settlement revisions and disputes. It was also agreed that the future of the GMLG following the establishment of AEMO will be discussed at the next meeting.

Members confirmed the next meeting as Tuesday 24 March 2009 (Melbourne).