

Gas Market Leaders Group Synopsis of Nineteenth Meeting – 28 April 2009

The nineteenth meeting of the Gas Market Leaders Group (GMLG) was held via teleconference on 28 April 2009. Major issues considered at the meeting were:

1. Endorsement of STTM Detailed Market Design

Members endorsed the STTM Detailed Market Design Phase 3, which represents all agreed STTM design elements to date. The consolidated Market Design will be presented to the Standing Committee of Officials (SCO) on 12 June and thence the Ministerial Council on Energy (MCE) on 10 July 2009 for approval.

At this stage the Market Design does not include market settings, as these will be determined in June following modelling.

The *STTM Detailed Market Design* document and the *Brief Guide to the STTM* will be made available to jurisdictions and industry as part of the briefing process.

2. Legislation and Rules Drafting for the STTM

Members were briefed on the progress of the industry and jurisdictional legal working groups in overseeing the drafting process. Amendments to the National Gas Law were expected to be distributed on 30 April 2009 and forwarded to both groups for comment, prior to the release of the exposure draft in the following month.

Members noted a significantly expanded role for the STTM Establishment Team and the private legal contractors in the Rules drafting process and approved additional funding to support increased staffing, government liaison and industry consultation.

3. Gas Statement of Opportunities (GSOO)

Members were advised that the forecasting consultants for the GSOO have been appointed by VENCORP. The Core Energy Group will provide the core demand forecasts while the contract for gas reserves and developing demand scenarios is about to be finalised.

4. Compensation for Contingency Gas Scheduling Errors

Members endorsed a STTM Steering Committee recommendation in relation to contingency gas providers who are not called as a result of a scheduling error. It was agreed that compensation be awarded only to those providers that were subsequently curtailed by the Network Operator.

5. STTM – Hybrid Graduated Penalties

Members endorsed a change request which amends the agreed market design approach to deviation and penalty tables. The amendment provides for two penalty tables, one with a percentage scale on the ex-ante market price and another using GJ ranges to define the graduated penalties. The minimum penalty of either table will be applied.

The hybrid approach recognises the forecasting difficulties faced by smaller, new entrants and aims to provide proportional penalties for this group through the flat rate GJ table.

6. STTM – Addressing MOS Shortages

Members agreed to a payment system for non MOS providers who face deviation payments and charges as a result of being allocated additional flows when all contracted MOS has been allocated.

7. Review arrangements for STTM

Members endorsed the following areas of the STTM for review after market start, noting that this is not a definitive list and reviews can also be initiated by AEMO or by industry participants through the procedure change process. The identified review areas and recommended timings are:

Topic	Timing for completion of review
Market Operation – phase 1	December 2010
Application of STTM to other Hubs	June 2011
Market Operation – phase 2	December 2011
Market settings	December 2012
Within day market arrangements	December 2012
Contingency Gas	Following the first trigger of Contingency Gas

8. Upcoming STTM issues for GMLG

Members noted upcoming issues, including decisions on market setting, MOS quantities and deviation penalty tables. There are also several change requests to be considered relating to retail market systems and retail procedures.

Members confirmed the next meeting as Tuesday 26 May 2009 (teleconference).