

Gas Market Leaders Group Synopsis of Sixth Meeting – 31 January 2007

The sixth meeting of the Gas Market Leaders Group (GMLG) was held in Melbourne on 31 January 2007.

Major issues considered at the meeting were:

1. A report by the Governance Working Group (a sub-group of the GMLG), that provides further recommendations to those in the GMLG National Gas Market Development Plan (June 2006) on a National Gas Market Operator (GMO).

The report, with some amendments, was endorsed by the GMLG and has been forwarded to the MCE Gas Market Operator Working Group to assist in its preparation of advice to SCO on a GMO. A copy of the report has been posted on the GMLG web site.

2. The likely recommendations of the Energy Reform Implementation Group (ERIG) – ERIG's report has yet to be released by the government - and their relevance for the GMLG. Of particular interest are anticipated recommendations on the formation of an Energy Market Operator (EMO).

The GMLG re-confirmed its preference for governance principles for a GMO as detailed in its National Gas Market Development Plan and the above GMO report (Item 1), noting that they are equally appropriate for an EMO. The GMLG recommended (in June 2006) that a GMO be established as soon as possible, and is concerned that such decision may be deferred whilst there is a lengthy debate on whether or not an EMO is to be established (a debate that the gas industry and GMLG would need to join). The GMLG re-confirmed that a GMO should be established now and, as noted in the National Gas Market Development Plan, "there be close contact and cooperation between the new Gas Market Operator and NEMMCO to ensure that any efficiencies are realised and common approaches are taken wherever possible".

3. An invitation by the Ministerial Council on Energy and the Ministerial Council on Mineral and Petroleum Resources (MCE/MCMPR) for the GMLG to take on a role as a reference group for their Joint Working Group on Natural Gas Supply as part of industry consultation. Members agreed to this request, noting that the GMLG has the options of providing comments as a group and individually. A copy of the terms of reference for the Working Group will be posted on the MCE web site shortly.
4. Progress with implementation of the Bulletin Board (BB) and design of the Short Term Trading Market (STTM). A work plan and indicative budget are to be prepared by end of March 2007.
5. The need to ensure that government stakeholders are fully aware of GMLG activities and have an opportunity to comment. Consequently, Members agreed to organise an information session for jurisdictions in March-April 2007 on the BB and STTM projects, with additional sessions to be organised over the course of the BB/STTM projects, as appropriate.
6. A paper from the National Measurement Institute concerning the lack of a national approach to gas measurement. The GMLG considered the matters raised by the NMI as peripheral to the core activities of the GMLG, but possibly still of some

relevance for the operation of a STTM. It was agreed that these issues would be referred to the BB/STTM Steering Committee for consideration after a decision is made to proceed with the STTM implementation. It is expected that the Steering Committee will establish a list of practical implementation issues for the STTM, and that the suitability of the current measurement systems will be one of the items on that list.

Members agreed to meet again in mid to late March 2007.