

Gas Market Leaders Group Synopsis of Twelfth Meeting – 5 August 2008

The twelfth meeting of the Gas Market Leaders Group (GMLG) was held in Melbourne on 5 August 2008. Major issues considered at the meeting were as follows:

1. MCE Decisions

The GMLG was provided with an update on progress to establish the Australian Energy Market Operator (AEMO), particularly the recent announcements of the non-executive Directors who have been appointed to the AEMO Board. The GMLG congratulated Tom Parry on his appointment as the Chair of the AEMO Board and offered to meet to discuss the BB, STTM and GSOO projects and their ultimate transfer to AEMO.

2. Bulletin Board (BB)

The GMLG was pleased to report the successful completion of the Bulletin Board (BB). GMLG members formally acknowledged the efforts of many people, particularly VENCORP and the BB Working Group, on the outstanding success of the Bulletin Board, being completed on time and within budget.

The BB (www.gasbb.com.au) commenced operation on 1 July 2008, and represents a significant step towards encouraging greater transparency in the Australian wholesale gas market. Members reiterated their support for Western Australia and the Northern Territory to be included in the Bulletin Board (and Short-Term Trading Market when it is established).

3. Short Term Trading Market (STTM)

The GMLG endorsed the high-level design of the STTM as recommended by ICF in December 2007, but with some modifications to the scheduling and pricing approach. The STTM Working Group is to undertake further work on the detailed market design, with phase 1 targeted for completion by mid-October 2008.

The GMLG endorsed the STTM Steering Committee's proposals for project scope, key assumptions, system delivery, work plans, governance structure, financial projections and delivery risks. The GMLG endorsed the budget estimate of \$15.8 million, noting that the low and high estimates, of \$10.8 and \$22 million, will compress as projections are clarified.

The GMLG again noted that the target set by the Ministerial Council on Energy (MCE) to implement the STTM by mid-2010 remains very tight, with no margin for contingencies. The GMLG has set an ambitious plan to meet that target and will further review timing and implementation requirements at its meeting in October 2008.

The GMLG plans to meet another four times this year to monitor and progress development of the STTM.

4. Gas Statement of Opportunities (GSOO)

The GMLG confirmed the Chair of the GSOO Steering Committee and approved its Terms of Reference.

The GMLG endorsed the release for public consultation of an industry paper on the GSOO.

The GMLG approved the GSOO Budget of \$460,000, leading to the release of the first GSOO in December 2009.