

AGENDA – WA GAS CONSULTATIVE FORUM (WAGCF)



MEETING: 8  
 DATE: Tuesday, 14 November 2017  
 TIME: 1.00 PM – 2.00 PM AWST  
 LOCATION: AEMO Boardroom – Level 45 – Central Park, 152 St Georges Terrace Perth  
 CONTACT: WAgasforum@aemo.com.au

ITEM	TIME	TOPIC	PAPERS	RESPONSIBLE	ACTION
1.	1.00 pm – 1.05 pm	Welcome, minutes and confirm agenda	<ul style="list-style-type: none"> <li>Minutes from WAGCF Meeting 7</li> </ul>	Chair (AEMO)	Note
2.	1.05 pm – 1.40 pm	2017 Gas Statement of Opportunities (GSOO) <ul style="list-style-type: none"> <li>Preliminary results</li> <li>Refined key messages</li> </ul>	<ul style="list-style-type: none"> <li>Agenda item 2 cover paper</li> <li>Presentation</li> </ul>	Neetika Kapani Noelle Leonard (AEMO)	Note / Discussion
3.	1.40 pm – 1.45 pm	AEMO’s submission to the ACCC: WA and NT LNG Producers	<ul style="list-style-type: none"> <li>Verbal update</li> </ul>	Noelle Leonard (AEMO)	Note
5.	1.45 pm – 1.50 pm	Other Business <ul style="list-style-type: none"> <li>Potential WA gas market training</li> </ul>		Chair Neetika Kapani (AEMO)	Note / Discussion
6.	1.50 pm – 2.00 pm	Future agenda items		Chair (AEMO)	Discussion
7.	2.00 pm	Next meeting		Chair (AEMO)	Note

Note: This meeting will be recorded to assist with minute production.

## MINUTES – WA Gas Consultative Forum (WAGCF)

MEETING: 7  
 DATE: Tuesday, 12 September 2017  
 TIME: 1:00 pm to 2:15 pm AWST  
 CONTACT: WAgasforum@aemo.com.au

### ATTENDEES:

NAME	COMPANY
Andrew Winter (Chair)	AEMO
Courtney Roberts (Secretariat)	AEMO
Neetika Kapani	AEMO
Joachim Tan	AEMO
Noelle Leonard	AEMO
Mark Riley (Video-conference)	AGL
Amanda Rudd	Alinta
Chris Campbell	Alinta
Tim McLeod	Amanda Energy
Adam Welch	APPEA
Michael Brooks	ATCO Australia
Cathy McKeagney	AWE
Ian Whitehead	BHP Billiton
Adam Stephen	Bluewaters
Amanda Wilson	BP
Kynan Smith	CBA
Lipaksh Dhar	Chamber of Commerce and Industry WA
Pete DiBona	Chevron
Dominic Rodwell	Citic Pacific Mining
Trent Leach	Dampier to Bunbury Natural Gas Pipeline
Geoff Hoblely	EDL
Michelle Thomas	EDL
Don Bower	Energy Access Services
Elizabeth Walters	ERA
Natalie Robins	ERA
Atul Garg	FMG
Neil Humphries	FMG
Paul Bresloff	Gas Trading
Herman Prinsloo	Horizon Power
Gordon Rule	Horizon Power
Taron Brearley	Department of Jobs, Tourism, Science and Innovation
Ben Laidler	Department of Jobs, Tourism, Science and Innovation
Jenness Gardner	Department of Jobs, Tourism, Science and Innovation
Hans Niklasson	Kleenheat
Chris McMullen	National Offshore Petroleum Titles Administrator
Donald Xie	NSWG
Martin Drake	NWSG
Matthew Leech	Quadrant Energy
Peter Kolf	Rule Change Panel WA
Dave Rafferty	Santos

Sam McCreedy	Santos
Sophie Cunneen	Shell
Jenny O'Donoghue	Synergy
Ben Hammer	Synergy
Chris Meredith	Wood MacKenzie
Costa Swift	Wood MacKenzie
Ian Sutherland	Woodside

## 1. Welcome

Andrew Winter (AEMO) opened the meeting at 1:00 pm (AWST) and welcomed attendees to the WA Gas Consultative Forum (WAGCF) meeting 7, and AEMO's new Perth office.

All actions from the previous meeting (30 May 2017) had been completed. No further comments were raised and the minutes were endorsed. AEMO to publish the minutes from the previous meeting as final on the website (action item 1.1).

## 2. 2017 Gas Statement of Opportunities (GSOO)

Neetika Kapani and Joachim Tan (AEMO) provided an update on the progress of the 2017 GSOO including:

- While national legislation, WA will be exempt from the Australian Domestic Gas Security Mechanism (ADGSM). However, the GSOO notes there is a State 15 per cent domestic gas policy.
- The GSOO will consider the impact of renewables on domestic gas demand.
- The market appears to be oversupplied until 2018, due to the over contracting of gas supply. Total contracted gas supply in the WA domestic market will decline after 2020.
- A stakeholder noted limited contractual agreements outside the current pricing dynamic make it difficult to justify further development of gas reserves solely for the domestic market.
- The 2016 peak demand forecast was, amongst other things, based on weather conditions over the last 20 years. It was noted that WA experienced its coldest winter and hottest summer last year which was below the forecast maximum demand of approximately 1,200 TJs.
- Contracted supply and availability of supply are two different factors and should be made clear in the GSOO.
- The information on slide 9 (WA Contracted Gas Supply and Base/Peak Demand 2018/27) may also show production capabilities based on gas reserves. The total availability of gas reserves is above forecast annual and peak gas demand (when including LNG project reserves).
- The accuracy of previous forecasts are within 2 per cent of actuals. AEMO has internal standards (KPI's) regarding accuracy. AEMO will clarify which demand forecast was used in 2013 to determine the level of forecast accuracy for that year (action item 2.1)
- AEMO thanked both GSI market and non-GSI market participants for providing information following AEMO's formal information request.

## 3. Domgas Policy

Taron Brearley and Ben Laidler (Department of Jobs, Tourism, Science and Innovation (JTISI)) provided an update on the implementation of the WA domestic gas policy:

- JTISI provided an overview of the development of the domestic gas policy and the contractual arrangements in place that give effect to it.

- JTSI does not yet know how Pluto gas will be made available and is in discussion with Woodside. Stakeholders are keen to understand how negotiations progress with Woodside regarding the domestic gas obligations for the project.
- The gas availability and market outlook slide (slide 5) overlays assumed domestic gas production from existing reserves from local producers, and indicative supply from domestic gas obligations of LNG producers, with AEMO demand projections. There was discussion about how to interpret the graph and the decline in production from current reserves of local only producers.
- Constitutionally, the ADGSM applies to all jurisdictions. WA already has long term contractual arrangements in place with LNG exporters to ensure availability of gas to the domestic market. After discussion with WA, the Commonwealth communicated to industry that the ADGSM will not affect WA LNG exporters in the event of an east coast gas supply shortfall.
- Information on the implementation of the domestic gas policy will be made available on JTSI's website towards the end of the year.
- A stakeholder said Government should support companies which are domestic gas producers only.
- JTSI will circulate via AEMO, the presentation with the minutes of the WAGCF (action item 3.1).

#### **4. Overview of the APPEA/CCI Gas Market Forum**

Adam Welch (APPEA) provided an overview on the outcomes of the APPEA/CCIWA gas market forum in July 2017:

- The forum brought together stakeholders from across WA's gas market, including policy and regulatory bodies, to consider east coast gas market policy reforms and regulatory insights.
- There are differing views politically on how to tackle energy and climate policy including the future of coal fired power generation.
- There are a raft of gas market reforms progressing at the Commonwealth/COAG level interacting with State and Territory initiatives that both support and restrict gas development.
- There may be a window of opportunity for WA to consider adopting some of the 'better' reforms underway on the east coast.
- While the forum was an ad-hoc event for APPEA and CCIWA members, APPEA welcomes further discussion with all stakeholders on gas market issues.

#### **5. Other business**

No other business was raised.

#### **6. Future agenda items**

No future agenda items were raised.

#### **7. Next meeting**

Andrew Winter thanked stakeholders for their attendance and advised that the next WAGCF meeting is scheduled for 14 November 2017.

The meeting was closed at 2.15 pm (AWST).

**Action items raised at meeting - WA Gas Stakeholder Consultation Forum**

<b>Item</b>	<b>Topic</b>	<b>Action required</b>	<b>Responsible</b>	<b>By</b>
1.1	Previous meeting minutes	AEMO to publish minutes from the previous meeting as final on the website.	AEMO	September
2.1	2017 Gas Statement of Opportunities (GSOO)	AEMO to clarify which demand forecast was used in 2013 to determine the level of forecast accuracy for that year.	AEMO	September
3.1	Domgas Policy	JTSI to circulate via AEMO, the presentation with the minutes of the WAGCF.	JTSI	September

# 2017 WESTERN AUSTRALIAN (WA) GAS STATEMENT OF OPPORTUNITIES (GSOO)

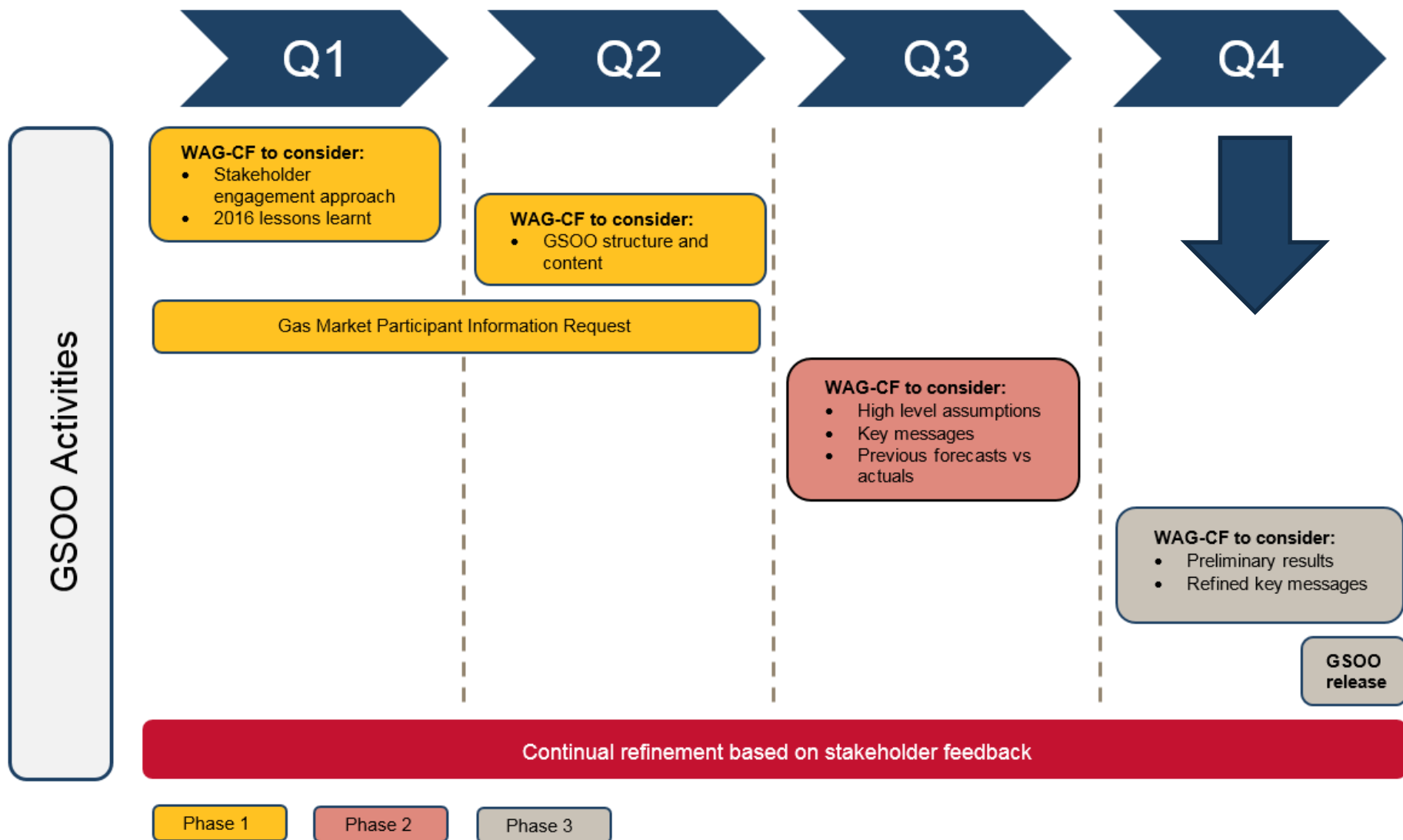
14 November 2017

NEETIKA KAPANI, TEAM LEADER, RESERVE CAPACITY (WA)  
NOELLE LEONARD, SENIOR ANALYST, RESERVE CAPACITY (WA)



- GSOO progress update - Implementation plan
- Key messages
- Preliminary WA domestic gas demand forecasts
- Preliminary WA potential gas supply forecasts
- Preliminary gas market balance

# 2017 WA GSOO ENGAGEMENT APPROACH





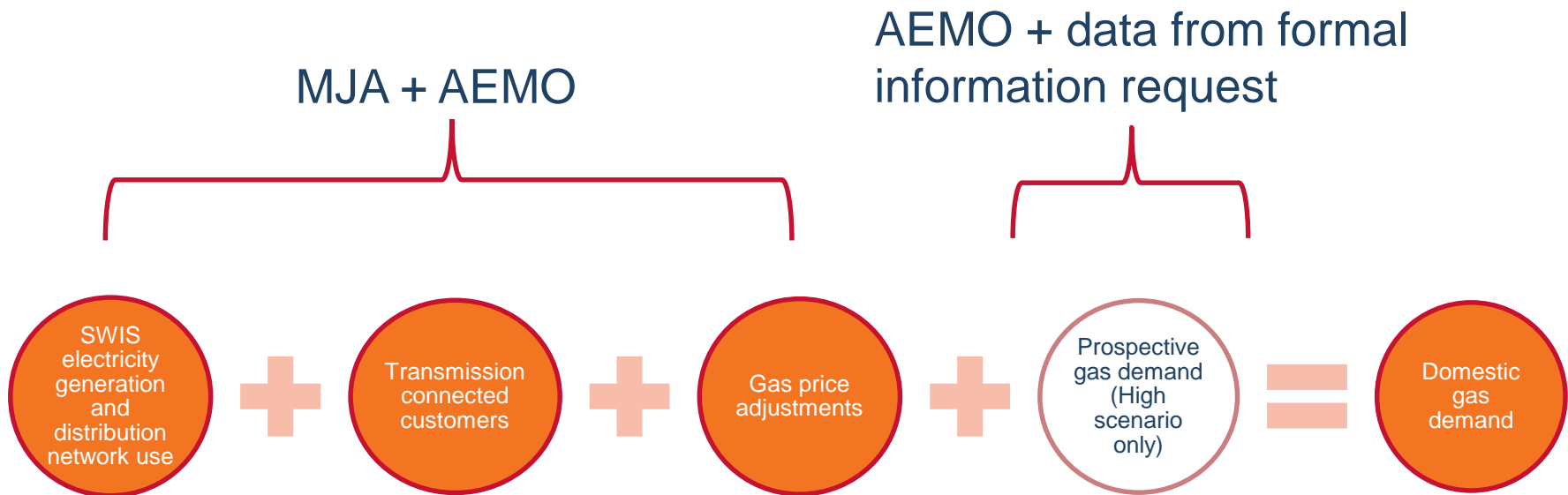
- WA domestic gas market continues to evolve
- WA domestic gas market well-supplied till 2020
- Growth in WA domestic gas demand remains low.
  - A mixed outlook persists for WA commodities.
  - Under a separate modelling scenario which assumed committed and likely large-scale renewable generation projects proceed, total forecast gas demand is slightly lower across the outlook period compared to the Base case forecast.

- National Institute of Economic and Industry Research (NIEIR) developed:
  - Economic outlook
  - Outlook for major commodities produced in WA
- Marsden Jacobs Associates (MJA) worked with AEMO to develop:
  - Annual and peak gas demand forecasts
  - Three scenarios (Expected, Low and High) using different economic growth assumptions, commodity forecasts and renewable generation capacity and
    - An additional scenario to meet WA's hypothetical LRET (3,770 GWh).

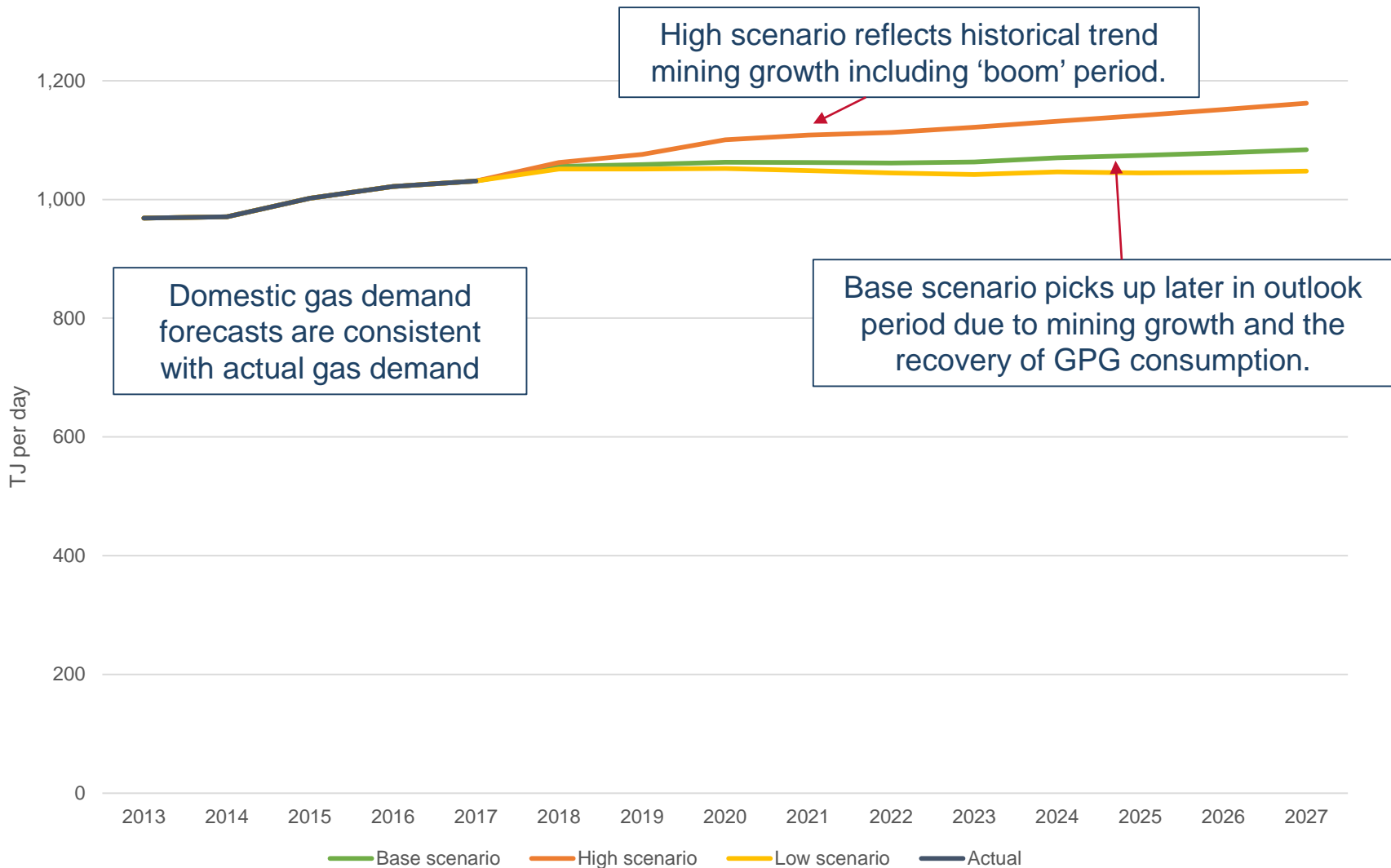
# PRELIMINARY WA DOMESTIC GAS DEMAND FORECASTS 2018–2027



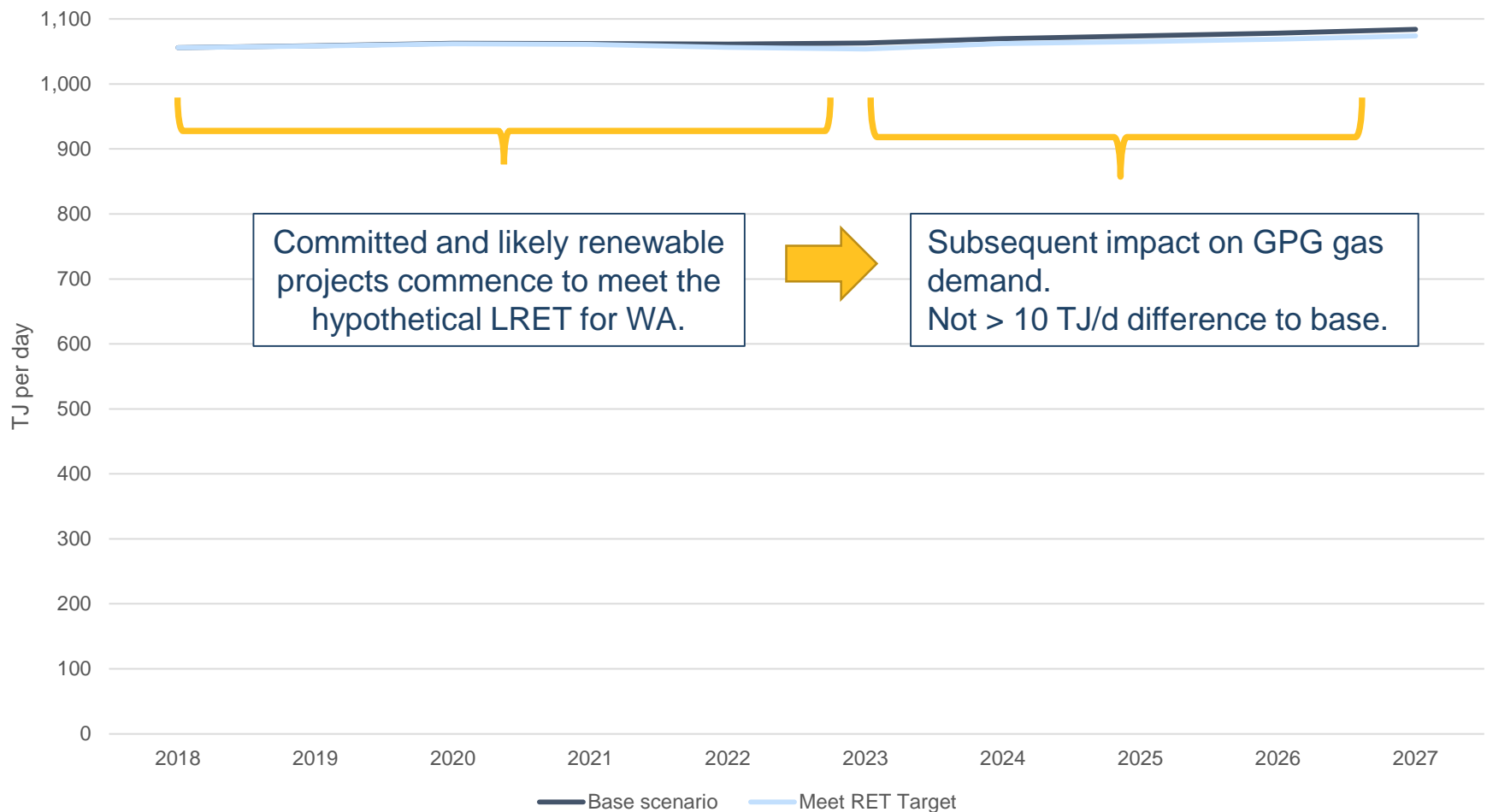
# COMPONENTS OF GAS DEMAND FORECASTS



# ACTUAL AND FORECAST WA DOMESTIC GAS DEMAND 2014–2027



# 'MEET THE WA LRET' DEMAND SCENARIO COMPARED TO BASE SCENARIO



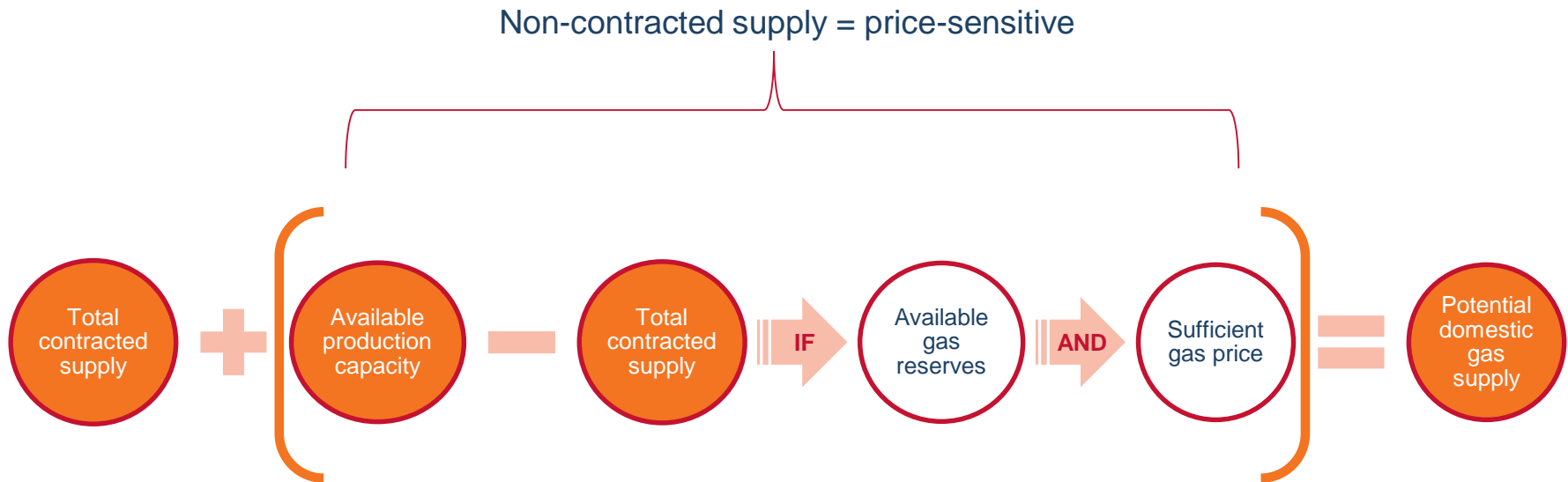
# PRELIMINARY WA POTENTIAL GAS SUPPLY FORECASTS 2018–2027



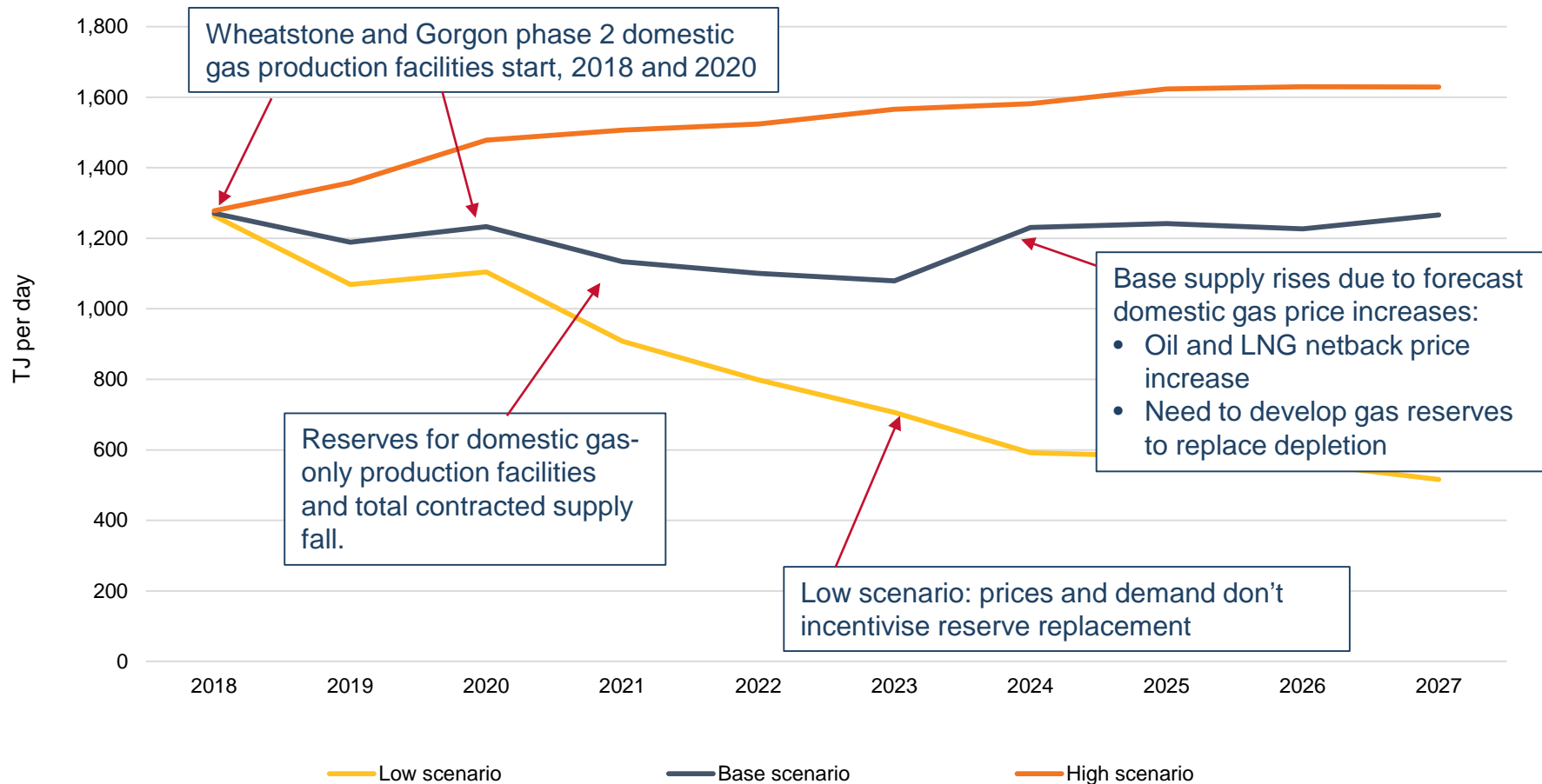
- Accuracy of the underlying data improved in the potential gas supply model by:
  - Using data from April 2017 formal information request.
    - Production capacity
    - Total contracted supply
    - Gas reserves associated with domestic gas production facilities.
  - Model refinements.



# COMPONENTS OF POTENTIAL GAS SUPPLY FORECASTS



# PRELIMINARY 2017 WA GSOO POTENTIAL GAS SUPPLY FORECASTS 2018–2027



# PRELIMINARY GAS MARKET BALANCE 2018–2027

