

GAS SERVICES INFORMATION BILL 2011

Receipt and First Reading

Bill received from the Council; and, on motion by **Mr J.H.D. Day (Minister for Planning)**, read a first time.
Explanatory memorandum presented by the minister.

Second Reading

MR J.H.D. DAY (Kalamunda — Minister for Planning) [4.09 pm] — by leave: I move —

That the bill be now read a second time.

The purpose of the Gas Services Information Bill 2011 is to provide for the establishment and operation of a Western Australian gas bulletin board and publication of a gas statement of opportunities. Both initiatives are consistent with the government's objectives of secure, reliable, competitive and cleaner energy to meet the needs of the community and support Western Australia's growing economy. The GBB and the GSOO are responses to key recommendations of the Gas Supply and Emergency Management Committee, which were agreed by government in late 2009. Comprised of industry and government members, the committee was tasked with reviewing the security of Western Australia's gas supplies and the future management of gas supply following two major disruptions in the north west of the state. Among other recommendations, the committee proposed the implementation of a GBB and a GSOO to be operated by an independent WA-specific entity to improve the security, reliability and competitiveness of the domestic gas supply market in Western Australia.

Earlier this year a parliamentary inquiry into gas prices recommended that the introduction of a GBB and a GSOO be expedited in Western Australia. The GBB is aimed at improving the transparency and availability of near-term gas system and market information, while the GSOO will provide long-term forecasts to help future investment decisions in the state. The GBB will consist of a website providing near-term system and market information on natural gas production, transmission, storage capacity and demand. It is expected that it will utilise as much of the bulletin board system administered by the Australian Energy Market Operator as possible. It may provide an emergency information page to assist government and industry in the management of gas supply disruptions, and may potentially host information on broader specification gas requirements. It may also include a voluntary facility for the introduction of buyers and sellers of gas—commodity and transport—in future. However, it would not be a formal trading platform or provide market settlement services. The GSOO will be a comprehensive document that is published periodically to provide a medium to long-term outlook of gas supply and demand in Western Australia. It will highlight where potential commodity shortfalls or transportation constraints may occur in future. The GSOO is expected to draw from publicly available resources and from information provided for the GBB to model gas demand and supply forecasts.

The bill itself draws from the National Gas Law in regard to information requirements, the treatment of protected information, and immunity from liability for the operator and gas market participants in honouring their obligations. The bill also draws from the Electricity Industry Act 2004 in regard to the compliance and rule development for the GBB and GSOO, so that it is broadly consistent with the arrangements for the wholesale electricity market. This takes into account that there would be administrative simplicity in having similar frameworks for electricity and these gas information services. In May 2011, the Independent Market Operator was selected as the operator to administer the GBB and GSOO. This bill represents the first step in providing the legal framework for this to occur.

Regulations: The bill provides for regulations to establish and operate the GBB, the preparation and publication of the GSOO, and the conferral of minimal functions on the operator in relation to these activities. Consultation with industry and stakeholders has been key in the drafting of this bill and will remain a key feature in the development of regulations and rules over the coming months. The bill further provides for regulations to impose obligations on gas market participants in regard to information requirements that will also be set out in regulations and rules. The operator will have the flexibility to ask gas market participants for additional relevant information where necessary—to inform the GSOO, for example. Regulations may also provide for the enforcement of obligations by the operator, and place controls on the operator in regard to the use and disclosure of protected information it obtains for the GBB and GSOO.

Importantly, the bill includes important protections for gas market participants and the operator around information requirements. There is general immunity from liability where obligations are carried out in good faith and not through negligence, and immunity for participants disclosing information to the operator that may be otherwise protected under a contractual arrangement. Furthermore, the bill provides that the Governor cannot make regulations controlling the use and disclosure of protected information unless the minister is satisfied that gas market participants have been adequately consulted. In terms of compliance and enforcement, regulations

will prescribe a maximum amount for a civil monetary liability incurred for an act or omission made through negligence, and the circumstances that determine the actual amount that is applied.

The bill also provides for “reviewable decisions” made by the operator to be reviewed by an independent board, as defined under the Energy Arbitration and Review Act 1998. This does not prevent or affect a review of all decisions, either reviewable or non-reviewable, by a court or tribunal. Regulations will enable both the operator and the board to recover costs incurred in the performance of their functions via fees and charges. The contravention of the regulations is an offence. The bill prescribes maximum fine amounts for contraventions. Finally, the bill provides a head of power for regulations to provide for, or for regulations to authorise rules to provide for, the resolution of disputes that arise under this legislation. It is expected that the bulk of disputes will be managed through an informal dispute resolution process managed by the operator.

Rules: In regard to the gas services information rules, the bill requires that regulations must provide for rules relating to the form and content of the GBB and GSOO, and the operation of the GBB. The regulations may provide for the establishment of initial rules, which are to be tabled in this house and the other house. This is consistent with the arrangements undertaken for the wholesale electricity market. It is intended that the operator will undertake any required subsequent rules changes, and that any changes will need to be gazetted. Protected rules will set out the process by which rules are to be changed. These cannot be changed at the operator’s discretion. Although the regime for compliance with rules will be set up via regulations, the bill prescribes maximum civil penalty amounts for contraventions of the rules. Serious rule breaches will be dealt with by the board.

I refer members to the explanatory memorandum for greater detail on the bill, and I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.