

MEDIA RELEASE

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Senate report reinforces need for domestic gas security

The DomGas Alliance welcomes the release of the Senate Economics Committee report into the Varanus Island gas outage.

Alliance Chairman Stuart Hohnen said the Senate Committee's report underlined the need for greater competition, diversity and security of gas supply.

"Western Australia depends on natural gas for half of its primary energy and 60 percent of electricity generation. Having a secure and competitive gas market is absolutely vital," Mr Hohnen said.

Mr Hohnen welcomed the Committee's recommendation on the need to diversify the State's gas supply beyond the North West Shelf through the development of smaller domestic gas fields close to Perth.

"Through targeted fiscal incentives, government can play a key role in promoting domestic gas exploration and development," Mr Hohnen said.

A report released by the DomGas Alliance recommends Federal and State tax, royalty and investment incentives to promote exploration and development of gas fields for domestic supply.

Such incentives could help support new frontier technical challenges such as onshore "tight gas" fields. Western Australia potentially has 9-12 trillion cubic feet (Tcf) of tight gas resources in the Perth Basin, located close to existing gas pipeline infrastructure.

Mr Hohnen said the Alliance was also working with the State and Federal Governments on other measures to increase competition and security of supply, including:

- Strengthening the Retention Lease system to ensure gas producers do not withhold supply from the domestic market;
- Removing the anti-competitive North West Shelf joint selling arrangements whereby some of the world's biggest oil and gas companies sell as a cartel to consumers;
- Ensuring that producers meet domestic supply obligations under the North West Shelf State Agreement; and
- Ensuring sufficient reserves of gas are set aside to meet the current and future needs of the community.

"We must use the Varanus Island incident to put in place strategies to ensure the State's long term energy future," Mr Hohnen said.

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Background The DomGas Alliance

The DomGas Alliance was formed in 2006 in response to serious gas supply shortages and includes current and prospective gas users and gas infrastructure investors.

Members include: Alcoa of Australia, Alinta, Burrup Fertilisers, Dampier Bunbury Pipeline, ERM Power / NewGen Power, Fortescue Metals Group, Horizon Power, Newmont Australia, Synergy, Verve Energy and Windimurra Vanadium.

Alliance members represent the majority of Western Australia's domestic gas consumption and gas transmission capacity, including smaller industrial and household users of gas. The Alliance also represents a significant proportion of prospective demand for additional gas supplies.

The Alliance works closely with the State and Federal Governments to promote competition and supply of gas for industry and households in Western Australia.

