

MEDIA RELEASE

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Burrup Fertilisers, Horizon Power and Verve Energy join Alliance

The DomGas Alliance has welcomed Burrup Fertilisers, Horizon Power and Verve Energy as the latest members of the gas users group.

Alliance Chairman Stuart Hohnen said the group's expanding membership underlined the seriousness of the State's natural gas shortage, and the Alliance's positive role in promoting initiatives aimed at increasing upstream competition and supply.

"Western Australia depends on natural gas to fuel industry, support essential services and supply households. Natural gas supplies half of the State's primary energy and 60 percent of electricity generation," Mr Hohnen said.

"It is vital for consumers that we have greater competition, diversity and security of supply in the upstream gas market."

The DomGas Alliance was formed in 2006 in response to serious gas supply shortages in Western Australia. Other members include: Alcoa of Australia, Alinta, Dampier Bunbury Pipeline, ERM Power/NewGen Power, Fortescue Metals Group, Newmont Australia, Synergy and Windimurra Vanadium. Alliance members represent over 80 percent of Western Australia's domestic gas consumption.

Mr Hohnen said that prior to the Varanus Island gas outage, WA was already experiencing a serious shortage of gas.

"Gas users are unable to secure long term gas supplies in substantial quantity and wholesale prices have risen fivefold over the past 18-24 months," Mr Hohnen said.

"Prices reported for recent gas sales are now around five times Eastern States prices on a delivered basis."

The Alliance is working with State and Federal Governments on a range of responses to the gas shortage. The Alliance supports:

- Strengthening of 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;
- Encouraging domestic gas exploration and development through tax and royalty arrangements;
- 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.”

Mr Hohnen said the Varanus Island gas outage also reinforced the importance of greater competition, diversity and security of gas supply.

“I commend Burrup Fertilisers, Horizon Power and Verve Energy for supporting the Alliance’s efforts to secure the State’s long term energy future,” Mr Hohnen said.

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