

MEDIA RELEASE

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Energy Security White Paper hijacked by energy exporters

Western Australia's peak energy user group has expressed grave fears over the Federal Government's Energy Security White Paper process.

DomGas Alliance Chairman Stuart Hohnen said that while the original intent of the White Paper was energy security for Australian industry and households, the thrust of the whole initiative has been diverted to promoting the export of energy.

"The Federal Government's own definition of energy security is about meeting the energy needs of the Australian community and industry – both in the short and long term," Mr Hohnen said.

"But when you look at the White Paper's Terms of Reference, its major focus has changed to maximising Australia's energy exports to the rest of the world."

Mr Hohnen said this lack of balance in the paper was due to the membership of the Consultative Committee established by the Federal Government to oversee the White Paper.

Major energy exporters make up eight out of the ten industry representatives. Australian industry and households, for whom energy security is a matter of vital importance, only account for two positions on the Committee.

"Developing a long term energy security strategy for Australia requires difficult policy choices," Mr Hohnen said.

"These choices include balancing the commercial interests of energy exporters with the long term needs of the local economy."

"It is alarming that the process that was intended to secure Australia's energy resources for the next 30 years has focused on meeting the energy security needs of other countries to the detriment of the domestic market."

Mr Hohnen was strongly critical of the National Gas Security Assessment released by the Department of Resources, Energy and Tourism. The Assessment had found that while natural gas prices had risen, they were still low by international standards.

“This finding is completely at odds with market reality in Western Australia,” Mr Hohnen said.

“At recent prices, consumers are paying more for natural gas than in most other gas producing countries in the world.”

“The flawed assessment underlines the extent to which big energy exporters have captured government thinking on energy security.”

According to press reports of recent contracts, WA wholesale gas prices have risen four to five-fold over the past 18-24 months. This has seen wholesale gas priced at around A\$14-16 per gigajoule before transport costs. Current domestic gas prices in the United States are around \$US 4 per gigajoule.

Mr Hohnen said the DomGas Alliance was finalising a major report on Western Australia’s gas security.

The report will identify key challenges to gas security and propose a plan of action for the Federal and State governments to ensure the Western Australia’s future gas needs.

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Federal Government definition of Energy Security

Department of Resources, Energy and Tourism website

Ensuring the security of energy supplies is key to supporting economic and social activity in Australia. Energy security is about our ability to meet the **energy needs of the Australian community and industry** – both in the short and in the long term.

Energy White Paper Terms of Reference

Terms of Reference - first objective

“fostering growth opportunities and innovation that will ensure Australia maximizes its competitive advantages **as a leading supplier of energy**, energy technology and energy services”

Energy White Paper Consultative Committee

Industry Representatives

Graeme Hunt
BHP Billiton *

Russell Caplain
Shell Australia *

David Knox
Santos *

Agu Kantsler
Woodside *

Stephen Creese
Rio Tinto *

Karen Moss
Origin Energy *

Peter Freyburg
Xstrata Coal *

Michael Fraser
AGL Energy

Belinda Robinson
APPEA *

Brad Page
Energy Supply Association

* Current or prospective energy exporter
or industry representative

Minister for Resources, Energy and Tourism, media statement

'Minister Puts Focus on Long-Term Energy Needs', DATE (extracts)

The Minister for Resources and Energy, Martin Ferguson AM MP, today has told the first meeting of the Energy White Paper High Level Consultative Committee that there success could be the first step in **Australia becoming the premier energy exporter in the Asia Pacific.**

"The White Paper will allow us to look at how we create and capture regional and global opportunities to become **a leading producer, and exporter of energy** technologies and services. However, to achieve this we must have an economically sound framework on which to base investment decisions."

The DomGas Alliance

The DomGas Alliance represents natural gas users, infrastructure investors and producers in Western Australia. The Alliance aims to promote security, affordability and diversity of gas supply for industry and households.

The Alliance was formed in 2006 in response to a serious shortage of gas supply for new developments in WA. Alliance members represent around 80 percent of Western Australia's domestic gas consumption and gas transmission capacity, including smaller industrial and household users of gas. The Alliance also represents gas exploration and development companies working to develop domestic gas fields.

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 Murphy Oil.

The Alliance works closely with State and Federal Governments and other industry stakeholders to promote initiatives and debate on domestic gas supply issues.

