

MEDIA RELEASE

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Peak body calls for 2050 Gas Security Strategy

WA's peak energy user group is warning that security of Western Australia's energy supplies cannot be guaranteed without significant changes to Government policy to ensure enough gas to support jobs, industry and infrastructure growth in the State.

The DomGas Alliance, which represents gas users, infrastructure investors and prospective domestic gas producers, today released a Domestic Gas Security Report highlighting serious challenges to the long term availability and security of gas supplies in Western Australia.

Alliance Chairman Stuart Hohnen has called for immediate action to implement a 2050 Gas Security Strategy.

"The availability and affordability of gas supply for industry and power generation is the most critical challenge facing Western Australia today," Mr Hohnen said.

"Failure to address this will have profoundly negative impacts on jobs, investment and living standards in Western Australia."

Mr Hohnen said the report provides a clear way forward for meeting the State's future energy needs. Key initiatives for a 2050 Gas Security Strategy include:

- stringent review and transparency of gas producer applications to hold discoveries under Retention Leases;
- removing anti-competitive joint selling arrangements under which major gas producers operate under cartel type arrangements whereas consumers are prevented from doing likewise;
- tax, royalty and investment incentives to encourage exploration and development of fields for domestic gas supply;
- domestic gas reservation policies to set aside a fixed proportion of gas production for supply to the domestic market;
- common-use midstream infrastructure; and
- tight gas development.

The report makes clear that there was no "magic bullet" to ensuring the State's gas security, and a range of initiatives should instead be employed.

Natural gas also had a critical impact on the State's ability to respond to the threat of climate change. At current prices in Western Australia, natural gas was no longer competitive with coal for baseload power generation and most resource processing.

"Unless action is taken, we are facing a future where coal is the only viable energy source for Western Australia," Mr Hohnen said.

Mr Hohnen said it was vital that government looks beyond the current downturn to position the State for the global recovery.

"This means having secure and affordable gas to fuel industry and businesses when economic activity recovers."

Western Australia is the most energy and gas-dependent economy in Australia. Natural gas supplies half of the State's primary energy requirements and fuels 60% of the State's electricity generation. By comparison, natural gas supplies 19% of the primary energy needs of Australia as a whole.

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The DomGas Alliance

The DomGas Alliance represents natural gas users, infrastructure investors and prospective domestic gas 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 includes 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 Government and other industry stakeholders to promote initiatives and debate on domestic gas supply issues.

