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## Shipping LNG to Western Australia the wrong option: DomGas Alliance

The suggestion of shipping gas as LNG from the Browse gas project to Western Australia to supply domestic industry would be a costly embarrassment, according to the DomGas Alliance.

Woodside, the operator of the Browse project, is reportedly assessing an option to send LNG on ships to the local market to meet its obligation to supply a small but fair share of the Browse gas into the local market.

The State government has previously dismissed the suggestion as being too expensive due to the regasification and storage facilities required to make the proposal work.

Last year WA Treasurer and Minister for Energy Mike Nahan told a State Parliamentary inquiry that:

“it is very expensive and you lose a lot of energy and gassing costs in the cooling and then the heating. [...] We looked at it and it was just not cost effective.”<sup>1</sup>

DomGas Alliance Executive Director Matt Brown said the option had the potential to price gas out of the reach of Western Australian industry.

“Western Australia’s domestic industry is already faced with significantly higher gas prices and this is posing an enormous threat to existing jobs and new investment,” Mr Brown said.

“The State government is doing the right thing by taking a strong stand with Woodside and its joint venture partners and insisting they meet their obligation to direct a small but fair share of our gas into our local industry.

“But the costly process of freezing the gas from a field off our coast, placing it on a ship to the Western Australian shoreline, re-gasifying it and then finding a way to meet the storage requirements simply won’t work.

“If the aim of the joint venture partners is simply to go through the motions and come up with a solution that prices local industry out of the equation, then this would be the way to go about it.

“Any hope that Western Australia would be gaining a comparative economic advantage from our vast natural gas resources would be lost if we head down this path.

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<sup>1</sup> Economics and Industry Committee, Report into the Economic impact of Floating LNG on Western Australia, May 2014, Volume 1, Page 229

“The ground-breaking 2014 report by the Economics and Industry Standing Committee listed numerous reasons why shipping LNG to local industry is a bad idea which simply won’t work.

“This includes the size and scale of LNG shipments compared to domestic market needs, the cost of the storage and the energy lost in the process.

“Woodside and its partners should be sent back to the drawing board with a message to try harder.”

Mr Brown noted there were other commercial mechanisms that could lead to a far more cost effective way of the Browse partners discharging their obligation to the State.

“There are a number of ways that gas swaps could be put in place either physically or commercially to meet the long term needs of the domestic gas market,” he said.

“All of these are likely to be far more economically viable than the construction of a new regasification terminal.”

**For further comment contact Matt Brown on 0419 813 171**