



## **New NWS agreement highlights WA's domestic gas challenge**

The WA government's announcement of a new agreement on domestic gas supplies from the North West Shelf project underlines the importance of the State's domestic gas reservation policy, according to the DomGas Alliance.

The Alliance has welcomed the announcement but says it will not fully resolve concerns around future supplies of gas for WA industry. The Alliance will seek a briefing with the State government to understand the detail of the new agreement.

DomGas Alliance Executive Director Matt Brown says the agreement is potentially a positive step forward but uncertainty remains about future domestic gas needs.

"It was clear that the joint venture partners of the North West Shelf project wanted to exit the domestic gas supply market after 2020," Mr Brown said.

"This would have had disastrous consequences for industry, jobs and economic growth in our State. The State government has stood firm on the need for major oil and gas companies to deliver a small but fair share of our gas resources into the domestic market.

"We do, however, need to work through the detail of the proposed legislative changes, particularly on issues around the responsibility of the NWS to 'market' their gas to domestic users and also on the Minister's ability to vary the 15% domestic requirement. These issues potentially undermine the objective of delivering gas into the local market."

Mr Brown said a major concern for the State is that despite this new agreement, the amount of gas we receive from the NWS project will significantly reduce post-2020.

"The NWS currently supplies more than 50 per cent of our State's domestic gas needs. The new agreement means the NWS will deliver roughly ten per cent of our domestic needs. This signals a major tightening of the domestic gas market post-2020. This is an enormous economic challenge for the State due to our heavy reliance on gas for our energy needs.

"The State government has worked hard to secure this agreement. We now need our Federal government to step up and require all LNG producers to meet their moral obligation to ensure Australian industry and jobs benefit from new gas projects. Supplying the domestic market must be a part of their 'social licence to operate'."

Mr Brown said the domestic gas reservation policy had proven its value to the State.

"We have major projects such as Gorgon, Wheatstone and Pluto which may not have supplied any gas to WA if there had been no reservation policy," Mr Brown said.

"The policy has allowed our State to achieve record LNG exports and record investment in new exploration while directing a small but fair share of the gas to WA industry and jobs."

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

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