



WA Domestic Gas Policy

Implementation Update

AEMO WAGCF

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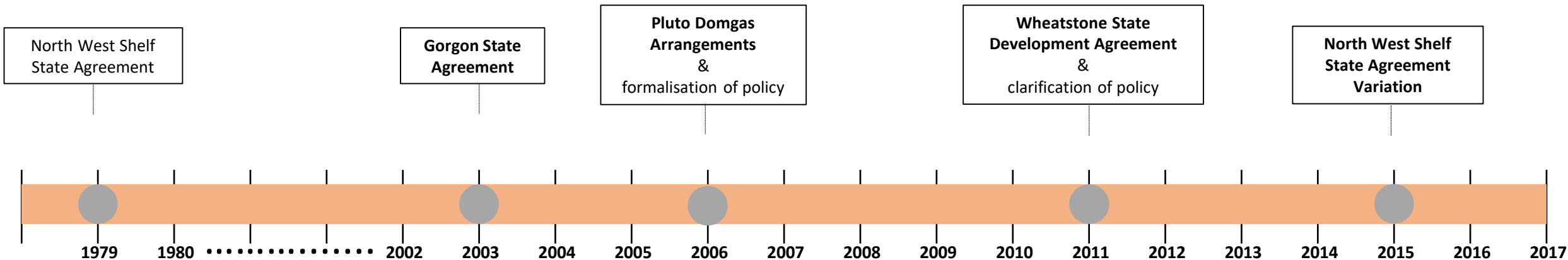
Three Pillars – WA Domestic Gas Policy

- The *WA Domestic Gas Policy* secures the state's long-term energy needs by ensuring LNG export projects also make gas available in the domestic market.

Reservation
Reserve domgas equivalent to 15% of LNG production.

Infrastructure
Develop and maintain access to domgas supply infrastructure.

Marketing
Show diligence and good faith in marketing gas to WA consumers.



Implementation of Domestic Gas Policy

Long-term contractual arrangements with State

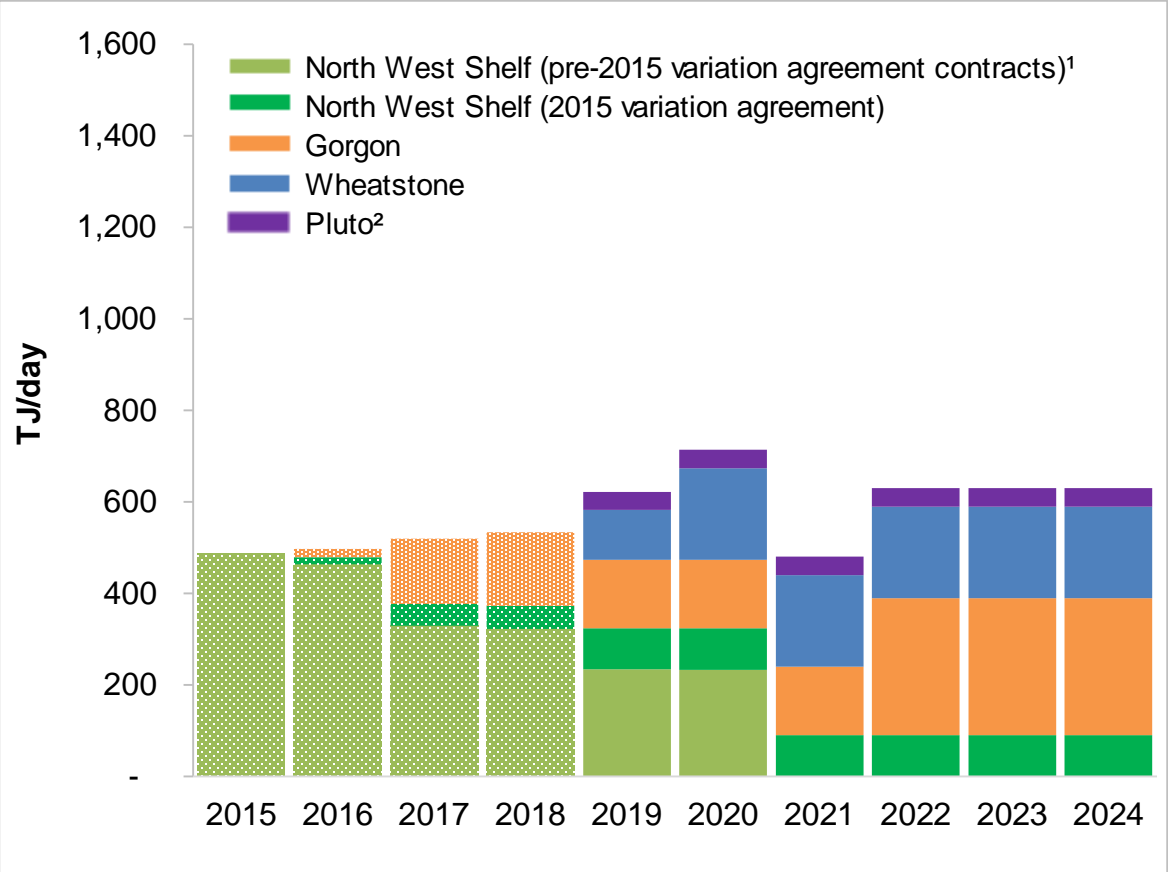
Project <i>Operator, date</i>	Indicative Domgas Commitment <i>TJ/day (Total PJ)</i>	Domgas Supply Infrastructure Established
Gorgon Chevron, 2003	300 TJ/day (2,000 PJ) (marketed in two 150 TJ/day tranches)	300 TJ/day domgas facility
Pluto Woodside, 2006	115 TJ/day (450 PJ)	15 TJ/day LNG truck loading facility and 25 TJ/day pipeline gas compression facility
Wheatstone Chevron, 2011	200 TJ/day (1,600 PJ)	200 TJ/day domgas facility
North West Shelf Woodside, 2015	90 TJ/day (660 PJ) ¹	630 TJ/day domgas facility

Source: JTSI

¹ Excludes contracts struck prior to 2015 NWS variation agreement

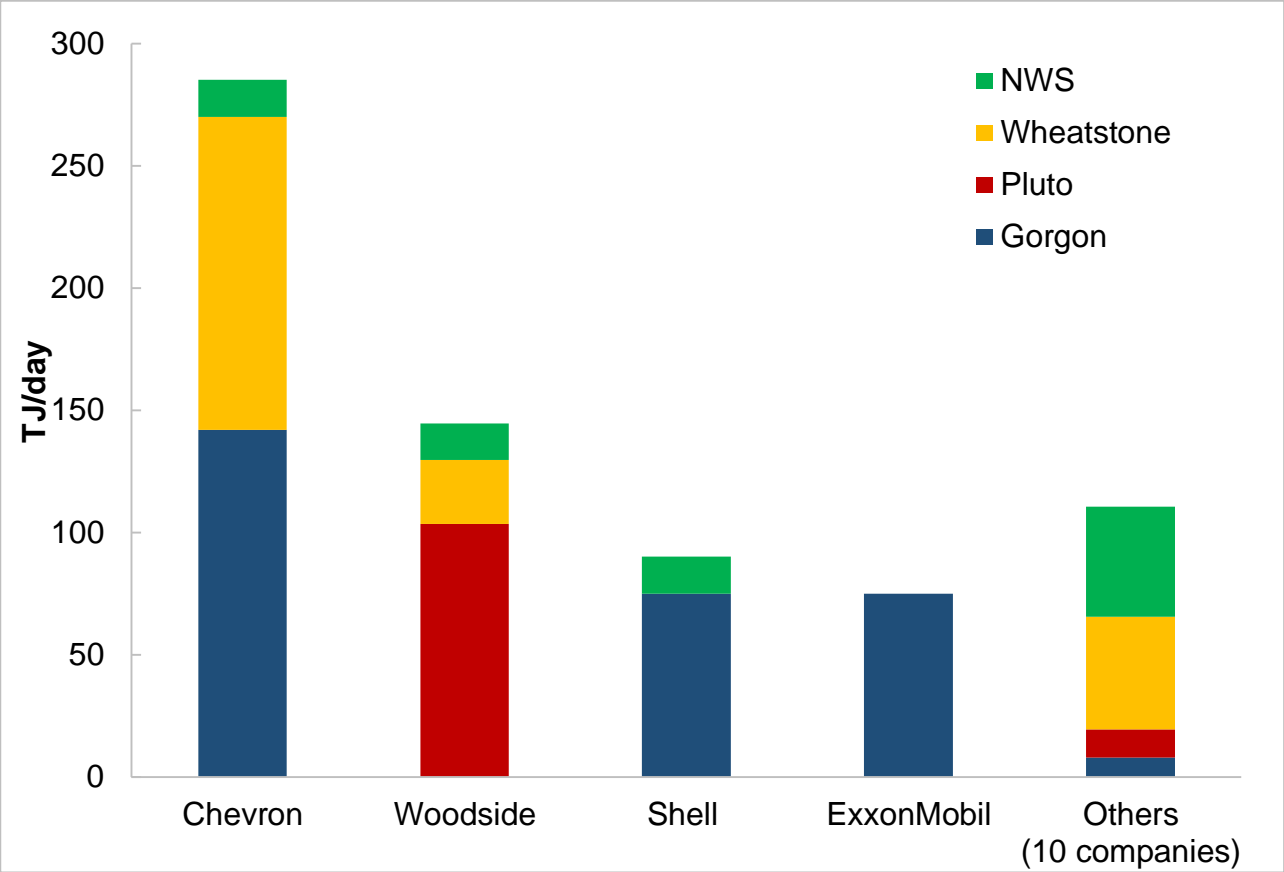
Evolution of Domestic Gas Policy Arrangements

Fig 1. Indicative domgas policy commitments



Source: JTSI 1 indicative production 2 based on infrastructure in place.

Fig 2. Ownership of domgas policy commitments

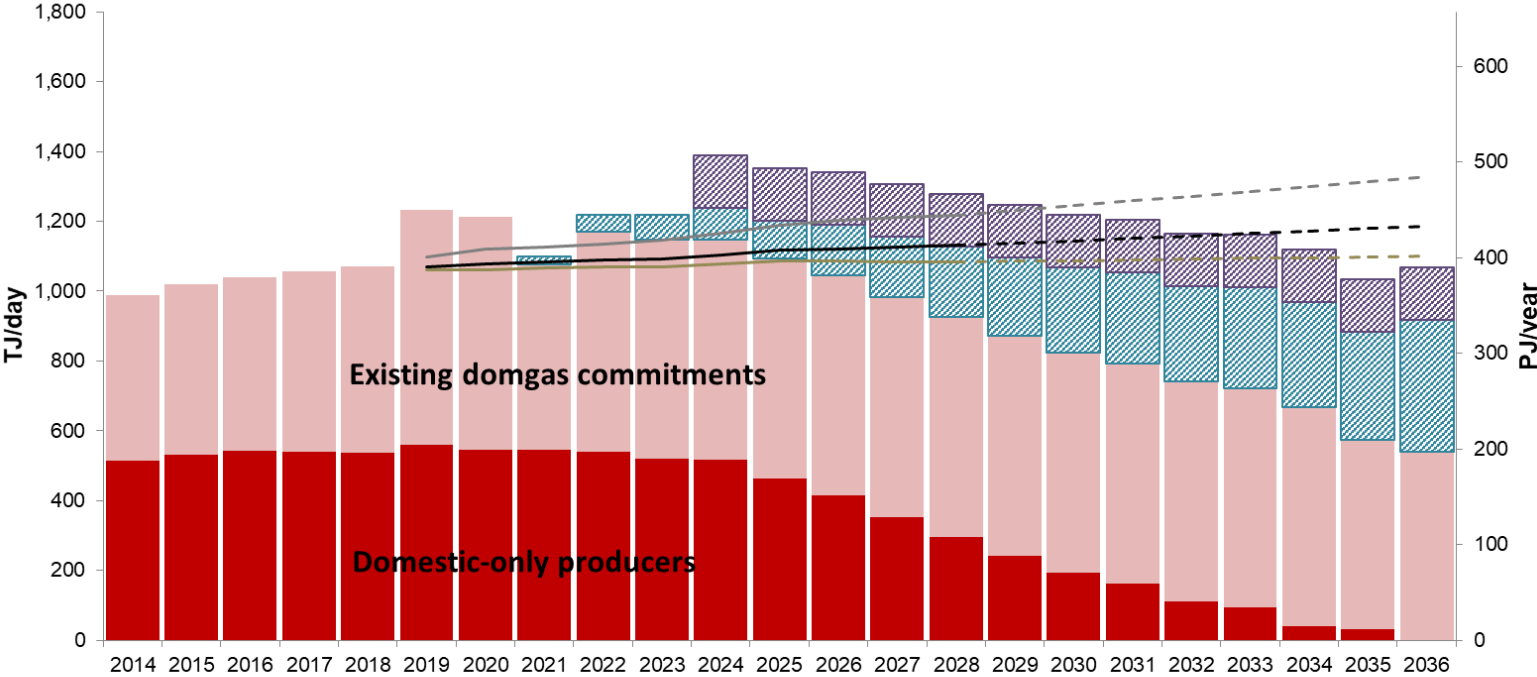


Source: JTSI

Implementation of the Policy and Gas Market Outlook

Next phase of LNG development

- NWS and Pluto LNG facilities will process third party gas.
- Domgas arrangements apply to third party users.
- New commitments create opportunities for new industry.



Indicative domgas commitments - under negotiation (JTSI)

- North West Shelf backfill (potential)
- Pluto expansion and backfill - Scarborough (potential)

Assumed production from 2P reserves (Wood Mackenzie)

- Domestic-only producers*

* excludes expansions of the Waitsia domestic gas facility

Domgas demand (AEMO GSOO 2018)

- High demand + trend
- Base demand + trend
- Low demand + trend

Indicative domgas commitments (JTSI)

- WA LNG producers

Emerging Domestic Gas Market Issues

Gas for downstream processors?

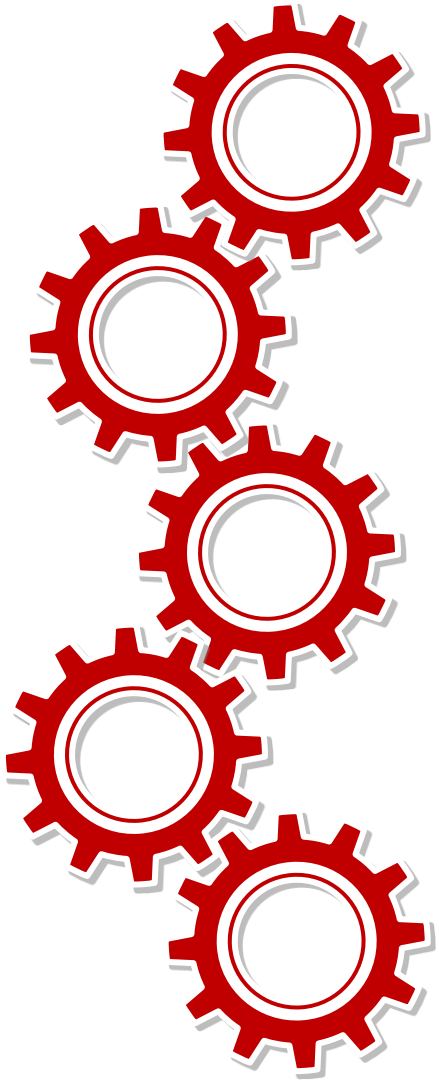
- Proponents considering WA for large-scale investment, regional development and job creation.
- Large gas volumes, internationally competitive prices, long lead times.
- Mixed reports of engagement with this sector by gas suppliers.

What happens if pipeline gas is used for LNG export?

- Closer integration of domestic and international gas markets.
- Opportunities and risks for WA.

 **Better understanding once there is clarity on the market outlook.**

Government Priorities



- Agree robust commitments as part of Burrup LNG approvals.
 - Third party users of LNG facilities have access to domestic gas infrastructure.
 - Facilitate Browse via North West Shelf and Scarborough via Pluto expansion.
- Facilitate flexibility subject to clarity on where commitments lie and confidence they are being given effect.
 - Formalised and standardised reporting to government.
 - Better transparency for market on commitments and gas availability.

WA Domestic Gas Policy Website

<http://www.jtsi.wa.gov.au/economic-development/economy/domestic-gas-policy>

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