

## **NWS Project applications for authorisation A91220-A91223**

### **Alcoa - record of meeting:**

**Monday 31 May 2010**

Alcoa:  
Mike Shaw  
Michael Parker

ACCC:  
Commissioner Willett  
David Hatfield  
Simon Mitchell

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The ACCC discussed the issues raised by Alcoa in its submission, including the following key points:

- Alcoa's key concern at this time is a lack of security of gas supply to the WA market.
- The NWS Project currently supplies around 70% of WA's domgas needs. Apache supplies the remaining 30%.
- Long term gas supply contracts are needed to underpin investment in new or additional production.

Alcoa is unable to find gas suppliers currently willing to discuss new contracts of sufficient length to underwrite such investments. For example, Alcoa sought gas supply of 100TJ/day to meet a Wagerup expansion but could not proceed as it could not find any supplier with sufficient gas for the relevant timeframes.

- Alcoa is seeking to re-negotiate contracts for 20-25 year timeframes.  
Alcoa is currently investing in gas exploration and innovative production and extraction technology as it is not confident that sufficient gas will be supplied to the WA market in the future at prices that will make their business economic.
- Alcoa is reluctantly looking at the option of coal as an energy source.
- DBNGP is not a constraint on market growth as it can be and has been expanded as demand arises.
- 70- 75 per cent of Alcoa's gas needs are met by an existing contract with the NWS Project, which expires in 2020. Price variation clauses based on the oil price and LME has led to its contract price rising more than some other major gas buyers.  
Alcoa considers there is less underwriting risk for LNG export projects. As such, producers no longer rely on domgas component to underwrite LNG plants.
- In Alcoa's experience, the Gorgon producers were comfortable to wait until much closer to the commercialisation of the domgas facility prior to seeking to negotiate contracts with potential customers.