

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

### **Government of Western Australia (WA) Departments - record of meeting**

**Tuesday 1 June 2010**

ACCC: Commissioner Willett, David Hatfield and Simon Mitchell

WA Government Departments: Department of State Development, Office of Energy and Department of Mines and Petroleum

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The discussion with representatives of the WA Government Departments covered a range of issues affecting competition in the current and future WA gas market. The views expressed were the opinions of the officers attending and did not represent the position of their agencies of the WA Government.

The officers made the following points with regard to the NWS Project applications for authorisation:

- The WA Government currently has no position either supporting or opposing authorisation.
- The WA domgas market is likely to experience a tight demand/supply balance until at least the end of 2015.
- The WA Government is exploring the establishment of a Gas Bulletin Board towards the end of 2010. There may be a move at a later date to establish a formal domgas trading market.
- There is additional investment in domgas storage planned in the WA market. Further, current and future developments with respect to gas fired peaking electricity plants will provide additional liquidity to the domgas market.
- Demand for domgas is likely to remain high in the foreseeable future with a number of new customers likely to require substantial supply. In particular, mining projects in most cases have the option of sourcing their energy from either diesel or domgas. With diesel currently at about \$18/GJ, domgas is a viable source of energy for these projects even at the current high price levels.
- With regard to future market developments, proponents may be reluctant to bring on otherwise commercial gas fields to supply domgas because they are trying to aggregate sufficient reserves to commercialise the volumes needed for LNG development.
- Changes to the current processes for acreage management and retention leases may be more important in promoting competition in and supply of domgas in WA than separate marketing of gas.
- Nevertheless, consideration should be given to at some stage to a transition to separate marketing.
- It is not clear when the Pluto or Wheatstone projects will commence domgas production into WA.

[An earlier version of this record of the oral submissions made at the meeting was placed on the public register on 21 June 2010 with the agreement of the WA Department of State Development. This record was amended on 24 June 2010 at the request of the WA Department of State Development.]