



Alliance welcomes Wheatstone project's domestic gas supply

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The DomGas Alliance today welcomed Chevron Australia's announcement that its proposed Wheatstone LNG project would also supply gas to the domestic market.

Alliance Chairman Stuart Hohnen said ensuring that Western Australia's future energy needs were met was critical for the local economy, particularly in the face of yet another major proposal for LNG export.

"Natural gas supply underpins Western Australia's manufacturing, mining and processing industries. It also fuels 60 per cent of the State's electricity generating capacity," Mr Hohnen said.

"Given the current gas shortage in Western Australia, Chevron's commitment to supply the domestic market is welcome."

The DomGas Alliance understands that Chevron Australia and the State Government were in discussions over how much gas would be set aside for domestic consumers. The Alliance has previously expressed concern that the gas resources of the North West could be fully committed by 2015 - 2020 if current LNG export targets of 50 – 60 million tonnes per annum were achieved.

"The Alliance supports the State Government's efforts to secure long term gas supply for Western Australia," Mr Hohnen said.

"Western Australia has less than 2 per cent of the world's gas reserves, yet aspires to be the world's second largest exporter of gas."

"Claims by gas producers that Western Australia has abundant reserves of gas are extremely misleading in the context of exports on this scale."

Mr Hohnen said the Wheatstone project offered potential synergies with other gas projects such as Woodside's Pluto development. Common use infrastructure could further enhance domestic gas supply by lowering investment barriers and costs.

A report by energy consulting firm Wood McKenzie has found significant benefits from common use mid-stream gas gathering and processing facilities. These include lower barriers to entry, a more economically efficient use of capital and increased transparency in the costs of supply.

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The DomGas Alliance

The DomGas Alliance was formed in 2006 in response to serious concerns about the continued availability and competitiveness of gas supply to the WA domestic market. The Alliance includes current and prospective gas users and gas infrastructure operators.

Members include: Alcoa of Australia, AlintaAGL, Synergy, Dampier Bunbury Pipeline, ERM Power/New Gen Power, Newmont Australia, Fortescue Metals Group, Windimurra Vanadium and Horizon Power.

Alliance members represent the majority of the State's domestic gas consumption and gas transmission capacity, including smaller industrial and household users of gas. The Alliance also represents a significant proportion of prospective demand for additional gas supplies.

